Insured Cash Account

Disclosure Booklet
As of October, 2022

LPL Financial

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If you have any questions about LPL's Automatic Cash Sweep Programs, including the Insured Cash Account Program, please ask your financial professional.

Basics of the program

Welcome to the LPL Financial Insured Cash Account ("ICA") program.

Under the ICA program, LPL Financial ("LPL"), acting as your agent, will automatically transfer (or "sweep") available cash balances in your eligible accounts—including proceeds of securities transactions, dividend and interest payments, cash deposits, and other monies—into interest-bearing deposit accounts ("Deposit Accounts") insured by the Federal Deposit Insurance Corporation ("FDIC").

The Deposit Accounts will be held at one or more banks or other depository institutions ("Banks") identified on one of two Priority Bank Lists ("PBLs") maintained by LPL, designated PBL1 and PBL2, respectively. Available cash balances in your eligible accounts will be swept to Banks appearing either on PBL1 or PBL2, to be determined based on the date on which you open your newest eligible account (see "*What are the Priority Bank Lists (PBLs), and to which PBL will my accounts be allocated?"*).

The PBLs are distinct and exclusive (*i.e.*, cash balances from your eligible accounts will not be simultaneously allocated to both PBL1 and PBL2, and excess capacity on one PBL will not affect capacity limitations of the other). A list of the Banks into which your cash balances will be swept will be available to view via AccountView and your account statement. You may also visit the LPL Financial Automatic Cash Sweep Programs page at https://www.lpl.com/disclosures/lpl-financial-fdic-insured-bank-deposit-sweep-programs.html and follow the links for "Priority Bank List 1" and "Priority Bank List 2," as the case may be, or ask your financial professional for this information. The availability of sweeps is subject to deposit capacity of the participating Banks (see "*What happens when there is insufficient Bank deposit capacity with my assigned PBL?"*).

Each Deposit Account constitutes a direct obligation of the relevant Bank and is not a direct or indirect obligation of LPL. You may obtain publicly available financial information concerning each Bank at www.ffiec.gov/nicpubweb/nicweb/nichome.aspx or by contacting the FDIC Public Information Center (i) by mail at 3501 North Fairfax Drive, Room E-1005, Arlington, VA 22226; (ii) by email at publicinfo@fdic.gov; or (iii) by phone at (877) 275-3342. LPL does not guarantee in any way the financial condition of the Banks or the accuracy of any publicly available financial information concerning such Banks. LPL is not responsible for any insured or uninsured portion of a Deposit Account at a Bank. For additional details, please see the *Appendix* under the heading "*Account Opening and Management: Operational Details*."

The key questions detailed in the remainder of this document are:

- What accounts are eligible?
- What is deposit insurance?
- What are anticipated interest rates, fees and related conflicts of interest?
- What are the Priority Bank Lists (PBLs) and to which PBL will my accounts be allocated?
- What happens when there is insufficient Bank deposit capacity with my assigned PBL?
- What are the available alternatives?
- Where to find more information on the ICA program today and in the future

What accounts are eligible?

The ICA program is available for accounts of an eligible type that are held by "eligible persons," including individuals, trusts, sole proprietorships, and entities organized or operated to make a profit, such as corporations, partnerships, associations, business trusts, and other organizations. In the future, LPL may, at its sole discretion, make additional account types eligible for the ICA program or may choose to treat an otherwise eligible person as *ineligible* if LPL becomes aware that the person is prohibited as a matter of law from holding balances at any Bank.

Accounts are eligible for the ICA program if each beneficiary is an eligible person. Certain advisory retirement accounts are not eligible for the ICA program. [1]

Account types eligible for the ICA program include:

- Strategic Asset Management (except retirement accounts)
- Strategic Wealth Management
- Manager Select (except retirement accounts)
- Manager Access Select (except retirement accounts)
- Manager Access Network
- Optimum Market Portfolios—Advisory (except retirement accounts)
- Optimum Market Portfolios—Brokerage
- Model Wealth Portfolios (except retirement accounts)
- Personal Wealth Portfolios (except retirement accounts), and
- Brokerage (including accounts custodied at LPL for other firms or broker-dealers).

What is deposit insurance?

Cash balances swept to Banks through the ICA program are eligible for deposit insurance from the FDIC, an independent agency of the U.S. government, up to $250,000 per depositor for each FDIC-defined manner of ownership and capacity ("Ownership Category") with an individual Bank. The Ownership Category depends on LPL records as to the ownership of your LPL account. Cash balances swept from an LPL account into one or more Deposit Accounts in the name of LPL as agent for the exclusive benefit of its customers benefit from FDIC insurance to the same extent as if deposited in the name of the accountholders.

In the event that a Bank fails and it is necessary to make a claim for federal deposit insurance, covered payments of principal, plus unpaid and accrued interest, will be made to you based on records provided to the FDIC by LPL. There is no specific time period during which the FDIC must make insurance payments available. Furthermore, you may be required to provide certain documentation to the FDIC and LPL before insurance payments are made.

Monitoring deposit insurance coverage

Any deposits (including certificates of deposit) that you maintain (i) directly with a Bank or (ii) through an intermediary (such as LPL or another broker-dealer) in a particular FDIC-defined Ownership Category will be aggregated with your cash balances from the ICA program held at the same Bank and in the same Ownership Category for purposes of calculating the $250,000 limit.

It is important that you monitor your assets and cash deposits at all Banks. Please notify your financial professional of deposit accounts that you hold with any Bank on either of the Priority Bank Lists, so that your financial professional may ensure that LPL does not sweep ICA program cash into that Bank on your behalf. You may confirm your Deposit Account balances by reviewing your account statement, logging into AccountView, or by contacting your financial professional. See the "*What are the Priority Bank Lists (PBL) and to which PBL will my accounts be allocated?*" for more details.

As your agent, LPL will sweep cash out of your eligible account and into Deposit Accounts held by the participating Banks. There are limits on both the aggregate amount of funds that Banks will accept, as well as the maximum amount of FDIC deposit insurance for each deposit and Ownership Category. LPL limits your total ICA program cash deposit at any participating Bank to allow for the monthly interest to be applied to your cash balance at that Bank with a view to not exceed the applicable maximum amount of FDIC deposit insurance. Should your account reach the applicable maximum at a particular Bank, LPL will, subject to the aggregate limits of available Bank capacity, continue to sweep your cash to other participating Banks in a manner intended to maximize the aggregate amount of deposit insurance for each account (except for Excess Banks, as described below under "*What are the*

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[1] Such accounts may be eligible for LPL's Deposit Cash Account Program. Please ask your financial professional for more information.

Priority Bank Lists (PBL) and to which PBL will my accounts be allocated?”). Additional cash held through the ICA program that is above the ICA program’s maximum insurance coverage for you will not be eligible for FDIC deposit insurance. To view the current ICA program maximum deposit insurance limit—which assumes that you hold no FDIC-insured deposits at the participating Bank other than through the ICA program and that all Banks on your assigned PBL have capacity to accept additional deposits—see the [ICA Current Interest Rate](https://www.lpl.com/content/dam/lpl-www/documents/disclosures/insured-cash-account-current-interest-rate-tiers.pdf) page by visiting https://www.lpl.com/content/dam/lpl-www/documents/disclosures/insured-cash-account-current-interest-rate-tiers.pdf.

Note that cash held in credit balances with LPL or invested in a money market mutual fund or other securities in your eligible account, if any, as discussed more fully below, is not eligible for FDIC deposit insurance but is eligible for protection by the Securities Investor Protection Corporation (“SIPC”) (see below). Deposit Accounts held through the ICA program are not eligible for SIPC insurance.

After you reach the ICA program’s maximum insurance coverage for you—which may depend, among other things, on deposit capacity of the Banks on your PBL and on your decision to opt out of any such Banks— any additional cash will be deposited into one or more of excess banks (“Excess Banks”), subject to available capacity at the Excess Banks. If the Excess Banks do not have capacity for such cash, then any additional cash will be deposited to another Bank on your assigned PBL, which will then be considered an Excess Bank if it has capacity to accept the deposit. See “*What are the Priority Bank Lists (PBL) and to which PBL will my accounts be allocated?*” for details. If there is insufficient capacity at the Excess Banks and insufficient *capacity to move your balances to another Bank on your PBL, then the cash balances above the maximum insurable amount will be placed in the Client Cash Account. See “What happens when there is insufficient Bank deposit capacity with my assigned PBL?”*

There are limits on the amount of FDIC deposit insurance coverage for you based on the account type, cash balance swept to a Bank through the ICA, and cash balances you may, independent of the ICA, maintain with the same bank. Consequently, if you independently maintain cash balances with a Bank, you may wish to block that Bank from receiving cash balances under the ICA. If you hold assets or deposits at a Bank on your assigned PBL outside of the ICA program, your total deposits may exceed the $250,000 FDIC limit. As described below, you should contact your financial professional to designate any of the Banks on either PBL as ineligible to receive your cash to prevent this from occurring. Opting out of one or more Banks on the PBL can reduce the maximum insurance available to you under the ICA program. The Banks have contractually agreed with LPL to provide certain amounts of deposit capacity for the ICA program, which can change from time to time. See “*What happens when there is insufficient Bank deposit capacity?*” for details regarding the holding of cash balances in excess of total Bank capacity under the ICA program.

On any business day when your account’s cash is transferred, all of your account’s cash will be held temporarily at the clearing bank (Intermediary Receiving Bank) used by LPL to settle deposits to the underlying beneficiary bank. When held at the Intermediary Receiving Bank, your account’s cash will temporarily be uninsured. Once distributed to Banks on your assigned PBL, your account’s cash will be eligible for insurance up to the current ICA program maximum deposit insurance, subject to cash balances that you hold in the same Ownership Capacity at such Banks, as applicable. The ICA program has adopted procedures to ensure the movement of assets in a timely manner and expects that your assets will be transferred by the close of business each day. In the unlikely event of a failure of wire transfer systems or communication facilities, your assets could remain at the Intermediary Receiving Bank until the next business day (or until such systems/facilities are fully restored).

When accounts transfer ownership

If you become the owner of deposits at a Bank as a result of the death of another depositor, the FDIC will aggregate other deposits held by you in the same Ownership Category with the same Bank for purposes of the $250,000 deposit insurance limit beginning on the earlier of six months after the death of the depositor or the restructuring of the affected accounts. The FDIC provides the six-month grace period to permit you time to restructure your deposits to obtain the maximum amount of deposit insurance for which you are eligible.

If Deposit Accounts or other deposits at the Bank are assumed by another depository institution pursuant to a merger or consolidation, such deposits will continue to be separately insured from the deposits that you might have established with the acquirer until:

i. the maturity date of the certificates of deposit or other time deposits which were assumed, or

ii. with respect to deposits that are not time deposits, the expiration of a six-month period from the date of the acquisition.

Thereafter, any assumed deposits will be aggregated with your existing deposits with the acquirer held in the same FDIC-defined Ownership Category.

FDIC insurance: details and examples

The application of the $250,000 federal deposit insurance limitation is illustrated by several common factual situations discussed below.

Non-retirement accounts

Individual Customer Accounts: If your account is reflected on LPL's records as being owned by a single individual or entity, the total available deposit insurance for that individual or entity of all deposits held in the same Ownership Category with an individual Bank is $250,000.

Guardian, custodian, or conservator accounts: If your account is reflected on LPL's records as being held by a guardian, custodian, or conservator for the benefit of their ward, or for the benefit of a minor under the Uniform Gifts to Minors Act, funds swept into a Deposit Account at a Bank will be insured to the same extent as if they were deposited in the name of the ward, minor, or other beneficiary in the same Ownership Category.

Joint Accounts: If the account is reflected on LPL's records as being owned jointly by more than one individual, then funds swept into a Deposit Account at a Bank will be insured up to $250,000 per individual owner, separate from any individually owned (single ownership) deposit accounts held with the same Bank. If the account is reflected on LPL's records as being owned jointly by one or more entities (and any individuals), the deposit account will be treated as being owned by each named owner, as an individual, corporation, partnership, or unincorporated association, as the case may be, and the actual ownership interest of each individual or entity in such account shall be added to any other single ownership accounts of such individual or other accounts of such entity at an individual Bank, and shall be insured in accordance with the provisions governing the insurance of single ownership accounts.

Revocable Trust Accounts: If your account is reflected on LPL's records as being owned by an individual and evidencing the owner's intention, reflected in the title of the account (using commonly accepted terms such as, but not limited to, "in trust for," "as trustee for," "payable-on-death to," or any acronym therefor), that upon their death the funds shall belong to one or more beneficiaries, then funds swept into a Deposit Account in a Bank will be separately insured (from other types of deposit accounts the individual has at the same Bank) in an amount equal to the total number of different beneficiaries consisting of one or more natural persons, charities, or other non-profit organizations named in the account(s) up to $250,000 per beneficiary. Notwithstanding the foregoing, in the case of one or more revocable trust accounts owned by an individual naming more than five different beneficiaries whose aggregate balance is more than $1,250,000, the maximum revocable trust account coverage for the account owner shall be the greater of $1,250,000 or the aggregate amount of the interests of each different beneficiary named in the trusts, to a limit of the $250,000 per different beneficiary. There are two types of revocable trusts recognized by the FDIC: formal and informal. Formal revocable trusts are written trust arrangements in which the owner retains ownership and control of the assets and designation of beneficiaries during their lifetime. Such trusts are commonly referred to as living or family trusts. Informal revocable trusts include accounts in which the owner evidences intent that at their death, the cash balance shall belong to one or more specified beneficiaries. These trusts may be referred to as a Totten trust account, payable upon death account or transfer on death account. Each beneficiary must be included in the account records of LPL.

Irrevocable Trust Accounts: If the account is reflected on LPL's records as being held pursuant to one or more irrevocable trust agreements created by the same grantor (as determined under applicable state law), then funds swept into a Deposit Account in a Bank will be insured up to $250,000 for the interest of each beneficiary provided that the beneficiary's interest in the account is non-contingent. "Non-contingent trust interest" means a trust interest capable of determination without evaluation of contingencies, except for those covered by the present worth tables and rules of calculation for their use set forth in the Federal Estate Tax Regulations).

Business accounts

If the account is reflected on LPL's records as being owned by a business, funds swept into a Deposit Account in a Bank will be added to other deposits of such business held in the same Ownership Category with the Bank and insured up to $250,000 in the aggregate. In the case of a business that is a sole proprietorship, for deposit insurance purposes, swept funds will be treated as funds of the person who is the sole proprietor and added to any other funds of that person held in the same Ownership Category.

Retirement accounts

If you hold a retirement account in an eligible account type, you may have interests in various retirement plans and accounts that have placed deposits in accounts at the Banks. The amount of deposit insurance to which you will be entitled, including whether the deposits held by the retirement plan or account will be considered separately or aggregated with the deposits of the same Bank held by other retirement plans or accounts, will vary depending on the type of retirement plan or account. It is therefore important to understand the type of retirement plan or account holding the deposits.

What are the anticipated interest rates, fees, and related conflicts of interest?

The amount of anticipated annual interest you will receive on Deposit Accounts is calculated by taking the amount of cash being swept to the Banks through the ICA program multiplied by the annual interest rate that corresponds to your household balance tier.

Interest rates

You will receive the same interest rates on all Deposit Account assets regardless of the Bank in which such assets are held or the PBL to which your Deposit Accounts are assigned. Interest will accrue daily on Deposit Account balances from the day cash is deposited into a Bank through the business day preceding the date of withdrawal from that Bank. Interest will be compounded daily and credited monthly. The interest rates paid are determined by the amount the Banks are willing to pay minus the fees paid to LPL and other parties (described below). The rate of interest accruing on your Deposit Account balances may change as frequently as daily without prior notice. The most up-to-date interest rates may be found by visiting https://www.lpl.com/content/dam/lpl-www/documents/disclosures/insured-cash-account-current-interest-rate-tiers.pdf.

The interest rates paid by a Bank may be higher or lower than the interest rates available to depositors making deposits directly with the Bank or other depository institutions in comparable accounts and for investments in money market mutual funds and other cash equivalent investments available through LPL. You should compare the terms, interest rates, required minimum amounts, and other features of the ICA program with other accounts and alternative investments.

The ICA program should not be viewed as a long-term investment option. If you desire to maintain cash balances for other than a short-term period or are seeking higher yields currently available in the market, please contact your financial professional to discuss investment options to maximize your potential return.

Household balance calculations

The interest rates you receive will vary based upon the aggregate value of all linked eligible assets you and other eligible parties in your household maintain in your eligible Deposit Accounts (Household Balance). In determining your Household Balance, the eligible accounts of all persons at the same address may be linked. LPL may grant requests to link other accounts at its discretion. Certain accounts may not be eligible for linking. The eligible assets of linked accounts are not commingled, and the accountholder or accountholders of any linked account retains control over such account. LPL may change or terminate Household Balance eligibility without notice. It is your obligation to notify your financial professional or LPL of accounts that you would like to be linked.

Customers with greater Household Balances typically receive a higher interest rate than customers with lower Household Balances. LPL will determine your Household Balance each day. Once you instruct your financial professional to link your eligible accounts, the previous day's Household Balance will determine your interest rate tier for the next day. The most up-to-date, different Household Balance tiers and their corresponding interest rates are found by visiting https://www.lpl.com/content/dam/lpl-www/documents/disclosures/insured-cash-account-current-interest-rate-tiers.pdf.

Fees and related conflicts of interest

Each Bank will pay LPL a fee equal to a percentage of the average daily deposit balance in each Deposit Account. Such fees differ among the participating Banks depending on the interest rate environment and/or any fee waivers made by LPL. The fee paid to LPL will be at an annual rate of up to an average of 600 basis points as applied across all Deposit Accounts taken in the aggregate. The fee paid to LPL reduces the interest rate paid on your cash, and depending on the interest rate and other market factors, LPL generally receives as its fee the majority of the amount paid by the Banks with respect to such deposits. Depending on interest rates and other market factors, the yields on the ICA program have been, and may continue in the future to be, lower than the aggregate fees and expenses received by LPL for your participation in the ICA program. This can result in you experiencing a negative overall investment return with respect to cash reserves in the ICA program. For information about historical fees received by LPL from average daily balances in the ICA program, please visit https://www.lpl.com/content/dam/lpl-www/documents/disclosures/account-fees.pdf or speak with your financial professional.

If you are investing through an advisory account, the fees that LPL receives from the Banks is in addition to the advisory fee that you pay LPL and your financial professional. This means that LPL earns two layers of fees on the same cash balances in your LPL account. We also receive different fees based on whether your Deposit Accounts are allocated to PBL1 or PBL2. Therefore, we have an incentive for you to use (and invest your assets in) the sweep products that increase our compensation. We also have an incentive to assign your accounts to the PBL that earns LPL higher fees. As new deposit capacity becomes available, LPL assigns such additional capacity between PBL1 and PBL2 and its other sweep programs at its sole discretion. LPL has a conflict of interest with respect to allocations of additional sweep capacity to programs and arrangements that will increase its compensation. We set our advisory program fees with the expectation that we will receive fees and benefits from the ICA program. Our advisory program fees would be higher if we did not receive fees and benefits from the ICA program. See "*What happens when there is insufficient Bank deposit capacity with my assigned PBL?*" for additional details on capacity.

The fees that LPL receives from the Banks are an important revenue stream and present a conflict of interest for LPL because LPL benefits financially if cash is swept into the ICA program. Because this compensation is retained by LPL and is not shared with your financial professional, it does not cause your financial professional to have a direct financial incentive to recommend that cash be held in a Deposit Account instead of holding securities. However, your financial professional does have a financial incentive to recommend that your cash *not* be swept to the ICA program, as they do not receive compensation for such sweeps. The PBL your account(s) are assigned is determined on the day you open your most recent eligible account. See "*What are the Priority Bank Lists (PBL) and to which PBL will my accounts be allocated?*" for more information.

In addition to LPL, other service providers of the ICA program will receive fees. Other than these stated fees, there will be no charges, fees, or commissions imposed on your account with respect to the ICA program.

If you are acting on behalf of a retirement account, you, as a responsible plan fiduciary, agree that you have independently determined that holding cash balances as a free credit balance (as discussed below), which may not earn income for the account, is (i) both reasonable and in the best interests of the account; and (ii) that the account receives no less, nor pays no more, than adequate consideration with respect to this arrangement. LPL does not share this compensation with your financial professional.

What are the Priority Bank Lists (PBL) and to which PBL will my accounts be allocated?

The Priority Bank Lists (PBL) are two distinct and exclusive lists of available Banks into which your cash may be deposited (PBL1 or PBL2). A list of the Banks into which your cash balances are swept will be available to view via AccountView and your account statement. To see a list of the banks assigned to each PBL, you may visit https://www.lpl.com/disclosures/lpl-financial-fdic-insured-bank-deposit-sweep-programs.html and follow the links for "Priority Bank List 1" and "Priority Bank List 2," as the case may be, or ask your financial professional for this information.

Your eligible Deposit Account(s), by registration,[2] are assigned to either PBL1 or PBL2 (but not both), depending on the date you open your most recent eligible account with LPL.[3] Upon accepting your account application, your new eligible account (and all of your other eligible accounts with the same taxpayer identification number associated with the ownership, including joint accounts) will be assigned the PBL applicable for that day. All accounts open on a business day will use the same PBL, and the applicable PBL will be determined by LPL in advance based upon expected deposit availability. By opening a new eligible account, you are agreeing and directing LPL to allocate and reallocate cash deposits held in all of your eligible accounts pursuant to the PBL assigned during the new account opening process.

If you maintain multiple eligible accounts with LPL, all your eligible accounts, by registration, will be assigned (and reassigned) to the same PBL (PBL1 or PBL2). This means, for example, that if you maintain one or more preexisting accounts assigned to PBL1 at the same time that you open a new account that is assigned to PBL2 (as discussed above), then upon the opening of the new account, all of your accounts (including the preexisting and new accounts) will be assigned to the PBL2, and all of your then existing and future cash balances will be swept pursuant to PBL2. Alternatively, if your preexisting accounts are assigned to PBL1 at the time you open a new account that is also assigned to PBL1, all your accounts will remain assigned to PBL1.

- **Important Note for Holders of Joint Accounts at LPL.** If you have a joint account with another person and the other joint owner opens a new account, your collective joint account and all accounts associated with your taxpayer identification number will also be assigned to the PBL to which that the joint accountholder's new account was assigned.

As PBL1 and PBL2 currently use the services of different administrators, the specific methodologies for how deposits are allocated amongst the Banks in the PBL (*i.e.*, the order in which Banks are allocated to) differ.

For all Banks (other than Excess Banks) on your respective PBL, LPL (as your agent) will maintain your Deposit Accounts such that cash balances will not exceed the FDIC Ownership Category limits of $250,000 per individual and $500,000 for joint accounts. PBL1 and PBL2 expressly identify "Excess Banks." In the case of Excess Banks, funds may be deposited without regard for the $250,000 and $500,000 limits. Your account(s) will be assigned to only one PBL at a time and LPL will not allocate amongst the PBLs as part of ICA program.

You may not designate or direct to which Banks on the PBL receive your account's cash, nor may you select which PBL will apply to your account(s). You may, as described above, designate a Bank as ineligible to receive your cash (*i.e.*, "opt-out" of such Bank). This will result in your cash not being deposited into this Bank, or if already there, LPL will remove your cash from that Bank and designate the Bank as ineligible to receive future deposits of cash.

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[2] LPL will match accounts using Social Security Numbers and Taxpayer Identification Numbers.

[3] Eligible accounts open as prior to February 15, 2022 have been assigned to PBL1.

Your cash previously deposited in eliminated Banks (including Banks that stop participating in the ICA program or reduce their capacity resulting in a return of deposits) or “opted-out” Banks will be reallocated and deposited in other Banks on your specified PBL. Please inform your financial professional if you desire to opt out of specific Banks. By opening a new eligible account on a day where a particular PBL is applicable, all of your eligible accounts will be assigned such PBL. To see a listing of the banks assigned to each PBL, you may visit https://www.lpl.com/disclosures/lpl-financial-fdic-insured-bank-deposit-sweep-programs.html and follow the links for “Priority Bank List 1” and “Priority Bank List 2,” as the case may be, or ask your financial professional for this information.

You should review your assigned PBL carefully. If you already have assets/deposits at any Bank on the list, please notify your financial professional to designate that Bank as ineligible as detailed above so that no additional cash is allocated through the ICA program to that Bank, which should help to avoid deposits in that Bank exceeding your FDIC-defined Ownership Category insurance limits. You are responsible for monitoring whether you have other accounts, assets, and deposits at any of the Banks on the PBL that may limit the amount of FDIC insurance available to you under the ICA program, and notifying your financial professional if you do, or notifying your financial professional if wish to remove an opt-out previously made.

On whichever PBL you are assigned, Banks may be added or removed. In addition, the Banks identified as Excess Banks may change. When changes are made, we will update the specific PBL. Please consult your financial professional or LPL.com periodically throughout the month for updates and information regarding how these changes may impact your account.

If a Bank at which you have cash is no longer available through the ICA program, you may choose to establish a direct depository relationship with the Bank, subject to its rules with respect to establishing and maintaining deposit accounts.

What happens when there is insufficient Bank deposit capacity with my assigned PBL?

The ability of the ICA program to sweep your uninvested cash into Bank deposit accounts depends on the Banks’ capacity under your assigned PBL to accept additional deposits. Where these Banks have insufficient capacity to accept additional deposits or otherwise reduce their current capacity levels, LPL will treat the resultant “overflow balances” as described in this section.

Recently, LPL changed its default approach to “overflow balances” under the ICA sweep program. “**Overflow balances**” are cash in the ICA in excess of the applicable FDIC insurance limits (described above) or cash for which there is insufficient deposit capacity in the Banks on your assigned PBL. Previously, LPL invested such overflow balances in the Goldman Sachs Asset Management Government Square Fund (“GSAM”), a money market mutual fund (“MMF”). LPL expects to eliminate the use of the GSAM for this purpose in the second half of the 3rd quarter of 2022; instead, overflow balances will be allocated by LPL to a “Client Cash Account.” LPL will deploy overflow balances held in Client Cash Accounts in the ordinary course of its business in a manner consistent with its regulatory obligations. For example, LPL may earn interest or a return by investing in short-term instruments or by using these balances to fund margin loans to its customers at a lower funding cost than would otherwise be the case. Consequently, LPL expects that this change will result in an increase in its revenues from the ICA program relative to the revenues derived from the prior GSAM model.

Overflow balances maintained in your Client Cash Account are considered “free credit balances” and represent a direct liability of LPL to you. Your Client Cash Account balances will earn interest at the same rate available under the ICA with respect to Deposit Accounts held at participating Banks on your PBL. Overflow balances maintained in your Client Cash Account are eligible for SIPC insurance coverage as claims under the Securities Investor Protection Act (“SIPA”). ***Free credit balances are not, however, eligible for FDIC deposit insurance coverage and do not constitute deposits with an insured depository institution.***

Overflow balances will be held by LPL as credit balances and not swept into Bank deposits until Bank deposit capacity becomes available. At such time, new cash deposits into the ICA program will be allocated to the Banks on your assigned PBL as detailed above, and some or all of the amounts held in your Client Cash Account will be allocated to the banks on your assigned PBL, also as detailed above.

Account statements and AccountView will reflect the location and type of all of your ICA program balances, whether maintained in Banks or in the Client Cash Account.

Free credit balance features and disclosures

Cash balances held in your account, which represent a liability of LPL and are commonly referred to as free credit balances, may be used by LPL in the ordinary course of its business subject to the limitations under Securities Exchange Commission Rule 15c3-3 under the Securities Exchange Act of 1934 ("Rule 15c3-3"). The use of customer free credit balances creates funding for limited used by LPL, generally at a lesser cost than other sources of funding. LPL can use the funding created by free credit balances to generate revenue for LPL (less amounts paid to the customer on such balances), which LPL retains as additional compensation. Under these arrangements, LPL may earn fees and interest on such cash balances by using such funding to finance customer positions at a lower funding cost than might otherwise be the case. LPL does not share this compensation with your financial professional. Credit balances held in your account are not insured or guaranteed by the FDIC but are eligible for limited insurance coverage by SIPC under SIPA.

During such time that you hold free credit balances in your account under the ICA program, you will receive interest in the same manner as Deposit Accounts. Your Client Cash Account balances will earn interest at the same rate available under the ICA with respect to Deposit Accounts held at participating Banks on your PBL. Please speak with your financial professional to obtain more information about current yields on balances in the ICA program (including the Client Cash Account).

LPL makes money on the balances maintained in Client Cash Accounts, depending on how those free credit balances are invested or deposited. Pursuant to Rule 15c3-3, LPL can (i) deposit cash balances into a segregated deposit account at its banks, thereby making interest on the Client Cash Account balances deposited, or (ii) invest the cash balances in securities backed by the full faith and credit of the U.S. government, thereby making money on any yield generated by such securities. The amount LPL will earn from these sources will vary based on market forces and the contracts for deposit arrangements that LPL is able to secure with its banks. LPL may use both or either of these vehicles at its sole discretion. Any amounts LPL receives pursuant to these sources will be reduced by the interest payable to you on such balances described above, and further reduced by the cost of borrowing any funds necessary to meet its reserve requirements under Rule 15c3-3. See "*Fees and Related Conflicts of Interest*" for details about the significance of this compensation to LPL.

LPL will treat all free credit balances, including overflow balances held in Client Cash Accounts, in the ordinary course of its business in a manner consistent with its regulatory obligations. For example, LPL may earn interest or a return by investing in short-term U.S. Government or Agency instruments or by using these balances to fund margin loans to its customers at a lower funding cost than would otherwise be the case. Consequently, LPL expects that this change will result in an increase in its revenues from the ICA program relative to the revenues derived from the prior GSAM model.

Money market mutual fund features and disclosures

In late Q3 2022, LPL expects to eliminate the GSAM money market fund sweep from the ICA program in favor of holding overflow balances as "free credit balances," as discussed above. Thereafter, in an effort to move overflow balances back into Banks more quickly, LPL will move overflow balances from free credit balances to the ICA Banks on a rolling basis as and when capacity becomes available. During the transition period, however, you may still have cash balances invested in the GSAM fund. This section describes the treatment of your GSAM fund balances during the transition to the Client Cash Account approach.

The GSAM Financial Square Government Fund's prospectus is available by clicking here, https://www.gsam.com/bin/gsam/servlets/LiteratureViewerServlet?pdflink=%2Fcontent%2Fdam%2Fgsam%2Fpdfs%2Fus%2Fen%2Fprospectus-and-regulatory%2Fprospectus%2Fmoney-market-funds-premier-npro.pdf&RequestURI=/content/gsam/us/en/advisors&sa=n. Cash swept into the GSAM Fund is not FDIC insured but is protected by SIPC coverage up to applicable limits.

The dividends earned on your shares of the GSAM Fund will not be payable in cash but will be reinvested each month in additional shares of the GSAM Fund at the then-current net asset value. The rates of return you receive on the GSAM Fund investment will differ from the rate of interest being paid on the Deposit Accounts and vary because such rates are based on the investments made by the GSAM Fund net of the GSAM Fund's operating expenses. There is no guarantee that the rate of return or the yields you earn on the GSAM Fund investment will equal or exceed rates of return or yields available at other financial institutions or invested in other similar products. Yields fluctuate, and past performance is no guarantee of future results. For more information about the current rates of interest or yields on the GSAM Fund, as well as current interest rates offered on the Deposit Accounts, please visit https://www.lpl.com/content/dam/lpl-www/documents/disclosures/insured-cash-account-current-interest-rate-tiers.pdf, or contact your financial professional.

Although money market mutual funds typically seek to preserve the value of an investment at $1.00 per share, there is no assurance that will occur, and it is possible to lose money should the value per share of the GSAM Fund fall. Most money market mutual funds are required to maintain a stable $1.00 net asset value per share, but some are not. An investment in a money market mutual fund is not insured or guaranteed by the FDIC or any other government agency, but is protected by SIPC coverage.

LPL receives compensation from the GSAM Fund or its advisors/distributors, which may be up to 0.45%, annualized, of the value of customer assets invested in the GSAM Fund. LPL does not share this compensation with your financial professional.

What are the available alternatives?

If you hold an eligible account type and Ownership Category and you do not wish to have available cash swept into the ICA program, you may contact your financial professional for assistance to turn off the automatic cash sweep. As a result, any cash balances will be held with LPL as a free credit balance as described in your account agreement. See "*What happens when there is insufficient Bank deposit capacity with my assigned PBL?—Free credit balance features and disclosures"* for additional information.

Shares in a MMF that LPL offers as a non-sweep investment alternative may be purchased. Cash balances in your account, however, will no longer be automatically swept into GSAM.

Debits in your account will be paid automatically from available cash balances in the account and then from cash in the sweep programs. In the event there is no cash available in these accounts to cover debits, you would need to liquidate separately purchased MMF or other securities to cover the required debits, or move cash from another investment or bank account.

Investment in a MMF is not insured or guaranteed by the FDIC or any other government agency. Although the fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund.

LPL is a member of SIPC. For accounts held at LPL, SIPC provides account protection up to a maximum of $500,000 per customer, of which $250,000 may be claims for cash. This account protection applies when a SIPC member firm fails financially and is unable to meet obligations to securities customers, but it does not protect against losses from the rise and fall in the market value of investments. More information on SIPC, including obtaining a SIPC brochure (available at https://www.sipc.org/news-and-media/brochures), may be obtained by calling SIPC at (202) 371-8300 or by visiting www.sipc.org.

Where can I find more information?

Transactions and activity with respect to your cash will appear on your periodic account statement. For each statement period, your account statement will reflect:

- Deposits to and withdrawals on your behalf into the Deposit Accounts
- The closing balance of your cash in the Deposit Accounts at each Bank
- Interest earned on your ICA cash sweep balances

Please note that the Banks where your cash is swept may change at any time during a month—your statement will reflect which Banks hold your cash as of the date of the statement. Your financial professional can assist you if you have any questions about how your account statement reflects your balances at each Bank. You may obtain additional information about your cash by calling your financial professional or, if applicable, by accessing your account through LPL AccountView. If you have not subscribed to LPL AccountView and wish to do so, please contact your financial professional to subscribe.

All notices from LPL detailed in this document may be made by means of a letter, an entry on or insert with your account statement, an entry on a trade confirmation, or by other means. Many pieces of information are also found on lpl.com.

Investment in a money market mutual fund is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although the fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund.

Appendix

Included in this Appendix are additional details on several concepts discussed within the booklet.

Account opening and management: operational details

When sweeping cash to Banks in PBL1, two types of accounts are established at each bank on the behalf of you and other LPL customers: a money market deposit account (MMDA), which is a type of savings deposit, and a linked transaction account (TA). The Bank, at its discretion, may determine a minimum amount to be maintained in the TA. The MMDAs and TAs are non-transferable.

When sweeping cash to Banks in PBL2, an omnibus account is established at each Bank on behalf of you and other LPL customers – either a money market deposit account (MMDA), which is a type of savings deposit, or a demand deposit account (DDA). The MMDAs and DDAs are non-transferable.

Deposit Account ownership will be evidenced by a book entry on the account records of each Bank showing the Deposit Account as an agency account held by LPL for the benefit of you and other LPL customers, and by records maintained by LPL as your agent. No evidence of ownership, such as a passbook or certificate, will be issued to you. Your account statements will reflect your balances at the Banks. You should retain the account statements for your records. You may at any time obtain information about your cash by contacting your financial professional. The Banks will not provide you with information or accept instructions from you with respect to your cash in the Deposit Account that has been established by LPL on your behalf through the ICA program.

We will attempt to place your cash balance at the highest priority bank on your assigned PBL. If a Bank no longer has capacity to take new cash or your cash allocated to a Bank reaches $246,500 (or $493,000 for joint accounts), LPL, as your agent, will leverage a MMDA and TA at the next Bank on the PBL. If that Bank is unable to accept your cash, due to overall capacity being unavailable or your maximum being reached, we will continue down the list of Banks on your assigned PBL. The process will be repeated when additional cash is to be deposited with your cash going to the highest available Bank in the priority sequence on your assigned PBL. Your cash will follow its assigned PBL exclusively. As noted previously, cash may be allocated to the Excess Banks above the FDIC insurance amount on a temporary basis.

At the end of each month, LPL will determine the amount of your cash balance, if any, that has been deposited in Banks in an order different than the priority sequence on your assigned PBL. If it is possible to rebalance your cash so it is in the Banks in the appropriate priority sequence, LPL will, as your agent, withdraw your cash and re-deposit the cash in that sequence. If it is not possible to rebalance all of your cash in the appropriate priority sequence, your cash will not be rebalanced.

As your agent, LPL will deposit available cash balances in the MMDA at each Bank as set forth above. All withdrawals will be made from the TA at a Bank by LPL as your agent. As necessary to satisfy debits in your account (securities purchases, checking, debit card, etc.), cash will be transferred from the MMDA to the related TA at each Bank. The cash will be withdrawn from your TAs at the Banks in the reverse order in which Banks appear on your assigned PBL. Cash will be withdrawn first from the lowest Bank on the list and last from the first Bank on the list. If cash in the TA is insufficient to satisfy a debit, cash in the related MMDA at the Bank will be transferred to the TA to satisfy the debit, plus cash to maintain any TA threshold amount.

Federal banking regulations limit the transfers from an MMDA to a total of six (6) during a monthly statement cycle. At any point during a month in which transfers from an MMDA at a Bank have reached the applicable limit, all cash will be transferred from that MMDA to the linked TA at the Bank until the end of the month. Deposits for the remainder of the month into this Bank will be made to the TA. At the beginning of the next month, cash on deposit in the TA will be transferred to the MMDA, minus any threshold amount to be maintained in the TA. The limits on MMDA transfers will not limit the number of withdrawals you can make from cash on deposit at a Bank or the amount of FDIC insurance coverage for which you are eligible.

Due to federal banking regulations, each Bank reserves the right to require seven business days' notice before you withdraw cash balances from your Deposit Accounts. The Banks have informed us that they do not currently intend to exercise this right. So long as this right is not exercised, your ability to access cash, including the ability to write checks against your account, should not be impacted.

If you decide to terminate your participation in the ICA program sweep option, you may establish a direct relationship with each Bank by making a request to the Bank to establish a Deposit Account in your name, subject to each Bank's rules with respect to establishing and maintaining deposit accounts. Once that is done, you would contact LPL and request a transfer of the cash in the Deposit Account into your individual Deposit Account. Establishment of the Deposit Account directly in your name at a Bank will separate the Deposit Accounts from the LPL account. If you establish a direct depository relationship with a Bank, the Deposit Accounts will no longer be reflected in your account statement and LPL will have no further responsibility concerning the Deposit Accounts.

Taxes

For most customers, interest earned on deposits in the Deposit Accounts will be taxed as ordinary income in the year it is received. A Form 1099 will be sent to you each year showing the amount of interest income earned on your ICA program cash sweep deposits. You should consult with your tax advisor about how the ICA program affects you.