

FREQUENTLY ASKED QUESTIONS ABOUT THE BANK DEPOSIT SWEEP PROGRAM

The Bank Deposit Sweep Program is a brokerage account core account investment vehicle for all eligible brokerage accounts held at National Financial Services, LLC (NFS), a Fidelity Investments® company. For complete information about the Bank Deposit Sweep Program, please review the Bank Deposit Sweep Program Disclosure Document at <http://arkadioscapi.com/client-information>

How is the Bank Deposit Sweep Program Works?

Through the Bank Deposit Sweep Program, cash balances in your Brokerage Account (resulting from sales of securities, deposits, dividend and interest payments, and other activities) will be automatically deposited or “swept” into an interest-bearing Bank Deposit Sweep Program account at one or more FDIC-insured financial institutions.

What are the key features of the program?

The program provides eligible accounts up to \$2.5 million (\$5 million for joint accounts) in maximum cumulative FDIC coverage with deposits held at a network of multiple banks.

How much FDIC Protection is provided?

For all eligible accounts at NFS, deposits are held at a network of multiple banks, and insurance is currently a cumulative \$2.5 million (\$3 million for joint accounts). Funds are swept into deposit accounts at program banks up to a maximum amount per bank (currently \$246,500 per individual and \$493,000 for joint).

When a client’s total amount of funds deposited through the program in all banks on the program bank list reaches the maximum amount, any additional funds in the brokerage account are swept into an “Excess Deposit Bank” without regard to FDIC insurance limitations. Funds invested in the Excess Deposit Bank that exceed the maximum amount are not covered by FDIC Deposit Insurance.

What is the difference between coverage provided by FDIC and SIPC?

SIPC provides protection from insolvency of a broker-dealer while funds are held by Arkadios Capital, LLC/ NFS. FDIC provides protection of principal and interest while funds are held in the bank deposit account. Further description of FDIC coverage is available at www.fdic.gov.

Which accounts are eligible for FDIC coverage in the Bank Deposit Sweep Program?

Most accounts are eligible for the program, with the exception of:

- For-profit entities, such as a corporation, Partnerships, limited liability companies, or unincorporated associations.
- Keogh accounts.
- Trusts and beneficiary distribution accounts where the beneficiary is not a natural person.
- Non-US accounts identified by a Non-US mailing address

Is cash really safer in an FDIC Sweep like the Bank Deposit Sweep Program than in a Money Fund sweep?

The Bank Deposit Sweep Program uses an insured bank deposit account. This means that eligible deposits up to the FDIC maximum held at the program bank cannot lose principal or interest. It also means that, in the event of a bank failure, clients will be paid promptly, usually within a few weeks after the FDIC takes over a failed bank. Money market funds can lose value and have in the past. Some money market funds have suspended the ability of their customers to take their money out of the fund (redeem) for several months. The potential loss of principal is called the “safety factor,” and how long it takes to get money in an emergency is called the “liquidity factor.” Both of these and two other important factors (rate and convenience) should be considered when comparing money market funds and the Bank Deposit Sweep Program.

How can I opt out of the bank Deposit Sweep Program?

If you do not want to participate in the Bank Deposit Sweep Program, you must notify Arkadios Capital, LLC by telephone at 800-775-9092.

How can I decline placing deposits at participating bank?

To opt out of a bank on the list, please contact your financial advisor. The coverage cap can be reduced upon designation of a bank or banks as ineligible for deposits. Participation in the Bank Deposit Sweep Program requires that at least one bank is designated as eligible to receive deposits.

What can you tell me about the banks in the program?

Banks in the network program are selected based on initial and ongoing review of their strength as documented by the FDIC and the operational needs of the program.

Which banks on the program bank list apply to my account(s)?

Your National Financial brokerage statement will reflect the balance and location of deposits.

How do Bank Deposit Sweep Program rates compare to bank checking and savings rates?

Account holders may be paid more than some banks pay for checking and savings account balances that do not have minimum balance requirements. There can be exceptions, however, rates offered under this program can be more competitive than those offered by large national banks. Keep in mind that making these comparisons can be difficult, because there is much more involved than just the rate paid. The Bank Deposit Sweep Program is unique in that it pays a savings-like rate of interest but has the transaction flexibility of a brokerage account (including available check writing features), no penalties for failure to maintain minimum balances, and no penalties for early withdrawals.

How do Bank Deposit Sweep Program rates compare to other broker-dealer rates?

Not all broker-dealers offer insured bank deposit sweep vehicles or have the same access and convenience features. Compared to broker-dealers that do offer a similar product, the rates offered by the Bank Deposit Sweep Program are competitive.

What are cash balance tiers, and how are they assigned?

A tier refers to the ascending ranges of cash balances that determine the rate paid on the cash inside the Bank Deposit Sweep Program account as shown below. Each month on the statement cutoff date, the average cash balance in each account since the previous statement cutoff will be computed, and that account will be assigned to one of the tiers. If cash balances change significantly, it might move the balance from one tier to the next or even move several tiers. The cash in all of a client's accounts is not aggregated to determine the tier; each account stands on its own for tier assignment purposes.

\$2,000,000 or greater

\$750,000 up to \$2,000,000

\$250,000 up to \$750,000

\$100,000 up to \$250,000

\$25,000 up to \$100,000

\$10,000 up to \$25,000

Less than \$10,000

Where can I get additional information about rates or the Bank Deposit Sweep Program?

Contact your financial advisor to get additional information or contact Arkadios Capital LLC.

For complete information about our Bank Deposit Sweep Program, please review the Bank Deposit Sweep Program Disclosure Document.