

This Amendment ("Amendment") supplements and amends the Account Application Agreement (the "Agreement") between the undersigned Account Holder, Trustee, or Custodian ("I" or "me") and Charles Schwab & Co., Inc. ("Schwab") in light of the wrap fee arrangement I have entered into with my Investment Advisor ("Advisor"). Terms not otherwise defined herein shall have the same meanings as in the Agreement. Except as expressly supplemented and amended below, the terms of the Agreement shall remain in effect. If any of the terms of this Amendment conflict with those of the Agreement with respect to the subject matter of this Amendment, this Amendment will control.

## 1. Wrap Fee Arrangement With Advisor

I have decided to pay Advisor a bundled or wrap fee that covers both Advisor's investment advisory services and Schwab's brokerage services. I have authorized Advisor to pay Schwab for the brokerage services Schwab provides to my Account, and I acknowledge that Advisor has entered into an agreement with Schwab to pay Schwab fees for those services. Advisor pays Schwab commissions and other transaction-based fees or asset-based fees in lieu of commissions and other transaction-based fees, and in either case, certain other fees, including Schwab's Prime Broker and Trade-Away fees, exchange process fees, and OneSource mutual fund short-term redemption fees. I acknowledge, understand, and agree to the following:

- (a) Schwab is acting solely as a broker-dealer, and not an investment advisor, with respect to me and my Account and does not exercise any discretion over or supervise my Account and has no responsibility to monitor Advisor's activity in my Account. Schwab will act solely on the instructions it receives from Advisor or me.
- (b) I have received, read, and understand my Advisor's fee disclosures and understand the total costs associated with receiving investment advice from my Advisor and brokerage services. I further acknowledge that my Advisor has provided me with disclosures discussing any conflicts that arise from the fee arrangement recommended by Advisor.
- (c) Confirmations that I receive for transactions in the Account which indicate that Schwab acted in an agency capacity shall mean that Schwab acted as agent for both me and Advisor in effecting the transaction. I further acknowledge that my Advisor has provided me with disclosures discussing any conflicts that arise from the fee arrangement recommended by my Advisor.
- (d) Advisor has discussed and explained the fees and expenses that are included in the Advisor's wrap fee and any additional fees that I am responsible to pay.
- (e) I understand that my Advisor will pay certain trading and execution costs incurred by my account directly, and this arrangement can create an incentive for my Advisor to trade my account less frequently.

## 2. Fees and Costs Excluded From Advisor Billing

I understand and agree that Advisor's wrap fee does not cover certain fees and costs which may apply to my Account, including those listed below or others that are listed in the *Charles Schwab Pricing Guide for Clients of Independent Investment Advisors* (or a successor thereto) ("Pricing Guide"), which I will receive promptly following the opening of my Account. I will review the Pricing Guide and agree to pay these other fees.

- (a) **Other Broker-Dealers' Fees.** Commissions and other fees for services provided by broker-dealers other than Schwab for transactions that Advisor or I have them execute or effect and settle into or from my Account, such as through our use of Schwab's Prime Brokerage or Trade-Away Services. I will be responsible for paying any commissions and other fees or compensation charged by broker-dealers other than Schwab. Because I will pay Advisor's wrap fee in addition to any commissions and/or other charges paid to broker-dealers other than Schwab, I understand that Advisor may have an incentive to execute transactions for my Account through Schwab, and this incentive could, in some circumstances, conflict with my Advisor's duty to seek best execution.
- (b) **Mutual Fund Operating Fees and Expenses.** Fees charged by some mutual fund companies, unit investment trusts (UITs), closed-end funds, and other collective investment vehicles, including, but not limited to, fees assessed by the fund but collected for the fund by Schwab, such as sales loads (a portion of which are paid to Schwab) and/or charges and short-term redemption fees.
- (c) **Markups and Markdown, Bid-Ask Spreads, Selling Concessions, etc.** Markups and markdowns, bid-ask spreads, selling concessions, and the like received by Schwab in connection with transactions it executes as principal by selling or buying securities to or from clients for its own account. I acknowledge that Schwab may act as principal in executing trades for my Account. Principal transactions contrast with those in which Schwab acts as agent for clients in effecting trades between the client and a third party. Schwab may make a profit or incur a loss on trades in which it acts as principal. Markups and markdowns and bid-ask spreads are not separate fees, but rather are reflected in the net price at which a trade order is executed.
- (d) **Custody Fees for Non-Publicly Traded Securities.** Custody and setup fees for Non-Publicly Traded Securities (as defined in the Pricing Guide), which include, without limitation, promissory notes; church bonds; limited partnerships; private limited partnerships; limited liability companies; private common, preferred, and convertible preferred stock; private bonds; private warrants; private placements; and private REITs.
- (e) **Margin Interest.** If my Account has a margin feature, margin interest on any margin loans made.
- (f) **Account Activity Fees.** Electronic funds and wire transfers fees, certificate delivery fees, and other account activity fees.
- (g) **Miscellaneous Fees and Charges.** Transfer taxes, odd-lot differentials, certificate delivery fees, reorganization fees, fees required by law, and any other fees or charges similar to those described above.



## 2. Fees and Costs Excluded From Advisor Billing (Continued)

A complete list of Schwab's charges and fees is contained in the Pricing Guide. I acknowledge that I will receive and review the Pricing Guide and will contact Advisor or Schwab if I have any questions about Schwab's fees. Your Advisor may have negotiated pricing (referred to as Alternative Pricing in the Pricing Guide) that is different from the Basic Pricing listed in the Pricing Guide. The most recent pricing information is available at [www.schwab.com/aspricingguide](http://www.schwab.com/aspricingguide).

Your Advisor may be paying Schwab Alternative Pricing on your behalf. In addition, Schwab receives various forms of compensation on certain types of assets held in its customers' accounts for which Schwab does not charge commissions or other fees for transactions, such as, but not limited to, cash and cash equivalents, no-transaction-fee mutual funds, and Schwab affiliate mutual funds. Detailed information about Schwab's compensation is available at [www.schwab.com/compensation](http://www.schwab.com/compensation).

## 3. Appropriateness of Wrap Fees

I have independently determined, alone or in consultation with Advisor, but not based on any advice from or consultation with Schwab, that Advisor's wrap fee arrangement is appropriate for me and my Account. I have made this determination after considering the following:

- Advisor's wrap fees may cost me more than purchasing Advisor's investment advice and Schwab's brokerage services separately. The relative cost of Advisor's wrap fee to me is influenced by various factors, including the cost of Advisor's investment advice and Schwab's brokerage services, the types of investments held in my Account (e.g., individual securities versus no-transaction-fee mutual funds), and the frequency, type, and size of trades Advisor makes for my Account. If the number of transactions in my Account is low enough, the wrap fee I pay Advisor may exceed the stand-alone investment advisory fee and separate brokerage commissions that I otherwise would have paid.
- Advisor's wrap fees do not cover all fees and costs I may incur. Additional fees and costs may apply.
- Wrap fees are not appropriate for all accounts, including but not limited to accounts holding primarily, and for any substantial period of time, cash or cash equivalent investments, fixed income securities or no-transaction-fee mutual funds, or any other type of security that my Advisor or I could trade without commissions or other transaction fees.

## 4. Termination

This Amendment will terminate if (i) the Agreement is terminated, (ii) Advisor's Investment Advisor Service Agreement with Schwab is terminated, or (iii) if either I or Advisor terminate the wrap fee arrangement or advisory contract I have with Advisor. (I agree to notify Schwab promptly of such termination.) Upon termination of this Amendment, I acknowledge and agree that the Account will be subject to the commissions, fees, and other charges as provided in the Pricing Guide.

**Please note that the Agreement contains a pre-dispute arbitration agreement.**

**If you deliver the signed Amendment to Schwab by email or facsimile, you acknowledge and agree that this Agreement and your signature below will be treated as, and are just as binding as, an original copy.**

\_\_\_\_\_  
Advisor Firm Name

\_\_\_\_\_  
Master Account Number

\_\_\_\_\_  
Account Number

*All Account Holders must sign and date.*

▶ \_\_\_\_\_ Date \_\_\_\_\_  
Signature: Account Holder/Trustee/Custodian (mm/dd/yyyy)

▶ \_\_\_\_\_ Date \_\_\_\_\_  
Signature: Account Holder/Trustee/Custodian (mm/dd/yyyy)

▶ \_\_\_\_\_ Date \_\_\_\_\_  
Signature: Account Holder/Trustee/Custodian (mm/dd/yyyy)

