

How Your Money Is Protected

Be assured that you have a high level of safety with your investment accounts due to the way we conduct our business, the safeguards of our industry and the regulations to which we must adhere. These safeguards were primarily developed to protect consumers. This is one way to ensure public confidence in the financial system and maintain stability in the financial industry. Here is a look at some of the protections that are in place.

INVEST WITH CONFIDENCE

First Clearing, LLC (“First Clearing”) is the firm that provides clearing, execution and settlement services for your investment account(s). First Clearing is backed by the vast resources of one of the industry’s largest financial companies, Wells Fargo.

YOUR INVESTMENTS ARE HELD SEPARATELY FROM OUR OPERATIONS

The securities industry in the United States is among the most heavily regulated in the world to help ensure that investment accounts are a safe and accessible place for individuals, families, and businesses to place money they wish to invest. The Securities and Exchange Commission (SEC) is the securities industry’s primary regulatory body .

The cornerstone of protection of client assets in investment firms is the segregation of assets-- that is, client assets are held separately from the assets of the investment firm. This principle is laid out in the SEC’s Customer Protection Rule, which states that all fully-paid client securities must be held separately from the investment firm’s own assets and are not available for firm use. The rule ensures that if an investment firm experiences losses, investor assets are not affected.

The exception to this rule is if you have a current loan from a margin account with us, which can be established only under a written agreement by you. If you do have a current loan from that margin account, we may use some of the assets. Otherwise, we must keep your funds and investments separate from any of our assets, and may not use them for any purpose.

INDUSTRY MEASURES PROTECT AGAINST INSOLVENCY RISKS

In the rare event that an investment firm fails, investors benefit from several layers of protection.

SIPC PROTECTION

First Clearing is a member of the Securities Investor Protection Corporation (SIPC), a nonprofit, congressionally chartered membership corporation created in 1970. SIPC protects clients against the custodial risk of a member investment firm becoming insolvent by replacing missing securities and cash up to \$500,000, including up to \$250,000 in cash, per client, in accordance with SIPC rules. (Note that SIPC coverage is not the same as, nor is it a substitute for, FDIC deposit insurance; securities purchased through First Clearing are not FDIC-insured) For more information about SIPC, please visit sipc.org.

ADDITIONAL INSURANCE COVERAGE WE’RE PROVIDING TO OUR CLIENTS

Above and beyond the SIPC coverage, First Clearing maintains additional insurance coverage provided through Lexington Insurance Company, an AIG Company (referred to here as “Lexington”). For clients who have received the full SIPC payout limit, First Clearing’s policy with Lexington provides additional coverage above the SIPC limits for any missing securities and cash in the client investment accounts, up to a clearing firms aggregate limit of \$1 billion (including up to \$1.9 million for cash per client). In other words, the aggregate amount of all client losses covered under this policy are subject to a limit of \$1 billion with each client covered up to \$1.9 million for cash.



Member FINRA & SIPC

www.wunderlichsecurities.com

ABOUT LEXINGTON INSURANCE COMPANY

Lexington Insurance Company is the leading U.S.-based surplus lines insurer. As of December 1, 2013, Lexington's financial strength ratings are "A+" from Standard & Poor's, "A1" from Moody's and "A" from Fitch Ratings and A.M. Best. For more information about Lexington, please visit lexingtoninsurance.com.

THE LIMITS OF SIPC AND LEXINGTON'S INSURANCE COMPANY

Please note that coverage provided by SIPC and Lexington does not protect against loss of market value of securities. All coverage is subject to the specific policy terms and conditions.

INCREASED FDIC INSURANCE LIMITS

Current FDIC insurance covers a depositor for \$250,000 for all cash and uninvested balances when they are swept into a cash deposit sweep account through our convenient automated service. At First Clearing, cash deposits are covered by FDIC insurance for a total of at least \$750,000 if you are enrolled in our Bank Deposit Sweep Program. This program places no more than \$250,000 at each of the second and third affiliate banks for a total of \$750,000 for individual accounts (higher for joint and trust/TOD accounts depending on the number of owners/beneficiaries).

For example:

Individual Accounts (i.e. one owner) - Cash sweep deposits are insured up to \$750,000.

Joint Accounts (i.e. multiple owners) - Cash sweep deposits are insured for up to \$1.5 million in the case of two owners - plus an additional \$250,000 for each additional owner.

Trust/Transfer on Death (TOD) accounts - Cash sweep deposits are insured for up to \$750,000 in the case of one owner-/one beneficiary--with additional insurance coverage for each additional owner/beneficiary combination (e.g., with two owners and two beneficiaries, the total of \$1.5 million).

Traditional and Roth IRAs* - Cash sweep deposits continue to be insured for \$250,000 at each of three affiliate banks for a total of \$750,000. These deposit insurance limits refer to the total coverage that an account holder has at a bank, including any CDs. The listing above shows only the most common ownership categorizes that apply to individual/family deposits and assumes that all FDIC requirements are met. More information on FDIC coverage is available at fdic.gov. For further information regarding this type of program, see your Wunderlich financial advisor for the complete disclosure for a bank deposit sweep program.

ADDITIONAL COVERAGE FOR SOME PROGRAMS

Additional coverage may be available in some programs when the coverage limit is exceeded, by sweeping the excess funds into additional program banks. This would allow for additional coverage at each additional bank.

For Example:

Three Program Banks- If a Bank Deposit Sweep Program utilized three banks on a sweep program, then uninvested cash balances (principal and interest) would automatically be deposited, or "swept" into three banks. Depositors would be covered for up to \$250,000 at the first bank, plus \$250,000 at each of the two additional program banks--triple the coverage you would receive at one bank. These totals may vary by type of ownership and number of beneficiaries, as well as by any limitation imposed by the program. Review the program's complete disclosure for all details outlining the program and how it works. Your Wunderlich Financial Advisor can provide you with the program's disclosure.



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