

J.J.B. HILLIARD, W.L. LYONS, LLC
IMPORTANT INFORMATION ABOUT OUR CASH SWEEP PROGRAM



In this document, “we,” “us,” and “our” refer to J.J.B. Hilliard, W.L. Lyons, LLC.

Our Cash Sweep Program lets you automatically “sweep” uninvested cash balances from your account into either

- (a) Federal Deposit Insurance Corporation-insured deposit accounts (IDP Accounts) at multiple FDIC-insured banks (Program Banks), or
- (b) certain money market mutual funds available in the Cash Sweep Program (Participating Funds).

Participating in the Cash Sweep Program provides you the opportunity to earn interest or dividends on your funds while they await investment, or as needed to satisfy obligations arising in connection with your account.

If you are *purchasing* an investment, the automatic sweep feature allows the exact amount of the transaction to be swept from your Cash Sweep option to fund that purchase on the settlement date. If you are *selling* an investment, the proceeds are automatically swept to your account’s Cash Sweep option by the second business day after settlement. If you deposit cash to your account by check, ACH, or wire, it can take up to two business days before your deposit sweeps into your Cash Sweep option; those deposits are held as Free Credit Balances until swept.

When opening your account, you can elect to participate in the Cash Sweep Program and, if so, pick your sweep option for uninvested funds (IDP or money market fund). Or you can direct that we leave your uninvested cash balances as a free credit balance awaiting investment in your account. We can use and earn income on Free Credit Balances, as permitted by law, and do not pay you interest on those balances.

With prior notice to you, we can (a) change the terms and conditions of our Cash Sweep Program; (b) change the terms and conditions of a product currently available through the Cash Sweep Program; (c) change, add, or delete products available through the Cash Sweep Program; or (d) change your investment through the Cash Sweep Program from one product to another. If you do not object to a change within 30 days after we send you a notice of it, you agree that we can treat your non-response as your approval.

CASH SWEEP OPTIONS

FDIC-Insured Deposit Account. If your account is eligible and you select the IDP as your Cash Sweep option, your available cash balances will be automatically swept from your securities account into an account at one or more Program Banks. The IDP has a network of FDIC-insured Program Banks among which funds can be spread to maximize total protection. You can see a list of current Program Banks at http://www.hilliard.com/marketing/Prospectus/IDP_Participating_Banks.pdf. Program Banks may be added to or removed from our Cash Sweep Program without prior notice to you.

We act as exclusive custodian and agent with respect to all IDP transactions, and we have established a separate account for the benefit of clients at each Program Bank, evidenced by a book entry on the account records of each Program Bank. The FDIC insures each deposit account maintained at the Program Banks within applicable limits, as described below. We maintain records of your interest in each deposit account at each Program Bank. You will not be issued any evidence of ownership, such as a passbook or certificate, so all transactions in the IDP Accounts must be made through us.

You should direct questions about IDP Accounts to your Financial Consultant and not to the Program Banks. The Program Banks will not accept any instructions concerning your deposits with them through this Cash Sweep Program unless we send those instructions.

Funds swept into IDP Accounts will begin earning interest from the day the Program Bank receives them up to, but not including, the date of withdrawal. Interest will accrue daily, will be credited to your account monthly, and will appear on your periodic securities account statement. The daily rate of interest is 1/365th of the applicable annual interest rate. We will send you a Form 1099-INT indicating the amount of interest paid to you by the Program Banks.

We determine the interest rate paid to you, in our discretion, based on prevailing market and business conditions. The interest rate paid to you will change periodically. Generally, the interest rate you receive will not vary depending on the particular Program Bank in which your funds are deposited. You can see current rates of return for each available Cash Sweep option at www.hilliard.com/site/market-info/hilliard-lyons-current-rates.html.

Hilliard Lyons receives compensation from Deutsche Bank Trust Company Americas (DBTCA) for funds held in the IDP. The fees that we receive in connection with the IDP Accounts may be significantly higher than the compensation that we receive in connection with the Participating Funds used as a Cash Sweep option. That compensation is based on the difference between the amount paid by the Program Banks and the interest rate offered by Hilliard Lyons and is expected to range between 15 and 100 basis points, based upon interest rates. We may pay a portion of any fees we receive from Program Banks to your Financial Consultant.

The rate you receive may be reduced to the extent the FDIC increases its premium costs to a Program Bank. The rates paid with respect to the IDP Accounts may be higher or lower than rates of return available for money market mutual funds, or as a depositor directly with a bank, including any of the Program Banks. You should compare the terms, rates of return, charges, and other features with other available Cash Sweep options, as well as other comparable accounts and investment options.

Cash swept into an IDP Account at a Program Bank is federally insured up to applicable FDIC limits in the event of a bank failure. FDIC coverage limits are currently \$250,000 for all deposits (checking, money market, savings, CDs, etc.) per depositor, per insured bank, for each account ownership category. For example, if you had both a checking and a savings account in your individual name at the same Program Bank, the combined balance of both accounts would be insured for up to \$250,000. **See www.fdic.gov for additional account category and coverage information.**

FDIC insurance begins once funds are swept into the IDP Account at the Program Bank. While in transit from us to the Program Banks and from the Program Banks to us, the funds pass through DBTCA, our intermediary bank. While at DBTCA, swept funds are also eligible for FDIC Insurance, to the FDIC maximum per account type, when aggregated with any other deposits you hold in the same capacity at DBTCA. It is possible that your funds in transit at DBTCA will exceed the maximum amount of FDIC coverage available through DBTCA as an individual bank; therefore, any excess may not be covered by FDIC insurance until those funds are remitted to Program Banks.

It can take up to two business days for funds deposited in your securities account to sweep to DBTCA for allocation to Program Banks. Until the sweep occurs, the funds will remain uninvested Free Credit Balances in your account. Because we are a member of the Securities Investor Protection Corporation, our customers are protected up to applicable SIPC limits if we were to go out of business and there were customer securities or funds unaccounted for. Current SIPC limits are \$500,000 for securities and cash per customer, of which up to \$250,000 may be in cash (that is, Free Credit Balances). We carry excess SIPC coverage to provide additional protection for client accounts, subject to an aggregate policy limit of \$100 million for all customer claims. Neither SIPC protection nor excess SIPC coverage protect against market losses. Once funds are swept into an IDP Account, they are held at an FDIC member bank and are protected by FDIC insurance. They are not covered by SIPC or by our excess SIPC insurance. **For details about SIPC coverage, visit www.sipc.org.**

Your uninvested cash will be swept into one or more Program Banks based on a nondiscretionary mathematical formula (algorithm). Generally, no more than \$250,000 of your cash will be swept into any one Program Bank. But it is possible that your Cash Sweep deposit combined with other deposits you make at a Program Bank (directly or through an intermediary) could exceed the maximum amount of FDIC insurance available at an individual Program Bank. We will inform you on each Hilliard Lyons account statement which Program Bank(s) maintain deposits with respect to your account, all deposit and withdrawal activity, opening and closing balances, interest earned, and the detail of balances held at each Program Bank. **You are responsible for monitoring the total amount and insurable capacity of deposits you have at each Program Bank (both as a part of and outside of the Cash Sweep Program).** You may instruct us not to deposit your funds in a particular Program Bank. That will result in any current deposit in that Program Bank being withdrawn and deposited in another Program Bank, and no new deposits will be made in the Program Bank in which you instructed us not to deposit your funds.

If your IDP balance exceeds the program's current limit of \$2,500,000, then the excess amount may not be insured. We may place your excess cash in a money market fund at your direction.

The Program Banks can refuse deposits as part of this Program. If any Program Bank rejects any additional

deposits, withdraws entirely, or is terminated from the Cash Sweep Program, its balances will be re-allocated to another Program Bank or a Participating Fund. You also may, outside of the Cash Sweep Program, establish a direct depository relationship with the Program Bank, subject to the Program Bank's rules with respect to maintaining accounts. If you establish a direct relationship, those deposits will no longer be part of your brokerage account.

If federal deposit insurance payments become necessary, you will receive payments of principal plus unpaid and accrued interest. There is no specific time period in which the FDIC must make insurance payments available, and we have no duty to credit your account with funds in advance of payments received from the FDIC. Furthermore, you may need to provide certain documentation to the FDIC and to us before insurance payments are made. For example, if you hold deposits as trustee for the benefit of trust participants, you may need to furnish affidavits and provide indemnities regarding an insurance payment.

Money Market Mutual Funds. A money market mutual fund (money market fund) is a type of mutual fund that is required by law to invest in low-risk securities. These funds have relatively low risks compared to other mutual funds and pay dividends that generally reflect short-term interest rates. Money market funds are not federally insured. Money market funds typically invest in government securities, certificates of deposit, commercial paper, or other highly liquid, low-risk securities. Money market funds seek to maximize rate of return (less fees and expenses) consistent with their investment objectives. Before investing in a money market fund, you should carefully read all of the fund's available information, including its prospectus, and its most recent shareholder report. **For details about money market mutual funds, see: www.sec.gov/answers/mfmmkt.htm.**

A list of Participating Funds is available at www.hilliard.com/site/market-info/hilliard-lyons-current-rates.html. You can also contact us to obtain a free prospectus for any Participating Fund. Some Participating Funds may require minimum investment amounts. You should review the prospectus carefully before selecting a Participating Fund as your Cash Sweep option or sending money to invest in a Participating Fund. Although money market funds typically seek to preserve the value of your investment at \$1

per share, it is possible to lose money by investing in money market funds.

We may receive 12b-1 distribution fees, service fees, sub-transfer agent fees, recordkeeping fees, or other compensation from money market funds or their affiliates. Money market fund prospectuses detail that compensation. We may pay a portion of any fees we get from Participating Funds to your Financial Consultant.

We may, from time to time upon notice to you, add or delete Participating Funds available in the Cash Sweep Program or change the Participating Fund to which your funds sweep. If we make such a change, the rate of return could increase, decrease, or remain unchanged.

Money market funds are securities. They (a) are not insured by the FDIC, (b) carry no bank or government guarantee, and (c) are subject to investment risk, including loss of the principal amount invested. Because money market fund balances are considered securities, they do not count against the \$250,000 cash limitation of SIPC protection on Free Credit Balances.

CHANGING, ADDING FUNDS TO, OR WITHDRAWING FUNDS FROM YOUR CASH SWEEP PROGRAM SELECTION

Subject to satisfying the participation criteria that we establish from time to time, you can change your Cash Sweep Program selection at any time to any other Cash Sweep Program option (or to Free Credit Balances) by contacting your Financial Consultant. Unless we otherwise agree, if you request a change from one Cash Sweep Program option to another (for example, from the money market sweep option to the IDP option), you must transfer all of your funds in your prior option to your newly selected Cash Sweep option. If your cash is currently being swept into money market funds, you need to redeem all shares in your Participating Funds; conversely, if your cash is swept into an IDP Account, you would need to withdraw all cash from your IDP Accounts held through the Cash Sweep Program.

Adding Funds. There is no minimum initial deposit in the Program Banks, but there may be minimum investments required for certain Participating Funds. See the applicable prospectus or contact your Financial Consultant for details.

Withdrawing Funds. You can access your funds in the Cash Sweep Program only through your brokerage account. You cannot access or withdraw Cash Sweep Program funds directly from a Participating Fund or from a Program Bank.

When funds are needed to cover transactions or satisfy a debit in your securities account, we will use the following sources, in this order:

- (1) available Free Credit Balances, including money added to your securities account not yet swept to a Participating Fund or IDP Account;
- (2) balances available in the Cash Sweep Program; and
- (3) if you have a margin account, any margin credit available.

See our Margin Disclosure Statement at www.hilliard.com/site/publications/risks-of-borrowing-on-margin.html.

Withdrawals from the Cash Sweep Program will normally be made on the business day following transactions in your securities account, but your securities account is credited on the day of any debit. This process might result in your having an obligation to make us whole for the sum of the debits in your securities account if there is a problem withdrawing funds from an IDP Account or if you otherwise fail to fund your securities account for the full amount of your daily debits.

Balances in the Cash Sweep Program can be liquidated at your direction and the proceeds returned to your securities account or to you. Money market mutual funds may place limitations on timing or amount of withdrawals permitted, and you should read the fund's prospectus carefully before making an investment. ***Program Banks in the Cash Sweep Program have the right to require seven calendar days prior notice before permitting a withdrawal of any deposit.***

Fees. No direct fees will be assessed to your account or deducted from your specified rate of return on either Cash Sweep option. Instead, we receive compensation from the Participating Funds, the Program Banks, or their respective affiliates, as described above.

FREE CREDIT BALANCE OPTION

Free Credit Balances. If you decide not to sweep your uninvested cash into one of the Cash Sweep Program options, we will hold uninvested cash in your account as a Free Credit Balance. Free Credit Balances generally include the cash in your account held for invest-

ment minus certain items such as purchase transactions due to settle within a specified period, other charges to your account, and credit balances designated as collateral for your obligations. Free Credit Balances are payable to you upon demand. We can use your Free Credit Balances to fund certain of our business operations, as permitted by law. We do not pay interest to you on your Free Credit Balances.

Securities and Exchange Commission rules require us to perform a weekly computation to determine whether we have a net payable to customers or a net receivable from the customers. If the computation indicates a net payable, we must place required funds or qualified securities (Treasury securities) on deposit in a special reserve bank account for the exclusive benefit of our customers. We keep standard control letters current with each bank where a special reserve bank account is held. The control letters provide that the funds on deposit are for the exclusive benefit of our customers and shall at no time secure, directly or indirectly, any loan made to us. The control letters also provide that assets in the special reserve bank account shall not be subject to any right, charge, security interest, lien, or claim of any kind in favor of the bank or any person claiming through the bank.

Free Credit Balances are generally guaranteed as to principal by SIPC for up to \$250,000 per account. **For details on SIPC coverage of Free Credit Balances in your account, see www.sipc.com.**

PERSONAL INFORMATION

We may share information with our service providers concerning you and your accounts in connection with providing the services described above, and may disclose information about the bank deposits to any affiliate in accordance with applicable laws and customary securities and banking practices. We, the Program Banks, and their service providers may obtain the information they deem necessary for legitimate business needs in operating the Cash Sweep Program. For details on the collection, processing, and use of your personal information and your rights to limit the use and disclosure of that information, see our Privacy Principles brochure, which you can get from your Financial Consultant or find online at www.hilliard.com/site/general-info/privacy-notice.html.

