

BANK INSURED DEPOSIT PROGRAM  
TERMS AND CONDITIONS

**Please read these Terms and Conditions describing the Bank Insured Deposit Program. You may consult your Financial Professional for more information.**

## I. INTRODUCTION

Hilltop Securities Inc. (referred to as “Hilltop Securities,” “we,” “our” or “us”) may provide you with access to different cash sweep vehicles for your account held with us directly or as clearing agent for your brokerage firm (“Brokerage Account”). The terms “account owner,” “you” and “your” refer to the account owners indicated on the New Account Application and in the Customer Information Brochure (collectively referred to herein as “Customer Agreement”) for your Brokerage Accounts. For joint accounts, these terms refer to all owners, collectively and individually. For trust accounts, these terms refer both to the entity and to all account owners.

We may provide you with access to different cash sweep vehicles, including money market funds and bank insured deposit accounts, used for settling securities transactions and holding cash credit balances awaiting investment. The Bank Insured Deposit Program (the “Program”) is one of the cash sweep vehicles we make available to you for such cash balances (from deposits to your account, securities transactions, dividend and interest payments and other activities) in your eligible Brokerage Account.

Available cash in your eligible Brokerage Account will be deposited through the Program into interest-bearing FDIC-Insurance eligible Program deposit accounts (“Deposit Accounts”) at one or more FDIC-insured depository institutions set forth in the list of depository institutions participating in the Program (each, a “Participant Bank” or a “Bank”). The list of Banks participating in the Program (the “Participant Bank List”) is available from your Financial Professional or on our website under Sweep Account Disclosures at [www.hilltopsecurities.com/disclosures/sweep-account-disclosure/](http://www.hilltopsecurities.com/disclosures/sweep-account-disclosure/). Once your cash balance has been swept to a Participant Bank, it is referred to as your “Program Deposit.”

Your Brokerage Account with us is generally protected, up to applicable limits, by the Securities Investor Protection Corporation (“SIPC”). At the time funds are deposited with one or more Participant Banks, your deposits in the Program are eligible, subject to the limitations described in these Terms and Conditions, to be insured, up to applicable limits, by the Federal Deposit Insurance Corporation (the “FDIC”). Funds in Deposit Accounts at each Participant Bank are generally eligible for deposit insurance by the FDIC up to a total of \$250,000 principal and accrued interest per depositor in most insurable capacities (e.g., individual, joint, etc.) when aggregated with all other deposits held in the same insurable capacity at a Bank. For example, funds in Deposit Accounts at a Bank held by an individual are insured up to \$250,000, and funds in Deposit Accounts at a Bank held in joint accounts are insured up to \$500,000. For Individual Retirement Accounts (“IRAs”) and Section 457 Plans, funds in the Deposit Accounts at each Bank are eligible for deposit insurance up to \$250,000 principal and accrued interest per depositor in the aggregate.

**The current maximum amount of FDIC Insurance coverage for your deposits in the Program is up to \$5,000,000 (for an individual account) or up to \$5,000,000 per each individual owner of a joint account (e.g., for a joint account with two individual owners – up to \$10,000,000) (the “Maximum Applicable FDIC Deposit Insurance Amount”), subject to the total amount on deposit in an account, applicable FDIC rules, and Bank availability. The Maximum Applicable FDIC Deposit Insurance Amount may be greater or less than the above stated target amount based on the number of Participant Banks in the Program. If the Maximum Applicable FDIC Deposit Insurance Amount drops below the above stated coverages, we will provide written notice to you. Funds deposited in Deposit Accounts are not eligible for coverage by the SIPC.**

**Any deposits (including checking, savings, money market deposits and certificates of deposit) that you maintain in the same insurable capacity directly with a Bank, or through an intermediary (such as us or another broker), will be aggregated with deposits in your Deposit Accounts at such Bank for purposes of determining the Maximum Applicable FDIC Deposit Insurance Amount. You are responsible for monitoring the total amount of deposits that you have with each Bank in order to determine the extent of FDIC deposit insurance coverage available to you. You should review carefully the section of these Terms and Conditions titled “FDIC/SIPC Coverage”.**

As a service to you, we will place, regardless of the maximum applicable FDIC insurance coverage available per account in any one Participant Bank (the “Maximum Deposit Amount”):

- up to \$250,000 of your cash balances for an individual account, an agency account and a trust account including a transfer upon or payable on death account;
- up to \$250,000 per each individual account owner of a joint account (e.g., for a joint account with three individual owners – up to \$750,000); and
- up to \$250,000 for IRAs (Please see Section VIII, “FDIC/SIPC Coverage” for more details).

To the extent you already maintain a deposit account with a Participant Bank, the Maximum Deposit Amount may be substantially less than the maximum potential amount of FDIC insurance coverage. If your cash balances and existing Program Deposits at any one Participant Bank exceed the Maximum Deposit Amount, funds greater than the Maximum Deposit Amount for each Participant Bank will be swept into Deposit Accounts at an alternate Participant Bank on the Participant Bank List (subject to removal and replacement as further described below).

When funds equal to the Maximum Deposit Amount have been deposited for you through the Program, any additional funds, including funds above the Maximum Applicable FDIC Deposit Insurance Amount, will be invested, generally on the same business day, in the Dreyfus Government Cash Management Money Market Fund Investor Class (DGVXX) (the “Excess Deposit Money Fund”). Please review the section below titled “You May Invest in Money Funds” for important information about investing in money funds.

Each Deposit Account constitutes a direct obligation of the Bank to you and is not directly or indirectly an obligation of us. We do not guarantee in any way the financial condition of the Participant Banks or the accuracy of any publicly available financial information concerning such Banks. You can obtain publicly available financial information concerning each Bank at [www.ffiec.gov/NPW](http://www.ffiec.gov/NPW) or by contacting the FDIC Public Information Center by mail at L. William Seidman Center, Virginia Square, 3501 North Fairfax Drive, Room E-1005, Arlington, Virginia 22226 or by phone at 877-275-3342.

The establishment of a Deposit Account will not create a direct account relationship between you and the Participant Banks. As your agent and custodian, we will establish the Deposit Accounts for you at each Bank and make deposits to and withdrawals from the Deposit Accounts. To the extent permitted under applicable law and as otherwise discussed below, we will receive a fee from each Bank for our services under the Program. The amount of the fee paid to us will affect the interest rate paid on the Deposit Accounts. You should review carefully the section of these Terms and Conditions titled “Information About Your Relationship with Hilltop Securities Inc., Your Introducing Broker, and the Participant Banks.”

The information in these Terms and Conditions applies, unless otherwise indicated, to each eligible Brokerage Account for which you are an owner, whether as an individual, joint tenant, trustee, executor, custodian or in any other capacity. Your eligible Brokerage Account that utilizes the Program will be subject to the information discussed in these Terms and Conditions. Please refer to the “Program Eligibility” section of these Terms and Conditions or your Financial Professional for information concerning eligibility for the Deposit Accounts. The Program is intended to operate on a nondiscretionary allocation methodology, although certain Banks receive preferential treatment in the allocation methodology. Please review the section below titled “The Program Details – Sweep Allocation Methodology” for more information. Neither Hilltop Securities, its representatives, its affiliates, its financial professionals, nor your Introducing Broker (if applicable) provide investment advice or recommendations regarding your use of the Program, its operation, or the Participant Banks.

### Interest Rates

On or about June 1, 2022, Hilltop Securities implemented certain changes to the Program and will switch from paying interest at a single rate to a “tiered” interest rate system. Interest rates on the Deposit Accounts will vary based upon different deposit levels or tiers (higher deposit balances may receive higher rates of interest than lower deposit balances) as well as prevailing economic and business conditions. The Participant Banks do not have a duty to offer the highest rates available or rates that are comparable to money market mutual funds. Money market mutual funds generally seek to achieve the highest rate of return consistent with their investment objectives, which can be found in their prospectuses.

The interest rate earned by your Deposit Account will vary. We are not obligated to offer you any bank sweep vehicle options or to make available to you Program investments offering a rate of return that is equal to or greater than other comparable investments. The interest rate for your Deposit Account and current interest rates for Program Deposits may be obtained from your Financial Professional, or at our website at [www.hilltopsecurities.com/disclosures/sweep-account-disclosure/](http://www.hilltopsecurities.com/disclosures/sweep-account-disclosure/)

**Please see Section IV entitled “Interest” for more information.**

#### ERISA 408(b)(2) Fee Disclosure for Retirement Plan Clients

These Terms and Conditions contain information and other disclosures regarding our services, fees and compensation. Hilltop Securities, our affiliates, financial advisors and subcontractors reasonably expect to receive in connection with different cash sweep vehicles and related services provided to your plan and/or account. This information is intended to comply with the Department of Labor regulation on reasonable contracts or arrangements under section 408(b)(2) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).<sup>1</sup>

As described in detail in this Terms and Conditions document, we benefit financially from free cash balances held in your accounts which are invested in the different cash sweep vehicles made available to you. We receive fees and other compensation from all Participant Banks in connection with cash balances invested through the Bank Insured Deposit Program. In addition, PlainsCapital Bank, an affiliate of Hilltop Securities, and other banking institutions (“Priority Banks”), which have entered into direct agreements with Hilltop Securities, receive preferential ordering in the allocation sequence ahead of other Participant Banks. PlainsCapital and other Priority banks in the Bank Insured Deposit Program are expected to increase their respective deposits and, accordingly, overall profits.

#### You May Invest in Money Funds

Money Funds (including money market mutual funds) are another cash sweep vehicle which may be available for your Brokerage Account. For more complete information about any Money Funds, including all charges and expenses, please contact your Financial Professional for a free prospectus. Read the prospectus carefully before you invest or send money. You may obtain information with respect to the current yields available on the Money Funds available as a cash sweep vehicle by accessing our website under Sweep Account Disclosures at [www.hilltopsecurities.com/disclosures/sweep-account-disclosure/](http://www.hilltopsecurities.com/disclosures/sweep-account-disclosure/) or by contacting your Financial Professional.

**Investments in Money Funds are not guaranteed or insured by the FDIC or any other government agency. Although Money Funds seek to preserve a net asset value of \$1.00 per share, there is no guarantee that this will occur; it is possible to lose money by investing in a Money Fund, including loss of principal. Please contact your Financial Professional for further details and additional information, including a prospectus, for any available Money Fund. Please read the prospectus carefully before investing. Investments in Money Funds are not FDIC insured but may be covered by SIPC. Please see Section VII entitled “FDIC/SIPC Coverage” for more information.**

#### Timing of Sweep

The cash balance in your Brokerage Account will automatically sweep from your Brokerage Account into your Deposit Account on the business day following the day your Brokerage Account reflects a cash balance. For purposes of this Program, business day generally means a day on which the Participant Bank is open for business. Available cash balances will not begin to earn interest or be eligible for FDIC insurance until it sweeps into the Deposit Account at the Participant Bank.

#### Access to Funds in the Deposit Accounts

As required by federal banking regulations, each Participant Bank has reserved the right to require seven (7) calendar

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<sup>1</sup> These Terms and Conditions may also be used to satisfy the disclosure requirements of one or more exemptions from the prohibited transaction restrictions of ERISA, including, but not limited to, Prohibited Transaction Exemption 84-24, 49 Fed. Reg. 13208 (Apr. 3, 1984), as amended at 71 Fed. Reg. 5887 (Feb. 3, 2006) and as amended at 81 Fed. Reg. 21147 (June 7, 2016).

days prior notice before permitting a withdrawal of any Program Deposits. So long as this right is not exercised, your ability to access funds, including the ability to write checks against your account, should not be impacted. Your interest in a Deposit Account is not transferable. Notwithstanding the foregoing, you will remain obligated for all obligations arising from your account, including, but not limited to, margin balances, settlement of transactions, checks, wires, and debit card purchases.

### Tax and Legal Information

For most clients, with non-retirement account types, interest earned from the Deposit Accounts will be taxed as ordinary income in the year it is received. In those cases, a Form 1099 will be sent to you by us each year showing the amount of interest income you have earned on deposits in your Deposit Accounts. We do not intend for this information to be considered legal or tax advice. You should consult with your tax professional about how the Program affects you.

### Conflicts of Interest

Hilltop Securities has a conflict of interest with respect to the Program because the Participant Banks (including PlainsCapital Bank) have discretion in determining how much interest to pay on program deposits, and Hilltop Securities has discretion in determining how much of the bank interest rate is paid to customers in the Program, and how much of the bank interest rate to retain itself as a Program Fee. The Banks (including PlainsCapital Bank) have a financial interest in paying a lower interest rate so that their net interest income is increased, and Hilltop Securities has a financial incentive to pay a lower rate to customers so that its fees are increased. By contrast, a money market mutual fund has a fiduciary duty to seek the highest possible return for customers consistent with its investment strategy. Hilltop Securities does not share any fees received in the Program, or any revenue received in connection with the Program, with its Investment Adviser Representatives (“IARs”). PlainsCapital Bank and Hilltop Securities are under the common control of Hilltop Holdings Inc., (“Hilltop Holdings”) which is a publicly traded company (NYSE: HTH). This presents a conflict to Hilltop Securities in that there may be circumstances in which balances held by PlainsCapital Bank will benefit Hilltop Holdings Inc. and Hilltop Securities. In addition to PlainsCapital Bank, Hilltop Securities has other conflicts as it maintains reserve accounts with certain other Participant Banks, which are identified at [www.hilltopsecurities.com/disclosures/sweep-account-disclosure/](http://www.hilltopsecurities.com/disclosures/sweep-account-disclosure/).

### Fiduciary Status

Pursuant to the Regulation, we are required to let you know if we will provide, or reasonably expect to provide, services to your plan in an ERISA fiduciary capacity or as an investment adviser registered under the Investment Advisers Act of 1940 (the “Advisers Act”) or any State law.

Neither Hilltop Securities nor your financial advisor is acting as a fiduciary for the following: when we provide you recommendations related to your brokerage account or with respect to commission-based products we offer and you understand that any advice you receive is not intended to serve as the primary basis for your investment decisions. We are not acting as a fiduciary when you decide to hire us as a service provider to your retirement plan. We are not acting as a fiduciary under ERISA or the Internal Revenue Code when you decide to move assets from one type of account held at Hilltop Securities to another type of account but may be acting as a fiduciary under the Advisers Act with respect to your decision to transfer assets into and out of an advisory account.

## **II. THE PROGRAM DETAILS**

These Terms and Conditions contain key information about the Program. Additional terms, conditions, and disclosures applicable to your Brokerage Account are included in other documents, including, but not limited to, your account application, account agreement, applicable privacy notice, and any applicable custodial agreement, disclosure statement, or margin agreement and related disclosure statements, including your Customer Information Brochure and Brokerage Services Disclosure Brochure (Reg BI Disclosure) (“Other Agreements”), and are hereby incorporated by reference into these Terms and Conditions. In the event of a conflict between the terms of these Terms and Conditions and the Other Agreements, solely as it relates to these Terms and Conditions, these Terms and Conditions will control. Please review these Other Agreements for important information governing your Brokerage Account.

## A. Program Eligibility

The Program is available to individuals, certain non-profit organizations and to certain fiduciaries and trusts, provided that the beneficiaries are individuals or otherwise eligible. Brokerage Accounts in the name of business entities including corporations, limited liability companies and partnerships are also eligible for the Program. Certain custodial individual retirement accounts are also eligible for the Program. Eligibility for the Program is subject to the limitations described herein and as determined by us. Please contact us if you have questions about account eligibility.

The Program is not available to the following account types:

- ERISA Title I accounts
- Section 403(b)(7) accounts
- Keogh Plan

**If we determine that your Brokerage Account is no longer eligible or the Program eligibility requirements change, we may change your cash sweep vehicle from the Program to an alternative cash sweep vehicle, including a Money Fund which may be made available by us.**

## B. Sweep Allocation Methodology

Through the Program, cash balances in your Brokerage Account (resulting from sales of securities, deposits, dividend and interest payments and other activities) will automatically deposit or “sweep” into interest-bearing FDIC-Insured Program Deposit Accounts at one or more Participant Banks on the Participant Bank List. Once your cash balance sweeps to a Participant Bank, it is referred to as your “Program Deposit.” Please note that your ability to access your Program Deposit at Participant Banks may be limited, as more fully described herein.

Funds will sweep into Deposit Accounts at Participant Banks up to the Maximum Deposit Amount. The Program allocates deposits to each Participant Bank based upon a target and maximum balance set by each Participant Bank. A “pro rata” nondiscretionary methodology determines the sequence of allocation by the percentage that each actual Bank omnibus account balance is away from the bank target balance. In general, Participant Banks with smaller percentages of their targets are allocated deposits before Participant Banks with higher percentages of their targets are allocated deposits. Hilltop Securities has entered into direct agreements with certain banking institutions (“Priority Banks”). There will be instances where certain Priority Bank(s) will be receiving preferential ordering in the allocation sequence ahead of other Participant Banks. PlainsCapital Bank, an affiliate of Hilltop Securities, is considered a Priority Bank and receives preferential ordering ahead of all other Priority Banks and Banks on the Participant Bank List. In addition, certain other Participant Banks are also Priority Banks and thus receive preferential ordering in that sequence after PlainsCapital Bank. Please see the Participant Bank List for a list of all Participant Banks including those that are Priority Banks. This list may be found by clicking the Participant Bank link within the Sweep Account Disclosure document at <https://www.hilltopsecurities.com/disclosures/sweep-account-disclosure/>. Funds in excess of the Maximum Deposit Amount will sweep into an alternate Participant Bank. Once allocation balances equal to the Maximum Deposit Amount have been reached in all Banks on the Participant Bank List, additional funds will be swept into the Excess Deposit Money Fund.

You may not change the Banks on the Participant Bank List, the order in which funds are deposited at the Banks on the Participant Bank List, or the Maximum Deposit Amount at any Bank. You may, however, at any time, designate a Bank as ineligible to receive any funds (otherwise referred to as “opting out” of a Participant Bank) by contacting your Financial Professional in writing. Any such action will result in any current Program Deposit at such Bank being withdrawn and such funds (along with any new Program Deposits) being deposited into Deposit Accounts at other Participant Banks according to the sweep allocation methodology on the next business day that a sweep is effected after such “opt out” instructions have been given effect. No new funds will be deposited into any Bank that you have opted out of (i.e., designated as ineligible). If you designate one or more Banks as ineligible to receive funds, the total amount of FDIC insurance for which your cash balances will be eligible in the Program may be reduced. Participation in this Program requires at least one (1) Bank remaining eligible to receive your deposits. Thus, you may not opt out of all Banks on the Participant Bank List.

**You are responsible for monitoring the total amount and insurable capacity of deposits both as part of and outside of the Program that you have at each Participant Bank for the purpose of determining the FDIC insurance coverage for those deposits.**

### **C. Maximum Deposit Amount**

Hilltop Securities, as your agent, will place cash balances, regardless of the maximum potential applicable FDIC insurance coverage available, in any one Participant Bank up to the Maximum Deposit Amount. For certain types of accounts, the Maximum Deposit Amount is substantially less than the maximum potential amount of FDIC insurance coverage. If your existing Program Deposits at one Participant Bank exceed the Maximum Deposit Amount, the excess funds will be swept into Deposit Accounts at one or more of the other Participant Banks on the Participant Bank List (subject to removal and replacement as further described below).

If the Maximum Deposit Account has been deposited for you through the Program in each Participant Bank (taking into consideration any Bank that you have opted out of or excluded), all excess cash balances will be deposited into the Excess Deposit Money Fund. **Funds invested in the Excess Deposit Money Fund are not covered by FDIC Deposit Insurance.**

### **D. Program Limitations**

The amount of your cash balances that sweep into Deposit Accounts may need to be limited if one or more Participant Banks stop accepting deposits, become ineligible for the Program as described in these Terms and Conditions, or for other exceptional circumstances. You will receive notification in advance of any Participant Bank being removed from the Participant Bank List, and if advance notice is not practicable due to the circumstances, you will be notified as soon as is reasonably practicable. Please consult Section III B, as well as other sections herein for further important information, as such action may affect the amount of your cash balances that are covered by FDIC insurance.

### **E. FDIC Insurance Coverage In General**

The Deposit Accounts (including principal and accrued interest) are insured by the FDIC, an independent agency of the U.S. Government, to the Maximum Applicable FDIC Deposit Insurance Amount set by the FDIC for all deposits held in the same insurable capacity at any one Bank as more fully explained below. Your funds become eligible for deposit insurance immediately upon placement into a Deposit Account at a Bank. Generally, any accounts or deposits that you may maintain directly with a particular Bank, or through any other intermediary, in the same insurable capacity in which the Deposit Accounts are maintained would be aggregated with the Deposit Accounts for purposes of the Maximum Applicable FDIC Deposit Insurance Amount.

**You are responsible for monitoring the total amount of deposits that you hold with any one Bank, directly or through an intermediary, for example through a retirement plan, in order to determine the extent of deposit insurance coverage available to you on all of your deposits, including the Deposit Accounts. We are not responsible for any insured or uninsured portion of the Deposit Accounts or any other deposits.**

See “[FDIC /SIPC Coverage](#)” below for more detailed information on insurance coverage of Deposit Accounts and Brokerage Accounts.

## **III. PARTICIPANT BANKS**

### **A. General Information About Participant Banks**

The Participant Bank List specifies the Participant Banks into which your funds will be deposited. The Participant Bank List is available from your Financial Professional or on our website under Sweep Account Disclosures at [www.hilltopsecurities.com/disclosures/sweep-account-disclosure/](http://www.hilltopsecurities.com/disclosures/sweep-account-disclosure/). You should review the Participant Bank List carefully. You are responsible for monitoring the total amount of deposits that you have at each Bank for purposes of reviewing deposits which may be eligible for insurance by the FDIC. We do not have any duty to monitor the cash sweep vehicle for your account or make recommendations about, or changes to, the Program that might be beneficial to you. You should also regularly check our website for changes to the Participant Bank List.

An Excess Deposit Bank would receive deposits up to the Maximum Deposit Amount just as any other Program Bank.

After deposits of the Maximum Deposit Amount have been made at all of the other Program Banks on your Program Bank List, excess deposits would then be placed in your Excess Deposit Bank. If your Excess Deposit Bank has already received Program Deposits up to the Maximum Deposit Amount, any further deposits in that Excess Deposit Bank would generally not be eligible for FDIC insurance coverage. Thus, to the extent that deposits in your Excess Deposit Bank exceed the Maximum Applicable FDIC Deposit Insurance Amount, these excess funds are ineligible for FDIC insurance. Neither we nor your Broker-Dealer will monitor your Brokerage Accounts for deposits that exceed FDIC insurance limits.

**The amount of FDIC insurance in all Participant Banks may be limited pursuant to the limitations explained in these Terms and Conditions. In any event, all deposits in the Program are subject to all applicable FDIC qualification requirements and to the Program limitations described in these Terms and Conditions.**

## **B. Deposit Accounts**

Your Program Deposits will be deposited into accounts at Participating Banks maintained by us for your benefit and the benefit of other customers of Hilltop Securities and/or customers of introducing brokers that carry such accounts with Hilltop Securities and that participate in the Program. Available balances will be deposited in each Bank as set forth above in one or more omnibus deposit accounts maintained at Participant Banks held in the name of "Hilltop Securities Inc.," acting as custodian for the exclusive benefit of its customers, which may be acting for the benefit of others. Your Brokerage Account statement will reflect the balances of your Program Deposits at each Participant Bank.

If there are insufficient funds in the Deposit Accounts to satisfy a debit, Hilltop Securities will withdraw funds from other available sources as described in these Terms and Conditions or in your Customer Agreement.

The cash balances awaiting reinvestment in your Brokerage Account will automatically sweep from your Brokerage Account into your Deposit Accounts on the business day following the day your Brokerage Account reflects a cash balance. For purposes of this Program, business day generally means a day on which Banks participating in this Program are open for business. Available cash balances will not begin to earn interest or be eligible for FDIC insurance until swept into the Deposit Account(s) at the Participant Bank(s). **As stated above, to the extent your deposits outside of the Program, in combination with Program Deposits, exceed the Maximum Applicable FDIC Deposit Insurance Amount at any Participant Bank the amounts above such limits will NOT be eligible for FDIC insurance protection. Deposits at Participant Banks are not eligible for SIPC coverage.**

In rare circumstances, a Bank on the Participant Bank List may be unable to accept your funds on a particular day or a Bank may be removed from the Participant Bank List and not replaced. If advance notice is not practicable due to the circumstances, you will be notified as soon as is reasonably practicable. Please see the Section entitled "Changes" for options available to you resulting from a change in the Participant Bank List. You should also regularly check our website for changes to the Participant Bank List.

If a Bank is unable to accept your funds on a day you have funds to deposit, your funds will be deposited in a different available Participant Bank up to the Maximum Deposit Amount. Due to the unavailability of a Bank for any circumstance, funds may be placed in the Excess Deposit Money Fund, as indicated above. Program Deposits in excess of the Maximum Applicable FDIC Deposit Insurance Amount will NOT be eligible for FDIC insurance protection. Once assets from an account are deposited in a particular Participant Bank, the Program does not generally reallocate those assets to other Participant Banks, except when (1) Hilltop Securities or a customer removes a Participant Bank from the list of Participant Banks; (2) a Participant Bank changes its target balance; (3) the Program allocates assets among Participant Banks to meet maximum and target balances set by the Participant Banks; or (4) in an effort to provide optimal FDIC Insurance coverage for your deposits in the Program.

## **C. Withdrawals - Access to Your Program Deposits**

When funds are needed to cover transactions in your Brokerage Account, we will use on the same day the debit is applied, the following sources, in the order listed, to satisfy the debit: (i) available cash balances, including money added to your Brokerage Account (such as checks, interest, or transaction proceeds) and not yet moved to a Deposit Account; (ii) any remaining balance in your previous cash sweep vehicle; (iii) Program Deposits; and (iv) if you have a margin account, any margin credit available.

If a withdrawal of funds from your Deposit Accounts is necessary to satisfy a debit, funds will be withdrawn from your Deposit Accounts at the Participant Banks.

Withdrawals from your Deposit Accounts will normally be made on the business day following transactions in your Brokerage Account; however, your Brokerage Account is credited on the day of the debit. This process might result in you having an obligation to make us whole for the sum of the debits in your Brokerage Account if there is a problem withdrawing funds from your Deposit Account or you otherwise fail to sufficiently fund your Brokerage Account for the full amount of your daily debits.

You may access your Program Deposits only through your Brokerage Account. You cannot access or withdraw Program Deposits by contacting a Participant Bank directly.

Hilltop Securities will automatically withdraw funds from your Deposit Accounts (up to the amount of your Program Deposit) and move such funds back to your Brokerage Account in order to satisfy any obligation you have to us or to settle a securities transaction or other debit transaction (including, but not limited to, checks, wires, debit card purchases or margin balances) in any account you have with us. Your Program Deposits are also subject to legal process such as a levy or a garnishment delivered to us to the same extent as if those funds were in your Brokerage Account.

As required by federal banking regulations, each Participant Bank has reserved the right to require seven (7) calendar days prior notice before permitting a withdrawal of any Program Deposits. So long as this right is not exercised, your ability to access funds, including the ability to write checks against your Brokerage Account, should not be impacted. Your interest in a Deposit Account is not transferable. Notwithstanding the foregoing, you will remain obligated for all obligations arising from your Brokerage Account, including, but not limited to, margin balances, settlement of transactions, checks, wires, and debit card purchases.

#### IV. INTEREST

##### A. Interest Rates

On or about June 1, 2022, Hilltop Securities implemented certain changes to the Program and will switch from paying interest at a single rate to a “tiered” interest rate system. The Program will pay interest at various rates depending on a tiered system discussed below. Interest on your Program Deposit is accrued daily, compounded monthly, and is reflected on your Brokerage Account statement on or before the last business day of the statement period. Interest on your Program Deposit begins to accrue on the business day those funds are received by the Participant Bank, which will typically be the business day following the day your Brokerage Account reflects a cash balance. Generally, interest will accrue to Deposit Account balances through the business day preceding the date of withdrawal from your Deposit Accounts at the Bank (which will typically be the day on which a withdrawal of funds is made from your Brokerage Account). Non-business days occurring between Brokerage Account withdrawal and Deposit Account withdrawal and deposit with a Bank will be included in the interest accrual.

The Program has five deposit levels, or tiers, and ordinarily pays different rates of interest on different deposit tiers. Generally speaking, higher deposit balances will receive higher rates of interest than deposits with lower balances. The amount of interest paid on deposit accounts will be determined by the amount of interest paid by Program Banks minus the amount of fees charged by us, as broker-dealer or custodian, in accordance with the following tier amounts:

<b>Tier</b>	<b>Deposit Level</b>
Tier 1	\$0 to \$49,999.99
Tier 2	\$50,000 to \$249,999.99
Tier 3	\$250,000 to \$499,999.99
Tier 4	\$500,000 to \$999,999.99
Tier 5	\$1,000,000 or more

While each Participant Bank may pay Hilltop Securities a different negotiated rate, the rate of interest paid to your account in each tier will be paid the same rate of interest regardless of the Participant Bank in which your funds are deposited. Tiers and interest rates on different tiers may change from time to time at our discretion. The current interest



rates and tiers for your Deposit Accounts may be obtained from your Financial Professional or on our website under Sweep Account Disclosures at <https://www.hilltopsecurities.com/disclosures/sweep-account-disclosure/>.

The applicable interest rate tier will be determined based on the amount of cash in your Deposit Accounts on a per Brokerage Account basis. Cash of a particular Brokerage Account invested in the Program will not be aggregated with cash invested in the Program from other Brokerage Accounts you hold with us for purposes of qualifying for a higher interest rate tier. In other words, the Deposit Accounts of each Brokerage Account can only be used to qualify for one individual interest rate tier which will apply to each specific Brokerage Account.

Over any given period, the interest rates on the Program Deposits may be higher or lower than the rate of return on other cash sweep vehicles which are not FDIC insured or on bank account deposits offered outside of the Program (even if such deposits are otherwise made directly with a Participant Bank). Participant Banks do not have a duty to offer the highest rates available or rates that are comparable to Money Funds. By comparison, Money Funds generally seek to achieve the highest rate of return consistent with their investment objectives, which can be found in their prospectuses. The Program should not be viewed as a long-term investment option. If you desire, as part of an investment strategy or otherwise, to maintain a cash position in your account for other than a short period of time and/or are seeking the highest yields currently available in the market for your cash balances, please contact your Financial Professional to discuss investment options that may be available outside of the Program that may be better suited to your goals.

You should compare the terms, interest rates, required minimum amounts, and other features of the Program with other accounts and alternative investments.

#### **B. Interest Credited to Your Deposit Account**

While interest will generally be credited to your Deposit Accounts at period-end, intra-month interest credits to your Deposit Accounts would occur where you close your account intra-period. Intra-month interest credits will appear on your Brokerage Account statement to reflect interest accrued at that Bank through such intra-month event.

Adjustments made to your Brokerage Account which can be caused by transactions entered for a prior date (e.g., a fee reimbursement or a debit adjustment) may result in an interest credit or debit to your Deposit Accounts. The interest rate used to credit or debit adjustments may not be made at the current rate, but should reflect interest rates applicable at the time of the event. Interest rates applied to credit adjustments are not expected to be lower, but could be less than, those applied to your balances on the day in which the credit adjustment is made. Interest amounts on adjustments are rounded to the penny and for interest amounts of less than half a cent, you will receive no interest and you also will not be debited.

### **V. CHANGES**

#### **A. Changes to the Participant Bank List**

We reserve the right to make changes to the Participant Bank List at any time. This may include the addition or removal of Participant Banks. Generally, you will receive notification in advance of any change to the Program. We may also notify you that a change will be forthcoming and direct you to your Financial Professional or to our website for specific information on such change. While we will endeavor to provide advance notice of changes, we may be unable to do so in some cases. We will provide you with notice of such changes as soon as is reasonably practicable. **It is your obligation to monitor your accounts, your FDIC coverage and your FDIC insurance eligibility and to notify us of any changes.** Changes to the Participant Bank List will be posted on our website and you should consult our website for the most up-to-date information about Bank eligibility for your deposits. This list may be found by clicking the Participant Bank link within the Sweep Account Disclosure document at <https://www.hilltopsecurities.com/disclosures/sweep-account-disclosure/>. Other changes to the Program may be posted to our website as well, and you should direct any questions you may have to your Financial Professional. If you do not agree to any changes, you should contact your Financial Professional to discuss other available cash sweep vehicles. If you do not take any action in response to a change, you are deemed to consent to the change to the Program.

Generally, you should periodically review the Participant Bank List and “opt out” of deposits being placed at a Bank you may not wish to utilize. As previously stated, “opting out” of a Bank may affect the maximum amount of your

deposits eligible for FDIC insurance. Please contact your Financial Professional in writing to “opt out” of any Bank.

### **B. Limitations on Deposits**

The amount of your cash balances awaiting reinvestment that are swept into a Deposit Account may need to be limited if a Participant Bank cannot accept deposits due to exceptional circumstances or if a Participant Bank becomes ineligible for the Program, as described in these Terms and Conditions, and the Participant Bank is not replaced. In such event, funds not swept into a Program Deposit Account will be invested in the Excess Deposit Money Fund, as identified in the “Introduction” section of this Document, as amended from time to time. If advance notice is not practicable due to the circumstances, you will be notified as soon as is reasonably practicable. Please see the “Changes to Your Cash Sweep Vehicle” below for additional information.

### **C. Changes to Your Cash Sweep Vehicle**

From time to time, circumstances may require that we modify the Program, which may result in changing the cash sweep vehicle for your Brokerage Account. If we make any change, there is no guarantee that such change will provide an equal or greater rate of return to you during any given period, and the rate of return may be lower. Generally, you will receive notification in advance of any such change. If advance notice of a Program modification is not practicable due to the circumstances, you will be notified as soon as is reasonably practicable of any change in the Program that results in changing the core account investment vehicle for your Brokerage Account. Unless you object within the time period specified, we will transfer the balances from your prior cash sweep vehicle selection into a new cash sweep vehicle. If you object to the new cash sweep vehicle, or, if at any time the Program does not meet your needs, including, but not limited to, any change in the Program, your Financial Professional can assist you in transferring your cash balances to another cash sweep vehicle.

If we need to change the cash sweep vehicle available for your Brokerage Account, the replacement cash sweep vehicle provided may receive a lower effective rate of return than is available on funds swept into a Deposit Account. We will notify you, as soon as is reasonably practicable, if your cash balance is transferred into a cash sweep vehicle other than the Program.

### **D. Notices**

All notices from us described in these Terms and Conditions may be made by means of a letter, an entry on or insert with your Brokerage Account statement, or an entry on a trade confirmation or by electronic or other form of notification if available to you by us which may include but is not limited to, electronic alerts or e-mail. Each notice will provide information regarding the nature of the change, identify where and how you can access or obtain free of charge a full description of the change, and your alternatives to accepting the change. You agree to read all such notices that we provide to you.

## **VI. ACCOUNT INFORMATION**

### **A. Statements and Confirmations**

The statement for your Brokerage Account will: (i) indicate your ending Program Deposit at each Bank as of the last business day of each monthly statement period (however, if your Brokerage Account was established on the last business day of a month, your statement may not include a Bank Deposit Sweep Detail section); (ii) detail sweeps to and from the Program Deposit Accounts during the statement period; and (iii) reflect interest credited to your Brokerage Account during the statement period. This information is provided in lieu of separate confirmations for each sweep to and from a Program Deposit Account during the statement period.

Because you are responsible for monitoring the total amount of your deposits at a Participant Bank (including any Program Deposit held at such Participant Bank and all deposits you may make at a Participant Bank outside the Program), in order to determine the extent of FDIC insurance coverage available, you should carefully review your statements to determine if a change in Participant Banks has an impact on your deposit insurance coverage.

### **B. Tax Information**

For most clients with non-retirement account types, interest earned on deposits in the Deposit Accounts will be taxed

as ordinary income in the year it is received. In those cases, a Form 1099 will be sent to you each year showing the amount of aggregate interest income you have earned on deposits in your Deposit Accounts. You should consult with your tax professional about how the Program affects you.

## **VII. INFORMATION ABOUT YOUR RELATIONSHIP WITH HILLTOP SECURITIES, YOUR INTRODUCING BROKER, AND THE PARTICIPANT BANKS**

### **A. Hilltop Securities as Broker or Clearing Firm**

Hilltop Securities serves your Brokerage Account either as your brokerage firm directly or as clearing agent by contractual arrangement with your brokerage firm (“Introducing Broker”) who utilizes the services and facilities of Hilltop Securities to perform certain execution and clearing functions. You should discuss all of your questions relating to your Brokerage Account with your Financial Professional at your Introducing Broker or Hilltop Securities, as applicable.

### **B. Relationship with Hilltop Securities and the Participant Banks**

As your agent, Hilltop Securities is establishing the Deposit Accounts at each Bank, depositing funds into the Deposit Accounts, withdrawing funds from Deposit Accounts and transferring funds between Deposit Accounts. 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 Hilltop Securities for the benefit of you and other customers and by records maintained by Hilltop Securities as your agent and custodian. No evidence of ownership, such as a passbook or certificate, will be issued to you. Your Brokerage Account statements will reflect the balances in your Deposit Accounts at the Banks. You should retain the Brokerage Account statements for your records. Once established on your behalf, the Deposit Accounts are obligations solely of the Banks and not Hilltop Securities or any other entity. You may at any time obtain information about your Deposit Accounts by contacting your Financial Professional.

If either you or Hilltop Securities terminates your use of the Program as a cash sweep vehicle, or if one or more Participant Banks with which you have deposits in the Program cease to participate in the Program, you may establish a direct depository relationship with each such Bank, subject to its rules with respect to maintaining deposit accounts.

ESTABLISHING A DIRECT DEPOSITORY RELATIONSHIP IN YOUR NAME AT A BANK WILL SEPARATE THE DEPOSIT ACCOUNTS FROM YOUR BROKERAGE ACCOUNT. IF YOU ESTABLISH A DIRECT DEPOSITORY RELATIONSHIP WITH A BANK, THE DEPOSIT ACCOUNTS WILL NO LONGER BE PART OF YOUR BROKERAGE ACCOUNT AND WE WILL HAVE NO FURTHER RESPONSIBILITY CONCERNING THE DEPOSIT ACCOUNTS.

### **C. Benefits to Hilltop Securities and its Affiliates, Your Introducing Broker, and Others**

#### Benefits Related to the Program

The Program may create financial benefits for us and our affiliates, your Introducing Broker, the Participant Banks, and to Total Bank Solutions, LLC (“TBS”), an unaffiliated provider of Program administration services. Hilltop Securities and any Participant Banks who are affiliated with Hilltop Securities, such as PlainsCapital Bank, may receive additional benefits under the Program. We will disclose on our list of Participant Banks maintained on our website under Sweep Account Disclosures at [www.hilltopsecurities.com/disclosures/sweep-account-disclosure/](http://www.hilltopsecurities.com/disclosures/sweep-account-disclosure/) any Participant Banks with which we are affiliated. Funds swept into Deposit Accounts at Priority Banks typically generate additional income to Hilltop Securities over funds swept into Deposit Accounts at Participant Banks that are not Priority Banks. This additional income presents a conflict and an incentive for Hilltop Securities to direct a larger percentage of the deposit allocation to Priority Banks.

The interest rate payable to you is based on the amounts paid by the Participant Banks to us, less a fee retained by us and/or your Introducing Broker and a fee paid to TBS for services it provides as Program administrator, that combined may total up to four hundred fifty basis points (4.50%) on an annualized basis as applied on the balances in all Deposit Accounts. These fees may vary from Participant Bank to Participant Bank. The amount of fees received will affect the interest rate paid on your Deposit Accounts. Your Introducing Broker’s financial professionals may be paid

a portion of fees retained by your Introducing Broker. We reserve the right to modify the fees we receive from Participant Banks. In addition to our fee, other service providers with respect to the Program will receive fees from each Bank (collectively, with the fees paid to us and/or your Introducing Broker, “Program Fees”). In addition to the Program Fees referenced above, your Brokerage Account generally may be charged additional fees that apply to securities accounts maintained by us.

Hilltop Securities does not directly retain any Program Fees for Brokerage Accounts associated with fee-based advisory programs in which we, or our affiliate, serve as financial professional to certain retirement accounts or plans such as ERISA plans and IRAs (“Retirement Advisory Accounts”). For such Retirement Advisory Accounts, you direct us to designate PlainsCapital Bank, an affiliate of Hilltop Securities, as the Priority Bank for amounts up to the Maximum Deposit Amount. For amounts exceeding the Maximum Deposit Amount at PlainsCapital Bank, such funds will then be deposited in a different available Participant Bank up to the Maximum Deposit Amount and we will waive or forego any compensation otherwise receivable from the Participant Bank or service provider with respect to these deposits.

Your Introducing Broker does not retain such fees for Brokerage Accounts associated with fee-based advisory programs in which it, or its affiliate, serves as your financial professional to Retirement Advisory Accounts. For such Retirement Advisory Accounts, your funds will be deposited in Participant Banks other than PlainsCapital Bank up to the Maximum Deposit Amount at each applicable Participant Bank and your Introducing Broker will waive or forego any compensation otherwise receivable from a Participant Bank or service provider with respect to these deposits.

On or about June 1, 2022, Hilltop Securities implemented certain changes to the Program and will switch from paying interest at a single rate to a “tiered” interest rate system. Each interest rate tier payable to Retirement Advisory Accounts will be the same rate applicable for all Brokerage Accounts participating in the Program. For ERISA plans and IRAs generally, please note that, as fiduciaries to your Brokerage Accounts, we are responsible for ensuring that account investments, including your account’s cash sweep vehicle, are prudent and fees payable by your ERISA plans and IRAs are reasonable. Should you have any questions regarding the Participant Banks, current interest rates, or our compensation, please refer to our website under Sweep Account Disclosures at [www.hilltopsecurities.com/disclosures/sweep-account-disclosure/](http://www.hilltopsecurities.com/disclosures/sweep-account-disclosure/) or direct any questions you may have to your Financial Professional.

As noted, Hilltop Securities is affiliated with PlainsCapital Bank, which is a Participant Bank, as well as a Priority Bank in connection with Hilltop Securities Retirement Advisory Accounts. Please review the information included in this paragraph as it may apply to us, any affiliated Participant Bank, and/or one or more of their affiliates. The Participant Banks use Program Deposits to fund current and new lending and for investment activities. The Participant Banks earn net income from the difference between the interest they pay on Program Deposits and the fees paid to us and the income they earn on loans, investments and other assets. As noted above, the Participant Banks may pay rates of interest on Program Deposits that are lower than prevailing market interest rates that may have been paid on accounts otherwise opened directly with such Participant Bank. Participant Banks do not have a duty to provide the highest rates available and may instead seek to pay a low rate. Lower rates may be more financially beneficial to a Participant Bank. There is no necessary linkage between bank rates of interest and the highest rates available in the market, including any Money Fund rates. By comparison, a Money Fund generally seeks to achieve the highest rate of return (less fees and expenses) consistent with the Money Fund’s investment objective, which can be found in the fund’s prospectus. Nevertheless, the Deposit Accounts for IRA and ERISA plans that are invested in deposits of PlainsCapital Bank will bear a reasonable rate of interest as required by 29 C.F.R. section 2550.408b- 4(b)(2).

The revenue generated by us may be greater than revenues generated by cash sweep vehicles at other brokerage firms, and may be greater than other core account investment vehicles currently available to you or possible core account investment vehicles that we have used in the past or may consider using in the future. In addition, your Introducing Broker may make compensation payments to Hilltop Securities, as its clearing agent, for record keeping and other services with respect to amounts invested in the Program. Hilltop Securities may receive more revenue with respect to amounts in the Program than with respect to other sweep products.

As a result of the fees and benefits described above, the Program may be significantly more profitable to Hilltop Securities and your Introducing Broker, if applicable, than other available sweep vehicles. Hilltop Securities and/or

your Introducing Broker, if applicable, may also benefit from the possession and temporary investment of cash balances prior to the deposit of such balances in the Program.

#### Benefits Related to Money Market Sweep Funds

Hilltop Securities, your Introducing Broker, and/or their respective affiliates may receive investment management fees, service fees and other compensation from money market mutual funds used as cash sweep vehicles, including the Excess Deposit Money Fund. In addition, Hilltop Securities, your Introducing Broker, and/or their respective affiliates may receive a portion of the fees to the investment managers of such money market mutual funds. These fees, which vary depending on the money market mutual fund (and class thereof) used, are paid directly by the money market mutual fund but ultimately are borne by you as a shareholder in the fund. Please see the money market mutual fund prospectuses, which can be accessed through [www.hilltopsecurities.com/disclosures/sweep-account-disclosure/](http://www.hilltopsecurities.com/disclosures/sweep-account-disclosure/).

#### **D. Sharing of Your Information with Banks**

We may provide the Participant Banks used in the Program with information related to the Customers and any individual authorized by a Customer to trade in his/her Brokerage Account (“Authorized Individual”) pursuant to agreement between Hilltop Securities and the Banks. If provided, the information could consist of the name, address (including city, state, postal code, and, if applicable, foreign country), date of birth, either social security number or taxpayer identification number, and any other information as necessary or requested by the Banks.

#### **E. Questions/Comments Regarding this Program**

You may contact your Financial Professional or access our website under Sweep Account Disclosures at [www.hilltopsecurities.com](http://www.hilltopsecurities.com) to determine the current interest rate on the Deposit Accounts.

The material in this document is intended for informational purposes. If there is any conflict between the descriptions in this document and the terms of your Customer Agreement, solely as it relates to the subject matter of these Terms and Conditions, this document will control.

### **VIII. FDIC/SIPC Coverage<sup>2</sup>**

#### **A. Deposit Insurance**

The Deposit Accounts are eligible for insurance by the FDIC, an independent agency of the U.S. government, up to a maximum amount of \$250,000 (including principal and accrued interest) when aggregated with all other deposits held by you in the same insurable capacity at a Bank (e.g., individual, joint, etc.) and \$250,000 for certain individual retirement accounts, in each case such account may be insured for such greater amount as may be approved by the FDIC from time to time (the “Maximum Deposit Amount”). Your funds become eligible for deposit insurance immediately when a Bank accepts your deposits into Deposit Accounts. To the extent that your deposits at a Participant Bank in one ownership capacity, either through the Program or otherwise, exceed the FDIC insurance limits applicable to that ownership capacity, deposits in excess of the limits will not be insured.

**In the event a Bank fails, the Deposit Accounts at that Bank are insured up to the \$250,000 limit or such other limit, as applicable, for principal and interest accrued to the day the Bank is closed. Neither Hilltop Securities nor your Introducing Broker, if applicable, is responsible for any insured or uninsured portion of a Deposit Account. You are responsible for monitoring the total amount of deposits that you have with each Bank in order to determine the extent of deposit insurance coverage available to you. Depending on the amount of deposits that you have at a Bank apart from the Deposit Accounts, you may wish to direct that the Bank be excluded from the Participant Bank List applicable to your Brokerage Account.**

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<sup>2</sup> The information contained in this section regarding FDIC deposit insurance and the applicable limits are subject to the limitations described throughout this document and as specifically noted in the sections entitled “Maximum Deposit Amount” and “Program Limitations” under Section II. “The Program Details” of this document.

Under certain circumstances, if you become the owner of deposits at a Bank because another depositor dies, beginning six months after the death of the depositor, the FDIC will aggregate those deposits for purposes of the \$250,000 limit or such other applicable limit, as applicable, with any other deposits that you own in the same insurable capacity at the Bank. Subject to Program limits, examples of accounts that may be subject to this FDIC policy include joint accounts and certain trust accounts including transfer upon or payable on death accounts. The FDIC provides the six-month “grace period” to permit you to restructure your deposits to obtain the maximum amount of deposit insurance for which you are eligible.

In the event that federal deposit insurance payments become necessary, payments of principal plus unpaid and accrued interest will be made to you through Hilltop Securities. 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 Hilltop Securities before insurance payments are made. For example, if you hold deposits as trustee or in other fiduciary capacities for beneficiaries, you may be required to furnish affidavits and provide indemnities regarding an insurance payment.

If your 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 acquiror until (i) the maturity date of the certificates of deposit or other time deposits which were assumed, or (ii) with respect to deposits which 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 acquiror held in the same capacity for purposes of federal deposit insurance. Any deposit opened at the acquiror after the acquisition will be aggregated with deposits established with the acquiror for purposes of federal deposit insurance.

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

## **B. Information on Deposit Insurance for Specific Types of Accounts**

**Individual Customer and Agency Accounts.** Funds owned by an individual and held in an account in the name of the individual or an agent or nominee of such individual (such as the Deposit Accounts held through Hilltop Securities) are not treated as owned by the agent or nominee, but are added to other deposits of such individual held in the same capacity (including funds held in a sole proprietorship) and are insured up to \$250,000 in the aggregate. Please refer to the “Maximum Deposit Amount” and “Program Limitations” sections within Section II “The Program Details” for Program specific limitations.

**Custodial Accounts.** Funds in accounts held by a custodian (for example, under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act) are not treated as owned by the custodian, but are added to other deposits of the minor or other beneficiary held in the same insurable capacity and are insured up to \$250,000 in the aggregate. Please refer to the “Maximum Deposit Amount” and “Program Limitations” sections within Section II. “The Program Details” for Program specific limitations.

**Joint Accounts.** An individual’s interest in funds in all qualified accounts held under any form of joint ownership valid under applicable state law may be insured up to \$250,000 in the aggregate, separately and in addition to the \$250,000 allowed on other deposits individually owned by any of the co-owners of such accounts (hereinafter referred to as a “Joint Account”). For example, a Joint Account owned by two persons would be eligible for insurance coverage of up to \$500,000 (\$250,000 for each person), subject to aggregation with each owner’s interests in other Joint Accounts at the same depository institution. Joint Accounts will be “qualified” and insured separately from individually owned accounts only if each of the co-owners is an individual person and has a right of withdrawal on the same basis as the other co-owners. Nonqualified joint accounts are not insured separately and are added to individual accounts for the purposes of the individual maximum coverage of \$250,000 in the aggregate per Bank. Please refer to the “Maximum Deposit Amount” and “Program Limitations” sections within Section II. “The Program Details” for Program specific limitations.

**Irrevocable Trust Accounts.** Funds in an account established pursuant to one or more irrevocable trust agreements created by the same grantor (as determined under applicable state law) will be insured for up to \$250,000 for the

interest of each beneficiary provided that the beneficiary's interest in the account is non-contingent (i.e., capable of determination without evaluation of contingencies). The deposit insurance of each beneficiary's interest is separate from the coverage provided for other accounts maintained by the beneficiary, the grantor, the trustee or other beneficiaries. The interest of a beneficiary in irrevocable trust accounts at a depository institution created by the same grantor will be aggregated and insured up to \$250,000. Please refer to the "Maximum Deposit Amount" and "Program Limitations" sections within Section II. "The Program Details" for Program specific limitations.

**Revocable Trust Accounts.** Revocable trusts include informal revocable trust accounts where the owner has designated the names of beneficiaries to whom the funds in the account will pass upon the owner's death (referred to as transfer upon or payable on death accounts) and formal revocable trusts usually established for estate planning purposes (referred to as living or family trusts). Revocable trusts will be insured as to each named beneficiary separately from another account of the owner or the beneficiary provided (i) the beneficiaries are natural persons, and (ii) Hilltop Securities is provided with sufficient records disclosing the names of all trust beneficiaries. For each trust owner with combined revocable trust account deposits of \$1.25 million or less at a Bank, the maximum coverage will be determined by multiplying the number of different beneficiaries by \$250,000. If an owner has in excess of combined revocable trust account deposits of \$1.25 million at a Bank and has named more than five beneficiaries, there is a limitation on the maximum coverage. Please refer to Section II for Program specific limitations.

**Business (Corporation, Partnership and Unincorporated Association) Accounts.** Funds in accounts of business organizations, including corporations, partnerships, and unincorporated associations (including for-profit and not-for-profit organizations), are added together and insured up to \$250,000 in the aggregate. Such deposits are insured separately from the personal deposits of the organization's owners, stockholders, partners or members. To qualify for insurance coverage under this ownership category, a corporation, partnership or unincorporated association must be engaged in an "independent activity," meaning that the entity is operated primarily for some purpose other than to increase deposit insurance coverage. All deposits owned by a corporation, partnership, or unincorporated association at the same bank are combined and insured up to \$250,000. Multiple accounts owned by the same corporation, partnership, or unincorporated association (including accounts owned by operating divisions or business units that are not separately incorporated) but designated for different purposes are not separately insured. For example, if a corporation has both an operating account and a reserve account at the same bank, the FDIC would add both accounts together and insure the aggregated deposits up to \$250,000.

#### **Deposit Insurance: Retirement Plans and Accounts**

**Individual Retirement Accounts.** Individual retirement accounts as described in the Internal Revenue Code Sections 408(a) and 408A are insured up to \$250,000 per depositor. Each person's deposits in self-directed retirement accounts at the same Bank are added together and insured up to \$250,000, separately from any retirement accounts that are not self-directed and any non-retirement accounts. Please refer to the "Maximum Deposit Amount" and "Program Limitations" sections within Section II. "The Program Details" for Program specific limitations.

#### **C. Questions about FDIC Deposit Insurance Coverage**

If you have questions about basic FDIC insurance coverage, please contact your Financial Professional. You may wish to seek advice from your own attorney concerning FDIC insurance coverage of deposits held in more than one capacity. You may also obtain information by contacting the FDIC, Deposit Insurance Outreach, Division of Supervision and Consumer Affairs, by letter (550 17th Street, N.W., Washington, D.C. 20429), by phone (877-275-3342 or 800-925-4618 (TDD)), by visiting the FDIC website at [www.fdic.gov/deposit/index.html](http://www.fdic.gov/deposit/index.html), or by e-mail using the FDIC's On-line Customer Assistance Form available on its website.

#### **D. SIPC Coverage**

Your cash balance awaiting reinvestment is only eligible for FDIC insurance once it becomes a Program Deposit held by a Participant Bank. Your cash balance while held by Hilltop Securities and/or your Introducing Broker is not FDIC insured, but is covered by SIPC up to certain limits. This includes amounts in the cash balances placed in your Brokerage Account that have not yet been received by the Participant Bank or which have been swept from the Participant Bank back to your Brokerage Account. SIPC currently protects these funds and securities up to \$500,000,

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including \$250,000 for claims for cash. Hilltop Securities also has arranged for coverage above these limits. SIPC coverage does not cover fluctuations in the market value of your investments. Any securities held in your Brokerage Account (as opposed to the Program Deposit held by a Participant Bank) are investment products, and as such: (i) are not insured by the FDIC; (ii) carry no bank or government guarantees; and (iii) are subject to investment risk, including loss of principal amount invested.

If, due to Program limitations, your cash balance is placed into a core account investment vehicle other than the Program, your cash balance will not be eligible for FDIC insurance, but may be protected by SIPC in accordance with applicable legal requirements and limitations.

SIPC is a non-profit membership corporation created by the Securities Investor Protection Act of 1970, funded primarily by its member securities brokerage firms registered with the U.S. Securities and Exchange Commission. SIPC provides protection against custodial risk to clients of securities brokerage firms, like Hilltop Securities, in the event such firms become insolvent. Unlike FDIC insurance, SIPC does not insure against the loss of your investment. Nor does SIPC protection insure the quality of investments or protect against a decline or fluctuations in the value of your investment. SIPC protects each client's securities and cash held in a client's Brokerage Account at an insolvent brokerage firm. SIPC protects against the loss of customer securities and cash up to a total of \$500,000 (of which up to \$250,000 may be cash) per customer in each separate capacity under SIPC rules. Money Fund Shares are considered to be securities for purposes of SIPC coverage. **The Deposit Accounts are not eligible for SIPC coverage.**

If you have questions about SIPC coverage and additional SIPC-like coverage, please contact your Financial Professional. You may also obtain information about SIPC coverage, including a brochure that describes SIPC and SIPC insurance, by accessing the SIPC website at [www.sipc.org](http://www.sipc.org).