FULLY PAID
Securities Lending

Enhance the Income Potential of Assets in Your Portfolio

Potentially Increase Your Wealth Using Your Existing Assets

You could have an additional source of return on the assets you already hold in your portfolio. If you have a minimum of $250,000 in your accounts held at Pershing LLC (Pershing), the Fully Paid Securities Lending program may increase your earnings by enabling you to loan your hard-to-borrow, fully paid-for securities to Pershing to potentially create a new income stream.

The Fully Paid Securities Lending program is designed to be as unobtrusive to your current investment strategies as possible. When your hard-to-borrow securities are loaned to Pershing, cash is received as collateral. For your protection, the cash is deposited on your behalf into a special reserve account. The borrower pays a "loan fee" to Pershing based on the value of the securities borrowed. You will receive the majority of the loan fee, and Pershing gets a portion of the revenue. Your financial organization may also receive a share of the loan fee revenue for introducing you to the securities lending agreement.[1] You can sell loaned shares at any time without prior notice.

[1] Pershing and your financial organization will receive an agreed upon share of the loan fee as defined in the Fully Paid Master Securities Loan Agreement. This fee will fluctuate based on supply and demand in the marketplace. Please see the Fully Paid Master Securities Loan Agreement for additional details.

[2] The securities that Pershing will borrow from the lender will be those securities needed by Pershing for any purpose as permitted under Regulation T, which governs the securities borrowing practices of U.S. broker-dealers. These permitted purposes include borrowing securities to complete delivery obligations, cover short sales, satisfy client possession and control requirements, or on-loan to other broker-dealers (who must also meet the Regulation T requirements). While short sale transactions in the marketplace can negatively impact the value of a security, lending securities to cover short sale transactions should not impact the value of the security.

Ask your advisor for a Fully Paid Master Securities Loan Agreement, which includes full details and terms of the agreement, including risks. You should read the agreement carefully before participating in the program.

What Are Hard-to-Borrow Securities and How Are They Used?

Hard-to-borrow securities are those considered difficult or unavailable to borrow due to limited supply. Securities are borrowed for various reasons, but are generally used to support a trading strategy or to fulfill a settlement obligation either within an organization or with an outside firm.[2] Your advisor can help determine if you own securities that are considered hard to borrow.

An Innovative Way to Enhance Your Assets

The Fully Paid Securities Lending program provides investors with an innovative way to potentially generate revenue from otherwise dormant assets. As stated, the program allows investors who maintain a minimum of $250,000 in their brokerage accounts held with Pershing to lend their hard-to-borrow securities to Pershing. Pershing can then either use the securities to fulfill obligations internally or loan the securities externally.

You maintain the position in your account for purposes of profit and loss, tax-lot accounting, hedges and holding representation. However, you will not have proxy voting rights on the loaned securities or Securities Investor Protection Corporation (SIPC®) coverage on the loaned securities. You will, nonetheless, maintain SIPC coverage[3] on the cash collateral received for the loaned securities and you will also receive substitute payments for dividends on loaned shares.[4]

There is no charge to you to participate in the Fully Paid Securities Lending program. Some of the potential benefits of the program include:

> **Receive monthly income payments**. Monthly income payments are automatically deposited into your brokerage account.

> **Collect substitute payments for dividends on loaned shares.** You do not need to worry about losing dividend income on loaned shares. Cash payments equal to the dividends earned on all loaned shares of any security are paid on the same dates that the dividends would otherwise be distributed. However, the substitute cash payment is not eligible for the dividend exclusion reduced tax rate. As such, Pershing will, to the best of its ability, attempt to return the shares to your account prior to the record date. If the shares remain on loan through the record date, Pershing will then take action to equalize the after-tax substitute dividend income to reach the break-even point. Be sure to check your individual situation with your tax specialist to determine if your participation in the program would have any negative impact.

> **Obtain daily notification of shares on loan.** In addition to receiving daily notifications, details of shares on loan will also be included in your monthly brokerage statement. At any time you can find out what shares are on loan by contacting your advisor.

[3] Pershing is a member of SIPC, which protects securities clients of its members up to $500,000 (including $250,000 for claims for cash). Explanatory brochure available upon request or at sipc.org.

[4] You should consult your tax advisor regarding the treatment of substitute payments and the Fully Paid Securities Lending program generally, under state laws as well as the Internal Revenue Code.

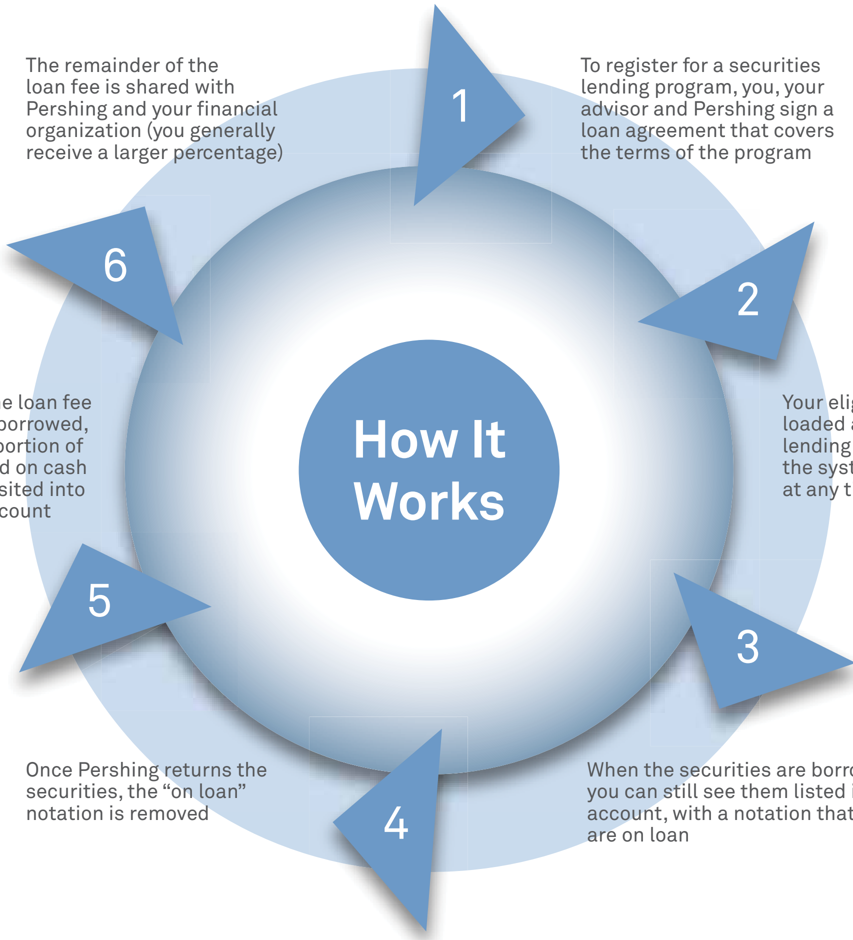
How It Works

The Fully Paid Securities Lending program provides a relatively easy way to potentially increase overall returns from your invested assets. Simply, Pershing pays a loan fee for the securities that are borrowed and you receive the majority of the loan fee. The remaining portion of the loan fee is shared between your financial organization and Pershing. This fee will fluctuate based on market demand and securities will only be borrowed for a purpose (a loan or delivery need).

There is also no cost to you to participate in the program and you are not required to do anything beyond sign the initial loan agreement. If securities are borrowed, loan fee payments are made automatically, often monthly, and you receive substitute payments for dividends on loaned shares. The diagram on the next page represents a hypothetical example of the steps involved in the program.

Take advantage of this potential new income stream and seize the opportunity to further diversify your investment portfolio.

Step-by-Step Summary



Learn More About This Innovative Solution

This program has minimal impact on your existing investment strategy. Once enrolled, you and your advisor can continue to manage your portfolio as you see fit, while you potentially benefit from this new income stream.

Keep in mind that the Fully Paid Securities Lending program requires an agreement between the investor and Pershing and this program may not be appropriate for all investors. For example, reclassification of dividend income may cause tax ramifications for you, proxy voting rights on loaned securities that are not returned by record date will be forfeited and loaned shares will not be protected by SIPC. However, the cash collateral received for the loaned securities will be protected by SIPC. Enrollment in the program does not guarantee that securities will actually be borrowed from you as Pershing will borrow securities based on the needs of its business. There is a risk that if Pershing defaults in some way, for example by becoming insolvent, it could result in Pershing failing to return borrowed securities to you; however, you will receive 100% of the cash value of the securities on loan paid from the cash collateral received for the loaned securities, which could have tax consequences. You should consult with your tax specialist for additional details.

To learn more about the Fully Paid Securities Lending program, review the Fully Paid Master Securities Loan Agreement for additional details or contact your advisor.

The products and/or services described in this brochure are offered to you by your financial organization, not directly by Pershing LLC.