E*TRADE Securities LLC (ETS) is registered with the Securities and Exchange Commission (SEC) as a broker-dealer and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). ETS was founded in 1982 and conducted its first online trade in 1983. E*TRADE Capital Management, LLC (ETCM), an affiliate of ETS, is registered with the SEC as an investment adviser. ETCM began offering investment advisory services under its current name in 2008. ETS and ETCM provide online brokerage, investment advisory services, and related products and services primarily to retail investors. Recently, ETS and ETCM became indirect subsidiaries of Morgan Stanley, a leading global financial services firm providing a wide range of investment banking, securities, wealth management, and investment management services through the purchase of E*TRADE Financial Corporation. For more information, please refer to morganstanley.com/about-us-newsroom. The brokerage services offered by ETS, and the fees for those services, are different from the investment advisory services provided by ETCM, and it’s important for you to understand the differences. You should consider these differences when deciding what type or combination of services and accounts are right for you.

We are required to share this summary to help you understand the different services ETS and ETCM provide, allowing you to make more informed decisions. Please do not hesitate to call us at 800-ETRADE-1 (800-387-2331) with any questions. Free and simple tools are available to researchers and financial professionals at investor.gov/crs, which also provides educational materials about broker-dealers, investment advisers, and investing.

### What investment services and advice can you provide me?

<table>
<thead>
<tr>
<th>Description of Services</th>
<th>E*TRADE Securities (ETS)</th>
<th>E*TRADE Capital Management (ETCM)</th>
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<tr>
<td><strong>Monitoring</strong></td>
<td>ETS does <strong>not</strong> provide agreed-upon monitoring for your account. As mentioned above, this means that ETS does not monitor recommendations made to you after they are made, and it does not check your asset allocation or fluctuations in your investments on an ongoing basis.</td>
<td>On a daily basis, ETCM monitors your ETCM account activity, the investments in your ETCM accounts, and how well your ETCM account aligns with your investment strategy, but we do not try to time the market (i.e., make trades for you at the “perfect time”). Account rebalancing depends on the product and is based on how much the asset allocation moves away from your investment strategy and calendar rebalancing. ETCM monitors only ETCM accounts.</td>
</tr>
<tr>
<td><strong>Investment Authority</strong></td>
<td>ETS has no authority to make investments in your account without your instruction. Accordingly, you make all investment decisions.</td>
<td>ETCM’s authority to act on your behalf is limited to managing your portfolio (onboarding, monitoring, rebalancing) and lasts until your ETCM account is closed.</td>
</tr>
<tr>
<td><strong>Account Minimums and Other Requirements</strong></td>
<td>There is no minimum required to open an account. Funding and documentation requirements to start investing at ETS will be provided at account opening. However, to maintain an account, funding is required.</td>
<td>There are minimum deposit amounts and documentation for each ETCM offering, which can be found at etrade.com/managed.</td>
</tr>
<tr>
<td><strong>Limited Investment offerings</strong></td>
<td>For brokerage accounts, ETS makes available mutual funds, ETFs, equities, bonds, futures (through an affiliate), and options. The use of margin is also permitted for eligible ETS accounts.</td>
<td>ETCM accounts, depending on the product, invest in mutual funds, ETFs, equities, and bonds. Futures, options, and the use of margin are not available for ETCM accounts. We may also limit the offerings available to you based on eligibility requirements or account type.</td>
</tr>
<tr>
<td><strong>Additional Information</strong></td>
<td>You may review the E<em>TRADE Regulation Best Interest Relationship Guide at etrade.com/relationshipguide and the E</em>TRADE Customer Agreement at etrade.com/custagree.</td>
<td>You can see additional information about how we select investments as well as how we provide investment advisory services by reviewing ETCM’s Wrap Fee Programs Brochure at etrade.com/programsbrochure or the ETCM Advisory Agreement at etrade.com/etcmadvisoryagreement.</td>
</tr>
</tbody>
</table>
Can ETS recommend to me? | Can ETCM advise me?
---|---

| Brokerage versus Advisory Account | ✓ | ✓ (only as to your ETCM account) |
| Type of brokerage or advisory account to open (e.g., joint or individual, retirement or retail, Roth or Traditional IRA) | X | X |
| Asset allocation | ✓ | ✓ |
| ETFs | X | ✓ |
| Equities (stocks) | X | ✓ (only for Dedicated Portfolios) |
| Fixed Income (bonds) | ✓ | ✓ (only for Fixed Income Portfolios) |
| Distribution from retirement plan (or subsequent rollover) | X | X |
| Futures (via an affiliate) | X | X |
| Mutual Funds | X | ✓ |
| Options | X | X |
| Use of Margin | X | X |
| Fully Paid Securities Lending | X | X |
| Alternative Investments | X | X |
| Bank Products and Cash Management (through affiliates and ETS, as applicable) | X | X |
| Tax or Legal Advice | X | X |
| E*TRADE Advisor Network | ✓ | X |
| Initial Public Offerings (IPOs) and Follow-on Offerings | X | X |

Questions to ask

- Given my financial situation, should I choose a brokerage service? Why or why not?
- Given my financial situation, should I choose an investment advisory service? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

What fees will I pay?

For a detailed list of fees and pricing, visit etrade.com/fees. Below is a summary of the types of fees charged by E*TRADE Securities and E*TRADE Capital Management. Fees are negotiable and depend on such considerations as the following: the aggregate assets contained in all of your ETS and ETCM accounts; the amount of time you have had the aforementioned accounts; the total amount of business you conduct with ETS, ETCM, and their affiliates; and other factors.

| E*TRADE Securities (ETS) | E*TRADE Capital Management (ETCM) |
---|---|
In many cases, ETS will not charge you a fee to buy or sell US-listed stocks, ETFs, or options when you use our online platforms. There are exceptions, such as over-the-counter (OTC) stock trades, options contracts, foreign stock trades, large block trades requiring special handing, futures trades, fixed income trades, trades placed through a representative, and stock plan account trades. In addition, ETS will also charge a fee for online secondary trades of bonds (other than US Treasuries). Secondary means any trade that occurs after a security is issued and sold for the first time. Additional regulatory and exchange fees also apply depending on the transaction as noted at etrade.com/fees. | ETCM will charge you a single fee for investment advice and the brokerage, custodial, administrative, and technological services ETS provides on behalf of ETCM. In the industry, this is referred to as a “wrap fee,” and ETCM’s Advisory Programs offering is a wrap fee program. The wrap fee is assessed quarterly in arrears based on the market value of all assets, including cash balances, in the account. The wrap fee could cost more or less than paying for these services individually, depending on how often you trade, the types of securities you trade, and other factors. Each Advisory Program offering has its own wrap fee schedule and is listed at etrade.com/fees. Please also see our Wrap Fee Programs Brochure at etrade.com/programsbrochure. |
Questions to ask

- Help me understand how these fees and costs might affect my investments. If I give you $10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What are your legal obligations to me when providing recommendations? How else does your firm make money and what conflicts of interest do you have? What are your legal obligations to me when acting as my investment adviser? How else does your firm make money, and what conflicts of interest do you have?

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have a legal obligation to act in your best interests and not put our interests ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice that we provide you. The following are some examples to help you understand what this means.

### E*TRADE Securities (ETS)

Generally, if you invest in mutual funds, trade options, use margin, and maintain cash, ETS will make more money than if you engage in an equivalent amount of investing activity in stocks and ETFs. As a result, we may have an interest in your trading more often in options, using margin, and even maintaining cash. ETS can receive revenue share (as mentioned above) from your investments in mutual funds. ETS does not make recommendations regarding mutual funds, ETFs, options, or margin trading. When you purchase a proprietary product issued by one of our affiliates, however, our affiliate earns more money as a result of being the sponsor of that product. Other than for fixed income or with regard to an asset allocation that may require that you reallocate assets, ETS is not providing trade recommendations.

ETS may act as principal or agent on any bond transaction. All principal transactions are riskless principal, and ETS holds no fixed income inventory. When acting as principal, ETS adds a markup to any purchase and subtracts a markdown from every sale. ETS can make or lose money on a transaction where it acts as principal, depending on a variety of factors. The markup or markdown is included in the price that ETS quotes on the bond transaction, and no commission or transaction fee is charged. For more information about the money ETS can make from trading activity, see us.etrade.com/l/quarterly-order-routing-report.

### E*TRADE Capital Management (ETCM)

Asset-based fees associated with wrap fee programs like our Advisory Programs cover not only investment advisory services but also most transaction costs and fees. Because of this, the wrap fees are higher than a typical asset-based fee that covers only investment advisory services. With an asset-based fee, the more assets you have in your account, the more you will pay, so ETCM has a financial incentive to encourage you to increase the amount of assets in your account. With an asset-based fee, however, ETCM’s interests are aligned with yours because if your account performs well and grows, ETCM will make more money.

Beyond the wrap fee, ETCM does not make money from the underlying investments in ETCM accounts or by using cash in those accounts. In addition, ETCM does not invest client assets in any proprietary products (i.e., products, such as funds, issued by us or our affiliates) but may in the future. Unaffiliated model managers for Dedicated and Fixed Income Portfolios, however, may select investments offered by affiliates or in which affiliates have an interest or relationship. ETS does not make money from the cash or underlying investments except that it can make money on trading activity from an ETCM account. For more information, see us.etrade.com/l/quarterly-order-routing-report.
ETS and/or its affiliates also make money from the use of cash in your account, and ETS makes more money from certain cash management options. ETS gives customers a choice among the cash management options offered. ETS or its affiliates can make a spread between the rate paid to customers for the cash and compensation paid to it by third parties for use of the cash. For more information about cash management options, see etrade.com/rates and us.etrade.com/u/options-uninvested-cash.

With regard to referrals to the E*TRADE Advisor Network, ETS or its affiliate E*TRADE Savings Bank is compensated by the third-party adviser for services it provides. In addition, ETS receives a referral fee from third party advisers for referrals that result in an advisory relationship for the advisor. In addition, the unaffiliated advisors in the E*TRADE Advisor Network may select proprietary products for their customers and ETS' affiliates will receive compensation from those products.

Questions to ask

- How might your conflicts of interest affect me, and how will you address them?

For additional information about ETS conflicts of interests, see etrade.com/relationshipguide. For additional information on the ETCM conflict of interests, see our Wrap Fee Programs Brochure at etrade.com/programsbrochure.

How do your financial professionals make money?

Our financial professionals are known as Financial Consultants (FCs). FCs receive different levels and types of compensation for the sale of investment advisory services offered by ETCM, for new assets and retention of existing assets at both ETCM and ETS, for successful referrals to the E*TRADE Advisor Network and to Morgan Stanley affiliates, and for the sale of certain products by ETCM and its affiliates.

Some of the compensation is paid in consideration of the additional time and complexity required to sell certain products and work with customers on an ongoing basis but also because ETCM, ETS, and their affiliates make more money from those product offerings. FCs are paid additional compensation for selling ETCM offerings; how much they are paid differs, depending on the advisory program. As a result, FCs have a financial incentive to recommend those ETCM offerings that result in greater compensation to them. They are also paid for successful referrals to the E*TRADE Advisor Network and to Morgan Stanley affiliates and likewise have a financial incentive to make those referrals.

In addition, because some clients generate higher amounts of revenue for ETCM, ETS, and their affiliates, there is a greater desire to negotiate discounts or provide favorable offers to those clients so that they expand their relationships and activities with ETCM, ETS, and their affiliates.

Do you or your financial professionals have legal or disciplinary history?

Yes. Please visit Investor.gov/crs for a free and simple search tool to research ETS and/or ETCM and our financial professionals. You can also find information (such as background and qualifications) about our financial professionals and the firms at brokercheck.com and adviserinfo.sec.gov. ETS’s Central Registration Depository (CRD) number is 29106; ETCM’s is 42159.

Questions to ask

- As a financial professional, do you have any disciplinary history? For what type of conduct?

For additional information about brokerage services or investment advisory services please see etrade.com/forms or call 800-ETRADE-1 (800-387-2331) for up-to-date information and to request a copy of our current Relationship Summary.

Questions to ask

- Who is my primary contact person? Are they a representative of an investment adviser or a broker-dealer, or both? Who can I talk to if I have concerns about how this person is treating me?