E*TRADE Securities LLC (ETS) and E*TRADE Clearing LLC (ETC) Merger

We are writing to inform you that on or about September 30, 2016, E*TRADE Securities LLC (ETS) and E*TRADE Clearing LLC (ETC) will merge into a single company (Merger). ETS will be the surviving entity. There will be no material impact to your brokerage account(s), and no physical transfer of your securities, funds, or other assets. Unless you object, no action on your part is required.

Overview

E*TRADE Financial Corporation is the parent company of both ETS and ETC. Both ETS and ETC are broker–dealers registered with the U.S. Securities and Exchange Commission (SEC) and members of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Today, ETS has a clearing relationship with its affiliate, ETC whereby ETC, among other things, performs back office functions such as clearing and settling securities transactions, and holds the securities, funds, or other assets in your brokerage account(s) in connection with the brokerage services and products provided to you by ETS.

Description of the Merger

On or about September 30, 2016, ETS and ETC will merge into one company, with ETS being the surviving entity. As a result of the Merger, the carrying of your existing brokerage account(s) will be transferred from ETC to ETS, unless you affirmatively object to the transfer. Accounts will be transferred to ETS on or about September 30, 2016, pending regulatory approval of the Merger.

There will be no material impact to your brokerage account(s) as a result of the Merger. After the Merger, ETS will continue to offer you brokerage services and products in the same manner that it does today. There will be no physical transfer of your securities, funds, or other assets. Also, there will be no change in the commissions and other fees you pay as a consequence of the Merger, nor in the high quality of client service that you receive today. In essence, the transfer of your brokerage account(s) involves a shift of certain responsibilities from ETC to ETS. For instance, all of your brokerage account statements, confirmations, and other correspondence formerly generated by ETC will now be generated and provided by ETS. Not only will ETS continue to provide you with brokerage services, any primary contacts you may have in connection with your brokerage account(s) will remain unchanged. Your brokerage account(s) will now simply be held by ETS.

All protections that currently apply to your brokerage account(s) held by ETC, including those under the customer protection rule (SEC Rule 15c-3-3), SIPC, and other insurance coverage, will continue to apply when the carrying of your brokerage account(s) is transferred to ETS following the Merger. The Merger also will have no impact on the manner in which free credit balances in your brokerage account(s) are handled (e.g., there will be no change to existing cash sweep arrangements and interest paid on cash balances).

Any personally identifiable information and other confidential information you have provided to ETS will remain at ETS, and none of this information will be shared with any third party as a result of the Merger. ETS will continue to comply with SEC Regulation S–P (Privacy of Consumer Financial Information), which governs the collection, use and maintenance by a financial institution of nonpublic personal information of customers.

Customers’ Rights

Please be advised that you have the right to object to the transfer of your brokerage account(s) from ETC to ETS. Therefore, if you do not want your brokerage account(s) to transfer from ETC to ETS, please provide alternative written instructions to ETRADE Financial care of Account Services at P.O. Box 484, Jersey City, NJ 07303–0484 by no later than September 1, 2016. Alternative instructions must include your brokerage account number(s), address of record, and tax identification number(s). If, however, you do not provide your objection to the transfer of your brokerage account(s) to ETS together with alternative instructions, no further action by you will be required, and no costs will be imposed on you as a result of the transfer of your brokerage account(s).

Please note that, except as described below, all of the terms and conditions of any customer account agreement(s)
entered into between you and ETS will remain in effect. As a result, absent any objection by you to the transfer of your brokerage account(s) from ETC to ETS, you understand that any and all rights granted to ETC pursuant to the agreements will transfer to the benefit of ETS and you will remain subject to all obligations and responsibilities pursuant to those agreements (including your agreement to arbitrate all disputes). The revised customer account agreement that reflects the changes associated with the Merger will be delivered to you in a manner consistent with the delivery method by which this notice has been provided, and will also be available on ETS’s website following the closing date of the Merger.

Questions/Further Information

If you have questions, call us anytime at 1-800-ETRADE-1 (1-800-387-2331). You can also send us a secure message through the Customer Service link at the top of etrade.com.

Sincerely,

E*TRADE Securities LLC

PLEASE READ THE IMPORTANT DISCLOSURES BELOW.

The E*TRADE Financial Family of companies provides financial services including trading, investing and banking products and services to retail customers. Securities products and services are offered by E*TRADE Securities, LLC, Member FINRA/SIPC.

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