

Your questions answered: The E*TRADE Advisor Services transition



Q. What is the change being made?

A. The upcoming changes for E*TRADE Advisor Services center around (a) moving the entity in which E*TRADE Advisor Services resides and (b) leveraging technology capabilities from the broader E*TRADE organization.

E*TRADE Advisor Services is currently part of E*TRADE Savings Bank, doing business as "E*TRADE Advisor Services." We are transitioning the business from the E*TRADE bank entity to the E*TRADE brokerage entity, where it will become part of E*TRADE Securities LLC.

This new structure will allow us to provide more competitive service offerings and better serve our advisors and their clients. This change will also facilitate our ability to invest more resources in our RIA-driven technology.

Q. Why is E*TRADE Advisor Services making this change?

A. With this transition, E*TRADE Advisor Services can accelerate our ability to provide additional solutions for our advisors and their clients and better leverage the technology, services, and resources of the broader E*TRADE organization. For instance, the brokerage structure will enable us to provide advisors and their clients additional products in the future—including margin, options, and certain banking solutions. The technology integration will help us improve our capabilities in key areas such as trading and the number of supported account types.

Q. When will this transition take place?

A. Transition teams are working diligently to implement deployment plans for the conversion, but this transition will not occur before the second quarter of 2020. Much prework, preparation, and testing will be done to make sure the transition is as seamless as possible for advisors and their clients. We will communicate more details as the work progresses.

Q. How will this change impact my business?

A. The transition is designed to be minimally disruptive to advisors and their clients. Aside from minimal changes, the day-to-day experience will remain the same for advisors, home office personnel, and their clients.

Q. Will my clients need to sign new contracts with E*TRADE Advisor Services?

A. Clients will not be required to sign a new custody agreement. Existing accounts will be automatically converted. Advisors will not have to re-paper accounts, though we may seek assistance from advisors in collecting certain know-your-customer data that will be required after the conversion. We will communicate well in advance any expected changes to our current processes.

Q. Will RIAs need to sign new contracts with E*TRADE Advisor Services?

A. Yes, the transition will require new custodial agreements between E*TRADE Advisor Services and registered investment advisors. We will provide these to RIAs well in advance for review.

Here's what isn't changing with the transition:

- Existing account data and account numbers
- The Liberty platform user interface for investors
- The Liberty platform user interface for advisors
- The Liberty platform user interface for home office personnel
- The platform log-on information for all users
- New account workflows with e-signature
- UMA functionality
- Trading workflows
- Fee engine and fee processing
- Performance calculations and reporting
- Household information
- All historical account information
- Third-party technology integrations
- Your relationship manager and customer service teams

Q. How will new accounts be handled during the transition?

A. The former account opening forms under the E*TRADE Savings Bank entity will continue to be accepted for a period of time (likely for months). Also, to ease the transition, there will not be any blackout dates for opening new accounts or for transfers in.

Q. Under the new brokerage entity, will investors receive a new brokerage account number, new statements, new reports, and trade confirmations? What about tax documents?

A. Yes, some of these documents will be provided to your clients. While we'll provide more specifics as the date of the transition nears, below is a preview.

Existing Liberty account data and account numbers will remain the same after the transition. In addition, your clients will receive a new brokerage account number that will appear on Liberty and on statements. Pending accounts on Liberty will also reference a brokerage account number after the transition.

Your clients will receive new monthly brokerage statements. If advisors opt in, we can also deliver a supplemental quarterly report to investors containing the previously provided supplemental information (e.g., performance information, fee details, additional model details, and commentary).

Monthly trade confirmations will be sent to investors under the new brokerage entity, while advisors will receive daily confirmations.

To help reduce paperwork to clients, E*TRADE Advisor Services will promote eDelivery to investors in the coming months. eDelivery will be available for statements, proxies, trade confirms, prospectuses, and tax forms.

Investors will receive two sets of 2020 tax documents. E*TRADE Advisor Services will communicate this one-time dual tax statement mailing in advance to advisors and their clients to help avoid any confusion.

Q. How will the platform's technology be improved as a result of this transition?

A. In general, the transition of E*TRADE Advisor Services to the brokerage entity will enable future acceleration of solutions for our advisors and their clients (such as market research tools, margin, options, fixed-income investments, remote check deposit, and additional banking functions).

In addition, certain improvements will immediately result from the transition. For instance, the securities master and mutual fund inventory will be expanded, enabling advisors to support more of their investors' asset requirements. Equity trades will be based on real-time pricing instead of today's 20-minute delay pricing. Also, advisors and their clients will be able to choose tax lot relief methods across an entire account, not just within a model.

Q. Is the service model at E*TRADE Advisor Services expected to change?

A. E*TRADE Advisor Services is committed to our unique service model, which includes your relationship manager, and we continue to view this as a differentiator. We will continue to evolve and enhance the service we provide to advisors and their clients, including growing and developing our existing service team.

If you have any further questions or concerns, please contact your relationship manager.

Investment Products: Not FDIC Insured - No Bank Guarantee - May Lose Value.

E*TRADE, E*TRADE Advisor Services, and Liberty are registered trademarks or trademarks of E*TRADE Financial Corporation. All other trademarks mentioned herein are the property of their respective owners. Product and service offerings are subject to change without notice.

E*TRADE Savings Bank and its affiliates ("E*TRADE") do not warrant these products, services and publications against different interpretations or subsequent changes of laws, regulations and rulings. E*TRADE does not provide legal, accounting, or tax advice. Always consult your own legal, accounting, and tax advisors.

© 2019 E*TRADE Savings Bank, doing business as "E*TRADE Advisor Services." Member FDIC. All rights reserved.

E*TRADE[®]
ADVISOR SERVICES