

How we handle requests for over-the-counter (OTC) market Investments



Generally, TCA by E*TRADE does not accept over-the-counter (OTC) market investments (Bulletin Boards, ADRs, Pink Sheets, etc.). Such investments are rejected during the transfer-in ACATs process or rejected manually when the account statement reflects these assets for transfer.

Although OTC investments are rejected upfront for liquidation prior to transfer, TCA by E*TRADE has introduced a process when these investments are presented for transfer.

The transfer of the asset will be rejected with comments in Liberty that TCA by E*TRADE cannot hold the investment, and it requires liquidation or an exception process to transfer.

Your Relationship Manager will provide you with:

1. The client information
2. Available options, which are as follows:
 - A. Liquidate the OTC investment, or
 - B. Provide additional information via email to TCA by E*TRADE to be considered for an exception:
 - Client's employment information (name and address of employer, position or title, and date of employment)
 - Trading history (i.e., does the client have a history of trading the stock?)
 - How and when did the client acquire the shares (e.g., private placement, employer compensation, or open market purchase)? Please be sure to include all applicable documentation, such as trade confirmation, private placement documentation, etc.
 - What is the client's connection to the company?
 - How did the client first learn of the company?
 - What does the client intend to do with the shares (i.e., hold, sell, etc.)?
 - How long has the client held the security?
 - Are there any resale restrictions on the shares? If no restrictions, and purchased in the open market, provide documentation showing they are freely tradeable such as a trade confirm or brokerage statement. If not purchased in the open market, please provide evidence that the shares are freely tradable.
 - Does the client own any additional shares? If yes, how many and where are they held?

Once the information and documentation is returned by the RIA to the TCA by E*TRADE Relationship Manager, an internal review process will be conducted. If we can accept the OTC security, TCA by E*TRADE will proceed with the transfer. If we are unable to hold the security, the RIA will be informed accordingly.

Please contact your TCA by E*TRADE Relationship Manager to learn more about this process.

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