

Upcoming Restrictions for Certain Securities Issued by Marijuana-Related Businesses



Despite legalization in some states, marijuana is still classified as a controlled substance and is illegal at the federal level in the U.S. Many U.S. financial institutions are reluctant to serve as custodians of securities associated with the cannabis industry. At Axos Advisor Services, we will be changing our approach to certain products issued by marijuana-related businesses (“MRBs”).

- ❖ **If your clients do not hold any securities related to MRBs**, this notice is a courtesy that you may want to proceed with caution when it comes to these products.

- ❖ **If your clients do hold securities related to MRBs**, please keep reading for more information. You will also be contacted by your Client Service Advocate.

Beginning **November 8, 2021**, new restrictions will be implemented for certain securities issued by MRBs. If your clients hold securities related to any of the newly restricted MRBs, a few options will exist:

- You and your clients may continue to hold the positions at Axos Advisor Services but will not receive income (e.g., dividends) and will not be allowed to purchase new shares.
- You and your clients may sell out of the position at any time.
- You and your clients may transfer the position out (as long as the receiving firm will accept the position).
- Axos Advisor Services can facilitate conversion of the stock certificates from street name to client name. (Note: this option is not available for ETFs.)

Given the variances in products issued by and investing in marijuana-related businesses, we are unable to provide a list of all potentially impacted securities. Rather, we will contact you with a list of products that are held in your client accounts that will become restricted on November 8. Additionally, we will continue to review potentially impacted securities, restrict affected positions as needed, and notify you as appropriate.

Please see the accompanying FAQs for additional information.

If you have any further questions, please contact your Client Service Advocate.

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

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