



**March 2017**

**For Clients of Independent  
Investment Advisors**

**Please read this important information  
carefully.**

# **Charles Schwab Pricing Guide**

Pricing information in this *Charles Schwab Pricing Guide* ("Pricing Guide") is applicable to your Account(s) managed by an independent investment advisor and supersedes prior pricing details and notices you may have received. Charles Schwab & Co., Inc. ("Schwab") reserves the right to change or waive fees at our discretion. Please keep this Pricing Guide for your reference.

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## Introduction

Schwab provides a broad range of value-added services, some of which have associated fees. This document provides you with an overview of standard pricing for commissions, transaction fees, and key account and service fees for:

- Accounts (including international accounts) that are managed by an independent investment advisor (“advisor”) pursuant to a direct contractual relationship between you and the advisor.
- Accounts that are managed by Schwab affiliates Windhaven Investment Management, Inc. (“Windhaven®”) and ThomasPartners, Inc. (“ThomasPartners®”) pursuant to a direct contractual relationship between you and Windhaven or ThomasPartners.

The fees in this Pricing Guide are applicable to all account types listed above, unless otherwise stated.

Throughout this Pricing Guide, notations are marked with a number and can be found in the Endnotes section at the end of the Pricing Guide.

How Schwab determines account and household service fees and commissions is based, in part, on calculations that consider your Household Balance and activities. “Household Balance” is defined as the total combined value, over a given period of time, of the Accounts of Your Household, including margin balances and other outstanding debit balances like mortgages and home equity lines of credit (HELOCs). In order to

determine if you qualify for any fee waivers and/or interest rates, Schwab will add up your daily Household Balances for the applicable time period and then divide this total by the number of days in the period. For more details on how we determine Accounts of Your Household, please see the section entitled “Accounts of Your Household Explanation.”

There are two standard types of pricing: (1) Basic Pricing and (2) Alternative Pricing. Both are described below. You can obtain more information about the pricing for your Account(s) by asking your advisor.

Each such advisor is referred to herein as your “Agent.” Your Agent is not affiliated with, controlled by, or employed by Schwab.

**Basic Pricing** Your Account(s) will have Basic Pricing unless your Agent has agreed with Schwab to Alternative Pricing or has otherwise requested Alternative Pricing where available.

**Alternative Pricing** Alternative Pricing is pricing that has been agreed to by Schwab and your Agent or that is otherwise available to you upon your Agent’s request.

Alternative Pricing rates are generally lower than the rates listed in the Basic Pricing schedules, but may be higher. In any case, Alternative Pricing rates will not exceed the highest Alternative Pricing rates listed in this document. Schwab reserves the right, but has no obligation, to negotiate Alternative Pricing with your Agent.

The terms of Alternative Pricing may relate to any one or more of the following: commissions; account, transaction, and service fees that clients and/or advisors pay to Schwab; and/or credits, rebates, and cash payments that are made to clients and/or advisors.

The terms of Alternative Pricing that may apply to you may be based upon the nature and scope of business that your advisor transacts with Schwab, including the current and expected future amount of your advisor’s client assets that are custodied at Schwab, the types of securities in your advisor’s client accounts, and/or the expected frequency of your advisor’s trading.

Alternative Pricing terms also may consider research and other products and services that Schwab provides to your advisor and/or whether your advisor declines to pay service fees to Schwab, such as in cases where

an advisor's aggregate client assets at Schwab do not meet a certain threshold. As a result, the commissions, fees, credits, rebates, and payments for your Account(s) held with your advisor may be higher or lower than those of other clients of your advisor and/or those of clients of other advisors. Schwab may change this pricing if the nature and scope of business that your advisor transacts with Schwab changes or does not reach agreed-upon levels or if your advisor declines to pay service fees to Schwab. In any of these cases, the pricing for your advisor's client accounts, including your Account(s), may increase to an amount determined by Schwab that will not exceed the highest Alternative Pricing rates listed in this document. Should such an increase in pricing occur, Schwab will notify your advisor, as your Agent, of the increase. Unless the increase exceeds the highest Alternative Pricing rates listed in this document, Schwab will not notify you directly.

Schwab may provide your advisor, at no fee or at a discounted fee, with research, software, technology, information and consulting services, and other products and services that benefit your advisor but that may not necessarily benefit your Account(s). Schwab's provision of these products and services to your advisor may be based upon a commitment that your advisor makes to Schwab regarding the amount and type of assets that your advisor's clients place in their brokerage accounts at Schwab (i.e., custodial assets at Schwab) within a certain period of time. This type of commitment to Schwab by your advisor may cause your advisor to recommend or require that you and your advisor's other clients maintain brokerage accounts at Schwab, and could also influence your advisor's recommendations or decisions about which investments to purchase or sell for your Account(s).

## **Schedule of Commissions, Transaction Fees, and Handling Fees<sup>1</sup>**

**Definition of Electronic Trades** Trades placed through one of our electronic channels, including online (e.g., [www.schwaballiance.com](http://www.schwaballiance.com) or [www.schwabadvisorcenter.com](http://www.schwabadvisorcenter.com)) and automated phone services (e.g., Schwab by Phone™ or TeleBroker®). Certain securities may not be available through all electronic trading channels.

## Stocks<sup>2</sup>

### Electronic Trades

For stocks less than \$1 per share: When you're purchasing, we require cleared funds in the Account. When you're selling, we require securities on deposit.

Household Balance \$1 Million or Greater, or Account With e-delivery	Household Balance Less Than \$1 Million and Account Without e-delivery
\$4.95 per trade	\$12.95 per trade

**Electronic delivery (e-delivery) is defined as consenting to receive trade confirms and account statements electronically and not in paper format.**

Exchange-traded funds (ETFs) participating in Schwab ETF OneSource™ (including Schwab ETFs™) that are traded through electronic channels are commission-free.

Short Sells, Buys to Cover, and Delivery Versus Payment (DVP) trades for third-party ETFs participating in Schwab ETF OneSource™ are subject to electronic commissions plus any additional fees.

Alternative Pricing for each executed trade will not exceed the greater of:

- \$0.12 per share, or
- 10% of principal, or
- \$50 minimum

Schwab determines Household Balance by summing the net worth and margin balance totals (the "ending balance") for each Account of Your Household for the closing day. Once your household has achieved the qualifying asset threshold in a given calendar quarter, the commission discount associated with that threshold will begin to apply to all Accounts of Your Household within three business days and for the remainder of the calendar quarter. Schwab will continue to evaluate your ending balance, and your household will qualify for household asset-based commission discounts only so long as your ending balance exceeds the asset threshold at least one time during each month following the initial calendar quarter in which you received the discounted commission. If your Household Balance falls below the required asset threshold, Schwab may change the pricing for your

Account(s) to the higher Basic Pricing described above or, if your Agent and Schwab have agreed to a default pricing arrangement, to such default pricing.

You may automatically be given the trade pricing associated with electronic delivery for the first 60 days after you open a Schwab account to facilitate the processing of your consent to electronic delivery of trade confirmations and account statements. After 60 days, if you have not given consent to electronic delivery of trade confirmations and account statements, your pricing may revert back to the pricing tier associated with no electronic delivery.

### Broker-Assisted Trades

#### For Stocks \$1 per Share or Over

Transaction Size	Basic Pricing	Minimum/Maximum
\$0– \$2,499	\$30 + 1.70% of principal	<b>Minimum</b> Greater of: <ul style="list-style-type: none"> <li>• \$39 or</li> <li>• \$0.09 per share on first 1,000 shares plus               <ul style="list-style-type: none"> <li>▪ \$0.04 per share for stocks priced \$1–\$4.99</li> <li>▪ \$0.05 per share for stocks priced \$5 or greater</li> </ul> </li> </ul> <b>Maximum</b> <ul style="list-style-type: none"> <li>• \$55 for the first 100 shares plus \$0.55 per share thereafter</li> </ul>
\$2,500– \$6,249	\$56 + 0.66% of principal	
\$6,250– \$19,999	\$76 + 0.34% of principal	
\$20,000– \$49,999	\$100 + 0.22% of principal	
\$50,000– \$499,999	\$155 + 0.11% of principal	
\$500,000+	\$255 + 0.09% of principal	

#### For Stocks Less Than \$1 per Share

When you're purchasing, we require cleared funds in the Account. When you're selling, we require securities on deposit.

Transaction Size	Basic Pricing
All	\$39 + 4% of principal

ETFs participating in Schwab ETF OneSource™ (including Schwab ETFs™) that are traded through a broker are subject to basic or alternative broker-assisted pricing.<sup>3</sup>

Alternative Pricing for each executed trade will not exceed the greater of:

- \$0.55 per share, or
- 10% of principal, or
- \$100 minimum

**Dividend Reinvestment** The Schwab No-Fee StockBuilder Plan® for dividend reinvestment is available for most U.S. stocks. If you wish to reinvest the dividends on any qualifying stock, please specify when placing your trade.

**Large Block Transactions** Contact Schwab or your advisor for orders of 10,000 shares or more, or for orders of over \$500,000. These orders may be eligible for special handling and/or pricing.

### **American Depositary Receipt (ADR) Pass-Through Fees**

Banks who custody ADRs (“ADR agents”) are permitted to charge ADR holders fees. An ADR agent is authorized under its agreement with the issuer to impose a fee on holders of the issue. Fees collected from Schwab by the Depository Trust Company (DTC) for an ADR will be automatically passed through to those ADR holders. They will be deducted from your Schwab Account(s) and shown on your statement(s) as “ADR Pass-Thru Fee.” Amounts and timing differ by ADR.

## **Mutual Funds<sup>4</sup>**

### **Mutual Fund No-Transaction-Fee (NTF) Funds**

Trade orders in no-load funds available through the Mutual Fund OneSource® service (including Schwab Funds®), as well as certain other funds, are available with no transaction fees when placed through one of Schwab’s electronic channels. For each trade order placed through a broker, a \$25 service charge may apply to accounts that are enrolled with Schwab and managed by an advisor.

## Mutual Fund Transaction-Fee Funds

### Broker-Assisted Trades

Basic Pricing (Transaction Fee)	Minimum/Maximum
0.7% of principal	Minimum \$39 Maximum \$74.95

Alternative Pricing transaction-fee minimum may be as high as \$45.

For accounts managed by advisors, transaction-fee mutual fund trades placed through one of Schwab's electronic channels may receive up to a 20% discount on the stated commissions or transaction fees. All electronic trades are subject to an overriding minimum of \$31 and a maximum of \$49.95. Minimum transaction amounts apply for initial and subsequent purchases.

Mutual fund interclass exchange transactions will be subject to a transaction fee if the transaction on either side (purchase or redemption) of the interclass exchange involves a transaction-fee fund; the fee will be calculated pursuant to the transaction-fee mutual fund pricing schedule set forth above. If the fund on either side (purchase or redemption) of the interclass exchange is a no-transaction-fee fund, that side of the exchange will not be subject to a transaction fee but may be subject to a \$25 service charge if the interclass exchange transaction was placed through a broker.

### Miscellaneous Mutual Fund Transaction Fees

Fee	Amount
Mutual fund short-term redemption fee <sup>5</sup>	\$49.95

### Other Information for All Mutual Fund Transactions

Some funds may also charge sales and/or redemption fees. Please read the prospectuses for details. You can buy shares directly from a fund company or its principal underwriter or distributor without paying Schwab's transaction or service charges (except Schwab Funds®).



## Options

### Electronic Trades

Executed Contracts	Basic Pricing
All	\$4.95 (per leg) plus \$.65 per contract

### Broker-Assisted Trades

Executed Contracts	Basic Pricing
All	\$38.95 (per leg) plus \$1.40 per contract

Alternative Pricing for each executed trade will not exceed the greater of:

- \$6.25 per contract, or
- 2% of principal, or
- \$43.95 minimum per leg

## Fixed Income Investments<sup>6</sup>

Schwab reserves the right to act as principal on any fixed income transaction, any public offering, or any other securities transaction. When Schwab acts as agent, a commission will be charged on the transaction. When Schwab acts as principal, the markup is included in the bond price.

For accounts (including international accounts) managed by an advisor that are enrolled with Schwab, the following rates apply:

Product Type	Online Commission or Markup	Broker-Assisted Commission or Markup
Treasuries at auction and secondary Treasuries, including Treasury bonds, Treasury bills, Treasury notes, and TIPS	\$0	\$25
Government agencies, including non-pass-through bonds from FNMA, FHLB, etc.	\$0.20 per bond (\$10 minimum/\$250 maximum)	\$0.24 per bond (\$10 minimum/\$275 maximum)

Product Type	Online Commission or Markup	Broker-Assisted Commission or Markup
Other secondary fixed income trades, including CDs, corporate bonds, municipal bonds, zero-coupon Treasury bonds, and STRIPS.	\$1 per bond (\$10 minimum/\$250 maximum)	\$1.20 per bond (\$10 minimum/\$275 maximum)
New issues, including certificates of deposit <sup>7</sup>	Selling concession is included in the original offering price.	
Commercial Paper, Foreign Bonds, Asset-Backed Securities, Mortgage-Backed Securities, Collateralized Mortgage Obligations, and Unit Investment Trusts	These are specialty products—please call us for information.	
Preferred equity or debt or REITs	Stock commissions and minimums apply for secondary transactions.	

Trades placed through a Schwab Alliance or Schwab Investor Services representative will be charged an additional \$25 broker-assist fee and will be subject to a \$35 minimum and a \$275 maximum. Trades for new issues placed through a broker are not subject to these premiums.

Note: Our commissions and markups may be slightly less than our published schedule shown above due to rounding.

Alternative Pricing minimums will not exceed \$60.

**Large Transactions** Contact a Schwab Bond Specialist or your advisor for orders of more than 250 bonds. These orders may be eligible for special handling and/or pricing.

## **Fixed Income Directed Trade Policy**

A Directed Trade occurs when an advisor is shown a bid or offer by a broker-dealer other than Schwab and subsequently requests that Schwab execute the trade with the contra broker-dealer for a designated Schwab account. Due diligence requires that prior to executing the trade, Schwab must confirm that the contra party bid/offer is a fair and reasonable price. If this criterion is met, Schwab will then confirm the transaction with the contra broker-dealer and send a trade confirmation to the client. The fee for a Directed Trade is \$50.

## **Prime Brokerage and Trade-Away Services**

Prime Brokerage and Trade-Away services are designed to give you and your advisor the ability to execute trades using assets held in your Account(s) at broker-dealers other than Schwab, known as “Executing Brokers.” Our standard fee for both Prime Brokerage and Trade-Away services is \$25 per trade or trade allocation. Note: There may be other fees, such as those charged by the Executing Broker and outlined in the Prime Brokerage Amendment.

## **Service Fees**

### **Exchange Process Fee**

This is a fee Schwab charges to offset fees imposed on us by national securities and self-regulatory organizations or by U.S. option exchanges.

The Securities and Exchange Commission (SEC) assesses transaction fees on national securities exchanges and self-regulatory organizations based on the aggregate dollar amount of the sales of certain securities. The SEC recalculates the amount of this fee periodically—at least once per year, but sometimes more often.

National securities exchanges and self-regulatory organizations offset the transaction fees by charging their member broker-dealers such as Schwab, and we, in turn, offset this fee by charging you an Exchange Process Fee for covered transactions.

U.S. option exchanges charge Schwab and other broker-dealers per-contract fees for purchases and sales of exchange-listed options. The exchanges may charge these fees even on transactions executed on

other exchanges, which can result in multiple fees being imposed on Schwab for a single transaction. Any Exchange Process Fee that appears on your trade confirmation for a sale of an exchange-listed option will combine the offsets for the fees charged both by the U.S. option exchanges and by the national securities and self-regulatory organizations.

Schwab's Exchange Process Fee will rise or fall periodically depending upon the rates set by the SEC or by the U.S. option exchanges, as applicable.

### Account Activity Fees

Fee	Amount
Order out of physical certificates (for all U.S. and some Canadian securities) if held in physical certificate form prior to order out	This fee will be equal to the amount charged to Schwab by the Depository Trust & Clearing Corporation (currently \$500 per physical certificate, subject to increase in the future). Additional charges may apply for rush requests.
Order out of certificates (for foreign securities): Physical certificates	Variable fee (based on the location of the transfer agent)
Security reorganization: Voluntary and post-effective	\$9.95
Schwab non-sweep money funds, including Schwab Value Advantage Investments® (SVAI): Schwab-initiated redemptions <sup>8</sup>	\$10 per redemption
Full transfer (out) of assets	\$50 per account
Transfer of title for certificates <sup>9</sup>	\$25 per position

### Cashiering Fees

Fee	Amount
Check order fee	No charge for standard checks
Overnight fee	\$8.50

Fee	Amount
Nonsufficient funds/ returned item	\$25 per item
Wire transfer (outgoing) <sup>10</sup>	\$25 per transfer

### **Custody Fees for Non-Publicly Traded Securities**

Description	Amount
Annual maintenance fee for Non-Publicly Traded Securities <sup>11</sup>	\$250 per position Maximum of \$500 per account
Transaction fee	\$100 per transaction
Nontransferable securities <sup>12</sup>	\$1 per month, per position

### **Accounts of Your Household Explanation**

“Accounts of Your Household” are accounts that have been linked in accordance with Schwab’s householding guidelines. Schwab makes a reasonable effort to automatically link qualified accounts of persons with the same last name at the same home address, including accounts held at certain Schwab affiliates.

Schwab aggregates the balances and activities of Accounts of Your Household to determine the following for brokerage accounts: commission rates, the interest rates that certain cash balances receive, whether those accounts may qualify for certain fee waivers, and whether those accounts may qualify for certain benefits or features (“Household Calculations”).

Schwab may consider other accounts to be in your household upon your request if account holders are in the same family, if there is a dependent relationship, or in certain other similar instances at Schwab’s discretion. You are responsible for identifying accounts that should be linked for purposes of determining Accounts of Your Household and Household Calculations. For example, if you or other members of your family who reside at your home address have a different last name (including a spouse, if applicable), you need to contact Schwab to request that we combine your accounts for purposes of Household Calculations. If an account is added to Accounts of Your Household, any impact

on Household Calculations may not take effect until the following quarter.

### **Rules Applicable to Fiduciary Accounts**

IRA, Custodial, and certain Trust accounts that meet Schwab's householding guidelines generally will be included in Household Calculations. If you have an IRA, Custodial, or Trust account and you are acting in a fiduciary capacity, it is your responsibility and not Schwab's to consider whether it is appropriate to consider the balances and activities of that account in Household Calculations, which could benefit the fiduciary account and/or other Accounts of Your Household. You must contact Schwab to request that the balances and activities of your fiduciary account not be included in Household Calculations if you determine that it is not appropriate. If you have a 403(b)(7), Company Retirement Account (CRA), Qualified Retirement Plan (QRP), or Keogh account (collectively, "Retirement Plan Account"), it is not included in Household Calculations. However, for certain services, the account holder of the Retirement Plan Account acting as fiduciary may elect to include the Retirement Plan Account in Household Calculations by providing Schwab with written instructions to do so. Please contact your advisor for the required form.

### **Schwab Sales Compensation Disclosure**

Schwab offers investment products and services to you through your advisor. Schwab sales representatives may communicate the availability of these products and services to your advisor and/or negotiate associated pricing for your Account(s) with your advisor. These representatives also may receive incentive compensation from Schwab based on factors that include revenue generated on assets of your advisor's clients at Schwab, and they may from time to time receive incentive compensation related to specific types of investment products in which your advisor's client assets are invested. Schwab's offer of these products and services is part of its brokerage service and is not investment advice. The management of your Account(s), including the determination of your investment objectives, financial position, and investments for your Account(s), is between you and your advisor, and not Schwab.

## Inquiries or Questions

Please contact your independent investment advisor directly, or call Schwab Alliance at 1-800-515-2157.

International account holders, please call 1-877-714-5308, or contact your advisor for further information.

## Endnotes

- <sup>1</sup> Excluding mutual funds, commissionable trades that execute over more than one day will be charged a separate commission for each additional day; each separate commission will apply to the portion of the trade executed on the corresponding additional day. Electronic orders where price or quantity is changed by the client and as a result execute over multiple trades on the same day are each charged a separate commission.
- <sup>2</sup> Includes all stocks and exchange-traded funds listed on U.S. or Canadian exchanges, as well as foreign stocks not listed on those exchanges.
- <sup>3</sup> Schwab Exchange-Traded Funds™ (Schwab ETFs™) are distributed by SEI Investments Distribution Co. (SIDCO). Charles Schwab Investment Management, Inc. (CSIM) serves as the registered investment advisor to Schwab ETFs™. CSIM is a wholly owned subsidiary of The Charles Schwab Corporation and an affiliate of Charles Schwab & Co., Inc., none of which are affiliated with SIDCO.  
  
Online trades of exchange-traded funds (ETFs) participating in Schwab ETF OneSource™ (including Schwab ETFs™) are commission-free at Schwab, while trades of other ETFs are subject to commissions. Broker-assisted and automated phone trades of ETFs are subject to service charges.
- <sup>4</sup> For exchange-traded funds, refer to the stock schedule. For offshore funds (for non-U.S. persons), visit [www.schwab-global.com](http://www.schwab-global.com) or call Schwab International Services for details: 1-877-686-1937 (inside the U.S.), +1-415-667-8400 (outside the U.S.).
- <sup>5</sup> Schwab's short-term redemption fee will be charged on redemption of funds purchased through Schwab's Mutual Fund OneSource® service (and certain other funds with no transaction fees) and held for 90 days or less. Schwab reserves the right to exempt certain funds from this fee, including Schwab Funds®, which may charge a separate redemption fee, and funds that accommodate short-term trading.

- <sup>6</sup> For fixed income trades placed through one of Schwab's electronic channels, discounts may apply.
- <sup>7</sup> Schwab receives a fee from the depository institution.
- <sup>8</sup> Occurs, at Schwab's sole discretion, when no other cash assets or margin credit balances are available in a customer's account to cover transactions such as Schwab One® checks, security purchases, Visa® debit cards, automatic investment plan (AIP) investments, and electronic funds transfers.
- <sup>9</sup> Formerly estate processing fee—reregistering securities held in certificate form.
- <sup>10</sup> Wire transfer fees can be avoided by using certain automated services, such as Schwab MoneyLink®, or by using Schwab One® checkwriting services.
- <sup>11</sup> Custody fees for Non-Publicly Traded Securities are billed annually in arrears. Certain Non-Publicly Traded Securities may be exempt from certain fees. Non-Publicly Traded Securities include (list is subject to change and not exhaustive): promissory notes; church bonds; limited partnerships; private limited partnerships; limited liability companies; private common, preferred, and convertible preferred stock; private bonds; private warrants; private placements; and private REITs.
- <sup>12</sup> A nontransferable security is a security for which there has been no transfer agent for three years or more.



Independent investment advisors are not owned by, affiliated with, or supervised by Charles Schwab & Co., Inc. ("Schwab"). Certain investment advisors such as Windhaven Investment Management, Inc. ("Windhaven"), ThomasPartners, Inc. ("ThomasPartners"), and Schwab Wealth Investment Advisory, Inc. (SWIA) are affiliated with Schwab.

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