FRANCHISE DISCLOSURE DOCUMENT
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Franchise Business: The Independent Branch Leader ("**IBL**") will operate a branch office ("**Independent Branch**") of Charles Schwab & Co., Inc., a registered broker-dealer and investment adviser, under the Charles Schwab® trade name and logo and offer retail clients non-discretionary investment advice and access to a variety of approved financial products and services.

Total Initial Investment: The total investment necessary to begin operation of a Charles Schwab® Independent Branch is $73,510 to $179,700. This includes $25,000 to $50,000 that must be paid to the franchisor or its affiliates before the Independent Branch opens.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days (or such earlier date as required by applicable state law) before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of the disclosure document in another format, contact Franchise Services; Fax: (800) 977-8740; email: IBSFranchiseServices@schwab.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "**A Consumer's Guide to Buying a Franchise**," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: March 29, 2022

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit J.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit I includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Schwab business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Schwab franchisee?	Item 20 or Exhibit J lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in **Exhibit A**.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Compensation to Us**. You must compensate us for any independent branch clients that move their assets from us to another financial services firm where you or your employees work during the term or following termination or expiration of the franchise agreement.

2. **Minimum Performance Required**. The franchisor has minimum performance requirements that you must maintain. Failure to maintain a minimum client satisfaction index score, respond to CPS alerts, or failure to grow your aggregate client assets each year by a minimum of $10 million in net new client assets unless you maintain $100 million in aggregate client assets, may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

3. **Personal Liability**. You must purchase this franchise as a sole proprietorship. This means you will have unlimited liability and your personal and marital assets may be at risk.

4. **Renewal Option**. If you are in good standing under the Franchise Agreement and otherwise meet the conditions for exercising the renewal option, but we are no longer awarding new franchises at that time, we will either allow you to exercise your renewal option or, at our election, repurchase your franchise rights. We are not under any obligation to repurchase your franchise rights. Accordingly, you may not have an opportunity to renew.

5. **Spousal Liability**. If you are married, your spouse must consent to your execution of the franchise agreement and agree that your obligations under the franchise agreement are binding on the marital community which places the spouse's marital and personal assets at risk. If you become married during the Term, your spouse must agree that your obligations under the Franchise Agreement are binding on the marital community which places the spouse's marital and personal assets at risk.

6. **Insurance**. The E&O insurance we obtain may not be sufficient to cover you. Also, if claims by other IBLs reach (exhaust) the annual coverage limit, you must indemnify us for any loss. You are solely responsible for obtaining additional insurance coverage if you determine that you need it. There are additional types of insurance you are required to purchase.

7. **Market Size**. A Schwab Branch Market will encompass at least one zip code. We will inform you of the boundaries of the Schwab Branch Market when you are presented with the proposed or approved site. The size of your Schwab Branch Market may affect your New-to-Firm business, as we may route to you lead information on prospects whose primary address is within your Schwab Branch Market. There is no obligation to route leads to you and no minimum lead flow amount.

8. **Market Boundary**. We may unilaterally change the boundaries of your Schwab Branch Market during the term of the franchise agreement at our discretion.

9. **Personal Securities**. You and your employees must keep with us all personal securities accounts with limited exceptions in which you or they own an interest or which you or they control. This requirement also applies to personal securities accounts owned by you or your employees' spouse, minor children, and other persons who live in the same household as you or your employees. As a result, you and certain members of your family and household may not hold accounts with other investment companies. You may want to consider this before you purchase this franchise.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

MICHIGAN PROVISIONS

The following provisions apply to franchises in Michigan:

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

1. A prohibition on the right of a franchisee to join an association of franchisees.

2. A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided by Michigan law. This shall not preclude a franchise, after entering into a franchise agreement, from settling any and all claims.

3. A provision that permits a franchisor to terminate a franchise before the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

4. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if:

   (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

5. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

6. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

7. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(a) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(b) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(c) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(d) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

8. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

9. A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE MICHIGAN ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Michigan law provides that a franchisor whose most recent statements are unaudited and which show a net worth of less than $100,000 shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee or subfranchisor until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow. In the event that an escrow is so established, the escrow agent shall be a financial institution authorized to do business in the State of Michigan. The escrow agent may release to the franchisor those amounts of the escrowed funds applicable to a specific franchisee or subfranchisor upon presentation of an affidavit executed by the franchisee and an affidavit executed by the franchisor stating that the franchisor has fulfilled its obligation to provide real estate, improvements, equipment, inventory, training, or other items. This portion of the Michigan law does not prohibit a partial release of escrowed funds upon receipt of affidavits of partial fulfillment of the franchisor's obligation.

Any questions regarding this notice should be directed to: State of Michigan, Department of Attorney General, G. Mennen Williams Building, 7th Floor, 525 West Ottawa Street, Lansing, Michigan 48909; (517) 335-7567.

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Item 1.
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

1. Terminology and General Statement.

To simplify the language in this Franchise Disclosure Document ("**Disclosure Document**"), "**Schwab**," "**we**," "**us,**" or "**our**" means the franchisor, Charles Schwab & Co., Inc. "**You**" or the "**Independent Branch Leader**" or "**IBL**" means the person who buys the Independent Branch franchise.

We refer to Charles Schwab® branch offices that our employees operate (whether the office is a separate retail location or a unit in a service center) as "**Company Managed Branches**," and Charles Schwab® independent branch offices that our IBLs operate under a franchise from us as "**Independent Branches**." When we refer collectively to both a Company Managed Branch and an Independent Branch, we use the term "**Schwab Branch**."

2. Schwab, Our Parent, Predecessors and Affiliates.

We were formed as a California corporation in 1971 and, since that time, have conducted business as a broker-dealer. We are dually registered as an investment adviser and broker-dealer with the Securities and Exchange Commission ("**SEC**") and are a member of the Financial Industry Regulatory Authority ("**FINRA**"). Our principal business address is 211 Main Street, San Francisco, California 94105. We have no predecessors. We conduct business under the name Charles Schwab & Co., Inc. and Charles Schwab®. We disclose our agents for service of process in **Exhibit B**.

Our parent company is The Charles Schwab Corporation ("**CSC**") formed as a Delaware corporation in 1986. CSC is a public company listed on the New York Stock Exchange (NYSE: SCHW). CSC's principal business address is 3000 Schwab Way, Westlake, Texas 76262.

At this time we have 5 affiliates that may provide products or services to clients that we assign to your Independent Branch: (i) Charles Schwab Bank, SSB ("**Schwab Bank**"), organized as a Texas state savings bank in 2020; (ii) Charles Schwab Investment Management, Inc. ("**CSIM**"); (iii) Charles Schwab Investment Advisory, Inc. ("**CSIA**"); (iv) Schwab Private Client Investment Advisory ("**SPCIA**"); and (v) Charles Schwab Trust Company ("**CSTC**").

Schwab Bank is located in Westlake, TX and CSTC in Henderson, Nevada. Their principal business addresses are 3000 Schwab Way, Westlake, TX 76262 and 2360 Corporate Circle, Suite 400, Henderson, Nevada 89074, respectively. CSIM, CSIA, and SPCIA have the same business address as we do. CSIM, CSIA, and SPCIA are separately registered investment advisers. CSIM serves as investment adviser to affiliated exchange traded funds ("**ETFs**") and mutual funds sold under the Schwab ETFs and Schwab Funds® names and is the investment manager for separately managed accounts, some of which are Schwab-sponsored wrap fee programs. CSIA provides research services to us and is the investment manager for our Schwab Intelligent Portfolios Solutions wrap fee program. While you may refer clients to CSFI, you may not offer those products and you will not receive any compensation should any Independent Branch Client utilize any products or services from CSFI.

We and Schwab Bank are separate but affiliated companies and wholly owned subsidiaries of CSC. Charles Schwab Bank, SSB a member of the FDIC, is a Texas State Savings Bank and an Equal Housing Lender.

In 2020, CSC acquired TD Ameritrade Holding Corporation and its subsidiaries and affiliates. While each of these is an affiliate of Schwab, none of these affiliates offer franchises in any line of business or provide any products or services to our IBLs or to any clients that we may assign to your independent branch.

3. Prior Business Experience.

Our founder and Chairman of the Board, Charles Schwab, opened the first Schwab branch office in 1975 in Sacramento, California pioneering a new kind of retail securities brokerage: a discount broker focusing on client service.

As of December 31, 2021, we owned and operated 276 Company Managed Branches in 45 states plus the District of Columbia and the Commonwealth of Puerto Rico. We also own and operate Company Managed Branches in London, UK and, through a subsidiary, serve clients in Hong Kong. See Item 20 and **Exhibit J**.

We began offering franchises to operate Independent Branches in July 2011. In addition to administering the Independent Branch franchise program, we (i) own and operate Company Managed Branches and service centers serving retail clients; (ii) provide services as a registered investment adviser and self-clearing broker-dealer; (iii) offer business lines, in conjunction with our affiliates, that serve institutional clients (e.g., 401(k) plan sponsors and record keepers, and independent registered investment advisers); and (iv) provide securities clearing services to financial services firms not related to Schwab Branches.

With the exception of our current business summarized in this document, neither CSC nor any other affiliate of ours has owned or operated businesses of the type being franchised, or franchises in any other line of business

4. General Overview of the Independent Branch Franchise.

The Independent Branch franchise provides entrepreneurial financial services professionals with the opportunity to establish and build a business dedicated to operating a retail branch office as a sole proprietorship under a well-recognized and supported brand name. If we determine that you are a qualified candidate, then before you sign a Franchise Agreement with us, you will sign a preliminary agreement with us while we look for a suitable site for your Independent Branch, except in cases where we already have entered into a Master Lease for your Approved Location (such as in a renewal or transfer). Our current form of preliminary agreement is attached to this Disclosure Document as **Exhibit K** (the "**Preliminary Agreement**"). Once we and you agree on a suitable site, then you will sign a franchise agreement with us. Our current form of franchise is attached to this Disclosure Document as **Exhibit C** (the "**Franchise Agreement**"). We offer the Independent Branch franchise as a "**turnkey**" opportunity, which means that, once you and we agree upon a suitable location for your Independent Branch (which we refer to as the "**Approved Location**"), and after you have signed a Franchise Agreement with us, we will engage in construction and leasehold improvements to convert the retail space to our brand and appearance standards, furnish and decorate it, and equip it with the Schwab Technology System which we further describe in this Disclosure Document. This Disclosure Document provides a general summary of your obligations under our current form of Franchise Agreement.

If we offer you an Independent Branch franchise, under the Franchise Agreement, you will have a non-exclusive license to identify and promote your Independent Branch using the trade

name, Charles Schwab® and the other specific trade names, trademarks, service marks, logos and commercial slogans that we designate by written notice (collectively, the "**Schwab Marks**").

The distinctive features of our franchise program include the following:

Confidential Manuals

You will have access to our confidential operations, supervision, and compliance materials which will generally be in an electronic format and contain our policies and procedures relevant to your franchise duties and operations (collectively, the "**Confidential Manuals**").

Types of Independent Branch Clients

The Franchise Agreement identifies 5 separate categories of Independent Branch Clients:

(1) "**Seeded Clients**" are existing clients of a Schwab Branch (i.e., an existing "**Schwab Client**") who lives in a zip code that we map to your Independent Branch and whom we assign to your Independent Branch. To help you launch your Independent Branch, we will assign to you a limited number of Seeded Clients and associated "Seeded Client Assets" with appropriate notification to the Schwab Client. "**Seeded Client Assets**" mean the aggregate market value of the assets in the Schwab accounts owned by the Seeded Client. We retain complete discretion regarding the number of Seeded Clients that we will assign to your Independent Branch. We do not promise to seed you with the same number of Seeded Clients or Seeded Client Assets as any other IBL. Seeded Client Assets will contribute to your Net Payout.

(2) "**Transitioned Clients**" are clients (i) who choose to follow you to us from your predecessor firm after you sign the Franchise Agreement; (ii) whom you identify in writing in the manner and by the deadline in the Confidential Manuals, and (iii) who open a Schwab account no later than 18 months after the date you sign the Franchise Agreement;

(3) "**Reassigned Clients**" are existing clients of a Schwab Branch (including a Schwab Client who is not a Reassigned Advisor Client and whose assets are managed in whole or part by an independent third party investment adviser who maintained a services agreement with Schwab) who ask us to assign all of their accounts to a specific Schwab Branch and all of whose accounts we approve to assign from one Schwab Branch to another Schwab Branch where at least one of the two Schwab Branches involved in the assignment is an Independent Branch. In other words, Reassigned Clients are existing clients of a Schwab Branch whose assets are either assigned to your Independent Branch or away from your Independent Branch and to another Schwab Branch following the client's instructions;

(4) "**New-to-Firm Clients**" are new clients that you originate who open their first Schwab account any time after the effective date of your Franchise Agreement (excludes clients who opened their first Schwab account prior to the effective date of your Franchise Agreement whose accounts have since closed and/or reflect $0 balances) and other new clients (other than

Reassigned Clients) whom we assign to your Independent Branch after you sign your Franchise Agreement; and

(5) "**Reassigned Advisor Clients**" are Schwab Clients (i) who ask to work with you or your registered employee; (ii) whom we agree to assign to your Independent Branch; (iii) whose accounts were managed before the assignment by an independent third party investment adviser who maintained a services agreement with us where you or your registered employees were previously associated with or employed by the independent third party investment adviser during the 548 days prior to the assignment.

We collectively refer to these 5 separate categories of Schwab Clients that we assign to your Independent Branch as "**Independent Branch Clients**." We assign an entire Schwab Client relationship either to a Company Managed Branch or an Independent Branch: in other words, we do not split a Schwab Client relationship between two or more Schwab Branches with some accounts of the Schwab Client assigned to one Schwab Branch and other accounts of the same Schwab Client assigned to another Schwab Branch.

In certain situations, within a household, we may assign some accounts as one type of Independent Branch Client and other accounts as another type of Independent Branch Client. This would generally only occur when a client that you are transitioning to Schwab already has existing Schwab accounts. In these situations, you will receive the commensurate tenure multiplier based upon the assigned client category.

In the Franchise Agreement, you agree that all of your Independent Branch Clients are deemed to be our clients and the client relationship is an asset of ours and not yours, regardless of your role in originating the client relationship. Except as stated in the Franchise Agreement, you have no other special rights or entitlements to Independent Branch Clients or other Schwab Clients.

Schwab Products & Services

- You will have the right to offer all of the Schwab Products & Services that we identify in the Confidential Manuals, subject in some instances (for example, the right to offer insurance products) to your holding appropriate licenses. "**Schwab Products & Services**" refers to the specific products and services that we make available and authorize during the term of the Franchise Agreement, including products and services in the following categories: (i) non-affiliated and affiliated mutual funds and exchange traded funds; (ii) approved insurance and annuity products; (iii) investment advisory products like separately managed accounts and mutual fund wrap programs; (iv) financial planning services; (v) retail brokerage services including transactions in stocks, bonds and options; (vi) cash management services on liquid cash holdings of Independent Branch Clients; and (vii) other related products and services that we provide or procure directly through our affiliates or unrelated third parties. You may only offer Schwab Products & Services on a non-discretionary basis: Independent Branch Clients will retain discretion over how they wish to invest their assets, while your role will be to make recommendations only regarding Schwab Products & Services and implement their instructions ("**Non-Discretionary Investment Advice**"). We may change the Schwab Products & Services at any time and for

any reason, including in response to competitive or regulatory developments. We will notify you of changes in the Schwab Products & Services through updates to our Confidential Manuals.

- With the exception of products provided by Schwab Bank, as a registered representative and investment adviser representative of ours, you may recommend Schwab Products & Services to Independent Branch Clients that Company Managed Branches recommend to their clients. Unlike Company Managed Branches which are staffed by individuals who are dually employed by Schwab Bank and us, you will not be an employee of ours or of Schwab Bank and you will not be permitted to solicit, market or sell Schwab Bank's products or services.

Schwab Bank

- We have entered into an affiliate agreement with Schwab Bank under which you may perform certain ministerial functions to assist Schwab Bank clients. However, you will not be permitted to display in your offices information or brochures relating to Schwab Bank's products or services. You may not open accounts, accept deposits or payments, cash checks, handle any Schwab Bank loan payments, deposit transfers or withdrawals, evaluate or review applications, accept applications for loan products or services or make any other substantive decision on behalf of Schwab Bank. You will generally need to refer questions about Schwab Bank's products or services to a Schwab Bank representative. All activities related to Schwab Bank's products and services will be subject to the oversight of Schwab Bank and its regulators. The Confidential Manuals outline how you may work with Schwab Bank, and explain the cash management services you may provide to Independent Branch Clients relating to their liquid cash. Schwab Bank High Yield Investor Checking and Savings accounts are included in the Revenue Rates and assets used to calculate your monthly Net Payout.

Schwab Technology System

- In operating your Independent Branch, you will have access to the "**Schwab Technology System**." Our hardware and software platform currently consists of proprietary customer relationship management and client support applications, as well as non-proprietary productivity applications. You will access our software applications through our secure Schwab computing devices. We continually update, improve and support the Schwab Technology System, generally at no additional charge besides a continuing Branch Hardware and Connectivity Service Fee that we describe in Items 6 and 11. However, if we introduce a new piece of required functionality (e.g., iPads, Smart Speakers), you will be responsible for the expense and it will be reflected in your Branch Hardware and Connectivity Service Fee.

Access to Schwab Tools

- To help you advise Independent Branch Clients on personalized investment strategies, we will provide you with access to the market research, portfolio management, and investment tools and solutions that Company Managed

Branches utilize. This includes research and performance reports; a variety of analytic tools; market analyses; educational materials; and decision support tools. You will also have access to specialist teams that support our Company Managed Branches in various areas of non-discretionary financial services including fixed income, options, trading, and trust and estates.

Supervision

- As our registered representative, investment adviser representative, and insurance representative, we will supervise your brokerage, investment advisory, and insurance activities as required by FINRA rules, SEC regulations, applicable state law, and the policies and procedures in the Confidential Manuals. The Confidential Manuals impose restrictions on your outside business activities.

In order for us to comply with regulatory requirements as a broker-dealer, we require that you and your employees (registered and non-registered), each of your spouse and minor children and other members of your respective households hold all of their personal securities accounts, including investment adviser accounts and other financial accounts, at Schwab. We also require that you and your employees (registered and non-registered) hold at Schwab any securities accounts owned by third parties that you control.

These requirements are summarized in the following chart and further explained in the Confidential Manuals. These requirements are a material duty under the Franchise Agreement, and you are responsible for supervising your employees to ensure their compliance.

POLICY: All securities accounts, including investment adviser accounts and other financial accounts, in which any of the individuals identified in Column A have an interest must be held at Schwab subject to the conditions identified in Column B and the specific exceptions identified in the Confidential Manuals.		
	A.	B.
	Policy Applies To	Additional Conditions
1.	IBL	
2.	Each IB Employee (both registered and non-registered)	
3.	Spouse of #1; spouse of #2	
4.	Each minor child of #1; each minor child of #2	Applies only when the minor child lives in the same household as IBL or IB Employee.
5.	Each relative living in the same household as #1 or #2 who receives material financial support from #1 or #2	“Material financial support” will be interpreted consistent with applicable FINRA rules.
6.	Each non-relative living in the same household as #1 or #2 who receives material financial support from #1 or #2	“Material financial support” will be interpreted consistent with applicable FINRA rules.

7.	All accounts under the control of #1, #2 or #3	"Control" means the ability to direct transactions, withdraw funds, or make discretionary investment decisions with or affecting the assets in the account.

"**IB Employees**" mean collectively all of your registered employees and non-registered employees hired, supervised, and paid by you who work at your Independent Branch.

We exclude from the policy the following types of accounts: (i) mutual fund and 401(k) accounts that are held with the mutual fund company or 401(k) plan administrator through which only mutual funds can be purchased; (ii) 529 plans through which only mutual funds can be purchased; and (iii) dividend reinvestment plans (aka DRIPs) held directly with the issuer.

You must abide by our compliance procedures and keep all securities industry licenses in good standing. As a condition of the Independent Branch franchise, you must place all orders and complete all securities transactions through us and adhere to our operating procedures in the Confidential Manuals including our guidelines for evaluating the best interest of investments according to the client's individual risk tolerance, investment objectives, and other client investment profile criteria. In recommending specific Schwab Products & Services, you must adhere to our advice, policies and guidelines. As your broker-dealer firm, we must supervise all securities brokerage activities by you and your employees. However, you are ultimately accountable for all acts and omissions by you and all your employees (both registered and non-registered) in conducting the Independent Branch business. When you act as an investment adviser representative, you owe a fiduciary duty to the Independent Branch Client under federal and state laws.

Media Marketing

- By identifying your Independent Branch with the Schwab Marks, your Independent Branch will benefit from our expenditures on national media, including television, print and digital, that has made the Charles Schwab® brand among the most well-recognized and highly respected financial services companies in the United States today. While we make no representation that we will continue to invest in media marketing at the levels we have done in the past or invest a minimum amount annually, we recognize that media marketing contributes to our brand popularity and strength.

Net Payout

- We calculate a Net Payout for you each month. The steps below explain the Revenue Rates that we apply to transactions and holdings of Schwab Products & Services and how we calculate the monthly Net Payout. It is essentially a seven- step process:

  (1) Each month, we determine a "**Revenue Rate**" (in basis points) for each asset category (Advised Assets and Non-Advised Assets) held by Independent Branch Clients. The Revenue Rate is based on averages of the aggregated revenues and balances for all Independent Branches (not just your Independent Branch) in that asset category, subject to the cap described below in this paragraph. Each Revenue Rate is based on the 12-

month trailing revenue associated with all holdings in all accounts assigned to all Independent Branches in the respective asset category, divided by the average trailing 12 months combined balances of each category. The Revenue Rate for Non-Advised Assets is subject to a cap of 70 basis points. No cap applies to the Revenue Rate for Advised Assets. See below for types of ineligible accounts or assets.

(2) We calculate a "**Revenue Amount**" for both the Advised Assets and Non-Advised Assets held by your Independent Branch Clients, each of which is the product of the Revenue Rate times the aggregate amount of assets held by your Independent Branch Clients in the applicable asset category (for example, Advised Assets or Non-Advised Assets.)

(3) We add the Revenue Amounts of each asset category together to arrive at the "**Asset-Based Revenue Amount**" for your Independent Branch.

(4) The next step in the Net Payout calculation depends on the type of Schwab Client and the particular "**Multiplier**" that we apply to the Asset-Based Revenue Amount for each type of Independent Branch Client, as follows:

a. **For New-to-Firm Clients**: We adjust the Asset-Based Revenue Amount depending on the tenure of the franchise: (i) 185% for the first year of operation of your Independent Branch; (ii) 155% in the second year; (iii) 100% in the third year; (iv) 75% in the fourth year; (v) 55% in the fifth year; and (vi) 50% in each of the following years if you are eligible for, and renew, the franchise. We refer to these declining percentages as the "**New-to-Firm Tenure Multiplier**."

b. **For Seeded Clients**: We adjust the Asset-Based Revenue Amount depending on the tenure of the franchise: (i) 185% for the first year of operation of your Independent Branch; and (ii) 50% in each of the following years. We refer to these declining percentages as the "**Seeded Tenure Multiplier**."

c. **For Reassigned Clients and Reassigned Advisor Clients**: All Reassigned Clients and Reassigned Advisor Clients receive a 50% Multiplier in each year of operation (not based on tenure).

d. **For Transitioned Clients**: When you sign the Franchise Agreement, you will make what we refer to as the "**Transitioned Client Revenue Election**" directing us either to use the declining New-to-Firm Tenure Multiplier or the single 50% Multiplier for purposes of calculating the Net Payout for assets of Transitioned Clients.

The election also determines whether you must pay us a Client Account Purchase Fee if, following the expiration or termination of the Franchise Agreement, Transitioned Clients ask us to transfer their accounts to the next financial services firm with which you associate. By electing the New-to-Firm Tenure Multiplier, you may owe us a Client Account Purchase Fee after the Franchise Agreement expires or terminates. By electing the single 50% Multiplier, there is no Client Account Purchase Fee for Transitioned Client assets.

(5) You may also have revenue from other kinds of assets, services or activities that are neither Advised Assets nor Non-Advised Assets. This includes (i) revenue from sales of Immediate Annuities, Permanent Life Insurance, Disability Insurance, Term Insurance and Long-Term Care Insurance and one-time commission revenue from sales of Fixed Deferred Annuities; (ii) revenue from sales of fee-based financial plans; and (iii) referral fee for clients that you refer and they then open and fund a plan on our 401K platform. We adjust the Revenue Amounts that you receive from these other types of assets, services or activities as follows: (x) for insurance products, annuity products, and for fee-based financial plans we multiply the Revenue Amounts by 50%; and (y) for 401K referrals there is no multiplier, you will receive the specific fee. Note, that if this is a retirement plan for which you are eligible to be a participant or are a fiduciary to the plan, you will not be eligible to receive any compensation including a referral fee nor will the assets be included in your Adjusted Total Revenue Amount.

(6) We then add together the (i) adjusted Asset-Based Revenue Amounts; (ii) the adjusted Revenue Amounts for insurance products, annuity products, and the adjusted Revenue Amounts for fee-based financial plans to arrive at a sum which we define as the "**Adjusted Total Revenue Amount**."

(7) Finally, we subtract from the Adjusted Total Revenue Amount the aggregate fees described in Item 6 and any other charges or incidental business reimbursements you owe us for the month to determine your Net Payout. This includes any excise, use or other type of tax that we must pay to any government authority that is attributable to the revenue of your Independent Branch (excluding any income taxes that we owe on income that we receive on account of our relationship with you). By the last day of each month, we will provide you with a Net Payout statement showing our calculation of your Net Payout for the prior month. When the Net Payout is a positive amount we will deposit your Net Payout into an account that you designate, which must be a personal (this means an individual, not entity or joint) bank account. If the Net Payout is a negative amount, we may carry-forward and deduct the debit from your next positive Net Payout or require you to pay us the full amount of the debit immediately upon demand.

In order for you to receive revenue share on a particular account, that account must generally be a retail account of the Schwab broker-dealer or a High Yield Investor Savings or Checking account held with Schwab Bank. Accounts held with Schwab Advisor Services, Retirement Plan Services (e.g., PCRAs – Personal Choice Retirement Accounts), Global Services (e.g., international clients), or institutional or other non-retail accounts are ineligible for revenue share. Additionally, it must be permissible for the account, using current policies and procedures, to be assigned (i.e., domiciled) to your branch.

Turnkey Aspects

- The Independent Branch is "turnkey" in many respects. We eliminate your need to retain architects, space planners or contractors, or to price and procure office furniture, décor items or signage. We also install the Schwab Technology System, including arranging for phone, cable/media streaming, and Internet connectivity.

Once you and we agree upon the retail location for your Independent Branch, we coordinate the build-out process and deliver a turnkey Independent Branch so that you can concentrate on completing our initial training programs, transitioning clients, and ultimately growing your Schwab Independent Branch.

Site Development

- To facilitate site development, after you and we agree upon the location for your Independent Branch, we intend to enter into a Master Lease for an initial term of approximately 5 years and sublease the premises to you on generally the same material economic terms and conditions as contained in the Master Lease. See our form of Sublease Agreement ("**Sublease**") which is attached as **Exhibit G**, and the notes to Item 6 for additional explanation regarding Sublease rent. To help you evaluate a potential location, for each location that we propose, we will provide you with the following information: (i) an overview of the property and (ii) an estimated range for the Sublease Rent and Facilities Fee for an Independent Branch at the proposed location.

Schwab System

- As our franchisee, you will have access to all of our mandatory and optional training programs and materials currently available for the Independent Branches.

- We refer to the distinctive elements of our Independent Branch franchise program including our distinctive imaging, appearance, operating, training and marketing requirements, specifications, standards, and polices as the "Schwab System." As our franchisee, you will enjoy use of the Schwab System as described in the Franchise Agreement.

5. General Market for Your Products and Services and General Description of Your Competition.

The Independent Branch franchise does not grant you any territorial or client exclusivity. Consequently, you will potentially compete with Company Managed Branches and other IBLs operating nearby Independent Branches in soliciting prospective clients and for the sale of Schwab Products & Services.

You will operate in a highly competitive environment. Your competition in serving individual investors also includes a variety of financial institutions, including: banks; brokerage and wealth management firms; financial planners; discount brokers; investment advisers; and other financial services businesses that offer comparable products and services. Some competing independent investment advisers may custody their clients' assets and accounts at Schwab through the Schwab Advisor Services enterprise. Additionally, there are limitations in the contact you can have with clients of these investment advisers, which are outlined in our Confidential Manuals. You will also compete with insurance companies and their affiliates that offer securities and financial planning services in addition to traditional insurance products. Your competitors will include large institutions with global operations and highly-recognizable brand names in the financial industry offering all types of financial products and investment services. Although we are a large, well-established firm, some of the institutions that you will compete with are currently larger and more global than us. Factors affecting competition include cost, investment

performance, convenience, service, reliability, safety, distribution systems, reputation, and brand recognition.

6. Applicable Laws.

Federal and state laws and regulations require that you offer securities through a registered broker/dealer. We serve as your broker/dealer for that purpose. As a result, we will supervise all regulated activities that you and your registered employees conduct. Federal and state laws and regulations also require that we supervise your activities as our investment adviser representative. In order to discharge our supervisory responsibilities, we employ a dedicated Independent Branch supervisory structure with Independent Branch Market Leaders ("**IBMLs**") who will supervise the activities of IBLs and Independent Branches. Additionally, our centralized supervision team will support our IBMLs to help them identify potential supervision issues for field review and remediation.

Our supervisory duties as your broker/dealer are independent of your own supervisory duties. IBLs are responsible for supervising all activities of their employees, including brokerage and investment advisory activities.

The above laws are subject to frequent change and may become more restrictive over time. For example, the SEC recently passed Regulation Best Interest, which became effective June 30, 2020 and on December 15, 2020, the U.S. Department of Labor (DOL) issued the final version of a proposed fiduciary rule to regulate "investment advice fiduciaries" under the Employee Retirement Income Security Act of 1974. In addition, several states have engaged in rulemaking or are currently considering whether and how to impose a fiduciary duty on broker-dealers who provide investment advice. New rules may impact the potential revenue that you may earn as an IBL. These laws and regulations may change during the term of the Franchise Agreement and affect the way you do business or your operating expenses.

You must obtain the appropriate registrations, certificates, licenses, and training required by FINRA, other governmental and regulatory agencies, and federal and state securities laws in order to engage in activities as our registered representative and investment adviser representative or to sell authorized insurance products to Independent Branch Clients. You must register with state authorities in each state where an Independent Branch Client maintains a principal residence before you may provide that particular Independent Branch Client with any brokerage services or investment advice. This means that if an Independent Branch Client maintains a principal residence outside of the state where you locate your Independent Branch, you will need to register with authorities in more than one state.

In addition to complying with these requirements, our IBLs must complete training requirements under the Franchise Agreement. As regulations, products, and services change in the future, we may require you to complete additional training. If you do not currently possess an insurance license, you must obtain the appropriate state license(s) within one year after you sign the Franchise Agreement. Until you or your Independent Branch Financial Consultants possess the necessary insurance license(s) to offer insurance products, you must refer the Independent Branch Client to our centralized insurance team. No compensation will be paid until you or your Independent Branch Financial Consultants possess the necessary insurance license(s) to offer insurance products. Suitability of all insurance related activities by IBLs and their Independent Branch Financial Consultants is supervised by a centralized team.

The chart below summarizes your insurance requirements:

Insurance	Description	By When
State License	You and your Independent Branch Financial Consultants must each possess appropriate insurance licenses in your state of residence and, if applicable, your clients' state of residence to receive any compensation related to insurance products.	If you do not currently possess an insurance license, you must obtain the appropriate state license(s) within one year after you sign your Franchise Agreement.

Before you sign the Franchise Agreement, you must demonstrate that (i) you are currently registered as a Series 7 General Securities Representative and as a combined Series 63 & 65 or 66 securities agent and investment adviser representative, or (ii) in less than the last 24 months before signing the Franchise Agreement held these registrations in good standing, or (iii) commit to securing the above licenses prior branch opening. If we offer you a franchise, a material condition of the Franchise Agreement is that you must maintain in good standing for the term of the Franchise Agreement the registrations noted in the chart below.

If you have not passed the FINRA Series 9/10 examination, for the first 120 days after you sign your franchise agreement, we will serve as your Office of Supervisory Jurisdiction ("**OSJ**") without additional charge to give you time to pass the Series 9/10 examination and qualify as your own OSJ. After 120 days, if you have not successfully passed the Series 9/10 examinations or your office has not been designated as an OSJ, we will charge you a monthly Centralized Supervision Fee that is payable to us beginning in the month in which the 121st day following the signing of your franchise agreement falls. You are required to qualify as your own OSJ within one year after you sign your franchise agreement. Failure to qualify will be cause for termination of the franchise. The chart below summarizes your FINRA Series requirements:

FINRA Series	Description	By When
7	General Securities Representative This examination qualifies a representative to engage in the solicitation for the purchase and/or sale of all types of securities products including corporate securities, municipal securities, mutual fund securities, options, direct participation programs, investment company products, and variable contracts.	You must obtain the Series 7 on or before the date the Independent Branch opens for business to the public. If you employ others and want to designate them as an Independent Branch Financial Consultant or Associate Financial Consultant, they must pass the Series 7 examination before engaging in registered representative activities. In addition, FINRA also requires that you pass the Securities Industry Essentials Exam (SIE) before taking the Series 7 exam.

FINRA Series	Description	By When
9, 10	General Securities Sales Supervisor These registrations are held by individuals responsible for supervising sales activities in corporate, municipal, and options securities, investment company products, variable contracts and direct participation programs. Once you pass the Series 9 and 10 examinations, you are eligible to qualify your Independent Branch as an OSJ and yourself as the "**Supervisory Principal**" or "**OSJ Branch Office Manager**."	If you do not pass the Series 9 and 10 examinations within the first 120 days after signing your franchise agreement, we may impose the monthly Centralized Supervision Fee that we disclose in Item 6. We may terminate the Franchise Agreement if you do not pass the Series 9 and 10 examinations and have the Independent Branch designated as an OSJ within 12 months after signing your franchise agreement.
63 & 65, or 66	Passing the Series 66, Uniform Combined State Law examination, qualifies a Series 7 general securities representative as both a securities agent and an investment adviser representative. If an IBL has passed the Series 65 examination, but not the Series 66 examination, IBL will need to pass the Series 63 examination An IBL will need to pass the Series 66 examination if IBL has not passed the Series 65 or Series 63 examination.	You must pass the Series 65 and Series 63 examinations or the Series 66 examination on or before the date the Independent Branch opens for business to the public. If you employ others and want to designate them as either an Independent Branch Financial Consultant or Associate Financial Consultant, in additional to obtaining the series 7 license, they must pass the Series 63/65 or 66 FINRA examinations before engaging in registered representative or investment adviser activities.

If you hire employees, you must comply with federal, state, and local laws, including those requiring businesses to pay minimum wage, withhold employer taxes, purchase unemployment and workers compensation insurance, and pay other types of business, use and occupancy taxes as a privilege of doing business.

You are solely responsible for investigating and complying with all laws applicable in the state where you locate your Independent Branch, including all applicable laws, rules, and orders of any government authority concerning public health and other crises, which may require an Independent Branch to modify, limit, or close its physical location for a period of time.

7. Your Other Obligations.

You must own the Independent Branch franchise, sublease the Independent Branch premises, and operate your Independent Branch as a sole proprietor. Consequently, you may not

own or operate the Independent Branch franchise as or through a business entity. You must use a personal (this means an individual, not entity or joint) bank account for receipt of all Net Payout deposits. Before opening your Independent Branch for business, you must obtain appropriate business licenses under state and local laws to operate the Independent Branch as a sole proprietor.

Item 2.
BUSINESS EXPERIENCE

Except as otherwise indicated, all individuals work in our San Francisco, California office.

Chairman of the Board: Charles R. Schwab

Mr. Schwab has been Chairman and a director of CSC since its incorporation in 1986. Mr. Schwab served as Chief Executive Officer of CSC from 1986 to 1997 and from 2004 until 2008. He served as Co-Chief Executive Officer of CSC from 1998 to 2003. Mr. Schwab was a founder of Schwab in 1971.

Chief Executive Officer: Walter W. Bettinger II

Walter W. Bettinger II, has been President of The Charles Schwab Corporation since 2007 and Chief Executive Officer of Schwab and CSC since October 2008. In addition, Bettinger serves on the Board of Directors of The Charles Schwab Corporation, Charles Schwab & Co., Inc., and the Charles Schwab Bank, as well as Chairman of The Board of Trustees for the Schwab managed mutual funds and exchange traded funds. Prior to assuming his current role, he was most recently Chief Operating Officer of The Charles Schwab Corporation.

Managing Director, Chief Compliance Officer: Barbara Armeli

Ms. Armeli joined Schwab in March 2000. She has had a variety of leadership roles in the Compliance Department. In February 2004, she was named our Vice President of Sales Practice Compliance and Investment Advisor Chief Compliance Officer. In February 2018, she was named our Chief Compliance Officer. Ms. Armeli held the same role under the title of Senior Vice President, Chief Compliance Officer until 2021, when her title changed as a result of our 2021 organizational restructure.

Director Field Sales, Independent Branch Services: Christine A. Baker (Sandy Springs, GA)

Since joining the firm in August 2011, Ms. Baker has served as Director Field Sales, Independent Branch Services division. Presently, she leads the national franchise sales and transfer initiative for Independent Branch Services including sales strategy, management and direct sales. Ms. Baker brings 30+ years' experience in sales and relationship management roles with several major broker dealer and custody firms. Ms. Baker held the same role under the title of Managing Director from 2015 until 2021, when her title changed as a result of our 2021 organizational restructure.

Managing Director, Supervision & Controls: Agnes Cahill (Paramus, NJ)

Agnes Cahill joined Schwab in May 2013 as the Vice President supporting Investor Services Branch Supervision. In September 2018, she was named the Senior Vice President leading the

Supervision and Control Team of Investor Services. Ms. Cahill held the same role under the title of Senior Vice President, Supervision & Controls until 2021, when her title changed as a result of our 2021 organizational restructure.

Managing Director, General Counsel: Yusuf Cassim

Since September 1998, Mr. Cassim has been part of the Corporate Legal Services Group, serving as Associate General Counsel from 1998-2021, before assuming his current title in 2021. Mr. Cassim supports multiple business units' strategic initiatives, leads a legal team supporting commercial transactions, real estate, franchising and actively handles high profile, high risk, business critical matters. Throughout his tenure with Schwab, Mr. Cassim has guided senior management through complex legal business decisions, sophisticated commercial transactions, and commercial disputes.

Director, Real Estate: Kaitlan Keppler (Chicago, IL)

Kaitlan Keppler joined Schwab in September 2009. She began supporting Independent Branch Services in April 2013 as Sr. Strategy Manager and served in that position until September 2019. Since September 2019, she's served as Director overseeing the Independent Branch Real Estate Portfolio.

Managing Director, Head of Investor Services and Marketing: Jonathan Craig

Since 2018, Mr. Craig has served in his current role, as Senior Executive Vice President until his title changed to Managing Director, Head of Investor Services & Marketing as a result of our 2021 organizational restructure. Previous positions with our company include Executive Vice President and Chief Marketing Officer (Sept 2012 – Feb 2018), Senior Vice President of Retail Marketing & Client Acquisition (May 2010 to September 2012), Vice President and Chief of Staff to the Chairman of our Board, Charles Schwab (April 2008 to April 2010), and Vice President of Client Experience (June 2004 to March 2008). Mr. Craig joined our company in February 2000.

Managing Director, Chief Financial Officer: Peter Crawford

Mr. Crawford has served in his current role as our Executive Vice President and Chief Financial Officer from May 2017 until his title changed to Managing Director, Chief Financial Officer as a result of our 2021 organizational restructure. Previously, he served as our Executive Vice President of Finance from August 2015 through May 2017 and as our Senior Vice President of Asset Management Client Solutions from January 2009 through August 2015. Mr. Crawford joined us in 2001.

Managing Director, Independent Branch Services: David Hamasaki (Lone Tree, CO)

Mr. Hamasaki has served in our Independent Branch Services Division since February 2011. He served as a Managing Director from February 2011 until August 2016, and presently serves as Managing Director, Independent Branch Services, a role in which he has served since September 2016. (Mr. Hamasaki held the same role under the title of Vice President, Independent Branch Services until 2021, when his title changed as a result of our 2021 organizational restructure). Prior to joining our Independent Branch Services Division, Mr. Hamasaki served as our Managing Director, Process Improvement (January 2009 to January 2011), Managing Director, Help and Guidance (October 2003 to December 2008), and Director, Schwab Private Client (May 2001 to September 2003). Mr. Hamasaki joined our company in 1995.

Managing Director, Chief Operating Officer: Joseph R. Martinetto

Mr. Martinetto was our Chief Financial Officer from May 2007 until May 2017, when he moved into an operational role overseeing many parts of our middle- and back office functions. He was named Chief Operating Officer in March 2018, which he remains today, overseeing Schwab's Technology Services, Operations, Legal Services, Banking and Trust Services, and First Line Risk Management organizations. From 1997 to 2001, and again from 2003 to 2007, he served as our Treasurer. From 2001 to 2003, he led our Investor Services Finance organization. Mr. Martinetto joined Schwab in 1997.

Managing Director, Retail Distribution Compliance: Chad Nichols (Lone Tree, CO)

Chad Nichols joined Schwab in June 2020 as the Vice President supporting Retail Distribution Compliance and since our 2021 title restructure continues to serve in the same role under the title Managing Director, Retail Distribution Compliance. Prior to joining Schwab, Mr. Nichols was with Janus Henderson Investors as Head of Distribution Compliance and Chief Compliance Officer of Janus Henderson Distributors from 2017 to 2020 and held a number of additional compliance leadership roles with Janus Capital Group from 2013-2016. He was also the Director of Compliance for Betterment from 2016 to 2017.

Managing Director, Independent Branch Services: Craig Taucher (Lone Tree, CO)

Since November 2012, Mr. Taucher served as Senior Vice President, Independent Branch Services division and since our 2021 title restructure continues to serve in the same role under the title Managing Director, Independent Branch Services. From August 2011 to November 2012, he served as Senior Vice President, National Network Leader for Independent Branch Services. Mr. Taucher joined us in 2011.

Managing Director, Branch Network Leader: Joseph Vietri (Phoenix, AZ)

Mr. Vietri served as Our Senior Vice President, Investor Services and since our 2021 title restructure continues to serve in the same role under the title Managing Director, Branch Network Leader. Since November 2014, Mr. Vietri heads the branch network and acquisition delivery for Charles Schwab & Co. Inc., as well as Schwab's Independent Branch initiative, designed to expand Schwab's retail branch footprint through a franchise model in local markets. Prior to this role, Mr. Vietri served as Chief Executive Officer at options Xpress, Inc. in Chicago, Illinois from February 2012 to November 2015. Since joining Schwab in 1994, Mr. Vietri has served as: SVP, Advisor Services Trading from August 2008 to May 2010; SVP, Specialty Sales & Investor Business Development teams for the Schwab Investor Services from 2006 to 2008, Vice President of Active Trader Sales from 2001 to 2006; and Vice President of Mortgage Products from 1999 to 2001.

Managing Director, Sales Operations: Molly Whelan

Since September 2019, Ms. Whelan served as Vice President of Sales Operations for the Retail Branch Network, including both independent and company-managed branches, and since our 2021 title restructure continues to serve in the same role under the title Managing Director, Sales Operations. Prior to this, Ms. Whelan served as Vice President, Independent Branch Services division from February 2017 through September 2019. From October 2014 through January 2017, she served as Vice President of Client Experience for our company-managed branches, responsible for designing key customer journeys that support client acquisition and retention.

From August 2013 through October 2014, she served as Managing Director of Independent Branch Services division. From June 2009 through July 2013, Ms. Whelan served in leadership roles supporting the Schwab Advisor Network and the affluent investor client segment.

President, The Charles Schwab Corporation: Rick Wurster

Mr. Wurster was appointed President of The Charles Schwab Corporation in October 2021. Prior to his appointment, Mr. Wurster served as head of Schwab Asset Management Solutions from 2019 to 2021. He also served as CEO of Charles Schwab Investment Management, Inc. (CSIM) from 2019 – 2021, and was CEO of Charles Schwab Investment Advisory, Inc. (CSIA) from 2018 to 2021. Mr. Wurster was CEO of ThomasPartners, Inc. and Windhaven Investment Management, Inc. prior to their integration into CSIA. Mr. Wurster previously worked for Wellington Management and McKinsey & Company. Mr. Wurster joined Schwab in 2016.

Item 3.
LITIGATION

Administrative, Civil, or Criminal Actions

The Nasdaq Stock Market LLC, Charles Schwab & Co., Inc., File No. 2015044918101 (Acceptance, Waiver and Consent ("**AWC**") entered May 26, 2020)

Nasdaq alleged that Schwab's controls for orders directly routed to Nasdaq and for orders routed to other broker-dealers were not reasonably designed to prevent the entry of erroneous orders because they were unreasonably high, failed to fully take into account the trading characteristics of the underlying securities, and failed to reject orders that were not reasonably related to the quoted prices of securities. Without admitting or denying the findings, Schwab consented to a censure, a fine of $50,000, an undertaking to implement risk management controls and procedures reasonably designed to achieve compliance with the rules and regulations cited in the AWC, and an undertaking to revise its written supervisory procedures and written description of its risk management controls described in the AWC.

Civil Complaint, Securities and Exchange Commission v. Charles Schwab & Co., N.D. Cal., Case No. 18-cv-3942 (Resolved on July 9, 2018)

Pursuant to a consent executed by Charles Schwab & Co., Inc. and filed with the federal district court on July 9, 2018, Schwab consented to the entry of an injunction regarding Schwab's alleged failure to file suspicious activity reports ("**SARs**") on suspicious transactions by independent, third party investment advisers that Schwab terminated from its custodial platform in violation of Section 17(a) of the Securities Exchange Act of 1934 ("**Exchange Act**") and Rule 17a-8 promulgated thereunder. The advisers were not affiliated or associated with Schwab in any way. Schwab terminated the advisers for engaging in activity that CS&CO. determined had violated its internal policies or presented risk to the firm and its customers. Without admitting or denying the allegations, Schwab consented to (i) the entry of a permanent injunction from violating Section 17(a) of the Exchange Act and Rule 17a-8 thereunder, and (ii) pay a civil penalty in the amount of $2,800,000.

Chicago Board Options Exchange, Business Conduct Committee, In the Matter of Charles Schwab & Co., Inc., File No. 18-0014 (Order entered August 30, 2018)

CBOE Exchange claimed that, between January 2010 through December 2016, Charles Schwab & Co., Inc. inaccurately reported large options positions reporting ("**LOPR**") records, failed to report LOPR records, failed to establish adequate supervisory systems reasonably designed to ensure compliance with a CBOE rule, and failed to reasonably supervise its LOPR reporting activity. Without admitting or denying that a violation of Exchange rules was committed, Schwab consented to a censure and to pay a fine of $300,000.

FINRA, Department of Market Regulation, In the Matter of Charles Schwab & Co., Inc. File No. 20160487988-01 (AWC entered Oct. 16, 2017)

Schwab entered into a settlement with FINRA regarding its failure to timely report eligible securitized transactions to the Department of Market Regulation's Trade Reporting and Compliance Engine ("**TRACE**"), to report the correct trade execution time for transactions in TRACE-eligible securitized products, and to show the correct execution time on brokerage order memoranda. In October 1, 2015 through December 31, 2015, and July 1, 2016 through September 30, 2016, the TRACE Reporting Division of the Department of Market Regulation reviewed Schwab's trade reporting to TRACE and determined that Schwab failed to: (1) timely report to TRACE certain transactions in TRACE-eligible securitized products in violation of FINRA Rules 6730(a) and 2010; (2) report to TRACE the correct time of trade execution for certain transactions in violation of FINRA Rule 6730(c)(8); (3) timely report to TRACE certain transactions in violation of FINRA Rule 6730(a); and (4) show the correct time of execution on the memorandum of certain broker orders in violation of Section 17 of the Securities Exchange Act (the "**SEA**") SEC Rule 17a-3 and FINRA Rules 4511 and 2010. Without admitting or denying the findings, Schwab consented on October 16, 2017, to a censure and a monetary fine of $50,000.

Texas State Securities Board, In the Matter of the Dealer Registration of Charles Schwab & Co., Inc. Order No. IC-CAF-16 (Consent Order "Order") entered September 22, 2016

Schwab entered into a consent order with the Texas State Securities Board ("Board") in which it agreed to pay a $90,000 penalty and contribute an additional $30,000 to a Texas investor education fund to resolve allegations that Schwab violated Board Rule 115.10(a). The Board found that Schwab failed to follow its own procedures by not promptly removing the trading authorizations of certain non-employee third parties who held powers of attorney over customer accounts after Schwab flagged them as not being registered as investment advisers under Texas law.

Civil Complaint, Robert Crago, et al. v. Charles Schwab & Co., Inc., et al., N.D. Cal., Case No. 16-cv-03938-RS

On July 13, 2016, a securities class action lawsuit was filed in the U.S. District Court for the Northern District of California on behalf of a putative class of customers executing equity orders through Schwab. The lawsuit names Schwab and CSC as defendants and alleges that an agreement under which Schwab routed orders to UBS Securities LLC between July 13, 2011 and December 31, 2014 violated Schwab's duty to seek best execution. Plaintiffs seek unspecified damages, interest, injunctive and equitable relief, and attorneys' fees and costs. After a first amended complaint was dismissed with leave to amend, plaintiffs filed a second amended complaint on August 14, 2017. Defendants again moved to dismiss, and in a decision issued

December 5, 2017, the court denied the motion. Defendants have answered the complaint to deny all allegations and intend to vigorously contest the lawsuit.

FINRA, Department of Market Regulation, In the Matter of Charles Schwab & Co., File No. 20140428736-01 (AWC entered Aug. 24, 2015)

Schwab entered into a settlement with FINRA regarding our not maintaining sufficient net capital under SEA Rule 15c3-1 on three days in 2014. In July 2014, the firm self-reported these violations, which resulted from overnight transfers to its parent corporation, made for risk mitigation and investment purposes, to FINRA and the SEC. FINRA also found that we did not have adequate written supervisory systems or procedures in place, pursuant to NASD Rule 3010, to assess the potential net capital impact of the intercompany transfers. In addition, FINRA found that we continued to classify certain broker-dealer and mutual fund accounts as customer accounts instead of proprietary accounts of broker-dealers, in accordance with certain 2014 amendments to SEA Rule 15c3-3(e). Without admitting or denying the findings, Schwab consented on August 24, 2015, to a censure and a monetary fine of $2,000,000.

Civil Complaint, People of the State of New York, et al. v. Charles Schwab & Co., S.D.N.Y., Case No. 453388-2009 (Settlement entered February 3, 2015)

On August 17, 2009, the New York State Attorney General ("**NYAG**") filed a civil complaint against us alleging that we had made material misrepresentations and omissions regarding the liquidity risks of auction rate securities. The complaint sought restitution, disgorgement, penalties and other relief, including repurchase of securities held in client accounts. By order dated October 24, 2011, the court granted our motion to dismiss the complaint. On November 30, 2011, the NYAG appealed and in a decision issued August 29, 2013, the Appellate Division reinstated two of the NYAG's four causes of action. On December 31, 2013, the Appellate Division denied a petition by the NYAG for reconsideration and reinstatement of one of the two causes of action. Schwab and the NYAG subsequently entered into a settlement agreement, dated February 3, 2015, that provided for dismissal with prejudice of the complaint and agreement by Schwab to notify customers who had purchased auction rate securities of the settlement agreement and to extend the limitation period for bringing arbitrations claims for one year from the date of such notification.

SEC, In the Matter of Charles Schwab & Co., File No. 3-16232 (Administrative Order entered November 3, 2014)

The SEC alleged that in March 2014 Schwab effected four unsolicited sales transactions in Puerto Rico General Obligation Bonds of 2014 Series A with customers in amounts below the $100,000 denomination of the issue. Once aware, Schwab promptly cancelled the transactions and amended its policies and procedures to comply with the Municipal Securities Rulemaking Board ("**MSRB**") Rule G-15(F). In November 2014, in consideration of remedial acts taken by Schwab, the SEC accepted Schwab's settlement offer consisting of a $61,800 fine and censure. Schwab neither admitted nor denied the allegations.

FINRA, Department of Market Regulation, In the Matter of Charles Schwab & Co., File No. 20110289412-01 (AWC entered Aug. 23, 2013)

A disciplinary action initiated by FINRA asserted that Schwab failed on 44 occasions during the second quarter of 2011 and on 245 occasions during the first half of the 2012 review period to provide written notification disclosing to its customers a call date that was consistent

with the disclosed yield to call, in violation of SEC Rule 10b-10. Without admitting or denying the allegations, Schwab consented on August 23, 2013, to a censure and a monetary fine of $12,500.

FINRA, Department of Market Regulation, In the Matter of Charles Schwab & Co., File No. 20100228149-01 (AWC entered July 26, 2012)

Without admitting or denying the findings, the firm accepted and consented to a censure, $35,000 fine and the entry of findings that it failed to report information regarding 29 purchase and sale transactions effected in municipal securities to the real-time transaction reporting system under MSRB Rule G – 14 within 15 minutes of trade time and failed to report the correct yield in 206 reports of municipal securities transactions.

Chicago Board Options Exchange, Inc., ("**CBOE**"), Business Conduct Committee, In the matter of Charles Schwab & Co., File No. 12-0137 (Order entered May 29, 2013)

The CBOE alleged that from approximately November 8, 2011 through approximately December 7, 2011, a number of "**in-the-money**" AMGN call options contracts were sold from client accounts at one or more Company Managed Branches while shares of AMGN common stock were simultaneously tendered before the expiration of the proration period in contravention with Rule 14E-4 of the Securities Exchange Act of 1934. The CBOE also alleged that we failed to impose adequate supervisory procedures to ensure compliance with SEC Rule 14E-4 relating to partial short tender activity. The firm was censured and fined $10,000 and neither admitted nor denied the alleged violations.

CBOE, Business Conduct Committee, In the Matter of Charles Schwab & Co., File No. 13-0021 (Order entered May 29, 2013)

Without admitting or denying the allegations, the firm was censured and fined $10,000 and ordered to enhance its written supervisory procedures to require review and approval of the final draft of options communications by registered options principals and to conduct training of all employees who have responsibilities concerning options communications, review and publication.

FINRA, Department of Enforcement, In the Matter of Charles Schwab & Co., File No. 20110297602-01(AWC entered April 24, 2014)

FINRA alleges that we amended our customer account agreement to include a waiver of class action or representative action provision (the "**Class Action Waiver**") and limit the ability of arbitrators to consolidate claims in violation of NASD Rule 3110(f)(4) and FINRA Rules 2268(d) and 2010. On February 21, 2013, a FINRA hearing panel dismissed FINRA's claims relating to the Class Action Waiver, and held that we violated NASD Rule 3110(f)(4)(A) and FINRA Rules 2268(d)(1) and 2010 in connection with FINRA's claim relating to limitations on the consolidation of claims, and imposed a penalty against us of $500,000. On February 26, 2013, FINRA's Department of Enforcement appealed the decision of the FINRA hearing panel to FINRA's National Adjudicatory Council. Schwab entered into a letter of acceptance, waiver and consent with FINRA on April 24, 2014, whereby FINRA and Schwab dismissed their cross appeals and Schwab agreed to remove the class action waiver from its customer agreement and to pay the fine imposed by the hearing panel.

FINRA, Department of Enforcement, In the Matter of Charles Schwab & Co., Inc., File No. 20110290743-02 (AWC entered December 18, 2013)

A disciplinary action initiated by FINRA asserted that, in violation of FINRA Rules 2010 and 3310(a), Schwab failed to implement policies and procedures that were reasonably designed to detect and cause the reporting of suspicious incoming wire transactions occurring in August 2011. Without admitting or denying the findings, Schwab consented to the described sanctions and to the entry of findings. Therefore, on December 18, 2013, Schwab was censured, fined $175,000 and required to conduct a comprehensive review of the adequacy of its Anti-Money Laundering policies, systems, procedures (written or otherwise), and training with respect to detecting and reporting suspicious incoming wire transfers.

Franchisor/Franchisee Matters (Last Fiscal Year)

None.

* * *

Other than these actions, no other litigation is required to be disclosed in this Item.

Item 4.
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

Item 5.
INITIAL FEES

You will pay us a minimum deposit of $25,000 when you sign a Preliminary Agreement with us[1]. If you sign a Franchise Agreement with us, we will apply this deposit toward your Franchise Fee subsequently due under the Franchise Agreement. If you do not sign a Franchise Agreement with us, then we will refund the full amount of the deposit to you, except in the following instances: (1) we elect not to grant you an Independent Branch franchise and our decision is because of a criminal, disciplinary, or other event or circumstance that we determine would prevent you from becoming an associated person and/or registered representative of ours under applicable law or regulation or under our internal policies, or (2) in the event that we determine a location that you propose is not viable for use as an Independent Branch, and in the event that we present a reasonable alternative to serve as the location within 90 days, you elect not to enter into a Franchise Agreement with us for any reason. In these two instances, the deposit is non-refundable.

After you sign a Franchise Agreement with us, and within 30 days after your Independent Branch opens, you will pay us a Franchise Fee ranging between $25,000 and $50,000. The deposit you paid to us under the Preliminary Agreement will count toward the Franchise Fee. During fiscal year ending December 31, 2021, all new IBLs paid us an initial Franchise Fee of $50,000.

We determine the exact amount of the Franchise Fee that you will pay after discussions with you before you sign the Franchise Agreement. We base the Franchise Fee amount on a number of factors, including the potential business opportunity in the local market and the level of Seeded Client Assets that we propose to assign to your Independent Branch. We do not seed the

[1] In the rare instance where we have already entered into a Master Lease prior to the time when we would execute the Preliminary Agreement, you will pay the full $50,000 Franchise Fee after you sign the Franchise Agreement and within thirty (30) days after your Independent Branch opens.

same number of clients or client assets to every franchisee nor do we promise to propose a minimum number of clients or client assets to every IBL. For example, we may have few or no existing Schwab Clients in certain areas of the United States and, if you desire to open an Independent Branch in a remote market, we may not be able to propose any level of Seeded Client Assets. If we do propose to assign your Independent Branch some level of Seeded Client Assets, our proposal will be our best estimate, as individual prospective Seeded Clients may ask not to be reassigned to you, and the asset level may vary based on market movement.

Before you execute the Franchise Agreement, we will inform you of the amount of the Franchise Fee. The Franchise Fee is not a reflection of the value or revenue potential of the Independent Branch.

The Franchise Fee is fully earned when paid and not refundable except if we terminate the Franchise Agreement based on your failure to execute the Sublease and/or amendment for the Approved Location within 30 days after we present the Sublease and/or amendment to you, or your failure to execute the Confirmation Agreement for the Approved Location attached as **Exhibit D** to the Sublease within 30 days after we present the Confirmation Agreement to you.

If this occurs, we will refund $10,000 of the Franchise Fee upon your execution of our General Release (**Exhibit F**).

Item 6.
OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Association Fee (Note 1)	Currently, $250 per month	Debited monthly as part of our reconciliation in determining your Net Payout for the month	
Sublease Rent (Note 2)	$2,500 to $8,300 per month, but it could be lower or higher.	Debited monthly as part of our reconciliation in determining your Net Payout for the month	Tables included in Note 2 provides additional information on monthly Sublease Rent ranges.
Facilities Fee (Note 3)	$7,500 to $15,600 per month, but it could be lower or higher.	Debited monthly as part of our reconciliation in determining your Net Payout for the month	Table included in Note 3 provides additional information on monthly Facilities Fee ranges.

Name of Fee	Amount	Due Date	Remarks
Branch Hardware and Connectivity Service Fee (Note 4)	Approximately $1,500 per branch, but can be substantially higher depending on additional equipment requests and possible broadband service upgrades. For each additional workstation, the Branch Hardware and Connectivity Service Fee increases by approximately $100 per workstation. If you would like to upgrade your network connection, additional fees of $500 to $1,500 per month will be required.	Debited monthly as part of our reconciliation in determining your Net Payout for the month	
Client Servicing Fee (Note 5)	$1.50 to $2.00 per account per month	Debited monthly as part of our reconciliation in determining your Net Payout for the month	This fee only applies to accounts with an ending monthly balance of greater than $10,000.
Reassigned Client Fee (Note 6)	For clients with household assets of less than $250,000, the Reassigned Client Fee will be based on the previous month's, or last published, Non-Advised Revenue Rate times two. For clients with household assets of $250,000 or greater, the Reassigned Client Fee will be based on previous month's, or the last published, Non-Advised Assets Revenue Rate	Debited monthly as part of our reconciliation in determining your Net Payout for the month	For clients that you elect to reassign and we, approve, we will use the 50% Multiplier (that we describe in Item 1). Table included in Note 6 provides details on assets reassigned by operating year.

Name of Fee	Amount	Due Date	Remarks
Centralized Supervision Fee (Note 7)	Up to $5,000 per month per Independent Branch	Debited monthly as part of our reconciliation in determining your Net Payout for the month	This fee is payable only if you do not have a Series 9/10 General Securities Sales Supervisor license within 120 days after signing the franchise agreement.
Insurance Fee (Note 8)	Typically between $220and $400(average) per month per registered representative	Debited monthly as part of our reconciliation in determining your Net Payout for the month	This fee reflects the "pass-through" cost of premiums for required insurance.
Client Accommodations and Promotions ("CAP Charges") There are two types of CAP Charges: (i) accommodations to correct minor service errors ("Service Recovery Accommodations" or "SRAs"); and (ii) accommodations to retain or expand client business ("Business Development Promotions" or "BDPs"). (Note 9)	The amount is based upon the size of the CAP Charges and the amount for which you are responsible.	We will debit your portion of the value of any CAP Charge in the month the CAP Charge is given as part of our reconciliation in determining your Net Payout for the month. CAP Charges which we, you, or any other IBL may give to a Schwab Client may reduce the Revenue Rate that we use to compute your Net Payout.	CAP Charges may take the form of credits, reduction of fees or commissions, discounts for future or past services, promotions or any comparable financial accommodation. The Confidential Manuals outline when you or Schwab may make an SRA or BDP and the percentage of that charge that you or Schwab will pay.
Client Complaint Settlement or Sanction (Note 10)	Will vary based on particular situation.	Upon demand. You pay this amount to us as part of our reconciliation in determining your Net Payout.	You must fully indemnify us for settling any client complaint (formal or informal) or any government agency or self-regulatory organization complaint or any sanction imposed on us or that we otherwise pay as a settlement arising out of your or any of your employees' conduct.
Policy Violation Fee (Note 11)	Maximum of $5,000 per month.	Upon demand. You pay this amount to us as part of our reconciliation in	In addition to the Policy Violation Fee, you must indemnify us for costs that we incur

Name of Fee	Amount	Due Date	Remarks
		determining your Net Payout.	as a result of a policy violation (see Note 10)
Transfer Fee (Note 12)	$25,000	Payable prior to transfer.	
Management Fee (Note 13)	50% of your monthly Net Payout beginning at the time of your absence from actively operating the Independent Branch and running for the duration of your absence.	Debited monthly during the period of your absence	
Client Account Purchase Fee (Note 14)	4% of the market value of the assets that an Independent Branch Client asks us to transfer to the next financial services firm with which you associate either 90 days before or 548 days after the sale, termination or expiration of the Franchise Agreement. This fee also applies if Independent Branch Clients ask us to transfer any of their assets to the next financial services firm with which your registered employee associates any time during the term of the Franchise Agreement.	Within 30 days after we issue you an invoice for the Client Account Purchase Fee.	In calculating the Client Account Purchase Fee, we will exclude account assets of Transitioned Clients if you elect to accept a 50% adjusted revenue amount for Transitioned Clients (the “50% Multiplier” that we describe in Item 1) when you execute the Franchise Agreement.

Name of Fee	Amount	Due Date	Remarks
Interest (Note 15)	Greater of 10% per annum or prime rate plus 5% per annum, not to exceed the maximum amount permitted under applicable law.		Note 15 explains when we may impose interest on late payments.
Reassigned Advisor Client Fee (Note 16)	4% of the market value of the assets in accounts of Reassigned Advisor Clients.	Payable as part of your Net Payout reconciliation in the month that Reassigned Advisor Client accounts are assigned to your Independent Branch.	
Network Meeting Registration Fees (Note 17)	Up to $1,000 per person per year	Before Network Meeting begins	We may require that you and all your registered employees who work at your Independent Branch attend up to 4 Network Meetings per year.
Optional Technical Solutions			
Real-Time Market Data (Optional)	$75 to $185 per month depending on level of service that you select	Debited monthly as part of our reconciliation in determining your Net Payout for the month	You only pay this fee if you opt for a real time market data feed. The specific price is determined by level of service (e.g., Level II quotes)

Notes to Item 6 – Other Fees

To Whom Payments Are Made: All fees are payable to us as a debit against the calculation of your Net Payout. We calculate the Net Payout each month and currently remit the positive Net Payout amount by the final business day of the month after the month in which you earn revenue. We may, at a future date, change the accounting period for calculating and remitting the Net Payout. We will provide you with a monthly accounting of the Net Payout by the final business day of the next month whether the Net Payout is a positive or negative number. If the Net Payout is a negative number, we may carry-forward and deduct the debit from your next positive Net Payout or require you to pay us the full amount of the debit immediately upon demand. Alternatively, at our discretion, we may allow you to pay the negative Net Payout by a later date that we specify. Any negative Net Payout amount is a liability that you owe to us. We may impose interest on any negative Net Payout balance as we explain in Note 15.

Because we may assign certain categories of Schwab Clients to your Independent Branch before the date that the Independent Branch opens, you may earn revenue from these accounts before the opening date. You are also liable for certain Item 6 fees before the opening date starting with the month in which we assign Schwab Clients to your Independent Branch including (i) the

Errors & Omissions component of the Insurance Fee; and (ii) fees relating to Schwab Clients (e.g., the Client Servicing Fee, the Reassigned Client Fee, the Reassigned Advisor Client Fee, CAP Charges, charges for Client Complaint Settlements or Sanctions, and Policy Violation Fees). The first Net Payout statement that we issue to you will be for the first month after the first Schwab Client account is assigned to your Independent Branch.

Refund Conditions: All fees are non-refundable. At this time, we impose the fees that we describe in this Item 6 with respect to all franchisees who receive this Disclosure Document; however, we may reduce or waive fees in individual cases at our sole discretion. We also may have charged different fees in the past, and we may charge different fees in the future.

(1) The Association Fee is in consideration for the various Schwab System network benefits that we describe in this Disclosure Document and also compensates us for administrative services in supporting your branch and holding the necessary regulatory licenses for your Independent Branch Office and for you and your registered employees. We may increase the monthly Association Fee, but the monthly Association Fee will not exceed $500 each month during this term.

(2) Sublease Rent covers your basic rent as a subtenant and is based on the economic terms of the Master Lease. Monthly rent will vary based on the size and existing conditions of the retail space where you locate your Independent Branch and prevailing market rates. We estimate that annual rent will typically range between $20 and $45 per square foot per year for the types of buildings and in the types of markets in which we expect to situate Independent Branches. We also estimate that most Independent Branches will be between 1,500 and 2,200 square feet in size. Under these assumptions, annual rent would ran77ge from $30,000 ($20 per square foot x 1,500 square feet) to $99,000 ($45 per square foot x 2,200 square feet). On a monthly basis, this range converts to approximately $2,500 to $8,300 for rent. In individual cases, your basic rent may be lower or higher than this range. For example, rent in primary urban markets may be materially higher than our upper estimate. Your Sublease Rent is equal to a flat average monthly payment corresponding to our basic rental expense under the Master Lease through the end of the initial term, including any free rent or tenant improvement. Although the aggregate amount that you will pay us as Sublease Rent corresponds to our estimated payments under the Master Lease over the Master lease term, the monthly amount that you pay to us may not match our actual amount that we pay as basic rent to the landlord in any given period.

Rent accrued during any Temporary Occupancy (defined in Item 11 below) is aggregated and included in your Sublease rent as well.

Sublease Rent ranges and square footage for Independent Branches with open dates in 2019, 2020 and 2021 are outlined in the tables below:

Monthly Sublease Rent				
Independent Branches with open dates in 2019, 2020 and 2021				
	2019	2020	2021	3-Year Summary*
# of Branches	14	10	7	31
Average	$3,331	$4,144	$4,038	$3,753
# of Branches Above Average	7	5	4	14

Monthly Sublease Rent				
Independent Branches with open dates in 2019, 2020 and 2021				
# of Branches Below Average	7	5	3	17
Minimum	$1,797	$2,422	$1,722	$1,722
25th Quartile	$2,848	$3,547	$3,629	$2,945
Median (50th Quartile)	$3,219	$4,084	$4,226	$3,742
75th Quartile	$3,823	$4,969	$4,591	$4,466
Maximum	$4,778	$6,228	$5,881	$6,228

Branch Square Footage				
Independent Branches with open dates in 2019, 2020 and 2021				
	2019	2020	2021	3-Year Summary*
# of Branches	14	10	7	31
Average	1,605	1,906	1,902	1,769
# of Branches Above Average	5	4	4	15
# of Branches Below Average	9	6	3	16
Minimum	1,294	1,507	1,500	1,294
25th Quartile	1,489	1,738	1,751	1,550
Median (50th Quartile)	1,562	1,822	1,949	1,768
75th Quartile	1,750	1,998	2,055	1,971
Maximum	2,021	2,722	2,254	2,722

* This table reflects the Sublease Rent and square footage ranges only for Independent Branches that have opened in the last 3 years and does not reflect the information for all Independent Branches. Sublease Rent and square footage are location specific, so your Sublease Rent and square footage will be different depending on where your Independent Branch is located.

(3) The monthly Facilities Fee will vary based on our actual investment for tenant improvements that we make to your Independent Branch, furnishings, furniture, signs and decorations in order to adapt the retail space to our design and imaging criteria and prepare the Independent Branch for opening. These costs include (i) the construction necessary to convert the approved retail space to professional offices, including relocating and adding walls and changing lighting, flooring, wall coverings, and ceiling treatments and other similar development costs stated in the Sublease, and (ii) purchasing and installing new office furniture, furnishings, signs and decorations meeting our imaging and design standards. The Facilities Fee includes any project expense and operating expense associated with the Temporary Space.

The monthly Facilities Fee also includes operating expenses, building insurance premiums and real property taxes allocable to the Independent Branch estimated at $25 per square foot per year. This portion of the Facilities Fee covers our costs to maintain the premises in good and clean condition, janitorial services, utilities, security, and normal wear and tear repairs. The Facilities Fee also includes legal fees incurred by us in negotiating and drafting the Master Lease and Sublease and fees and charges imposed on us under the Master Lease including real estate taxes.

To arrive at a monthly Facilities Fee, we amortize these costs in equal monthly payments, generally over approximately 5 years (being the approximate initial term of the Sublease). The range of $7,500 to $15,600 per month assumes an up-front capital investment by us of $262,500 for an Independent Branch that is 1,500 square feet and $660,000 for an Independent Branch that is 2,200 square feet. The monthly Facilities Fee that you pay may be lower or higher than the range in the chart depending on circumstances unique to a particular retail space or if your Independent Branch is in an urban market.

Facilities Fee ranges for Independent Branches with open dates in 2019, 2020 and 2021 are outlined in the table below:

Monthly Facilities Fee				
Independent Branches with open dates in 2019, 2020 and 2021				
	2019	2020	2021	3-Year Summary*
# of Branches	14	10	7	31
Average	$8,252	$10,431	$11,159	$9,611
# of Branches Above Average	5	4	2	14
# of Branches Below Average	9	6	5	17
Minimum	$6,313	$8,690	$9,933	$6,313
25th Quartile	$7,305	$9,061	$10,229	$8,061
Median (50th Quartile)	$7,839	$9,895	$10,962	$9,495
75th Quartile	$9,179	$11,466	$11,533	$10,963
Maximum	$11,638	$14,335	$13,695	$14,335

* This table reflects the monthly Facilities Fees only for Independent Branches that have opened in the last 3 years and does not reflect the information for all Independent Branches. Facilities Fees are location specific, so your Facilities Fees will be different depending on where your Independent Branch is located.

We determine the actual Facilities Fee when your Independent Branch opens for business based on the approximate costs incurred to prepare the Independent Branch for opening and the operating expenses we expect to incur in the space throughout the term of the Franchise Agreement. We estimate operating expenses based on actual cost per square foot for other Schwab Branches in similar types of markets and the master landlord's estimate of the fees and charges they will pass through to us, such as real estate taxes. We may increase the Facilities Fee during the term of the Franchise Agreement by an amount equal to any increases in operating expenses that the landlord passes through to us, for example, increases in utility costs or for janitorial services. However, in the aggregate, increases to the Facilities Fee over the term of the Franchise Agreement will not exceed 50% of the Facilities Fee that we set before the date your Independent Branch opens for business.

You must pay us separately for expenses that we incur to repair damage to the premises or to any hardware that we furnish as part of the Schwab Technology System that we determine is from misuse and not from normal wear and tear. Normal wear and tear means damage to property that inevitably results from aging and normal use.

(4) The monthly Branch Hardware and Connectivity Service Fee is based on our expenses to purchase, install, maintain, and upgrade in your Independent Branch the branch hardware and to provide network connectivity. The Branch Hardware and Connectivity Service Fee that you will pay will vary based on the number of workstations, any customizations to the hardware that you request, and number of individuals working in the Independent Branch. All Independent Branches will have a minimum of two workstations, one at the greeter station and one in IBL's office. Empty offices will include two monitors. Conference room will be set up with technology. Large offices will have a TV. The approximate Branch Hardware and Connectivity Service Fee is $1,500/month for a branch with two workstations each with a basic configuration. Each additional workstation will add approximately $100/month to the Branch Hardware and Connectivity Service Fee. At your request, we may add approved optional features for an additional charge. We do not commit that we will be able to accommodate all requests for customization. Where available, we will offer multiple tiers of network connectivity options. The base option will be business-level broadband, and we will offer enhanced options that will provide for stronger and more reliable system performance. These enhanced network options can add $500 to $1,500 to your monthly fee. The Branch Hardware and Connectivity Service Fee covers all costs to maintain and upgrade the components of the branch hardware, but it does not cover costs for consumables (e.g., paper, office supplies, etc.). However, if we introduce a new piece of required functionality (e.g., iPads, Smart Speakers), you will be responsible for the expense and it will be reflected in your Branch Hardware and Connectivity Service Fee. Upon renewal, we may update your fee to the then-current rate based upon the current technology usage, subject to any increase for changes you request. For example, if you choose to convert the conference room to an office, the TV will be removed from the conference room wall. You will still be responsible for the remaining balance of the cost of the TV.

(5) The Client Servicing Fee covers a limited portion of incremental expenses to support some of the activities in the accounts on Schwab's platform. This support includes client service and account operations. This fee does not include the expenses of corporate administration and management, advertising and marketing, new technology development, technology infrastructure, product development or product management. The monthly accounting of this fee will be reflected in your Net Payout. The account fee will fall within the range shown in the table above.

(6) You may not solicit existing Schwab Clients who are assigned to another Schwab Branch. However, with our consent, we may reassign existing Schwab Clients to your Independent Branch who ask to be reassigned. If we reassign a Schwab Client to your Independent Branch, we will deduct the Reassigned Client Fee from your Net Payout in the month when the assignment takes place.

If a Schwab Client assigned to another Schwab Branch directs Schwab to reassign his or her accounts to your Independent Branch, you agree to pay to Schwab a Reassigned Client Fee equal to two times (2x) the amount of the Non-Advised Assets Revenue Rate for the prior month or the last published Non-Advised Assets Revenue Rate times the aggregate Market Value of the total household assets eligible for inclusion in the Asset Based Revenue Amount in the accounts reassigned to IBL's Independent Branch on the day of the reassignment for any Schwab Client with assets of less than $250,000.

For example, if the total amount of the reassigned household assets eligible for inclusion in the Asset Based Revenue Amount for the reassigned Schwab Client is equal to

$100,000 and Non-Assigned Assets Revenue Rate for the prior month, or the last published Non-Advised Assets Revenue Rate, was 0.38%, the Reassigned Client Fee shall be $760.

If the Schwab Client has reassigned household assets eligible for inclusion in the Asset Based Revenue Amount of $250,000 or greater, you agree to pay to Schwab a Reassigned Client Fee equal to the amount of the Non-Advised Assets Revenue Rate for the prior month, or the last published Non-Advised Assets Revenue Rate, times the aggregate Market Value of the assets in the accounts reassigned to your Independent Branch on the day of the reassignment. For example, if the total amount of the household assets eligible for inclusion in the Asset Based Revenue Amount for the reassigned Schwab Client is equal to $1,000,000 and Non-Assigned Assets Revenue Rate for the prior month, or the last published Non-Advised Assets Revenue Rate, was 0.38%, the Reassigned Client Fee shall be $3,800. The Non-Assigned Assets Revenue Rate shall be communicated to each IBL via the Net Payout Statement. The Reassigned Client Fee shall be paid in 12 equal installments over a period of 12 months for reassigned under $1,000,000 and over a period of 24 months for reassigned over $1,000,000 beginning in the month that the reassignment of all Schwab-held assets occurs as an offset taken in calculating the Net Payout in each month. The deferred portion of the Reassigned Client Fee amount is a liability owed to Schwab and may be subject to the imposition of interest after 30 days in accordance with the provisions of the Franchise Agreement. For purposes of the Net Payout calculations, the 50% Multiplier will be used for all Reassigned Clients.

Since the reassigned client fee is based on the amount of assets reassigned to Independent Branches, actual fees vary by branch. The following tables include ranges for newly reassigned client assets by operating year.

New Reassigned Assets For Operating Years 1 -5 Independent Branches with open dates in 2016, 2017, 2018, 2019 and 2020*					
	12 months of operation	24 months of operation	36 months of operation	48 months of operation	60 months of operation
# of Branches	46	36	22	12	4
Average	$43.6M	$35.7M	$28.4M	$35.0M	$17.4M
# of Branches Above Average	19	15	7	6	1
# of Branches Below Average	27	21	15	6	3
Minimum	$8.2M	$8.1M	$5.5M	$5.8M	$11.0M
25th Quartile	$18.9M	$21.0M	$13.9M	$16.2M	$13.4M
Median (50th Quartile)	$40.0M	$29.4M	$24.0M	$36.1M	$15.4M
75th Quartile	$55.4M	$47.4M	$36.1M	$49.5M	$19.3M
Maximum	$183.2M	$86.6M	$91.1M	$73.0M	$27.8M

* This table reflects the New Reassigned Assets ranges only for Independent Branches that opened in 2016 through 2020 and does not reflect the information for all Independent Branches.

If a Schwab Client assigned to your Independent Branch directs Schwab to reassign his or her accounts to another Schwab Branch, Schwab will pay to you a Reassigned Client Fee equal to 1% of the aggregate Market Value of the total household assets eligible for inclusion in the Asset Based Revenue Amount in the accounts reassigned away from your Independent Branch on the day of the reassignment if the total household value of the assigned accounts is less than $250,000. If a Schwab Client assigned to your Independent Branch directs Schwab to reassign his or her accounts to another Schwab Branch and the total household assets eligible for inclusion in the Asset Based Revenue Amount are $250,000 or greater, Schwab will pay to you a Reassigned Client Fee equal to the Non-Advised Assets Revenue Rate for the prior month or the last published Non- Advised Assets Revenue Rate times the aggregate Market Value of the assets in the accounts reassigned away from your Independent Branch on the day of the reassignment. Schwab's payment of the Reassigned Client Fee will be accomplished as a credit given to you in calculating the Net Payout for the Calendar Month in which Schwab completes the reassignment.

In the event that a Schwab Client assigned to your Independent Branch directs Schwab to reassign his or her accounts to another Schwab Branch and that Schwab Client previously directed Schwab to reassign his or her accounts to your Independent Branch, the Reassignment Rate shall be the same Reassignment Rate as used for the prior reassignment to you times the aggregate Market Value of the assets eligible for inclusion in the Asset Based Revenue Amount in the accounts reassigned away from your Independent Branch on the day of the reassignment, without respect to the total amount of the reassigned household assets. The deferred portion of the Reassigned Client Fee amount is a liability that you owe to us. After 30 days, we may impose interest on the deferred portion as we explain in Note 16.

In the event of an acquisition by Schwab or an affiliate of Schwab that results in the assignment of assets to your Independent Branch, you may be charged a fee in an amount up to or greater than the then current Reassignment Fee.

(7) During the first 120 days after you sign your Franchise Agreement, we will cover the expense of supervising your Independent Branch activities remotely and on-site. If you do not obtain the Series 9/10 General Securities Sales Supervisor license within 120 days after you sign your Franchise Agreement, beginning with the month in which the 121st day falls, you must pay us a Centralized Supervision Fee to cover the cost of having a central supervisor visit your Independent Branch to discharge our OSJ duties. When you obtain your Series 9/10 license, we will discontinue charging you the Centralized Supervision Fee. We may terminate the Franchise Agreement if you have not obtained the Series 9/10 General Securities Sales Supervisor license by the end of 12 months from the date you sign your Franchise Agreement.

(8) Charles Schwab purchases the insurance policy that collectively provides Errors & Omissions (professional liability) insurance coverage to the Independent Branches. Your monthly insurance fee includes the required insurance coverage described below. Your specific monthly fee will be based directly on the costs of purchasing the insurance. There is no additional margin or "mark-up." Currently the range for monthly fees is $220 to $400 per registered employee, and the range is driven by the required coverage. Additionally, during the course of your term, your insurance fees may adjust (up or down) based on changes in the insurance marketplace, and changes to your staffing.

Required Insurance purchased through Schwab:

- Errors & Omissions -provides protection for third party claims for errors, omissions, negligence, etc. by IBL, registered employees, or your other employees in the branch. The premium is based on the number of registered employees (including IBL). The limits and retention/deductibles may be changed due to insurance market conditions or availability in the insurance marketplace.

  The E&O policy that we obtain is in our name as policy holder and identifies you and each registered employee as a co-insured. The policy provides for $1,000,000 of coverage for each covered claim for a wrongful act committed by you or your employees. At this time, we carry a single E&O policy covering all activities at all Independent Branches and the annual policy aggregate is currently $7,000,000. The retention/deductible is $5,000 for claims that name only a registered employee and $50,000 for claims against the Independent Branch/Charles Schwab. In the latter case, the retention/deductible is split $5,000/$45,000 between you and us. You are responsible for the retention/deductibles applicable to your Independent Branch or registered employees. If claims by other IBLs reach the then-current annual aggregate coverage limit before your claim is processed (exhausting the coverage), then you must indemnify us for the loss.

  In addition, you must purchase from third party vendors the insurance described in Items 7 and 8. The required policies, coverages, limits and deductibles are described in our Confidential Manuals. You must provide certificates of insurance and/or copies of insurance policies to us.

  You may also purchase additional E&O insurance coverage on your own if each policy you obtain names us as an additional insured. You must notify us in writing if you purchase additional insurance coverage within 10 days of binding coverage.

(9) There are two types of CAP Charges: Service Recovery Accommodations ("**SRAs**") and Business Development Promotions ("**BDPs**"). In addition to the direct costs that you bear for a CAP Charge that you extend to your Independent Branch Client, aggregate CAP Charges (i) will reduce our total revenue from all Independent Branch Clients; and (ii) may reduce the applicable Revenue Rate that we use to compute the Net Payout of every IBL including you. As a result, even if a particular CAP does not pertain to your Independent Branch Clients, CAP Charges may reduce the revenue attributable to the applicable revenue category and thereby may affect your Net Payout by lowering the applicable Revenue Rate. We describe in the Confidential Manuals when you may make an SRA or BDP and the percentage of that charge that you will pay.

(10) A Client Complaint Settlement or Sanction includes amounts of any kind (i) that are determined, approved, set, or agreed to by any state or federal agency or self-regulatory organization, mediator, arbitration panel, or court whether a claim has been fully litigated or not; or (ii) that we agree to pay to an Independent Branch Client to resolve an informal or formal complaint arising from allegations that you or your employees have engaged in acts or omissions that may have violated any law, rule or regulation, or our policies or procedures, including any expense related to a trade error. We will usually, but not always, inform you of the proposed settlement amount before we finalize the settlement with the Independent Branch Client, but we retain sole discretion to make the final decision. You may not appeal a Client Complaint Settlement or Sanction determination regardless of

whether a government agency, self- regulatory organization or we make the determination. If your Net Payout in any month is inadequate to cover the entire sanction, fine, penalty or settlement charge, we may require you to pay the entire balance to us immediately or, at our election, carry forward the debit to future months until your Net Payout balance is sufficient to pay the entire debit. Our right to collect a Client Complaint Settlement or Sanction is in addition to other damages that we may collect arising from your breach of the Franchise Agreement. We do not waive our right to terminate the Franchise Agreement by collecting sanctions, fines, penalty or settlement amounts from you.

(11) We may impose a financial penalty for compliance or firm related policy violations that we determine. Consequently, this fee is at our discretion and is in addition to Client Complaint Settlements or Sanctions. We alone determine the Policy Violation Fee, which will not exceed $5,000 per month. We do not waive our right to terminate the Franchise Agreement by collecting the Policy Violation Fee.

(12) The Franchise Agreement defines what events constitute an "**Event of Transfer**" requiring payment of a Transfer Fee. You must pay the Transfer Fee prior to the Event of Transfer. This fee covers our administrative costs to approve and process the transfer to the new IBL (excluding any travel expense which the new IBL will cover directly). In a franchisee-to- franchisee transfer, the selling IBL will pay us the Transfer Fee and the proposed buyer will enter into our then-current form of Franchise Agreement with us for a term equal to the remaining term and any unexpired renewal rights under the selling IBL's Franchise Agreement, but will not pay us a Franchise Fee.

(13) If your absence due to death or disability prevents you from operating the Independent Branch consistent with the policies in our Confidential Manuals, we may allow you time to return or allow you or your heirs time to find a suitable buyer for the franchise. Under the Franchise Agreement, an absence of longer than 30 days may be considered abandonment giving us the right to terminate. During either absence or abandonment (at our election), we may assume day-to-day management of the Independent Branch in order to preserve ongoing client relationships. In consideration of our management services, you or your estate or heirs is responsible for the Independent Branch's operating expenses including salaries to employees, and must pay us (i) all of the fees stated in this Item 6; and (ii) a monthly Management Fee equal to 50% of the monthly Net Payout earned by the Independent Branch.

(14) As part of the overall consideration for the franchise and the Net Payout terms, you must pay us a Client Account Purchase Fee if any Independent Branch Clients move their accounts or some or all of the assets in their accounts from us to follow you or your registered employee(s) to the next financial services firm with which you or your registered employees associate (like a broker/dealer or investment adviser). Your obligation to pay the Client Account Purchase Fee arises if an Independent Branch Client notifies us to transfer all or any part of their securities or cash positions in their accounts (i) any time during the term of the Franchise Agreement in order to follow your registered employee to another financial services firm; or (ii) any time during the 90 days before, or 548 days after, the termination or expiration of your Franchise Agreement in or order to follow you or your registered employee to another financial service firm with which either of you associate during this time period.

You are not liable for a Client Account Purchase Fee on the assets of Transitioned Clients if you elect to receive a 50% Revenue Amount adjustment for Transitioned Clients (the "50% Multiplier" that we describe in Item 1) when you sign the Franchise Agreement in lieu of receiving the higher revenue percentages under the Tenure Multipliers that apply to New-to-Firm and Seeded Clients.

Note that, after the Franchise Agreement terminates or expires, and on condition that you comply with our client contact policy as part of the exit procedures in the Confidential Manuals, we will provide you with basic contact information for certain Independent Branch Clients who permit us to share the information. You may contact only those Independent Branch Clients (and not other Schwab Clients assigned to other Schwab Branches) to inform them of your association with another financial services firm.

(15) We may impose interest on (i) any negative Net Payout beginning 30 days after the date of the Net Payout statement showing a negative Net Payout balance or on the later date that we indicate in the Net Payout statement; (ii) the Client Account Purchase Fee if not paid within 30 days after we issue our invoice, and (iii) the deferred portion (after 30 days) of a Reassigned Client Fee. In each case, interest will continue to accrue until you pay the entire negative Net Payout or Client Account Purchase Fee due to us plus interest. By imposing interest, we do not agree to extend the time for payment or waive our right to enforce the Franchise Agreement.

(16) For each Reassigned Advisor Client that Schwab agrees to assign to IBL's Independent Branch, IBL agrees to pay to Schwab a Reassigned Advisor Client Fee equal to 4% of the aggregate Market Value of the Reassigned Advisor Client account assets as determined on the day before Schwab completes the assignment. "**Reassigned Advisor Client**" means a Schwab Client (i) who asks to work with IBL or IB Employee; (ii) whom Schwab agrees to assign to IBL's Independent Branch any time during the period beginning on the Effective Date and ending 548 days after IBL or IB Employee becomes associated with Schwab, and (iii) whose accounts were managed before the assignment by an independent third party investment adviser who maintained a services agreement with Schwab any time during the period described in subsection (ii), provided IBL and IBL's registered employee were previously associated with or employed by the independent third party investment adviser (either during the period described in subsection (ii) or at any other time before the assignment). In addition, the Reassigned Advisor Client Fee applies when we reassign a Schwab Client to your Independent Branch any time during the period 548 days after you hire a new registered employee who meets the criteria described above.

(17) We may conduct periodic in-person meetings of franchisees ("**Network Meetings**") as we disclose in Item 11 and charge registration fees that will not exceed $1,000 per person per year. We may require attendance by franchisees and their registered employees at the Network Meetings that we designate, but will not require that you and your registered employees attend more than an aggregate total of 4 days of Network Meetings per year. You are responsible for any travel expenses.

Item 7.
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Franchise Fee (See Note 1)	$25,000 to $50,000	Check or wire to us	One or two Installments See Item 5	Us
Initial Training Travel & Expenses (See Note 2)	$2,000 to $4,000	Paid by you directly	As incurred	Third party vendors
Start-up Supplies (See Note 3)	$100 to $300	Paid by you directly	As incurred	Third party vendors
Business Licenses (See Note 4)	$50 to $1,500	Paid by you directly	As incurred	State and local government agencies
Association Fee (See Note 5)	$750	Debited in monthly reconciliation	Monthly	Us
Sublease Rent (See Note 5)	$7,500 to $24,900	Debited in monthly reconciliation	Monthly	Us
Facilities Fee (See Note 5)	$22,500 to $46,800	Debited in monthly reconciliation	Monthly	Us
Branch Hardware and Connectivity Service Fee (See Note 5)	$2,700 to $12,000	Debited in monthly reconciliation	Monthly	Us
E&O Insurance Fee (See Notes 5 & 6)	$660 to $3,600	Debited in monthly reconciliation	Monthly	Us
Additional Insurance (See Notes 5 & 6)	$250 to $1,350	Paid by you directly	As incurred	Third party vendors
Start-up Supplies (See Note 5)	$200 to $600	Paid by you directly	As incurred	Third party vendors
Travel and Entertainment (See Notes 5 & 7)	$600 to $1,500	Paid by you directly	As incurred	Third party vendors

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Local Marketing (See Notes 5 & 8)	$100,00 to $30,000	Paid by you directly	As incurred	Third party vendors
Additional Funds – Initial Period (See Notes 5 & 9)	$1,200 to $2,400	Paid by you directly	As incurred	Third party vendors
TOTAL*	**$73,510 to $179,700**			

* This total does not include equipment, fixtures, other fixed assets, construction, remodeling, leasehold improvements or decorating costs because we deliver to you a "turnkey" Independent Branch, which means that we incur these initial costs (as we describe in Items 1 and 11).

These Notes are an integral part of Item 7

Item 7 explains your likely initial investment to open and begin operating an Independent Branch ranging in size from 1,500 to 2,200 square feet. Item 7 covers the time period beginning with the date when you sign the Franchise Agreement through the end of the first 3 months after your Independent Branch opens. These notes explain each expense category and the variables that influence the low and high initial investment estimates. We base some of these estimates on our experience operating Company Managed Branches.

(1) **Refund Conditions**: The Franchise Fee is only refundable under the conditions that we explain in Item 5. Otherwise, none of the initial investment payments to us are refundable and you should anticipate that none of the initial investment payments to third party vendors are refundable unless you negotiate for refund terms with the third-party vendor directly. We make no representation regarding your ability to obtain refund terms with third party vendors with which you deal in establishing your Independent Branch.

(2) The low estimate assumes that the location where you attend any on-site training is within driving distance to your home and therefore reflects nominal travel expenses for automobile use and no allowance for hotel or other travel costs. The high estimate assumes that you attend any on-site training at a Schwab service center requiring air travel, hotel, and car rental. Both the low and high estimates assume one person attends initial training.

(3) Start-up supplies include general office supplies, and cleaning supplies.

(4) Both the low and high estimates include an allowance for the cost of a general business permit that you will pay to the applicable government authority that issues these permits in your state.

(5) You will incur these expenses during the Initial Period. The "**Initial Period**" means the first 90 days after the Opening Date. The low estimate for these expenses assumes that you have 1 employee throughout the Initial Period and the high

estimate assumes you have 2 employees and yourself working throughout the Initial Period. These estimates also exclude any allowance for salary to employees whom you choose to hire during the Initial Period. You are solely responsible for all of the operating expenses of your Independent Branch during the Initial Period and afterwards. Our estimates do not include any allowance for your personal living expenses during the Initial Period or payments to a bank if you finance the initial investment expenses. We make no allowance for the following Item 6 fees because we assume that the events giving rise to these fees will not occur during the Initial Period: Reassigned Client Fees, CAP Charges; Client Complaint Settlement and Sanctions, Centralized Supervision Fee, Policy Violation Fee, Transfer Fee, or Client Account Purchase Fee. We may increase the monthly Association Fee, but the monthly Association Fee will not exceed $500 each month during this term.

(6) This estimate reflects Insurance Fees for 3 months. The low estimate assumes that you have no registered employees throughout the Initial Period and the high estimate assumes that you have 2 registered employees throughout the Initial Period. This estimate also includes you as a registered representative.

(7) This estimate is for travel and entertainment that you may incur for client development activities you conduct during the Initial Period.

(8) In connection with the Independent Branch's opening, we will work with you to develop a "**Launch Plan**" to help raise local community awareness of the new Independent Branch. Most opening marketing activities that we plan with you will take place within the first 180 days after the Independent Branch opens. During the Initial Period, we will provide 100% reimbursement for the first $10,000 of submitted and approved marketing expenses. After that, we will reimburse 50% of the next $10,000 of submitted and approved marketing expenses during the Initial Period. In effect, you must contribute $5,000 to receive the maximum $10,000 contribution from us; you may choose to spend more or less than this amount if desired. Without increasing the amount we will pay, depending on your selection of marketing activities and vendors, many of these expenses may be paid directly by us, thereby limiting your "out-of-pocket" expenses; however, some expenses will be paid by you and submitted for reimbursement through your Net Payout. You may not carry-forward any unused funds to later periods.

(9) Under Additional Funds, we include an estimate for a variety of miscellaneous costs including subscriptions to periodicals; dues to professional organizations and networking groups; general business development expenses; expenses for business cards and other business incidentals not paid before opening; and accounting expenses that you pay to an accounting professional for tax filings and related advice for your Independent Branch business. The Miscellaneous category also includes an allowance for Client Servicing Fees that is payable during the Initial Period.

Item 8.
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

1. General.

In operating the Independent Branch, you must adhere to the comprehensive standards and specifications comprising the Schwab System, including: (i) client service standards; (ii) privacy policies; (iii) appearance, design and trade dress standards for the Independent Branch; use of the Schwab Marks; and (iv) minimum operating hours. By setting minimum service requirements and uniform standards, we strengthen customer confidence in the Charles Schwab® brand. We explain these specifications in the Confidential Manuals. We may revise our specifications in our discretion as frequently as we believe is necessary through written or electronic bulletins or supplements to the Confidential Manual or through communications sent or available to you on our Intranet. You must conform to all changes in our specifications at your cost within the time we allow.

2. Schwab Products & Services.

You do not purchase Schwab Products & Services from us and resell them to Independent Branch Clients. All Independent Branch Clients are Schwab Clients. All Independent Branch Clients must maintain their accounts at Schwab and buy and sell securities and investment products through Schwab.

You will provide Non-Discretionary Investment Advice to help Independent Branch Clients with their investment decisions, process certain paperwork to complete brokerage transactions, and assist Independent Branch Clients buy, hold and sell Schwab Products & Services. Schwab is the custodian of the assets held in the accounts of Independent Branch Clients and is the clearing firm for all brokerage transactions.

You must conduct all business with Independent Branch Clients through us and that business must be limited to handling brokerage transactions for Schwab Products & Services. We prohibit you from offering or selling any other securities, investments or other types of products or services. We may modify the list of approved Schwab Products & Services and the prices that we charge Schwab Clients at any time in our sole discretion and will notify you of changes through updates to the Confidential Manuals. These changes will take effect immediately unless we specify a different implementation date.

Certain Schwab Products & Services are proprietary and exclusively offered by us or our affiliates. Other Schwab Products & Services are not proprietary to Schwab in that the investment security, product or service is issued or managed by another financial services firm and we are just one broker-dealer among many through whom a client could purchase that security, product, or service. In some cases, Schwab Products & Services that are not proprietary to Schwab may be proprietary to the other financial services firms. As our IBL, you may only handle brokerage transactions for Schwab Products & Services whether they are proprietary to Schwab or not.

Schwab Products & Services include discretionary asset management services through third parties and our affiliates. However, you may only provide Non-Discretionary Investment Advice to Independent Branch Clients, meaning that you will not control or manage the accounts of Independent Branch Clients, provide investment supervisory services to Independent Branch Clients, or otherwise make investment decisions for Independent Branch Clients. When recommending an affiliated or third-party money manager to an Independent Branch Client (for

example, a managed account), you will be acting as an investment adviser representative and are subject to federal and state law fiduciary requirements that you act in the best interest of the Independent Branch Client. The investment advisory services that you will perform will relate solely to recommending that an Independent Branch Client purchase one of the investment advisory services available to Schwab Clients, like opening a managed account. We list investment advisory services in Item 19, Table 2.A. If you recommend a managed account, for example, the affiliated or independent third-party money manager will provide the investment management services for that account. The investment managers – i.e., persons with the fiduciary obligation and discretion to manage the money of Schwab Clients – are not all affiliated with Schwab and the underlying investments (like mutual funds or ETFs) are not all affiliated Schwab investment products. The majority of the investment advisory services that we list in Item 19, Table 2.A involve independent third-party money managers who are free to select underlying investments that have no relationship to Schwab.

In providing Non-Discretionary Investment Advice relating to securities (for example, buy and sell securities recommendations), you may make specific investment recommendations that you determine are in the best interest for each individual Independent Branch Client consistent with then- current FINRA and SEC rules, other applicable federal and state law requirements, and our client advice policies and best interest guidelines in the Confidential Manuals. You must obtain authorization from Independent Branch Clients before executing any trade or investment decision on their behalf.

3. Independent Branch Premises.

Once we approve the location for your Independent Branch, we will negotiate a Master Lease with the landlord and offer you a Sublease substantially in the form of **Exhibit G**. The Sublease will be based on generally the same material economic terms of the Master Lease (to the extent the provisions of the Master Lease are incorporated into the Sublease). The term of the Sublease will be concurrent with the initial term of the Franchise Agreement, subject, however, to earlier termination due to your material default. Your right to extend or renew the term of the Sublease will depend on whether (i) we are able to negotiate a longer term with the Master Landlord of the Independent Branch; (ii) we are awarding new Independent Branch franchises when it is time for you to exercise a renewal option; and (iii) you are qualified to and elect to renew the Franchise Agreement and meet the renewal conditions.

Before your Independent Branch is ready to open for business, we complete any necessary leasehold improvements and fully furnish, equip and decorate your Independent Branch and install required signs and the Schwab Technology System.

4. Schwab Technology System.

As discussed in footnote 4 in Item 6, you must use the Schwab Technology System in the manner that we require subject to the conditions in the Franchise Agreement. You may not use any other software, hardware or technology services to operate the Independent Branch. If you need additional workstations in the Independent Branch, we will purchase and coordinate installation of the new workstation for you. For each additional workstation, the Branch Hardware and Connectivity Fee increases by approximately $100 per month. This covers the expense of hardware, maintenance, and upgrades. However, you will be responsible for any installation costs.

5. Business Licenses.

You must procure all necessary business licenses, permits and certificates. You are solely responsible to the designated vendor or government agency for the cost of the licensing or registration fees to obtain the business licenses, permits and or certificates. It is your responsibility to maintain current business licenses, permits, and certificates.

6. Insurance.

In exchange for your payment of the Insurance Fee, we provide you with minimum E&O coverage which we secure through third-party insurance carriers. We do not represent or warrant that the minimum coverage that you purchase through us will be sufficient for the Independent Branch. You are solely responsible for investigating your insurance needs and determining if the Independent Branch requires higher coverage limits or other types of insurance protection.

While we purchase Errors and Omissions insurance on a group basis, you must acquire all insurance as we prescribe in the Confidential Manuals (currently the coverage described below) on your own and at your own expense. The current minimum coverage requirements for insurance you must purchase are outlined below and must remain in effect at all times during the Term. In addition, you must provide proof of insurance, with all required coverage, showing Charles Schwab Corporation and all subsidiaries and affiliates as named additional insureds annually and upon request by us.

- Workers Compensation (may be required, based on state regulations) and Employers Liability insurance provides insurance for employee injuries/illness occurring in the course of their job duties.

    - Minimum Limits:
        a. Workers Compensation – statutory
        b. Employers Liability
            $1,000,000 Bodily Injury by Accident – Each Accident
            $1,000,000 Bodily Injury by Disease – Policy Limit
            $1,000,000 Bodily Injury by Disease – Each Employee

    - Conditions:
        a. Waiver of Subrogation in favor of Schwab

- General Liability insurance -provides protection for third party claims for bodily injury or property damage caused by IBL or IB employee's negligence.

    - Minimum Limits:
        a. GL Each Occurrence: $2,000,000
        b. GL General Aggregate: $4,000,000
        c. Damage to Premises Rented to you: $1,000,000
        d. Medical Expense: $5,000

    - Conditions:
        a. Waiver of Subrogation in favor of Schwab
        b. Additional Insured language adding Charles Schwab Corporation and all subsidiaries and affiliates as additional insureds

c. Primary/Non-Contributory language stating the IB's insurance will be primary and not seek contribution of Schwab's insurance

- Hired and Non-Owned Auto Liability - provides liability (but not, physical damage) protection for vehicles rented for your business Minimum Coverage - $1,000,000

- Property and Business Income - protects personal property owned by IBL located in the Independent Branch and protection for loss of net income in the event ofan physical event interrupting business

- $5,000 personal property and business income for 12 months loss of income

- ERISA Bond (required if there is a 401(k) or retirement plan for IBL and IB Employees) - protects the retirement plan from employee dishonesty. The premium is based on assets in the plan.

- Optional Insurance (additional expense):

  - Umbrella - extends the liability limit of the general liability, hired auto liability and employer's liability (part of workers compensation) coverage. The premium is based on the amount of limits purchased.

We may periodically increase the minimum insurance requirements, establish and change deductible limits, and require that you procure and maintain additional forms of insurance based upon inflation, general industry standards, our experience with claims, or for other commercially reasonable reasons. You must comply with any change that we impose within 30 days after receiving written notice from us explaining the change.

You are solely responsible for all expenses, obligations and liabilities arising from activities at your Independent Branch and for your acts and omissions and those of your employees and you must indemnify us if we are liable to third parties based on those activities, acts or omissions.

7. Recommended Vendors.

We may recommend third party vendors providing various services that you may wish to consider using in operating your Independent Branch including payroll processing services and various insurance products (e.g., other liability, health, and disability). However, because we will maintain the branch premises (as noted below), we or the Master Landlord will select and control the vendor relationships related to the premises. Except as we disclose in Item 8, we do not (i) require you to use the vendors whom we recommend; (ii) require that you obtain our approval before selecting a different vendor for any of these services; or (iii) represent that the vendors whom we recommend will offer you more favorable terms or better prices than you might be able to secure on your own. We derive no revenue on account of your transactions with the vendors we bring to your attention.

8. Additional Equipment or Furnishings.

You may not equip the branch with any non-standard office equipment or furnishings. However, if you require any other non-computing office equipment or furnishings to comply with your obligations to comply with Applicable Law, including the Americans with Disabilities Act, you must purchase the items at your own expense. Before making the purchase, you must obtain our prior written approval to use the particular non-computing office equipment or furnishings. If we grant our approval, you may purchase the particular items meeting our specifications from any vendor of your own choosing. The Confidential Manuals provide the procedure for applying for our approval.

9. Revenue from Required Purchases and Leases.

We will derive revenue based on trading activities by Independent Branch Clients who will maintain their accounts at Schwab and buy and sell securities and investment products through Schwab. We will also derive revenue from your required purchases and leases of products and services in the form of fees that you must pay to us or our affiliates (which fees are described in Item 6, above). During 2021, we derived approximately $21,359,828 from such fees paid by franchisees, which represented 0.324% of our total net revenues of $6,595,000,000.

We establish the prices that Independent Branch Clients pay for the Schwab Products & Services they buy, hold or sell. Item 19 explains the different Revenue Rates that we apply to the assets of your Independent Branch Clients according to the asset mix in their accounts. Item 6 explains how we deduct your Sublease Rent, Facilities Fee and Branch Hardware and Connectivity Service Fee, among other offsets, in arriving at your Net Payout.

10. Additional Disclosures.

We estimate that your purchases or leases from approved vendors (including us and our affiliates) or in accordance with our specifications will represent 95% or more of your total purchases and leases to establish your Independent Branch and, afterwards, approximately 95% or more of your total monthly purchases and leases to operate your Independent Branch.

Each of our officers may own an equity interest in CSC, including in the form of shares of common stock, restricted stock, non-qualified employee stock options, phantom stock units or units in CSC 401(k) Common Stock Fund.

Our officers may own a non-controlling interest in the stock of designated or recommended vendors whose shares are publicly traded.

With the exception of E&O insurance, we do not currently maintain or approve any purchasing or distribution cooperatives as part of the Schwab System.

Item 9.
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this franchise disclosure document.

	Obligation	Section in Franchise Agreement (Exhibit C)	Franchise Disclosure Document Item
a	Site selection and acquisition/lease	Sections V.A, V.B	Items 6 and 11
b	Pre-opening purchases/leases	Section V.B	Items 7 and 8
c	Site development and other pre-opening requirements	Section V.B	Items 6, 7 and 11
d	Initial and ongoing training	Section VI	Item 11
e	Opening	Section V.C	Item 11
f	Fees	Sections III, VII.C, VII.E	Items 5 and 6
g	Compliance with standards and policies/operating manual	Sections IX, X, XIII.L	Item 11
h	Trademarks and proprietary information	Sections VIII, XIV.G	Items 13 and 14
i	Restrictions on products/services offered	Sections II.C, XIV.D	Item 16
j	Warranty and customer service requirements	Section XIV	Item 11
k	Territorial development and sales quotas	Section II.B	Items 1 and 12
l	Ongoing product/service purchases	Sections XIII.B, XIII.I	Item 8
m	Maintenance, appearance and remodeling requirements	Sections XII.D, XIV.I	Items 7 and 11
n	Insurance	Section XIII.K	Items 6, 7 and 8
o	Advertising	Section XI	Item11
p	Indemnification	Sections XX VIII.C,	Items 6 and 17
q	Owner's participation/management/staffing	Sections XIV.H XIV.A,	Items 11 and 15
r	Records and reports	Section XII	Item 6
s	Inspections and audits	Section XII.B	Item 11
t	Transfer	Sections XIX.E XIX.C,	Item 17
u	Renewal	Section IV	Item 17
v	Post-termination obligations	Section XVIII.C	Item 17
w	Non-competition covenants	Section XV	Item 17
x	Dispute resolution	Section XXI	Item 17

Item 10.
FINANCING

We do not offer any financing arrangements to assist you in purchasing the Independent Branch franchise or in opening or operating your Independent Branch, except as described below.

We will enter into the Master Lease for the Independent Branch and agree to sublease the Independent Branch premises on generally the same material economic terms and conditions

(see footnote 2 in Item 6), but we do not guarantee any loans, leases or obligations that you enter into with third parties.

We have entered into a non-exclusive Loan Support Program Agreement with Live Oak Banking Company ("**Live Oak**"), which is an unaffiliated third-party lender authorized to provide loans to transferee franchisees for the purpose of meeting expenses related to the transfer, including updating IBL's Independent Branch to Schwab's then-current Appearance and Imaging Standards. Under this agreement, Live Oak may offer commercial loans to qualified borrowers, and we will guaranty the Live Oak loan, to those of our franchisees that both we and Live Oak deem qualified and choose to use Live Oak to finance the cost of purchasing an existing Independent Branch. We are not obligated to approve your participation in the Live Oak loan program, even if Live Oak approves you as a borrower. At this time, we only intend to guaranty Live Oak loans for the purchase (transfer) of an existing Independent Branch.

Interest rates are fixed and are determined at Live Oak's discretion in accordance with its standard underwriting practices. You are not required to use Live Oak as your lender, but we will only guaranty loans entered into in connection with the Live Oak Loan Support Program. If you choose to use Live Oak as your lender, you must enter into one or more agreements with Live Oak, substantially in the form attached as Exhibit L or as Live Oak may otherwise require depending on your specific financing agreement (the "**Live Oak Loan Documents**").

If you default on the financing agreement, the entire remaining balance becomes due, and the total sum due will continue to accrue interest as provided in the Live Oak Loan Documents. You must also pay Live Oak all the costs of collection or costs of exercising its remedies, including attorneys' fees. You must waive your right to object to jurisdiction in the courts of North Carolina as the venue for resolution of disputes and must waive your right to a trial by jury. See the sample documents in Exhibit L for Live Oak's additional rights and remedies. Your default under a loan that we guaranty will also constitute a default under your Franchise Agreement and can lead to termination of your Franchise Agreement and loss of your Independent Branch. Schwab has the right (but not the obligation) to terminate the Franchise Agreement, effective immediately upon Schwab's delivery of written notice to the IBL, if Schwab receives from Lender a notice (or is otherwise made aware) that the IBL has failed to timely cure a monetary Event of Default or a non-monetary Event of Default (as that term is defined in the Loan Documents).

We do not receive any payment or consideration from Live Oak in consideration of this program other than the material benefit of Live Oak providing this program to our franchisees. A Loan Support Fee of $50,000 will be paid by a qualified borrower to Schwab at closing, pursuant to the Consent to Transfer and Release Agreement (Exhibit M). The Loan Support Fee is only applicable to the initial round of financing.

Item 11.
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

1. Pre-Opening Services.

Before you open your Independent Branch, we provide you with the following services and assistance:

a. **Site Selection**: Generally, before you sign the Franchise Agreement, we will propose one or more locations for your Independent Branch for your consideration and will review within reason any alternative sites that you wish to propose. The fact that we propose a location does not constitute a representation or warranty that an Independent Branch at that location will be successful or profitable, or that it will meet your specific selection criteria, only that the proposed location meets our demographic requirements and site criteria. You are solely responsible for determining if the location of the Independent Branch will meet your objectives. (Franchise Agreement, Section V.A).

b. **Lease Support**: If we reach mutual agreement regarding an Approved Location for your Independent Branch, we will enter into a Master Lease for an initial term of approximately 5 years and sublease the premises to you on mutually agreed upon terms and conditions and in compliance with the general requirements of the Master Lease. (Franchise Agreement, Section V.A).

c. **Turnkey Development**: We coordinate the build-out process, furnish and decorate the premises consistent with our current imaging standards, install the Schwab Technology System, install exterior signs, and deliver you a turnkey Independent Branch (with the exception of office and cleaning supplies and personal items all of which you furnish at your expense). You reimburse us for our costs by paying us the monthly Facilities Fee. We assume responsibility for obtaining necessary building permits and conforming development to local ordinance and building codes. (Franchise Agreement, V.B).

d. **Initial Training**: Before the opening date, we provide you with the initial training program that we describe in this Item 11. (Franchise Agreement, Section VI.A).

e. **Schwab Technology System**: We provide you with the Schwab Technology System which we further describe in this Item 11. (Franchise Agreement, Section X).

f. **Confidential Manuals**: We provide you with electronic access to our secure Intranet website during the term of the Franchise Agreement where you will have access to our Confidential Manuals. The Confidential Manuals contain mandatory policies and procedures, specifications, standards and operating procedures, as well as guidelines to assist you in serving clients. (Franchise Agreement, Section IX). The content of the Confidential Manuals is Schwab Confidential Information. You must keep the content strictly confidential. We may modify the Confidential Manuals at any time without prior notice and the changes will become effective immediately unless we specify a later effective date. (Franchise Agreement, Section IX.B). Consequently, you are responsible for periodically reviewing the Confidential Manuals that we place on the

Intranet for any changes. We attach as **Exhibit D** a copy of the Table of Contents of our Confidential Manuals as of the date of this Disclosure Document. The Confidential Manuals currently have approximately 3,501 web pages.

g. **Opening Marketing Support**. In connection with the Independent Branch's opening, we will develop with you a "**Launch Plan**"to help raise community awareness of the new Independent Branch. Most launch marketing activities we plan with you will take place within the first 180 days after the Independent Branch opens. During this Initial Period, we will provide 100% reimbursement for the first $10,000 of submitted and approved marketing expenses. After that, we will reimburse 50% of the next $10,000 of submitted and approved marketing expenses during the Initial Period. In effect, you must contribute $5,000 to receive the maximum $10,000 contribution from us; you may choose to spend more or less than this amount if desired. Within these limits and, depending on your selection of marketing objectives, channels, and vendors, many of these expenses may be paid directly by us, thereby limiting your "out-of-pocket" expenses; however, some expenses will be paid by you and submitted for reimbursement through your Net Payout. You may not carry-forward any unused funds to later periods.

2. Post-Opening Support.

During the term of the Franchise Agreement, we provide you with the following services and assistance:

a. **Seeded Client Assets**: To help you launch your Independent Branch, we may assign to you a limited number of Seeded Clients. (Franchise Agreement, Section VII.B). The dollar amount of Seeded Client Assets and number of Seeded Clients are in our sole discretion.

b. **Schwab Products & Services**: You will have the right to offer Schwab Products & Services to Independent Branch Clients subject to current FINRA and SEC rules, other applicable laws, and our advice policies and guidelines and other policies in the Confidential Manuals. (Franchise Agreement, Section XIII.B).

c. **Client Communications**: We will send all regulatory and service communications, including account statements and trade confirmations, and regular updates regarding new and existing Schwab Products & Services directly to Independent Branch Clients. We provide you with access to these communications through our secure Intranet website. (Franchise Agreement, Section XIII.C).

d. **OSJ Status**: We can serve as your Office of Supervisory Jurisdiction (OSJ) as we describe in Item 1 without additional charge for the first 120 days from the date you sign your Franchise

Agreement in order to give you additional time to obtain the Series 9/10 General Securities Sales Supervisor license from FINRA and qualify as your own OSJ. For purposes of securities law compliance, our compliance oversight includes supervising your brokerage activities remotely and on-site in addition to our general inspection and audit rights under the Franchise Agreement to confirm compliance with all of the terms and conditions of the franchise (including duties that are not regulatory-specific). (Franchise Agreement, Section XIII.C). If you do not have your Series 9/10 General Securities Sales Supervisor license by the end of the first 120 days, we will continue to provide compliance supervision, and we will debit your Net Payout up to $5,000 for the monthly Centralized Supervision Fee beginning with the month in which the signing of your Franchise Agreement falls.

e. **Brokerage, Investment Advisory and Related Services**: We will perform duties as broker-dealer, custodian, and clearing firm for all client accounts and brokerage transactions, and will be responsible for supervising all trading operations relating to the Schwab Products & Services in performing our account agreements with Independent Branch Clients. We also supervise your delivery of investment advisory services. We also act as program sponsor for certain investment advisory services that you may recommend to Independent Branch Clients, like managed accounts. One of the business divisions, Charles Schwab Insurance Services ("CSIS"), supervises your activities if you or your registered employees choose to sell insurance products to Independent Branch Clients. If you do not possess appropriate licenses to sell insurance, you must direct inquiries from Independent Branch Clients regarding insurance products to CSIS which has employees licensed for insurance sales in all states. CSIS does not pay any type of fee or compensation for the referral. (Franchise Agreement, Section XIII.C).

f. **Client Accounting and Collection Procedures**. We provide back-office, accounting and collection functions for all client accounts. As the broker-dealer on all transactions, applicable laws require that we collect, hold and disperse all client funds in connection with buy and sell transactions that you place for Independent Branch Clients. (Franchise Agreement, Section XIII.C).

g. **Net Payout Accounting**: By the final business day in the month after the end of each accounting period, which currently is a calendar month, we will present you with a Net Payout reconciliation statement showing how your Net Payout was calculated, including the Revenue Rates and deductions for the fees payable to us that we disclose in Item 6 for the accounting period. With each reconciliation statement that we provide to you, we will pay you your Net Payout if it is a positive number. (Franchise Agreement, Section XIII.E).

h. **Ongoing Marketing Support**. We will provide you with the ongoing marketing support and materials that we describe in the Advertising section of this Item 11. After your Independent Branch has been open for 90 days, you will be eligible for a Marketing Match whereby we will reimburse 50% of your submitted and approved marketing expenses, up to a maximum reimbursement of $6,000 per calendar year, prorated for any partial period. You may not carry-forward any unused funds to later periods. (Franchise Agreement, Section XI.B).

i. **Investment Research, Tools and Models**: As part of the franchise, you will have access to our broker-dealer investment research, tools, and models (including asset allocation models) and client investment strategies with our franchisees. However, you remain solely responsible for evaluating the investment objectives and client investment profile for each client and for making investment recommendations per the client's best interest in accordance with our advice policies and guidelines and applicable FINRA rules and federal and state laws. (Franchise Agreement, Section XIV.A).

j. **Network Meetings**: We may conduct periodic Network Meetings either on a national, regional or local basis in our discretion at which we may discuss a range of issues of common interest to franchisees and their registered employees including regulatory compliance training; new Schwab Products & Services; new software applications and other features of the Schwab Technology System; client recruitment and retention strategies; sales presentation methods; local marketing; and other features of the Schwab System. We may make attendance by franchisees and their registered employees mandatory at the particular Network Meetings that we designate, but will not require that you and your registered employees attend more than an aggregate total of 4 days of Network Meetings per year. At our discretion, we may choose to schedule Network Meetings as multi-day or single-day events. We may vary the Network Meeting locations but anticipate that all Network Meetings will take place in the United States. Additionally, some network meetings may be held virtually.

   We may charge a per person registration fee to attend Network Meetings. Additionally, you are responsible for all travel costs for yourself and your employees to attend Network Meetings and mandatory regulatory compliance training classes. (Franchise Agreement, Section XIII.G).

k. **Seminars and Other Additional Training After Opening**: In addition to our initial training program, which we periodically repeat on an as-needed basis, and training courses that we offer at Network Meetings, we may host, or offer, seminars and additional training programs on select topics to enhance professional skills or to provide instruction in newly introduced features of the Schwab

System. In some cases, additional training programs may be taught by a third party. For live instructor-led programs, we will designate the location for these programs, which will vary depending on whether we or a third party conducts the seminar or training program. We may require that you reimburse us for our costs related to such programs.

We will also deliver ongoing training through webinars or our learning management system ("**LMS**"). All Independent Branch employees (both registered employees and non-registered employees) must complete a certain amount of regulatory compliance training each year which we will deliver for free electronically, through webinars and our LMS system. We require that you and your staff who render services from your Independent Branch each complete a minimum number of computer- enabled classes or hours of instructor-led programs each year, in order to stay current on Schwab Products & Services. (Franchise Agreement, Section VI.B). Failure to complete mandatory trainings by you or your employees may result in a default under your Franchise Agreement.

We do not charge any training fees for the additional training programs that we may deliver to you, but we may require you to reimburse us for our costs related to such programs. You are responsible for all travel costs for yourself and your staff to attend additional training that is delivered by live instructors. After opening, you are responsible for all travel costs for yourself and your staff to attend additional training that is delivered by live instructors.

l. **Charles Schwab® Website**: We will list your Independent Branch on the www.schwab.com website and in any other electronic or print directories where we list Company Managed Branches in order to publicize your Independent Branch and its association with us. The Internet is complex and we cannot guarantee your inclusion or correct information on non-Schwab owned sites (e.g., Google Maps). Our schwab.com website may include information regarding your Independent Branch's hours of operation, upcoming workshops and seminars, and other news. (Franchise Agreement, Section XI.C).

m. **Recommended Vendors**: We may provide you with information on vendors of various services that you may wish to consider including payroll processing services as we describe in Item 8. (Franchise Agreement, Section XIII.I).

n. **Maintenance of the Independent Branch**: In exchange for payment of the Facilities Fee, we or the Master Landlord will maintain the physical premises of your Independent Branch according to our (or the Master Landlord's) regular maintenance schedule without any additional charge for repairs due to ordinary wear and tear. You are solely responsible for our costs to repair the

physical premises or the hardware components of the Schwab Technology System for damage that we determine is not due to normal wear and tear. Normal wear and tear means damage to property that inevitably results from aging and normal use. We determine if damage is due to normal wear and tear or misuse. You must pay us for damage that is not due to normal wear and tear in the manner that we direct which may be through deductions from your Net Payout. With respect to the physical premises, we will perform the repair and maintenance work that the Master Lease requires us to perform; otherwise, the Master Landlord will perform the repair and maintenance work, not us. The Sublease explains our mutual rights and duties regarding repair and maintenance of the physical premises. (Franchise Agreement, Section II.D and Section XIV.I).

3. Advertising Assistance.

See generally Franchise Agreement, Section XI.

a. **Local Marketing**: We consider all advertising and marketing materials that publicize or promote your Independent Branch to be "**Local Marketing**" under the Franchise Agreement. You must obtain our prior written approval before you may publish, use or distribute any Local Marketing Materials. You may not create your own Local Marketing Materials or allow third-party vendors to create them on your behalf; all Local Marketing materials must be created by our approved vendors. Local Marketing refers to anything in tangible, electronic, visual or spoken format that promotes you, your employees, or your Independent Branch business or its affiliation with us, or which otherwise uses or displays the Schwab Marks. For example, Local Marketing includes presentation materials and seminar scripts, media advertising, communications and brochures directed to existing or prospective clients (including invitations to presentations). The Confidential Manuals explains our guidelines and policies for Local Marketing, including guidance for preparing and obtaining our prior approval for content, marketing plans, and local prospecting activities that you wish to undertake.

As we explain in this Item 11 under "**Pre-Opening Services**," to help you launch your Independent Branch and develop local consumer awareness, we provide you with support that includes a 180-day local marketing program including a press release, local advertising, and workshop delivery support. We will work with you to develop a "**Launch Plan**" that sets forth a series of opening marketing activities that we will plan with you.

We also provide ongoing marketing services and support as we explain in this Item 11 under "**Post-Opening Services**." We (i) supply you with certain pre-approved advertising and marketing materials for your local use; assist you with your local marketing plans; (ii) supply you with reasonable quantities of brochures, prospectuses and sales literature for your use in client recruitment and retention and marketing collateral for

select Schwab Products & Services; (iii) supply you with materials for client recruitment seminars; and (iv) provide you with support technology that will allow you to generate and archive communications with clients. You bear the cost of all direct expenses for any materials not described above. Your Independent Branch will include an LED screen to display presentation materials or to host client seminars and for other uses. You will also be able to use the LED screen to show webcast events that we or others may produce that feature members of our management team and other financial industry experts. (Franchise Agreement, Section XI.B). After your Independent Branch has been open for 90 days, you may participate in a marketing match as we describe earlier in this Item. To receive matching funds, you must follow the procedures for submitting, reviewing, and evidencing the marketing material. These procedures are further detailed in the Confidential Manuals. The Confidential Manuals also identify the types of covered expenses and marketing and business development activities eligible for matching funds.

b. **Local or Regional Advertising Cooperatives**: No local or regional advertising cooperatives exist at this time, but we may require you to participate in such cooperatives if we establish them in the future.

c. **Franchisee Advisory Council**: We intend to create a Franchisee Advisory Council by appointing a select number of franchisees to make recommendations to us and provide us with feedback about strategic initiatives and Schwab System issues and improvements generally, which may include advertising and marketing matters. However, we have no obligation to do so under the Franchise Agreement. If we create a Franchisee Advisory Council, we alone will determine its constitution and operating rules and the Franchisee Advisory Council will operate strictly in an advisory capacity to provide us with feedback on issues for which we seek guidance. The Franchise Advisory Council will not have the ability to veto or control decisions that we or our affiliates wish to make. We will determine the frequency, location and method of conducting Franchisee Advisory Council meetings.

4. Schwab Technology System.

See generally Franchise Agreement, Section X.

We will install and equip your Independent Branch with the Schwab Technology System described below. We reserve the right to modify and change the Schwab Technology System at any time without notice. If we impose changes, we will coordinate the transition with you. The Schwab Technology System is an integral part of our retail office design and appearance standards and strategy for communicating with clients.

The branch hardware described in the table below (the "**Branch Hardware**") is an integral component of the Schwab Technology System. The following provides a non-technical description of the Branch Hardware and the broader Schwab Technology System:

DESCRIPTION OF BRANCH HARDWARE COMPONENTS	
QUANTITY	**DESCRIPTION**
2 (plus 1 additional workstation for each IB employee)	Workstations include computing devices each with wireless keyboard and mouse, desktop monitors, and all required proprietary and standard general activity/productivity applications software installed. These are computer workstations that provide you and your staff with access to client data and the Schwab Intranet and related information that we store on central servers. We equip all Independent Branches with 2 workstations (employee and IBL), and add additional workstations, based on your request. If you require more than 2 workstations, we will increase your Branch Hardware and Connectivity Service Fee by approximately $100 per month per additional workstation. This covers the cost for the hardware, connectivity, maintenance and upgrades for each workstation. However, you will be responsible for any installation costs. At your request, we may add certain types of customized optional features (e.g., headsets, custom keyboard) for an additional charge. We do not commit that we will be able to accommodate all requests for customizations. All offices are equipped with 2 monitors regardless of occupancy.
1	Color laser printer, toner included.
1	Multi-function printer with scanning and copying capability to facilitate automated back-end workflow processing, toner included.
1	Wall mounted large screen display with streaming feed that is connected to a Digital Media System (DMS) for displaying our content. We will feed business-oriented content, and webcasts, and similar information to the media system. You can display approved presentation materials enabling you to host client seminars and for similar uses.
1	Check scanner functionality for electronic check deposit. At your expense, additional scanners may be ordered for the branch.
2	Office phones with call forwarding, hold, voicemail, and conference capabilities.
1	Laptop Computer (e.g., Chromebook) - a web-enabled laptop that you may provide for use by Independent Branch Clients. At your expense, additional laptops may be ordered for the branch.
1	Smartphone mobile device specially configured to our specifications. At your expense, additional phones may be ordered for your employees.
Optional	Real-Time Market Data – provides various levels of real time market data.

The proprietary software that we include as part of the Schwab Technology System includes tools for (i) client relationship management (documenting your contacts with existing and prospective clients); (ii) client support (accessing client account information); (iii) client advice interactions (tools to assess client portfolio performance and best interest, conduct portfolio reviews and rebalancing, and track self-directed client input through www.schwab.com (e.g., Schwab Retirement Planner); (iv) business metrics and Net Payout reporting; and (v) a full suite of additional applications and reports to help you manage your business.

Your use of the Schwab Technology System must conform to our terms of use and other requirements, including those dealing with privacy and information security, in the Confidential Manuals or otherwise by us in writing. Among other things, the terms of use include standards for collecting and storing client data to satisfy regulatory and processing requirements. We will have continuous unlimited remote access to data pertaining to Independent Branch Clients so that we may satisfy regulatory and business processing requirements and verify your compliance with the Franchise Agreement.

You may not use any non-standard hardware and you may not install any software on any of the workstations in your Independent Branch.

You will connect to the Schwab intranet and the internet using one or more of the connectivity options we provide. The option you select will depend on local availability and your desire for system performance and stability. The basic level will be business-grade broadband, and depending on availability and current technology, there may be enhanced options of network connectivity. If you request it, and if we agree, we may create a network infrastructure that is commensurate with our company managed branches. If we do so, we will charge you an additional fee for this service.

The Branch Hardware and Connectivity Service Fee that you pay to us covers all of the expenses (i) for installation and use of the Branch Hardware components, including furnishing your Independent Branch with a lobby large screen display, workstations and office equipment, telephone system, and wireless Internet connectivity; and (ii) standard repairs, maintenance, enhancements, upgrades and modifications of the branch hardware.

The Branch Hardware and Connectivity Service Fee does not cover repairs to computer hardware not arising out of normal wear and tear or necessitated by misuse or abuse, for which you will be liable to pay us our repair costs. We cannot estimate what this expense might be.

Our Schwab Technology System terms of use prohibit you and your employees from using a personal mobile device or personal computer to access client data, conduct any business for your Independent Branch, or otherwise service the accounts of Independent Branch Clients or other Schwab Clients, except in accordance with the Confidential Manuals.

5. Location Assistance.

See Item 11, subpart 1, and Franchise Agreement, Section V.

Before you execute the Franchise Agreement, and if there is not in place an executed Master Lease for the Location, you will enter into a Preliminary Agreement with us (the form of which is attached hereto as **Exhibit K**). The purpose of the Preliminary Agreement is to enable us to work with you toward selecting and securing the Master Lease for the Approved Location. Under the Preliminary Agreement, you will pay a $25,000 deposit (applied toward your Franchise Fee). See Item 5 for a description of the deposit due under the Preliminary Agreement and the circumstances under which it may be refundable or non-refundable.

Prior to signing the Franchise Agreement, we will generally propose one or more locations for your consideration and will review within reason appropriate alternative sites that you wish to propose. For each site that we propose, we will present you with the information we describe in Item 1. You may investigate potential sites on your own in the general market area that we

mutually identify for your Independent Branch. However, you should not contact brokers or landlords to discuss specific rental terms unless we specifically direct you to do so.

If you fail to give us written notice within 30 days after we propose a site for the Approved Location, we may offer the site to another franchisee or develop the site as a Company Managed Branch. If you proposed a site to us, we will notify you within a reasonable period of time, not to exceed 30 days, if we have sufficient interest in the proposed site to begin negotiations for a Master Lease with the owner of the premises. Our failure to approve a site that you propose within that time frame means that we reject your proposed site.

Additionally, either one of us may elect not to enter into the Franchise Agreement based on the failure to execute the Sublease for the Approved Location within 30 days after we present the Sublease to you, or your failure to execute the Confirmation Agreement for the Approved Location attached as **Exhibit D** to the Sublease within 30 days after we present the Confirmation Agreement to you.

In many cases, we will enter into the Franchise Agreement with the IBL before the build-out is completed for the Approved Location. In these situations, we will endeavor to secure a location (the "**Temporary Location**") from which the IBL will operate his or her Independent Branch during the period between the execution of the Franchise Agreement and the Approved Location becoming ready for occupancy by the IBL (the "**Temporary Occupancy**"). During the Temporary Occupancy, the IBL is responsible for all costs and expenses related to the Temporary Location, including the Sublease Rent and Facilities Fee, as well as costs related to conforming with the Appearance and Imaging Specifications, and Branch Hardware and Connectivity Fees. The Temporary Location Rent and all Landlord operating expense, direct operating expense, and project expense will be included in the Sublease Rent and Facilities Fee associated with the Approved Location

You may use the premises of your Independent Branch only to provide authorized services to existing and prospective Independent Branch Clients and for no other purpose without our prior written consent, and you must fully comply with the terms of the Sublease.

6. Opening.

We estimate the typical length of time between the date you sign the Franchise Agreement and when you are ready to open your Independent Branch for business will be 90 days. This time period may vary in individual cases depending on your circumstances. We will regularly inform you of the progress of the build-out and update you regarding any unanticipated delays in construction so that you have adequate time to prepare for the opening date of the Independent Branch. We will try to convert the retail space to our imaging and appearance standards, furnish and decorate it, and equip it with the Schwab Technology System while you complete the multi-part initial training program that we describe in this Item 11 and secure necessary business licenses. With the exception of the Series 9/10 General Securities Sales Supervisor examination and OSJ registration, which we allow you 120 days to obtain before imposing the Centralized Supervision Fee, we do not factor securities examination time, licensing or registration requirements into the timeline. IBL must open the Independent Branch for business within 7 days after we notify you that we have obtained a certification of occupancy for the Approved Location. We will not assign Seeded Clients to Independent Branches before the date that your branch opens for business.

7. Our Training Programs.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Orientation – Goals: (1) Orients IBLs to independent business ownership (2) Introduces the Charles Schwab® brand and culture (3) Knowledge of Schwab Supervision Policies	Approximately 7 hours of self-paced web-based training from our secure Intranet (Schwab Virtual Office). (Note 1)	None required	You complete all web-based training remotely. (Note 3)
Products and Advice – Goals: Provide foundational knowledge of our offerings to support your ability to recommend	Approximately 23 hours of self-paced web-based training from our secure Intranet (Schwab	Approximately 8-16 hours (over 1-2 days)	You complete all web-based training remotely. You complete training at the
Schwab solutions with a focus on the following: - Proficiency in opening accounts and transitioning clients to Schwab - Introduction to Schwab products and services. - Use of Relationship and Advice ToolsMoving Money Trading (Note 2)	Virtual Office) (Note 1)		Approved Location. (Note 3)

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
IB Academy – Goals: Meet with Schwab leaders and experts with a focus on the following: - Advised Solutions - Non-advised Solutions - Service and Operations - Tools and Applications - Supervision and Compliance IB Academy reinforces the online training Modules and provides opportunities for IBLs to spend time ghosting and developing relationships with key resources and support staff.		3-4 consecutive days	We host IB Academy at one of our service centers in Phoenix, Denver, Indianapolis, or Orlando according to scheduling and space availability. We may offer some or all IB Academy trainings virtually. (Note 4)

Note 1: At this time, most "**classroom**" training is virtual and web-based. You will be granted access to our on-line training website. Our Franchise Coaching Team will work with you during the initial training modules to address questions and monitor your progress. You may receive additional assignments or instruction from your coach that may result in additional hours.

Note 2: You may not engage in certain activities that we identify in the Confidential Manuals until you complete the specific training module.

Note 3: You must complete the Orientation and Products and Advice Sections of our initial training program to our reasonable satisfaction as demonstrated by your achieving a required level of proficiency before you may engage in these activities relating to Products and Advice. Failure to achieve the required level of proficiency with respect to any of our initial training modules may result in termination of the Franchise Agreement.

We schedule the web-based training to begin immediately after you sign the Franchise Agreement. You may complete all web-based training remotely at your residence.

Note 4: You must attend the first available IB Academy after your Independent Branch opens and also complete the entire 3 to 4-day program to our reasonable satisfaction.

We may modify the initial training program at any time without notice.

Our Managing Director, Craig Taucher, supervises the delivery of all training modules by our employee instructors. Craig Taucher has been with the Independent Branch Services division since its inception. Instructors at IB Academy average at least 5 years' experience with Schwab. Portions of IB Academy may be taught by subject matter experts from outside of the Independent Branch Services division. Our primary instructional materials are the Confidential Manuals. We

intend to run training classes on an as-needed basis and will inform you of our instructor class schedules and locations through Intranet and email communications.

We restrict certain portions of certain training modules to IBLs and limit certain instructor-led training classes to IBLs and their registered employees. We may allow non-registered employees to attend non-restricted portions of our training modules.

You are solely responsible for the training of your employees and ensuring that they are fully prepared to service Schwab Clients and meet your obligations under the Franchise Agreement and Confidential Manuals. Your registered and non-registered employees must complete the specific segments of on-line training that we identify in the Confidential Manuals according to job functions before your employee may engage in any services as your employee of your Independent Branch. You are solely responsible for ensuring that your employees complete mandatory training before they begin work and for paying for any of their expenses during training. You may provide additional training to your employees as you see fit consistent with our curriculum.

We do not charge any training fees or tuition for you or your employees to complete any of our on-line training modules, but you are responsible for all travel, lodging, and personal expenses that you or your employees incur in attending or completing the initial training program. If you opt to send your IB Employee to IB Academy, you are responsible for all travel, lodging and a nominal fee that covers the cost of food and materials during the training. Depending on applicable law and your hiring conditions, you are responsible for compensating your employees while they complete training.

During the term of your Franchise Agreement we may host or offer seminars and additional training programs on topics of common interest to IBLs and/or your employees to enhance professional skills or provide instruction in newly introduced features of the Schwab System. See Item 11 (under post-opening support) for a description and costs of these additional programs.

Item 12.
TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You may not actively solicit existing Schwab Clients who are assigned to another Schwab Branch or whose accounts are being managed by an independent investment advisor who maintains a service agreement with us and encourage them to request reassignment of their existing accounts to, or to open their new accounts with, your Independent Branch. Similarly, Company Managed Branches will not actively solicit Schwab Clients that we assign to your Independent Branch.

In order to maximize opportunities for the Schwab network and foster cooperation across Schwab Branches, we have developed certain Territorial Rules of Conduct ("**TROC**") that we explain in the Confidential Manuals. These rules govern the interaction between Schwab Branches and apply to all Schwab Branches. Among other things, the TROC establishes reciprocity rules for servicing clients of other Schwab Branches. We retain the final decision over the interpretation and application of the TROC; (ii) whether particular conduct violates the TROC;

and (iii) the consequences of a TROC violation. A breach of the TROC constitutes a breach of the Franchise Agreement and may result in termination of the Franchise Agreement.

Territorial Rights: The Franchise Agreement gives you the right to open one Independent Branch at the specific location that we approve. You must sublease the Approved Location from us. While we expect you will render approved services outside of the physical premises of your Independent Branch (for example, by visiting prospective and existing clients and client referral sources, conducting seminars on investing, and engaging in other client development and recruiting activities), all of these activities must be ancillary to the Independent Branch's business. Other than these types of ancillary services, we prohibit you from operating the franchise business from any location other than the approved retail location for the Independent Branch.

Schwab Branch Market: We assign you a non-exclusive geographic area or "**Schwab Branch Market**" proximate to the Independent Branch within which you must concentrate all of your marketing efforts. We must approve your Local Marketing activities in advance. We may restrict solicitation of prospective clients outside of your Schwab Branch Market, including Local Marketing activities that use the Internet, telemarketing or other direct marketing channels.

We do not represent that your Schwab Branch Market will be comparable in geographic size or population to the Schwab Branch Market that we assign to another IBL. We determine the geographic boundaries of each Schwab Branch Market in our sole discretion based on a variety of factors including: population demographic data, the presence of existing, new, or planned Schwab Branches, and the presence of competitors.

Generally, a Schwab Branch Market will encompass one or more zip codes. In all cases, it will encompass at least one zip code. We inform you of the boundaries of your Schwab Branch Market within Schedule A of the Franchise Agreement.

We retain complete discretion over zip code mapping decisions and the number of zip codes that we will map to any given Schwab Branch, including PO Box zip codes. The US Postal Service may create new zip codes after the assignment of your territory, which may or may not be assigned to your market. We may map more than one Schwab Branch to a large zip code.

After your Independent Branch opens, we may route to you any lead information that we receive about a prospective New-to-Firm Client when the prospect's primary address is within your Schwab Branch Market. However, any prospective New-to-Firm Client or other Schwab Client who identifies their primary address as being in a zip code within your Schwab Branch Market may elect not to be assigned to your Independent Branch. We will honor a client's assignment preference and you accept the risk that clients whom we propose to assign to your Independent Branch may request assignment to a different Schwab Branch.

We may unilaterally change the boundaries of your Schwab Branch Market during the Term in our discretion. We will provide you with prior notice of any change in your Schwab Branch Market. Any changes that we make to your Schwab Branch Market boundaries strictly relate to your marketing activities and will not change your current Independent Branch Client assignments.

The primary purpose of assigning each IBL a Schwab Branch Market is for IBL to recruit and identify prospective new New-to-Firm Clients from within their Schwab Branch Market. You must focus your marketing efforts and activities in your Schwab Branch Market consistent with the TROC. By assigning each IBL a Schwab Branch Market, we aim to reduce potential conflicts

between or among Schwab Branches and registered representatives and investment adviser representatives who may compete for the same prospective clients.

The Schwab Branch Market that we assign to your Independent Branch does not give you any exclusive or preferential right to use the Schwab Marks or Schwab System in the Schwab Branch Market area. Schwab Branch Market assignments do not create any exclusive territorial or customer rights of any kind and do not limit our right to open Company Managed Branches or other Independent Branches anywhere in your Schwab Branch Market area.

Client Assignments: We retain sole discretion in assigning clients to your Independent Branch, including Seeded Clients. For additional disclosures regarding the 5 categories of Independent Branch Clients, see Item 1. Once we assign a client to your Independent Branch, we designate the client as an Independent Branch Client and will not reassign the Independent Branch Client unless the Independent Branch Client expressly asks us to do so. Consequently, if an Independent Branch Client identifies their primary address as being in a zip code that we later map to another Schwab Branch, we will not reassign the Independent Branch Client to the other Schwab Branch. Nor will we reassign an Independent Branch Client who changes their primary address to a zip code outside of your Schwab Branch Market unless the Independent Branch Client asks us to do so.

We make no representation that Independent Branch Clients will generate a minimum volume of transactions or result in a minimum Net Payout amount.

If an Independent Branch Client violates our Corporate Security or Risk and Credit Policy, that client relationship may be terminated following the procedures outlined in the Confidential Manuals.

When an Independent Branch Client expressly asks us to reassign their accounts to another Schwab Branch or moves out of state (whether to an Independent Branch or Company Managed Branch), we will pay you a Reassigned Client Fee. Similarly, when a Schwab Client asks us to move his or her accounts to your Independent Branch, you must pay us a Reassigned Client Fee.

General Client Service Requests: In promoting the Schwab System, we promote accessibility for Schwab Clients to Schwab Branches wherever Schwab Clients may travel. Accordingly, our policy is to accommodate clients who may be away from home and desire to conduct account activities in person at a nearby Schwab Branch. As a result, clients may access any Schwab Branch for general services in relation to their accounts. Schwab Clients means any person who opens or holds any account or purchases or holds any asset at or through Schwab.

Each Schwab Branch, including your Independent Branch, must support general service requests from non-assigned clients as we explain in the Confidential Manuals. General service requests refer to ministerial account-related tasks such as handling balance queries, allowing Schwab Clients access to the Independent Branch's lobby laptop for client self-service, accepting checks for deposit, and performing other cashiering activities and do not involve selling products or performing investment advisory services for Schwab Clients who are not assigned to your Independent Branch.

You will not earn any revenue for providing general service support to non-assigned clients. Your Independent Branch Clients likewise may receive general service support at other Schwab Branches in relation to their accounts and we credit you with any revenue arising from

transactions by your Independent Branch Clients at another Schwab Branch. These reciprocity requirements are part of our TROC.

Alternative Channels of Distribution: We reserve all rights to exploit the Schwab Marks and engage in all types, methods and channels of distribution anywhere, including in your Schwab Branch Market, both now and in the future. For example, we may (i) market, offer to sell, or sell securities that we exclude from Schwab Products & Services; (ii) use the "**Schwab Intellectual Property**" (a term we define in the Franchise Agreement that includes the Schwab Marks) in any manner or for any purpose whether or not we allow you to use the Schwab Intellectual Property in the same way; and (iii) operate or license others to operate businesses (from physical premises or through the Internet) under different marks than the Schwab Marks and that may compete with your Independent Branch. We do not have to pay you any compensation for engaging in these activities within your Schwab Branch Market.

Minimum Performance Requirements: Your rights under the Franchise Agreement are contingent on your achieving 3 minimum performance measurements: (1) you must maintain a minimum client satisfaction index score ("**Client Promoter Score**"), (2)after receiving a CPS Alert, you must respond by close of the next Business Day, take appropriate action with the Independent Branch Client, and document the outcome in our systems; and (3) each year during the term of the Franchise Agreement, your Aggregate Client Assets must grow by a minimum of $10 Million in Net New Assets until you maintain $100 Million in Aggregate Client Assets. We may terminate the Franchise Agreement immediately following the end of any year in which you fail to achieve or maintain these minimum performance requirements. A further explanation of each measurement follows:

(1) We determine the Client Promoter Score based on the Net Promoter® index[2]. We will start to measure your Client Promoter Score immediately after your Independent Branch opens. However, we will not count the Client Promoter Scores toward your minimum performance levels for the first 18 months after opening in order to ensure that there is a sufficiently large sampling size on which to assess the scores. After the first 18 months, we will randomly sample CPS Score: Independent Branch Clients determine your average Client Promoter Score once every 6 months. At each 6-month interval, you must maintain a minimum Client Promoter Score of 45 points (out of maximum 100 points) starting 18 months after the opening of your Independent Branch. We survey Independent Branch Clients no more frequently than once every 6 months and require a minimum of 40 completed surveys in order to assess an Independent Branch's Client Promoter Score. If we do not receive the minimum number of responses for a 6-month reporting period, we cannot compute a Client Promoter Score

[2] We explain in the Confidential Manuals our system for determining an Independent Branch's Net Promoter® Score ("NPS"). NPS is a well-recognized comparative client loyalty metric developed by Satmetrix, Bain & Company as a tool to help companies use client feedback to pursue growth and compare their metrics to their chief competitors. Generally speaking, we ask Schwab Clients a single question on a 0 to 10 rating scale (where 10 is "extremely likely" and 0 is "not at all likely"): "How likely is it that you would recommend this Independent Branch or IBL to a friend or colleague?" Based on their responses, clients are categorized into one of three groups: Promoters (9–10 rating), Passives (7–8 rating), and Detractors (0–6 rating). The percentage of Detractors is then subtracted from the percentage of Promoters to obtain the NPS. A NPS can be as low as minus100% (everybody is a Detractor) or as high as plus100% (everybody is a promoter). Satmetrix, Bain & Company publishes Net Promoter® Scores annually for a variety of industry segments. We are not related to Satmetrix, Bain & Company.

for the reporting period. The fact we do not receive the minimum responses in a 6-month reporting period and cannot calculate your Client Promoter Score for that reporting period will have no consequence on your good standing under the Franchise Agreement.

(2) A "**CPS Alert**" is a Schwab system-generated alert (e.g., an email) that is triggered by a low survey score or negative comment from an Independent Branch Client. After receiving a CPS Alert, you must respond to the CPS Alert by the end of the next business day, take appropriate action with the Independent Branch Client, and document the outcome in our system. The Confidential Manuals contain more information about CPS Alerts.

(3) We determine Net New Client Assets on an annual basis by looking at the prior 12 calendar month period. We define "Net New Client Assets" as the aggregate market value of all Independent Branch Client assets that flow into Schwab less the Independent Branch Client assets that flow out (e.g., account or position transfers, cash withdrawals). As a result, for your Independent Branch, we calculate the net flow of assets in and out of Schwab from all Independent Branch Client accounts After your Independent Branch opens, we will calculate Net New Client Assets from the date that we assign the first Independent Branch Client account to your Independent Branch (excluding any accounts held by you or your family members), through the end of the next 12 months, and then for every operating year thereafter. For example, if we assign the first Independent Branch Client account to your Independent Branch on April 25, we would measure your initial Net New Client Asset performance from April 25 to April 30 of the following year. Once your Independent Branch reaches $100 Million in aggregate client assets and you remain at or above the $100 Million level, the annual minimum growth requirement of $10 Million/year in Net New Client Assets no longer applies.

Failure to achieve or maintain these minimum performance thresholds is grounds permitting us to terminate the Franchise Agreement. Even if we chose not to terminate, failure to achieve or maintain these minimum performance thresholds may render you ineligible to exercise a renewal option. If you renew the franchise, the Franchise Agreement that you sign may contain materially different minimum performance thresholds on the terms then applicable to any new franchisees.

Except for the minimum performance requirements that we disclose in this Item 12, your franchise rights are not contingent on achieving any other minimum sales level or other kind of sales or market penetration contingency. Achievement of the minimum performance requirements does not give you any type of right of first refusal or preferential right to acquire additional franchises.

Relocation: At any time during the term of the Franchise Agreement or any renewal term, we may relocate the Independent Branch at our expense to different premises in accordance with the terms of the Sublease. The factors that we consider in deciding to relocate include the availability of a more desirable location or materially lower rent at a comparable location. If we initiate relocation during the initial term, we absorb any higher Sublease Rent. All other continuing fees remain unchanged of the balance of the initial term. You pay fees only for the new premises.

You may not relocate your Independent Branch during the initial 5-year term. If you renew the franchise, you may not relocate your Independent Branch without our prior written approval, which we may withhold in our sole discretion. We must approve the new location. If we approve the relocation, you must use your best efforts to complete relocation without any interruption in the continuous operation of your Independent Branch. At this time, we plan to handle site selection of the new premises and the build-out of the new premises and install the then-current Branch Hardware in the same way that we handle site selection for the original Independent Branch premises. If we approve the relocation for your renewal term, we will enter into a Master Lease with the new premises owner and offer you a Sublease on our then-current terms. We will manage the move of your existing furniture, furnishings, signs and computer and office equipment in good condition to the new location if they meet our then-current specifications.

If we permit relocation, your costs for construction, leasehold improvements, furnishings, furniture, signs and decorations (to the extent not salvageable from your original premises) may be significantly higher than the equivalent amount that we use to calculate the Facilities Fee during the initial term. You should not assume that your monthly amortized cost for the expenses you incur to relocate will be equivalent to the initial Facilities Fee. A new Facilities Fee will apply following relocation. The Sublease Rent for the new premises may also be higher than the amount that we disclose in this Disclosure Document. Since you may only relocate if you renew the franchise and must sign our then-current Franchise Agreement as one of the conditions for renewal, other fees payable during a renewal term may be different than the continuing fees that we disclose in this Disclosure Document.

As described above in Item 1, TD Ameritrade operates businesses under the "TD Ameritrade" trademarks that sell goods and services similar to those that our IBL's sell. These TD Ameritrade businesses will share certain features (including an overlap in the goods and services offered) with Schwab Company Managed Branches and Independent Branches and may operate in your Schwab Branch Market and near your Independent Branch. In addition, we plan to operate co-branded businesses that offer both the Schwab and TD Ameritrade brands and these businesses may also operate in your Schwab Branch Market and near your Independent Branch. Also, we may convert the TD Ameritrade businesses to Schwab Company Managed Branches. TD Ameritrade maintains offices and training facilities that are physically separate from our offices and training facilities. Neither we, nor any of our affiliates, including TD Ameritrade, have any established procedures for resolving conflicts that may develop among IBLs, TD Ameritrade businesses, and us. In the event such conflicts were to arise, however, we would seek to resolve them through discussions among the affected parties.

Item 13.
TRADEMARKS

Under the Franchise Agreement you will have a non-exclusive license to identify and promote your Independent Branch using the Schwab Marks that we designate. All use of the Schwab Marks is subject to our prior written authorization.

The Schwab Marks include the following principal trademarks which we have registered on the Principal Register of the United States Patent & Trademark Office ("**PTO**"):

Mark	Registration No.	Registration Date	Class
CHARLES SCHWAB	2331730	03/21/2000	9
CHARLES SCHWAB	2390934	10/03/2000	16

Mark	Registration No.	Registration Date	Class
CHARLES SCHWAB	2491729	09/25/2001	36
CHARLES SCHWAB	4429250	11/05/2013	9, 36, 39
CHARLES SCHWAB	2316505	02/08/2000	41
CHARLES SCHWAB (House Mark)	3611541	04/28/2009	36
charles SCHWAB (stylized)	2725494	06/10/2003	36, 41
charles SCHWAB (stylized)	4429249	11/05/2013	9, 36, 39
charles SCHWAB (stylized) (House Mark)	3611542	04/28/2009	36
SCHWAB	2706554	04/15/2003	36
SCHWAB	4433005	11/12/2013	9, 36, 39
SCHWAB (House Mark)	3597849	03/31/2009	36
charles SCHWAB in blue square logo	4744416	05/26/2015	9, 36, 41
charles SCHWAB in square logo	5448590	04/17/2018	9, 16, 36, 41, 42
OWN YOUR TOMORROW	4795650	08/18/2015	9, 16, 36, 41
OWN YOUR TOMORROW (Stylized)	4814382	09/15/2015	9, 16, 36, 41
CHARLES SCHWAB (Credit Card Services)	5023227	08/16/2016	36

We have filed all necessary affidavits to keep our federal registrations in force or the time for filing affidavits has not yet been reached. As of the effective date of this Disclosure Document, we are not aware of any currently effective agreements that significantly limit our right to use or license the use of the Schwab Marks in any manner material to the franchise.

As of the issuance date of this Disclosure Document, we are not aware of any (i) currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; (ii) pending infringement, opposition or cancellation proceedings; (iii) pending material litigation involving any of the Schwab Marks; or (iv) superior prior rights or infringing uses of the Schwab Marks that could materially affect your use of the Schwab Marks.

You must follow our rules when you use the Schwab Marks. Without our prior written consent, the Franchise Agreement forbids you from using the Schwab Marks or any part thereof: (i) with any prefix, suffix or other modifying words, terms, designs, colors, logos or symbols; (ii) in any modified form; (iii) in connection with the sale of any unauthorized products or services; (iv) in any manner not expressly authorized in writing by us; or (v) in any manner that could result in our liability for your debts or obligations. You must replicate the Schwab Marks together with any notices of trademark registration in the exact manner that we specify. If we change any of the Schwab Marks, you must implement all changes at your own expense within a reasonable time after written notice from us. We do not have to reimburse you for these expenses.

You must immediately notify us in writing if you receive notice or are informed of any (i) improper use of the Schwab Marks by anyone (or their employees or agents) that you know or reasonably believe is licensed by us to use the Schwab Marks; (ii) use by any third party of any mark, design, logo or commercial symbol that you believe may be confusingly similar to any of the Schwab Marks; (iii) use by any third party of any business practice that you believe may unfairly simulate our advertising or marketing programs in a manner likely to confuse or deceive the public; or (iv) claim, challenge, suit or demand asserted against you based upon your use of the Schwab Marks. We do not have to take any action, but will respond to the information in the manner we think is appropriate. We will control the prosecution, defense or settlement of any legal action. You must cooperate and assist us in defending the Schwab Marks. You may not take any action in your own name.

Unless we establish that a third party challenge to your authorized use of the Schwab Marks is an "**Excluded Claim**" under the Franchise Agreement, we will take the action, if any, that we believe is best in order to defend and indemnify you from third party claims of infringement, including related damages and costs awarded to the third party, subject to the restrictions in the Franchise Agreement.

Item 14.
PATENTS, COPYRIGHTS AND CONFIDENTIAL INFORMATION

We own no patents that are material to the business contemplated by the Franchise Agreement. We have not registered with the Copyright Office of the Library of Congress any copyrights that are material to the franchise. However, we have and maintain unregistered copyrights in (i) the Confidential Manuals; (ii) all advertising or promotional materials, research or performance reports; analytic tools, market analyses; educational materials; decision support tools or other collateral that we use to promote Schwab Branches or recruit or service clients; and (iii) all software, programming and documentation that we include in the Schwab Technology System. We permit you to use these materials subject to the terms of use in the Franchise Agreement while you are our franchisee. As of the effective date of this Disclosure Document, there are no currently effective determinations of the Copyright Office of the Library of Congress or any court regarding any of the materials in which we claim a common law copyright.

The Schwab Technology System currently includes a suite of proprietary and non-proprietary software applications that we license from various third parties and sublicense to you under the terms of use in the Franchise Agreement (see Schedule B to the Franchise Agreement). Our agreement with third party licensors of proprietary software applications does not materially limit or affect your use of the proprietary software applications in accordance with the Franchise Agreement. However, we make no warranties or representations regarding your ability to continue to use third party proprietary software applications in the future. We do not know if any of the third-party licensors own patents or copyrights pertaining to their proprietary software or, if they do, the particulars of those patents or copyrights. If third parties that license their proprietary software applications to us own patents or copyrights, we do not know (i) if determinations have been made by the USPTO or the US Copyright Office regarding the third-party patents or copyrights, or (ii) whether any patent or copyright infringement is claimed that could materially affect your use of the third party proprietary software applications.

You must immediately notify us in writing if you receive notice or are informed of any claim, challenge, suit or demand asserted against you based upon your use of the Schwab Technology System. We do not have to take any action but will respond to the information in the manner we think is appropriate. We will control the prosecution, defense or settlement of any legal action.

You must cooperate and assist us in defending the Schwab Technology System. You may not take any action in your own name.

Unless we establish that a third party challenge to your authorized use of the Schwab Intellectual Property is an "**Excluded Claim**" under the Franchise Agreement, we will take the action, if any, that we believe is best in order to defend and indemnify you from third party claims of infringement, including related damages and costs awarded to the third party, subject to the restrictions in the Franchise Agreement.

We have no obligation to defend or indemnify you with regard to use of the third-party proprietary software applications. You are not a third-party beneficiary of our agreements with third party licensors of the proprietary software applications. Since Company Managed Branches utilize the same Schwab Technology System (including the same third party proprietary software applications), if a claim is made by someone that your use of third party proprietary software applications infringes upon their patents or copyrights, we will, for example, consider changing the current specifications of the Schwab Technology System to replace the particular third party proprietary software application that is the subject of the infringement allegations or make other adjustments to our technology program to minimize any disruption in the operation of Schwab Branches unless we determine that the infringement claims arise from your misuse of the particular third party proprietary software applications. If all or any portion of the Schwab Technology System in our opinion may become the subject of an infringement claim, we may require you to immediately cease use of the relevant intellectual property and, potentially, implement use of replacement intellectual property.

As a franchise owner, you will have access to Schwab Confidential Information as defined in the Franchise Agreement. The Franchise Agreement imposes certain requirements and limitations on your use and disclosure of Schwab Confidential Information. Among other things, you will confine disclosure of Confidential Information to your employees who need the Confidential Information to perform their duties and only to the extent necessary to perform their duties. You must obtain our prior written approval before disclosing Confidential Information to any other person. You must notify us immediately if you or one of your employees inadvertently discloses Confidential Information to any unauthorized person. You must observe and implement reasonable procedures as we may prescribe in the Confidential Manuals to prevent unauthorized or accidental disclosure of Confidential Information. As of the effective date of this Disclosure Document, we are not currently aware of any infringing use of the Schwab Confidential Information that would materially affect your use of the Schwab Confidential Information. You must notify us immediately when you learn about any unauthorized use, or challenge to your use, of the Schwab Confidential Information. We do not have to take any action but will respond to the matter in the manner that we think is appropriate. We will control the prosecution, defense or settlement of any legal action. You must cooperate and assist us in defending the Schwab Confidential Information. You may not take any action in your own name.

You must, at your own expense, modify or discontinue the use of any or all of the Schwab Confidential Information if we modify or discontinue its use. We will inform you of these changes through our Intranet or through updates to the Confidential Manuals. You must not directly or indirectly contest our right to the Schwab Confidential Information.

Item 15.
OBLIGATIONS TO PARTICIPATE IN THE ACTUAL OPERATION OF THE BUSINESS

You must personally (i) devote best efforts to the management and operation of your Independent Branch, and (ii) during the term of the Franchise Agreement not render services in any capacity, either as an employee or independent contractor, that are competitive with the range of financial services that Schwab Branches perform. Likewise, your employees must not render services in any capacity, either as an employee or independent contractor, which compete with us. As a registered representative and investment adviser representative of ours, you must notify us in advance before you or your employees engage in any outside business activities as the right to engage in outside business activities is subject to our prior approval.

You must dedicate full time and attention to carrying out your duties under the Franchise Agreement. In operating your Independent Branch, you must comply with all laws, including registration and licensing requirements applicable to registered representatives and investment adviser representatives. Regardless of our role in regulatory supervision or whether or not you function as your own OSJ, you are personally responsible for the direct, on-premises supervision and operation of the Independent Branch, the acts and omissions of your employees, and for complying with all applicable laws and our policies. As the registered broker-dealer and investment adviser firm, we may also be responsible for the acts, practices and conduct of your employees. The Franchise Agreement requires you to indemnify us if we are held liable to a third party on account of the acts and omissions of you or your employees, or any advisors you might retain such as an attorney or accountant.

IBLs may not locate their Independent Branch within the premises of an existing business or associate their Independent Branch with or otherwise promote any other business or permit any other business or person to utilize the premises. In order to prevent public confusion, the Independent Branch must be entirely dedicated to offering and promoting the Schwab Products & Services in association with the Schwab Marks without any direct or indirect association with any other trade names or unauthorized products or services. In addition, neither you nor your spouse, children, siblings, or parents (including step or by marriage) may have any direct or indirect ownership in the Approved Location real estate except through the equity ownership in a publicly traded REIT of which you or your spouse, children, siblings, or parents (including step or by marriage) own less than 5% of the outstanding shares.

You will have an opportunity to follow up on leads that we forward to your Independent Branch. Generally, we will expect you to contact these leads within 2 business days. If you do not follow-up in a timely manner, we may route the lead to a Schwab representative or team for follow up.

As an independent contractor, you are solely responsible for all staffing decisions for your Independent Branch. You will make all hiring and firing decisions and establish your own employment policies. All employees that you hire must be competent, conscientious, properly trained, compensated, and licensed as required by applicable law so that they may perform their duties in compliance with those laws. You are ultimately responsible for the performance of your employees. In order for you to effectively supervise your employees, your employees must maintain a presence in your Independent Branch.

While you retain the discretion and control over whom you employ, we must review your prospective hires to verify that they meet the requirements for working in a Schwab Branch

because all of your employees, whether registered or not, will be associated persons of Schwab under FINRA rules. For example, all of your prospective hires must be fingerprinted and may not be subject to any statutory disqualification or significant disciplinary history. Before hiring an employee, you must submit the employee candidate information to us for our review on the form that we designate in the Confidential Manuals. You must perform initial due diligence on your candidates to (i) verify that registered employee candidates hold the requisite licenses in good standing to engage in securities brokerage activities; and (ii) evaluate the candidate's experience and credentials to ensure their ability to perform the duties that you intend to delegate to them. Because any employee you hire is an associated person of Schwab, you must (i) provide us with documentation to verify your prospective employee's credentials so that we may discharge our broker/dealer responsibilities; and (ii) immediately notify us of changes in your roster of employees or any issues or developments that might affect the employee's status. Once we complete our own background screening of your prospective employee as we must do under FINRA rules, we will notify you if we will accept your prospective employee as an associated person of Schwab. All of your employees must adhere to our privacy and other policies in the Confidential Manuals. We impose restrictions on access to Schwab Client data that we maintain on our servers and you are responsible for ensuring that you and your employees comply with our restrictions and do not share passwords, attempt to access restricted Schwab Client data, or otherwise circumvent our access controls. Before your employees may work with clients or access any Schwab Client information, they must complete the specific portions of our training program that we identify in the Confidential Manuals.

Each of your employees is an associated person of Schwab under FINRA's rules and, consequently, each employee must, as a condition of employment by you and before beginning work, execute an Association Agreement with us. (See **Exhibit E** to this Franchise Disclosure Document.) Among other things, these agreements require your employees to (i) preserve the secrecy of Schwab Confidential Information; (ii) abide by our policies concerning the privacy and use of client data and other confidential client information; (iii) abide by restrictions against directly or indirectly engaging in any business activities that are competitive with Schwab Branches while they work at your Independent Branch; and (iv) in the case of registered employees, comply with the Confidential Manual sections that apply to conduct by our registered representatives and investment adviser representatives. Under securities regulatory requirements, your registered employees are subject to the same policies and procedures as you are and they must register through us and abide by our compliance requirements.

By the terms of the Franchise Agreement, you and your IB Employees will be representing the Schwab brand and image, which we have built over many decades. As part of that brand and image, we expect that you will not engage in any hostile or inappropriate conduct or engage in any acts of disrespect, unprofessional, or rude conduct, including making disparaging comments to or about other Schwab Branches, employees, or clients.

In accordance with securities regulations and our supervisory obligations as the broker/dealer, we must concur with the compensation formula that you use to pay your registered employees because they are our registered representatives and investment adviser representatives under SEC and FINRA rules, as well as concur with any bonus incentive compensation that you pay to non-registered employees. For example, within guidelines that we provide to you, you can set your employees' compensation based on the Net New Asset growth of your branch. You will administer and pay compensation to your employees in accordance with procedures in the Confidential Manuals. (See **Exhibit D**).

As the broker/dealer and investment adviser firm, we must supervise all securities regulatory activities at your Independent Branch. The supervision we undertake enables us to carry out our own regulatory duties to monitor your trading activities, written and electronic communications with clients or regarding client matters, and similar interactions with clients and the public within the purview of FINRA rules and federal and state laws. This supervision also involves making unannounced site visits to your Independent Branch, contacting clients, and reviewing Independent Branch Client account records. These inspections, oversight, and audit rights arise out of our own regulatory duties as the broker/dealer firm and are in addition to our right to conduct inspections and audits to verify your compliance with other non-regulated duties under the Franchise Agreement, e.g., using the Schwab Marks properly, not permitting unauthorized access to the Schwab Technology System, obtaining our prior written approval before using Local Marketing, and similar matters. Additionally, CSIS supervises your activities when you or your registered employees sell insurance products to Independent Branch Clients.

You must grant Schwab the right to use and publish your likeness, image, name, voice, and/or identity for editorial, trade, advertising, and any other purposes in or on any forum including the Internet, social media platforms, and any or all print or digital advertising whether now existing or later discovered or invented.

You may not hire independent contractors to work in your Independent Branch, service clients of the Independent Branch, or perform any other activities that require access to client information. We limit your employees' access to client information to conform to privacy and information security requirements.

On a quarterly or annual basis, we may ask you to report or certify information to us relating to the operation of your Independent Branch business. Upon request, at your own expense within 20 days after the end of each calendar quarter, you must prepare and submit to us a profit and loss statement and balance sheet showing the results of operation of the Independent Branch business for the most recent calendar quarter and cumulative information for the calendar year-to-date in the format and following the accounting guidelines in the Confidential Manuals.

As frequently as once each calendar quarter, upon request, you must certify to us on a current basis in writing (i) your compliance with applicable laws such as FINRA rules, worker's compensation laws, and payroll tax reporting requirements; and (ii) that you and your employees have reviewed, understand, and are complying with the then-current Confidential Manuals.

You must keep and maintain all business records pertaining to the Independent Branch business for at least 7 years after the effective date of termination or expiration of your last Franchise Agreement and, during this time, allow us to inspect your business records. During this time, we may ask you to provide us with a final financial statement through the effective date of termination or expiration.

If you are married or if you become married during the Term, your spouse will be asked to execute a Spousal Consent (Schedule E to the Franchise Agreement) acknowledging that your obligations under the Franchise Agreement are binding upon the marital community. In addition, your spouse will also be asked to execute a spousal consent to the Sublease and to the Confirmation Agreement.

Item 16.
RESTRICTIONS ON WHAT YOU MAY SELL

Independent Branch Clients hold their accounts with, and purchase Schwab Products & Services from, us, not you.

You may only offer Schwab Products & Services at the prices which we set. We prohibit you from offering or selling any other securities, investments, or other types of products or services.

We identify the approved Schwab Products & Services in the Confidential Manuals and may modify this list at any time in our sole discretion. We will notify you of changes in the list of approved Schwab Products & Services through updates to the Confidential Manuals. These changes will take effect immediately unless we specify a different implementation date.

We establish the prices that Independent Branch Clients pay for the Schwab Products & Services that they buy, hold or sell. Our prices, in turn, will affect the computation of the Revenue Amount that we use to determine your monthly Net Payout.

You must obtain our prior written approval before offering any IBL Custom Offer, whether the offer is a one-time or recurring type of financial accommodation or involves one or multiple Independent Branch Clients (e.g., ongoing commission discounts, preferential fees, managed account or other investment advisory program fee discounts or rebates, margin discounts, and similar types of financial accommodations). An IBL Custom Offer may be required to include your waiver of any applicable Tenure Multiplier.

The Schwab Client Retention & Negotiated Offers ("**CRNO**") team evaluates current and potential client profitability and has the final decision on whether you may offer the client a BDP that involves a recurring discount. We will bear the cost of the resulting reduction in revenue and you along with all other IBLs will bear the resulting reduction, if any, in the applicable Revenue Rate that we use to compute the Net Payout. This means that when we approve a recurring or multi-client discount that another IBL requests, the resulting reduction in the applicable Revenue Rate will also be applied to your Net Payout calculations. We periodically review recurring discount decisions and may revoke a decision to extend a recurring discount or change the amount of the recurring discount in our sole discretion, but will notify you before we implement the change.

You may only provide Non-Discretionary Investment Advice. When making recommendations of currently-approved Schwab Products & Services to Independent Branch Clients, you must take into account applicable legal requirements, our policies for evaluating investor best interest , and the client's individual investment objectives. If the Schwab Product & Service is an investment advisory service (see Item 19 Table 2.A which lists current investment advisory services), you must make recommendations that are in the Independent Branch Client's best interest consistent with your fiduciary duty as an investment adviser representative.

In providing personalized investment advice to clients, you must use the Schwab Technology System and other methodologies we designate that distinguish the Schwab System. As the broker/dealer, we are the custodian and clearing firm for executing all brokerage transactions, and you must conduct all transactions involving Schwab Products & Services through us.

In conducting your Independent Branch business and recruiting new Independent Branch Clients, you are subject to the TROC that we describe in Item 12 and the Confidential Manuals.

We have sole discretion to accept or reject new Independent Branch Clients and to terminate an Independent Branch Client relationship. This applies whether the Independent Branch Client seeks brokerage services, Non-Discretionary Investment Advice, or insurance products. Except as we describe in this Item 16, and subject to your compliance with the policies and procedures in the Confidential Manuals, we place no material restrictions on you with respect to the clients to whom you may recruit and the suitable Schwab Products & Services you may sell to them once they open a Schwab account.

Item 17.
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this franchise disclosure document.

THE FRANCHISE RELATIONSHIP

Provision		Section in Franchise Agreement (Exhibit C)	Summary
a.	Length of the franchise term	I.YYY	The Term begins on the date that you sign the Franchise Agreement and expires on the last day of the initial term of the Sublease, which generally is approximately 5 years.
b.	Renewal or extension of the term	IV.A	Two 5-year renewal options (each 5-year period is referred to as a "Renewal Term" and each option to renew is referred to as a "Renewal Option") following the end of your Term and each Renewal Term, if we are granting new Independent Branch franchises in the United States at the time when you exercise a Renewal Option and if you satisfy certain conditions described in Item 17c below. Your renewal rights are contingent on our still being in the business of awarding new Independent Branch franchises in the United States. If we are not awarding new franchises in the United States when it is time for you to exercise a Renewal Option and you are in good standing under the Franchise Agreement, we will either allow you to exercise your renewal option or, at our option, repurchase your franchise rights. We are not under any obligation to repurchase your franchise rights. If we elect to repurchase your franchise rights, we will pay you the purchase price that we calculate following the formula that we explain in Item 17o.

Provision		Section in Franchise Agreement (Exhibit C)	Summary
c.	Requirements for franchisee to renew or extend	IV.B	If we are granting new Independent Branch franchises in the United States when you give us notice that you wish to exercise the Renewal Option, then, in order to exercise each Renewal Option, you must satisfy several conditions: (i) your notice indicating your election to renew must be timely given not more than 14 months, and not less than 13 months, before the existing Franchise Agreement's term or Renewal Term expires; (ii) there must be no outstanding defaults under the Franchise Agreement; and (iii) you must not have received more than 3 notices of default during the initial term or first Renewal Term. The Master Lease must give us occupancy rights for the next Renewal Term (generally, 5 years) and you must agree to pay for all costs and expenses associated with our updating the Independent Branch to our then-current imaging and technology requirements. You must either sign our then-current Sublease or we may agree to extend the existing Sublease for approximately 5 years. If we cannot extend the Master Lease for an additional 5 years, and you wish to exercise the renewal option, you must agree to relocate your Independent Branch to different premises and enter into our then-current Sublease for 5 years. While Schwab will pay the initial expenses, you will pay these expenses through the Facilities Fee over the Term or any Renewal Term. You must sign our form of General Release (**Exhibit F**). If you meet these conditions, you may renew if you agree to enter into our then current form of Franchise Agreement. Our then-current form may be materially different than the Franchise Agreement attached as **Exhibit C** including imposing materially different fees than the continuing fees that we disclose in this Disclosure Document. There is no renewal fee.

Provision		Section in Franchise Agreement (Exhibit C)	Summary
d.	Termination by franchisee	XVII.A	You may only terminate the Franchise Agreement if we fail to cure an alleged material and substantial default within 60 days after you give us written notice of default explaining the nature of the default.
e.	Termination by franchisor without "cause"	N/A See XIX.D	Termination without cause is only possible by mutual agreement or if we exercise our option to purchase your franchise rights under the Franchise Agreement. See subpart o in this Item 17.
f.	Termination by franchisor with "cause"	XVII.B, XVII.C	We may terminate the Franchise Agreement if you commit any one of several violations set forth in the Franchise Agreement.
g.	"Cause" defined – curable defaults	XVII.C	All defaults which we do not identify in the Franchise Agreement as being incurable.
h.	"Cause" defined – non-curable defaults	XVII.B	If you do not execute Schedule A to the Franchise Agreement within 90 days after the date of the Franchise Agreement. If you fail to execute the sublease for the Approved Location within 30 days after we present the Sublease to you, or your failure to execute the Confirmation Agreement for the Approved Location attached as **Exhibit D** to the Sublease within 30 days after we present the Confirmation Agreement to you. If you fail to submit to us any report or document the Franchise Agreement requires within 10 days after we give you notice that the report or document is late. Your insolvency or bankruptcy. Your abandonment of your Independent Branch (which we define in the Franchise Agreement). If you breach the Sublease and fail to cure (if expressly curable) within the time period that the Sublease allows. Any material securities regulatory compliance violation or other conduct that may adversely affect our reputation.

Provision		Section in Franchise Agreement (Exhibit C)	Summary
			Your breach of our policies in the Confidential Manuals that pertain to handling of client funds, privacy and information security requirements, solicitation of clients in violation of the TROC, and restrictions on contacting clients of independent investment advisers who maintain their accounts at Schwab. If you fail to comply with limitations and requirements with respect to Schwab Bank products. Unauthorized use of the Schwab Marks or other Schwab Intellectual Property as defined in the Franchise Agreement. Revocation, cancellation, termination, suspension or nonrenewal of any securities regulatory license or registration for you or any other registered employee in your Independent Branch. Health or safety violation; any other (non-securities licensing) violation of law which you fail to correct within 10 days of notice. Repeat violations of requirements in the Franchise Agreement and the Confidential Manuals, whether or not cured (if you receive 3 notices of default during any 12 month period whether or not you timely cure the first 2 defaults). If you make a material misrepresentation or omission in obtaining your franchise. If you try to transfer your franchise in a manner that fails to meet the conditions in the Franchise Agreement. If your employee breaches the terms and conditions of the Association Agreement. See **Exhibit E** to this Franchise Disclosure Document. If you fail to meet either of the Minimum Performance Requirements disclosed in Item 12. If you fail to pay us an amount you owe due to a negative Net Payout within the time period indicated in the Franchise Agreement.

Provision		Section in Franchise Agreement (Exhibit C)	Summary
			If we receive from a lender a notice (or if we are otherwise made aware) that you have failed to timely cure a monetary Event of Default or a non-monetary Event of Default (as that term is defined under the applicable loan documents).
i.	Franchisee's obligations on termination/non- renewal	XVIII.C	Return all marketing collateral, written bulletins, signs, and documentation pertaining to the Schwab Technology System and cease using the Schwab Marks. You must submit a final profit and loss statement and balance sheet for the Independent Branch and any other reports that are still due. You must vacate the Approved Location. You may not solicit Schwab Clients to transfer their accounts or all or part of their assets to another firm. If any Independent Branch Clients move their accounts after termination or non-renewal to your new firm, you must pay a Client Account Purchase Fee (except that you will not be liable for a Client Account Purchase Fee on the assets of Transitioned Clients if you elect the "50% Multiplier" when you sign the Franchise Agreement). You may not take any client data or information even with respect to Independent Branch Clients. We will separately provide you with contact information for Independent Branch Clients who have given us appropriate consents subject to our privacy policy. You may not use any other Schwab Confidential Information as defined in the Franchise Agreement. You must surrender all computer hardware in good condition at the Approved Location and cease all other use of the Schwab Technology System.
j.	Assignment contract franchisor of by	XIX	Unrestricted as long as the buyer assumes our obligations under the Franchise Agreement and the Sublease.
k.	"Transfer" by franchisee defined	I.BB	We define an "Event of Transfer" as an actual or attempted direct or indirect sale, assignment, pledge, gift, encumbrance or alienation of (i) any interest in the Franchise Agreement, (ii) the franchise rights; or (iii) all or substantially all of the assets of the Independent Branch, including, without limitation, your Sublease

Provision		Section in Franchise Agreement (Exhibit C)	Summary
			rights. For example, by operation of law, an Event of Transfer may occur upon your divorce.
l.	Franchisor approval of transfer by franchisee	XIX.C	The Franchise Agreement is a personal service contract. We forbid any kind of Event of Transfer, whether done voluntarily or by operation of law, unless you first obtain our written consent.
m.	Conditions for franchisor approval of transfer	XIX.E	Your proposed buyer must meet our then-current qualifications for new IBLs; you (the selling IBL) must pay us a transfer fee as consideration for our approval, you must sign our form of General Release (**Exhibit F**); no outstanding defaults; your proposed
j.	Assignment contract franchisor of by	XIX	Unrestricted as long as the buyer assumes our obligations under the Franchise Agreement and the Sublease.
k.	"Transfer" by franchisee defined	I.BB	We define an "Event of Transfer" as an actual or attempted direct or indirect sale, assignment, pledge, gift, encumbrance or alienation of (i) any interest in the Franchise Agreement, (ii) the franchise rights; or (iii) all or substantially all of the assets of the Independent Branch, including, without limitation, your Sublease rights. For example, by operation of law, an Event of Transfer may occur upon your divorce.
l.	Franchisor approval of transfer by franchisee	XIX.C	The Franchise Agreement is a personal service contract. We forbid any kind of Event of Transfer, whether done voluntarily or by operation of law, unless you first obtain our written consent.
m.	Conditions for franchisor approval of transfer	XIX.E	Your proposed buyer must meet our then-current qualifications for new IBLs; you (the selling IBL) must pay us a transfer fee as consideration for our approval, you and your proposed buyer must sign our form of Consent to Transfer and Release Agreement (**Exhibit M**); no outstanding defaults; your proposed buyer must complete our initial training program before the transfer is complete; and your proposed buyer must sign our current form of Franchise Agreement for a term (including unexpired renewal terms) equal to that remaining under your Franchise Agreement. We must elect not to exercise our right of first refusal. The selling IBL and proposed buyer will negotiate the terms for the purchase and sale of the assets of the selling IBL's Independent Branch including the purchase price. The selling IBL must assign the

Provision		Section in Franchise Agreement (Exhibit C)	Summary
			Sublease to the buyer and we and the master landlord must consent to the Sublease assignment. When an Event of Transfer occurs with our approval, we will mutually terminate the Franchise Agreement that you entered into with us. The non-solicitation provision and other surviving provisions spelled-out in the Franchise Agreement will continue to apply to you after the Event of Transfer.
n.	Franchisor right of first refusal to acquire franchisee's business	XIX.D	We have the right to match any third party offer to buy the franchise, assets or controlling interest which is the subject of a proposed transfer in our sole discretion.
o.	Our option to purchase franchisee's business	XIX.D	We have a purchase option to acquire all of your rights under the Franchise Agreement any time after the first Operating Year by giving you at least 30 days written notice and paying you the greater of (i) the sum of 4% of the market value of all New-to-Firm Client account assets (including any transitioned clients for which you did not make the Transitioned Client Revenue Election), 4% of the market value of all Reassigned Advisor Client account assets and 1% of the market value of all Reassigned Client account assets (in each case as determined on the day before we give our election notice); or (ii) 3 times the amount of the Franchise Fee paid by IBL. For purposes of the calculation in (i), we will use the market value of account assets as reflected in our account records for that Schwab Client's balances and positions. The calculation in (i) excludes the assets of Seeded Clients and Transitioned Clients, for which you have made the Transitioned Client Revenue Election. You agree to cooperate and use best efforts to accomplish an orderly transition. The Franchise Agreement will terminate by mutual agreement concurrently upon the closing date and, thereafter, you must comply with all of the terms and conditions applicable following termination. See subpart i of this Item 17.

Provision		Section in Franchise Agreement (Exhibit C)	Summary
p.	Death or disability of franchisee	XIV.J	The Franchise Agreement is a personal service contract. We regard your death or medical incapacity as an Absence (a term that we define in the Franchise Agreement). In the event of an Absence related to the death or disability (including mental incapacity) of IBL, or if IBL or IBL's Legal Representative apply for consent to an Event of Transfer due to IBL's death or disability, and Schwab agrees to manage IBL's Independent Branch for more than 30 days (or at least 90 days in the event of the death of IBL), Schwab alone, in its sole discretion, shall determine and inform IBL and IBL's Legal Representative of the maximum time period that it will manage IBL's Independent Branch. If IBL or IBL's Legal Representative cannot obtain Schwab's consent to a proposed transferee and complete the other conditions to an Event of Transfer within the time period that Schwab agrees to manage IBL's Independent Branch, Schwab may terminate this Agreement effective immediately upon written notice to IBL or IBL's Legal Representative based on IBL's Abandonment.
q.	Non-competition covenants during the term of the franchise	XV.A, XV.B, XV.D, XV.E	During the term you must devote your full time and attention to operating your Independent Branch. Neither you nor any of your employees may own an interest in another financial services company, or sell investment, financial or insurance products or services of any kind except through the Independent Branch. These provisions may be subject to state law.
r.	Non-competition covenants after the franchise is terminated or expires	XV.C, XV.D, XV.E	We do not forbid competition after the Franchise Agreement terminates or expires for any reason. However, you must pay us a Client Account Purchase Fee under certain conditions. These provisions may be subject to state law.
s.	Modification of the Agreement	XXIII.H	The Franchise Agreement may not be modified except by a written agreement that you and we both sign. As noted throughout this Disclosure Document, the Franchise Agreement, among other things, gives us the right to modify or change the Schwab System, Schwab Products & Services, and the Confidential Manuals at any time in our discretion.
t.	Integration/merger Clause	XXIII.K	Only the terms of the Franchise Agreement and Sublease are binding (subject to state law). Any

Provision		Section in Franchise Agreement (Exhibit C)	Summary
			representations or promises outside of the Disclosure Document, Franchise Agreement or Sublease may not be enforceable.
u.	Dispute resolution by arbitration or mediation	XXI.A, XXI.B, XXI.C	With limited exceptions pertaining to disputes seeking injunctions or other provisional remedies, all disputes arising out of the Franchise Agreement must first be submitted to mediation. If mediation does not resolve the dispute, then the party seeking relief must: (i) initiate arbitration with FINRA when the issue in dispute involves matters within FINRA's jurisdiction; or (ii) resolve the dispute through litigation in court.
v.	Choice of forum	XXI.D	Regardless of who initiates mediation, the mediation will be conducted at a mutually acceptable location. FINRA arbitration will be held at the FINRA offices closest to your Independent Branch, or as otherwise required by state law. Any injunctive or other preliminary relief in a FINRA arbitrated dispute will take place in a court pending FINRA arbitration. Litigation brought by you or us must be brought in the state or federal courts with jurisdiction in the county where you operate or operated the Independent Branch. See State Addenda, **Exhibit H**.
w.	Choice of law	XXI.F	The Franchise Agreement will be governed by the law of the state in which you operate or operated your Independent Branch. See State Addenda, **Exhibit H**.

Item 18.
PUBLIC FIGURES

We regard the founder and Chairman of the Board of CSC and our company, Charles Schwab, to be a public figure. Through our extensive marketing campaigns over the years featuring Mr. Schwab, including the "Own Your Tomorrow" national advertising campaign across a broad spectrum of print, television, outdoor and online media in select major U.S. markets, Mr. Schwab serves as more than just a spokesperson for the Charles Schwab® brand of brokerage offices: he personifies the brand's message to consumers of accessible investment services and advice benefitting each investor individually.

As the Chairman of the Board of Directors of our company, Mr. Schwab is actively involved in policy decisions regarding the Independent Branch Services franchise program and will serve as a spokesperson for our Independent Branch franchise program. He owns approximately 7% of the shares of our publicly traded parent, CSC. Mr. Schwab receives compensation for his duties

as an active Chairman of the Board and pursuant to his employment agreement with us and an agreement for the right to use his name and likeness. Other than this compensation, Mr. Schwab receives no compensation from us for endorsements that he makes of the franchise opportunity to prospective IBLs or others.

Item 19.
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: a franchisor provides the actual records of an existing outlet you are considering buying; or a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

Written substantiation for the financial performance representations will be made available to the prospective franchisee upon reasonable request.

1. ADJUSTED REVENUE ON CLIENT ASSETS ("ADJUSTED ROCA") FOR CALENDAR YEARS 2019, 2020 and 2021

We present the Adjusted ROCA results for client accounts assigned to Schwab Independent Branches for 2019, 2020 and 2021. We calculate Adjusted ROCA by dividing Independent Branch Revenue (defined below) for the year shown by the one-year average asset balance in all client accounts assigned to Schwab Independent Branches. We state Adjusted ROCA (Line 9) as basis points (bps) or 1/100th of a percent. An Adjusted ROCA of 27 bps on $10,000 of assets equals $27.00.

TABLE 1
Adjusted ROCA
(See Explanatory Notes to this Table)

	Reported Metrics	2019	2020	2021
1.	Total Independent Branch Revenue	$67.4M	$81.1M	$98.9M
2.	High/Low Independent Branch Revenue	$5,754.5K / $198.1K	$6,098.6K / $292.2K	$6,709.6K / $189.5K
3.	Average Client Account Balance Assigned to Schwab Independent Branches (based on yearend balances)	$145.9K	$142.2K	$142.5K
4.	Median Client Account Balance Assigned to Schwab Independent Branches (based on yearend balances)	$15.1K	$10.9K	$8.6K

TABLE 1 Adjusted ROCA (See Explanatory Notes to this Table)				
	Reported Metrics	**2019**	**2020**	**2021**
5.	Average Client Account Balance Assigned to Schwab Independent Branches (based on yearend balances, excluding accounts with balances less than $10,000)	$263.7K	$276.5K	$294.8K
6.	Median Client Account Balance Assigned to Schwab Independent Branches (based on yearend balances, excluding accounts with balances less than $10,000)	$88.2K	$84.5K	$85.3K
7.	Average Client Account Balance Assigned to Schwab Independent Branches (based on yearend balances, excluding accounts with balances equal to or greater than $10,000)	$1.9K	$1.8K	$1.7K
8.	Median Client Account Balance Assigned to Schwab Independent Branches (based on yearend balances, excluding accounts with balances equal to or greater than $10,000).	$0.4K	$0.3K	$0.2K
9.	Adjusted ROCA (bps)	41	34	27

Total Independent Branch Revenue and Adjusted ROCA shown in Table 1 depend on a number of factors. These factors include, but are not limited to, the following: (i) the number of revenue generating trades and other types of transactional activities by clients during the calendar year; (ii) the asset mix in clients' accounts during the relevant period; (iii) the share of assets that a client enrolls in programs for which we receive asset-based fees; and (iv) the level of asset-based fees that we receive for the programs (which also cover trading commissions in those enrolled accounts). The prices that we charge clients will vary according to the level of trading activity in an account, overall account asset size, and the level of assets which the client commits to money management or other fee-based advice services. For some services, we charge clients a one-time flat fee while for other types of services we charge an ongoing asset-based fee. We publish our fees and may change them in our discretion at any time.

Total Independent Branch Revenue is "adjusted" to exclude revenue that is not earned at the individual account level – for example, revenue from trading as principal in fixed income securities, payment for order flow, or securities lending activities. Total Independent Branch Revenue is reduced by specific expenses related to third-party asset management and other support for Advised Assets such as Schwab Private Client Portfolio Consultants (described in Part A or Table 2 below).

Note that the Adjusted ROCA shown above is based on revenue data for all Independent Schwab Branches. We do not represent that your results will be equivalent to the Adjusted ROCA results shown above or those of other Independent Branches.

Explanatory Notes to Table 1

1) Adjusted ROCA depends on a variety of variables one of which is the prices we charge clients. We may change our pricing and fees at any time in our discretion. The Adjusted ROCA results shown in Item 19 reflect actual discounts extended to clients off of our standard (published) prices at the time.

2) The Adjusted ROCA and Revenue Rates for Independent Branches will be impacted by SRAs and BDPs that you and other IBLs extend to Independent Branch Clients, some or all of which you will bear the cost of, as we explain in Item 6.

3) Future Adjusted ROCA and Revenue Rates for Independent Branches will be influenced by competitive pricing (i.e., the rates charged by our competitors).

4) Revenue results include all Independent Branches that were open and operating (whether in the Temporary Location or the Approved Location) during the relevant time period.

2. REVENUE RATES BY ASSET CATEGORIES

Table 2 is an illustration of how we calculate the Revenue Rates which are used in the Net Payout calculation. The illustration is based on historical data from Independent Branches for the 12 months ending December 31, 2021. Because the Revenue Rates that we will use to compute your Net Payout will be derived from the asset mix of clients assigned to all Independent Branches, this historical data from Independent Branches is solely to illustrate the Revenue Rates calculation. Your results will vary.

As noted above, the ROCA for clients of your Independent Branch will depend in part on the asset mix in your clients' accounts. For purposes of calculating the revenue component of your Net Payout, we divide Independent Branch Client assets into one of two categories:

"**Advised Assets**" or "**Non-Advised Assets**." The Revenue Rate for each asset category in Table 2 is based on different revenue components, reflecting the fees we charge clients and/or other revenue we earn from these products and services (subject to the cap on the Non-Advised Revenue Rate described below). The same Revenue Rate applies to a wide range of products and services within each category. This helps reduce potential conflicts of interest when making product recommendations to clients.

Part A of Table 2 is for Advised Assets. It indicates the asset-based fees (net of expenses) and other revenue that we earn from the various listed investment advisory programs. Part B of Table 2 is for Non-Advised Assets. It indicates the different forms of transaction and non-transaction revenue that we earn from the various listed investment products and services.

In order to formulate your own assumptions about your likely results, it is important to understand that: (1) the Revenue Rates shown in the tables below are examples based on historical data from Independent Branches, not the actual Revenue Rates that will be applied to assets of your Independent Branch Clients; (2) we may change the number and groupings of asset categories in the future; (3) Advised Assets are typically subject to a higher Revenue Rate than Non-Advised Assets and will thus yield a higher Net Payout than an equal amount of Non-Advised Assets; (4) The Revenue Rate for Non-Advised Assets is subject to a cap of 70 basis

points even when the transaction and non-transaction revenue received by us from Non-Advised Assets exceeds the amount of this cap; (5) Seeded Client Assets are likely to include few, if any, Advised Assets; and because the Revenue Rates are calculated by aggregating averages of revenues and asset balances of all Independent Branches, your Net Payout will be affected by the combined mix of assets held in the accounts of all Independent Branch Clients, not just your own. In sum, Revenue Rates are subject to constant change.

TABLE 2 Revenue Rates for 2021 (See Explanatory Notes to this Table)			
A. Advised Asset Category			
Investment Advisory Services (1) (2)	**Fee Revenue in Basis Points – Low**	**Fee Revenue in Basis Points - High**	**Estimated Other Revenue**
Schwab Managed Account Connection™ – Windhaven Portfolios™	70	95	1
Schwab Managed Account Connection™ - ThomasPartners™	40	90	1
Schwab Managed Account Select® (“MAS”) Equity Strategies	62	92	1
MAS Fixed Income Strategies	18	38	1
MAS – Diversified Portfolios	57	82	1
MAS - PIMCO & Parametric TABS Municipal Bond Ladder Strategies	6	16	1
Referrals to the Schwab Advisor Network™ Program (“SAN”) (Amount we earn from advisor to whom client referred)	10	25	10
Schwab Managed Portfolios™ (“SMP”) – ETFs	50	90	2
SMP – Mutual Funds	20	90	15
Schwab Intelligent Portfolios	0	0	20
Schwab Intelligent Portfolios Premium (3)	$360 / yr	$360 / yr	21
Schwab Private Client™ (“SPC”) Equity Assets	20	70	6
Wasmer Schroeder Strategies	15	45	2
SPC Fixed Income Assets	20	70	6
Variable Annuities Trail	48	247	N/A
Advised Asset Revenue Rate for Schwab Independent Branches for 2021 was 42 basis points. As of 12/31/2021, 12.3% of total Independent Branch assets were enrolled in Advised offers.			
B. Non-Advised Asset Category			

TABLE 2 Revenue Rates for 2021 (See Explanatory Notes to this Table)			
A. Advised Asset Category			
Investment Advisory Services (1) (2)	**Fee Revenue in Basis Points – Low**	**Fee Revenue in Basis Points - High**	**Estimated Other Revenue**
No-Transaction Fee Funds ("NTF Funds") (4)	**Revenue in Basis Points - Low**		**Revenue in Basis Points - High**
Mutual Funds (includes all Schwab- affiliated funds and all mutual funds participating in the Schwab Mutual Fund OneSource® Service) (5)	2		50
Schwab Active Semi-Transparent ETFs	8		10
Cash Management Services (6)	**Aggregate Revenue Rate**		
For assistance to clients relating to their liquid cash pending investment	101		
Margin Loans (7)	**Basis Points – Low**		**Basis Points – High**
	450		**833**
Trading Commissions and Revenue (8)	**$ Per Revenue Trade – Web**		**$ Per Revenue Trade - Broker Assisted**
Equities (stocks and Non-Schwab Affiliate ETFs)	$0		$25
Treasuries, including Auction and Secondary: Treasury Bonds, Treasury Bills, Treasury Notes and TIPS	$0.00		$25
Other Secondary Trades: CDs, Corporate Bonds, Municipal Bonds, Government Agencies, Zero-Coupon Treasuries, including STRIPS	$1 / bond $10 minimum $250 maximum		Web + $25
Commercial Paper, Foreign Bonds, Asset-Backed Securities, Mortgage-Backed Securities, Collateralized Mortgage Obligations, and Unit Investment Trusts	Varies by product		Varies by product
Preferred Stocks and REITs	$0		$25
Options	$0 + $0.65 / contract		$25 + $0.65 / contract

TABLE 2 Revenue Rates for 2021 (See Explanatory Notes to this Table)			
A. Advised Asset Category			
Investment Advisory Services (1) (2)	**Fee Revenue in Basis Points – Low**	**Fee Revenue in Basis Points - High**	**Estimated Other Revenue**
Transaction Fee Mutual Funds (Buy/Sell)	Up to $74.95 / purchase		Web + $25
Insurance Products (9)	Revenue in Basis Points – Low		Revenue in Basis Points – High
Fixed Deferred Annuities Trail – excluding one-time commission revenue, if any, covered in Table 3 below.	15		50
Non-Advised Asset Revenue Rate for Schwab Independent Branches for 2021 was 25 basis points.			

We calculate Revenue Amount, Net Payout and Revenue Rates using definitions and calculations that are the same as the definitions and calculations in Item 1.

Explanatory Notes to Table 2

(1) The Fee Revenue for Investment Advisory Services is a net amount which is lower than the price we charge clients, reflecting the estimated costs that we pay to provide the service. The low and high ranges depend on the level of assets that a client invests or enrolls in the particular Investment Advisory Service, and on the particular strategy selected (such as equity or fixed income). On 12/31/2021, 6.6% of all Independent Branch accounts (19,150 of 289,916 total Schwab Independent Branch accounts) were enrolled in an Investment Advisory Service.

(2) Certain assets held within some Investment Advisory Services produce revenue from sources in addition to the fees paid by clients. For example, we earn fees for providing mutual fund shareholder services to the funds invested in Schwab Managed Portfolios. Also, Cash Management Services contribute to the overall revenue earned on Investment Advisory Services. The Estimated Other Revenue column reflects these additional revenue sources, which are also factored into the Advised Asset Revenue Rate.

(3) The Fee Revenue for Schwab Intelligent Portfolios Premium consists of a one-time Initial Planning Fee of $300 and an Ongoing Advisory Fee of $90 per quarter regardless of the level of assets. Thus, for example a SIP Premium client with $250,000 pays the same Initial Planning Fee and Ongoing Advisory Fee as a client with $50,000.

(4) The Revenue for No-Transaction Fee Funds is net of estimated fees paid by us to third parties.

(5) The 2 and 50 basis point range for no-transaction fee mutual funds, including money funds, reflects variables such as whether a mutual fund is affiliated or not, and whether a mutual fund is predominantly an equity or a fixed income fund. Affiliated and equity funds generally result in higher revenue. The revenue for affiliated mutual funds with a sub-advisor is net the additional management and related expenses.

(6) The 101 basis points earned for Cash Management Services reflects a single aggregate Revenue Rate on all liquid cash balances held in client accounts.

(7) The fees that we charge clients for margin balances will vary based on prevailing interest rates, the discounts that we are willing to extend to clients in our discretion, and our actual costs.

(8) Investors either pay a per-trade commission or fee, or a mark-up on their investment (as in the case of certain fixed income trades). The aggregated Revenue Rate for fixed income investments includes U.S. Treasury Bonds for which we collect no fee, commission, or mark-up for trades placed through automated channels. Clients who enroll in our Active Investor program pay lower commissions than shown in Table 2.

(9) Trail revenue for Variable Annuities displayed in Table 2, A are being included in the Advised Rate calculation. Trail revenue for Fixed Deferred Annuities displayed in Table 2, B are being included in the Non-Advised Rate calculation. You must hold appropriate licenses to sell insurance products in order for insurance and annuity revenue to be included in the applicable Revenue Amount.

3. REVENUE FROM NON-VARIABLE ANNUITIES, INSURANCE, REFERRAL FEES AND FEE-BASED FINANCIAL PLANS

In addition to asset-based revenue, you may earn one-time commission or referral revenue based on the sales of the products described in Table 3 below. As we explain in Item 1, we calculate additional Revenue Amounts based on: (i) our revenue from sales of Immediate Annuities, Life Insurance, Disability Insurance, and Long-Term Care Insurance, and one-time commission revenue (excluding trailing revenue covered in Table 2 above) from sales of Fixed Deferred Annuities; (ii) revenue from sales of fee-based financial plans; and (iii) Revenue from referral fees from Retirement Plan Service. We adjust these Revenue Amounts by: (i) multiplying the Revenue Amount for insurance and non-variable annuity products and fee-based financial plans by 50%; (ii) referral fees are not adjusted. The sum of these adjusted Revenue Amounts is added to the adjusted Asset-Based Revenue Amounts to arrive at the Adjusted Total Revenue Amount used in the Net Payout. Note, that if this is a retirement plan for which you are eligible to be a participant, you will not be eligible to receive any compensation including a referral fee nor will the assets be included in your Adjusted Total Revenue Amount.

You must hold appropriate licenses to sell insurance products in order for insurance and annuity revenue to be included in the applicable Revenue Amount.

TABLE 3 **Revenue Ranges for 2021 for Assets that are neither Advised Assets nor Non-Advised Assets Illustration**		
Insurance and Annuities	**Basis Points One-Time Revenue – Low**	**Basis Points One-Time Revenue - High**
Fixed Annuities	50	550
Immediate Annuities	20	400
Deferred Income Annuities	15	500
Insurance Products	**Average Revenue**	
Life Insurance	50% of Schwab revenue (Non-New York) 35% of Schwab revenue (New York)	
Long-Term Care Insurance	50% of Schwab revenue	
Disability Insurance	50% of Schwab revenue	
Fee-Based Schwab Financial Plans	One-Time Revenue - Low	One-Time Revenue - High
Schwab Personal Financial Plan	$0	$2,000
Schwab Equity Compensation Consultation	$2,000+	
Schwab Plan Comprehensive	$0	$300
Retirement Plan Sponsor Accounts	**Plan Minimum**	**Plan Maximum**
Referral Fee (25 basis points)	$250,000 (referral fee of $625)	$10,000,000 (referral fee of $25,000)

4. INDEPENDENT BRANCHES - NET NEW ASSETS

TABLE 4a **All Independent Branches** **Net New Assets (NNA)** **At the conclusion of 12 Month Intervals**					
	12 months of operation	**24 months of operation**	**36 months of operation**	**48 months of operation**	**60 months of operation**
# of Branches Included	73	63	49	39	31
Average	$41.4M	$40.4M	$38.0M	$41.4M	$52.4M
# of Branches Above Average	36	27	19	17	9
# of Branches Below Average	37	36	30	22	22
Minimum	$6.0M	$5.4M	$6.4M	$5.2M	$13.5M
25th Quartile	$24.0M	$24.9M	$25.7M	$22.8M	$25.6M

TABLE 4a All Independent Branches Net New Assets (NNA) At the conclusion of 12 Month Intervals					
	12 months of operation	24 months of operation	36 months of operation	48 months of operation	60 months of operation
Median (50th Quartile)	$40.0M	$37.0M	$35.5M	$35.1M	$40.3M
75th Quartile	$53.1M	$53.1M	$43.5M	$52.3M	$56.0M
Maximum	$98.1M	$108.3M	$130.9M	$126.2M	$404.0M

TABLE 4b Independent Branches Opened Since 01/01/2016 Net New Assets (NNA) At the conclusion of 12 Month Intervals					
	12 months of operation	24 months of operation	36 months of operation	48 months of operation	60 months of operation
# of Branches Included	46	36	22	12	4
Average	$49.6M	$51.3M	$49.3M	$56.7M	$44.6M
# of Branches Above Average	20	15	7	4	1
# of Branches Below Average	26	21	15	8	3
Minimum	$16.8M	$21.2M	$27.3M	$20.2M	$21.0M
25th Quartile	$32.2M	$36.9M	$36.3M	$36.4M	$36.2M
Median (50th Quartile)	$48.1M	$45.4M	$39.0M	$47.2M	$42.2M
75th Quartile	$60.9M	$65.7M	$55.4M	$73.1M	$50.5M
Maximum	$98.1M	$108.3M	$130.9M	$126.2M	$72.9M

TABLE 4c Independent Branches Net New Assets (NNA)					
	Independent Branches open and operating for the full calendar year ending 12/31/2017	Independent Branches open and operating for the full calendar year ending 12/31/2018	Independent Branches open and operating for the full calendar year ending 12/31/2019	Independent Branches open and operating for the full calendar year ending 12/31/2020	Independent Branches open and operating for the full calendar year ending 12/31/2021
# of Branches Included	31	39	49	63	73
Average	$39.6M	$49.7M	$47.3M	$55.4M	$60.8M

TABLE 4c Independent Branches Net New Assets (NNA)					
	Independent Branches open and operating for the full calendar year ending 12/31/2017	**Independent Branches open and operating for the full calendar year ending 12/31/2018**	**Independent Branches open and operating for the full calendar year ending 12/31/2019**	**Independent Branches open and operating for the full calendar year ending 12/31/2020**	**Independent Branches open and operating for the full calendar year ending 12/31/2021**
# of Branches Above Average	13	15	20	24	31
# of Branches Below Average	18	24	29	39	42
Minimum	$12.9M	($2.2M)	($0.1M)	$16.4M	$5.9M
25th Quartile	$27.7M	$31.8M	$28.5M	$33.3M	$38.5M
Median (50th Quartile)	$36.8M	$44.6M	$41.7M	$45.9M	$50.3M
75th Quartile	$46.8M	$64.5M	$60.2M	$63.5M	$74.0M
Maximum	$107.3M	$160.3M	$117.8M	$183.2M	$187.6M

Tables 4a and 4b shows the summarized Net New Assets (NNA) and associated metrics for branches open at least 12 full months (i.e., one year). This table is not based on calendar years, instead we include branches that have at least 12 full calendar months of operation as of December 31, 2021. Then, regardless of month or year opened, we summarize these numbers, allowing you to understand how the independent branches performed in their first through fifth year of operation, if applicable. The NNA of all client types; New-to-Firm, Transitioned, Seeded, and Reassigned Clients are included. There is a wide variance in NNA levels across the independent branches. Your actual results will differ from the results shown in Tables 4a and 4b.

Table 4c shows the actual amount of Net New Assets (NNA) of all client types; New-to-Firm, Transitioned, Seeded, and Reassigned Clients of those Independent Branches operating for the full calendar year 2021, 2020, 2019, 2018, and 2017 if applicable. There may be a wide variance between independent branch NNA from the different client types. Your actual results may differ from the results shown in Table 4c.

Note, two of our existing IBLs have second locations (Germantown, WI and Clermont, FL) and the results from the second locations are included in IBL's initial branch. The second branches are under the terms of the same franchise agreement and within the same territory, as a part of a pilot program.

*Second locations are not currently being offered to new or existing IBLs.

5. INDEPENDENT BRANCHES – END-OF-PERIOD TOTAL ASSETS

TABLE 5a All Independent Branches End-of-Period (EOP) Total Assets At the conclusion of 12 Month Intervals					
	12 months of operation	24 months of operation	36 months of operation	48 months of operation	60 months of operation
# of Branches Included	73	63	49	39	31
Average	$125.4M	$192.6M	$239.9M	$293.1M	$329.0M
# of Branches Above Average	31	28	22	16	11
# of Branches Below Average	42	35	27	23	20
Minimum	$31.1M	$39.6M	$58.2M	$93.5M	$116.5M
25th Quartile	$66.9M	$111.0M	$126.0M	$165.2M	$197.6M
Median (50th Quartile)	$116.4M	$184.6M	$217.4M	$259.9M	$261.5M
75th Quartile	$153.0M	$255.3M	$311.1M	$367.1M	$459.6M
Maximum	$480.2M	$643.3M	$813.8M	$1,190.2M	$896.2M

TABLE 5b Independent Branches Opened Since 01/01/2016 End-of-Period (EOP) Total Assets At the conclusion of 12 Month Intervals					
	12 months of operation	24 months of operation	36 months of operation	48 months of operation	60 months of operation
# of Branches Included	46	36	22	12	4
Average	$159.0M	$255.5M	$341.1M	$461.1M	$503.0M
# of Branches Above Average	16	15	10	3	1
# of Branches Below Average	30	21	12	9	3
Minimum	$51.5M	$116.2M	$158.7M	$270.5M	$463.0M
25th Quartile	$112.7M	$189.8M	$261.0M	$345.7M	$473.2M
Median (50th Quartile)	$138.0M	$227.9M	$304.1M	$390.3M	$480.7M
75th Quartile	$169.6M	$282.5M	$374.3M	$467.6M	$510.5M
Maximum	$480.2M	$643.3M	$813.8M	$1,190.2M	$587.8M

TABLE 5c Independent Branches End-of-Period (EOP) Total Assets					
	Independent Branches open and operating for the full calendar year ending 12/31/2017	**Independent Branches open and operating for the full calendar year ending 12/31/2018**	**Independent Branches open and operating for the full calendar year ending 12/31/2019**	**Independent Branches open and operating for the full calendar year ending 12/31/2020**	**Independent Branches open and operating for the full calendar year ending 12/31/2021**
# of Branches Included	31	39	49	63	73
Average	$265.3M	$284.7M	$364.0M	$439.6M	$542.1M
# of Branches Above Average	11	13	18	22	26
# of Branches Below Average	20	26	31	41	47
Minimum	$101.2M	$88.8M	$67.6M	$118.6M	$97.9M
25th Quartile	$160.4M	$178.4M	$200.5M	$232.2M	$306.2M
Median (50th Quartile)	$231.9M	$232.7M	$304.8M	$364.0M	$432.7M
75th Quartile	$309.0M	$328.6M	$421.5M	$512.5M	$653.9M
Maximum	$1,075.7M	$1,221.7M	$1,737.2M	$2,230.9M	$2,664.1M

Tables 5a and 5b show the summarized total assets and associated metrics for branches open at least 12 full months (i.e., one year). This table is not based on calendar years, instead we include branches that have at least 12 full calendar months of operation as of December 31, 2021. Then, regardless of month or year opened, we summarize these numbers, allowing you to understand how the independent branches performed in their first through fifth year of operation, if applicable. The assets of all client types; New-to-Firm, Transitioned, Seeded, and Reassigned Clients are included. The first year of results include any assets that are acquired before the approved location open date. The assets in Tables 5a and 5b exclude Schwab High Yield Investor Checking and Schwab High Yield Investor Savings. Initial Seeded assets typically account for approximately $20M - $40M of the branches' total assets but may be higher or lower. There is a wide variance in total asset levels across the independent branches. Your actual results will differ from the results shown in Tables 5a and 5b.

Table 5c shows the summarized total assets and associated metrics of those Independent Branches operating for the full calendar year 2021, 2020, 2019, 2018, and 2017 if applicable. There may be a wide variance in total assets levels across the independent branches. Your actual results may differ from the results shown in Table 5c.

GENERAL COMMENTS AND ASSUMPTIONS ABOUT ITEM 19 INFORMATION

A. The first Independent Branch opened in the fourth quarter of 2011, and as of December 31, 2021, there were a total of 82 Independent Branches open for business. In two instances, an IBL has signed a single Franchise

Agreement under which that IBL operates both a primary location and a secondary location, and the results of those two locations are combined for purposes of these tables. As of December 31, 2021, seven currently operating Independent Branches had less than 12 months operating history and, therefore, those seven Independent Branches are not included in this Item 19. Also, the results of Independent Branches may vary.

B. Variations in operating hours of Schwab Branches may impact Adjusted ROCA as well as the overall revenue of Schwab Branches. Longer hours may provide more opportunities to offer services that contribute to a higher Adjusted ROCA as well as gather a higher level of overall assets.

C. An IBL with prior experience providing investment services at another financial services firm before signing the Franchise Agreement may have higher initial Adjusted ROCA results when compared to an IBL with no prior experience.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Craig Taucher, Managing Director, Independent Branch Services, Charles Schwab & Co., Inc., 9800 Schwab Way, Lone Tree, Colorado 80124; Phone: (720) 418-3686, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20.
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary for Fiscal Years Ending December 31, 2019 - December 31, 2021

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets At The Start Of The Year	Column 4 Outlets At The End Of The Year	Column 5 Net Change
Franchised	2019	53	65	+12
	2020	65	75	+10
	2021	75	82	+7
Company Owned	2019	307	297	-10
	2020	297	286	-11
	2021	286	276	-10
Total Outlets	2019	360	362	+2
	2020	362	361	-1
	2021	361	358	-3

Table No. 2		
Transfers of Outlets from Franchises to New Owners (other than the Franchisor) for Fiscal Years Ending December 31, 2019 - December 31, 2021		
Column 1 State	**Column 2 Year**	**Column 3 Number Of Transfers**
All States	2019	0
	2020	0
	2021	0
TOTALS	2019	0
	2020	0
	2021	0

Table No. 3								
Status of Franchised Outlets for Fiscal Years Ending December 31, 2019 - December 31, 2021								
Column 1 State	**Column 2 Year**	**Column 3 Outlets at Start of Year**	**Column 4 Outlets Opened**	**Column 5 Termina-tions**	**Column 6 Non-Renewals**	**Column 7 Reacquired by Franchisor**	**Column 8 Ceased Operations – Other Reasons**	**Column 9 Outlets at End of the Year**
ALABAMA	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
ARIZONA	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
CALIFORNIA	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
CONNECTICUT	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	0	4
DELAWARE	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

Table No. 3								
Status of Franchised Outlets for Fiscal Years Ending December 31, 2019 - December 31, 2021								
Column 1 State	**Column 2 Year**	**Column 3 Outlets at Start of Year**	**Column 4 Outlets Opened**	**Column 5 Termina-tions**	**Column 6 Non-Renewals**	**Column 7 Reacquired by Franchisor**	**Column 8 Ceased Operations – Other Reasons**	**Column 9 Outlets at End of the Year**
FLORIDA	2019	4	0	0	0	0	0	4
	2020	4	3	0	0	0	0	7
	2021	7	0	0	0	0	0	7
GEORGIA	2019	0	4	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
ILLINOIS	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
INDIANA	2019	4	1	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
IOWA	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
KENTUCKY	2019	1	0	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
LOUISIANA	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
MARYLAND	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3

Table No. 3								
Status of Franchised Outlets for Fiscal Years Ending December 31, 2019 - December 31, 2021								
Column 1 State	**Column 2 Year**	**Column 3 Outlets at Start of Year**	**Column 4 Outlets Opened**	**Column 5 Termina-tions**	**Column 6 Non-Renewals**	**Column 7 Reacquired by Franchisor**	**Column 8 Ceased Operations – Other Reasons**	**Column 9 Outlets at End of the Year**
MASSACHUSETTS	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
MICHIGAN	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
MISSOURI	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
MONTANA	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
NEW HAMPSHIRE	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
NEW JERSEY	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	0	4
NEW MEXICO	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
NEW YORK	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
NORTH CAROLINA	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

Table No. 3								
Status of Franchised Outlets for Fiscal Years Ending December 31, 2019 - December 31, 2021								
Column 1 State	**Column 2 Year**	**Column 3 Outlets at Start of Year**	**Column 4 Outlets Opened**	**Column 5 Termina-tions**	**Column 6 Non-Renewals**	**Column 7 Reacquired by Franchisor**	**Column 8 Ceased Operations – Other Reasons**	**Column 9 Outlets at End of the Year**
OHIO	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
OKLAHOMA	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
OREGON	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
PENNSYLVANIA	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
SOUTH CAROLINA	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
SOUTH DAKOTA	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
TEXAS	2019	4	0	0	0	0	0	4
	2020	4	1	0	0	0	0	5
	2021	5	1	0	0	0	0	6
UTAH	2019	1	0	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2

Table No. 3								
Status of Franchised Outlets for Fiscal Years Ending December 31, 2019 - December 31, 2021								
Column 1 State	**Column 2 Year**	**Column 3 Outlets at Start of Year**	**Column 4 Outlets Opened**	**Column 5 Termina-tions**	**Column 6 Non-Renewals**	**Column 7 Reacquired by Franchisor**	**Column 8 Ceased Operations – Other Reasons**	**Column 9 Outlets at End of the Year**
VIRGINIA	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
WASHINGTON	2019	1	0	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
WISCONSIN	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
WYOMING	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
TOTALS	2019	53	12	0	0	0	0	65
	2020	65	10	0	0	0	0	75
	2021	75	7	0	0	0	0	82

Table No. 4							
Status of Company-Owned Outlets for Fiscal Years Ending December 31, 2019 - December 31, 2021							
Column 1 State	**Column 2 Year**	**Column 3 Outlets at Start of Year**	**Column 4 Outlets Opened**	**Column 5 Outlets Reacquired from Franchisee**	**Column 6 Outlets Closed**	**Column 7 Outlets Sold to Franchisee**	**Column 8 Outlets at End of the Year**
ALASKA	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1

Table No. 4							
Status of Company-Owned Outlets for Fiscal Years Ending December 31, 2019 - December 31, 2021							
Column 1 State	**Column 2 Year**	**Column 3 Outlets at Start of Year**	**Column 4 Outlets Opened**	**Column 5 Outlets Reacquired from Franchisee**	**Column 6 Outlets Closed**	**Column 7 Outlets Sold to Franchisee**	**Column 8 Outlets at End of the Year**
ALABAMA	2019	4	0	0	0	0	4
	2020	4	0	0	1	0	3
	2021	3	0	0	0	0	3
ARIZONA	2019	7	0	0	0	0	7
	2020	7	0	0	0	0	7
	2021	7	0	0	0	0	7
ARKANSAS	2019	2	0	0	0	0	2
	2020	2	0	0	1	0	1
	2021	1	0	0	0	0	1
CALIFORNIA	2019	62	0	0	2	0	60
	2020	60	0	0	0	0	60
	2021	60	0	0	2	0	58
COLORADO	2019	8	0	0	0	0	8
	2020	8	0	0	0	0	8
	2021	8	0	0	1	0	7
CONNECTICUT	2019	6	0	0	0	0	6
	2020	6	0	0	0	0	6
	2021	6	0	0	1	0	5
DELAWARE	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
DISTRICT OF COLUMBIA	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
FLORIDA	2019	29	0	0	3	0	26
	2020	26	0	0	1	0	25
	2021	25	0	0	0	0	25

Table No. 4							
Status of Company-Owned Outlets for Fiscal Years Ending December 31, 2019 - December 31, 2021							
Column 1 State	**Column 2 Year**	**Column 3 Outlets at Start of Year**	**Column 4 Outlets Opened**	**Column 5 Outlets Reacquired from Franchisee**	**Column 6 Outlets Closed**	**Column 7 Outlets Sold to Franchisee**	**Column 8 Outlets at End of the Year**
GEORGIA	2019	6	0	0	0	0	6
	2020	6	0	0	0	0	6
	2021	6	0	0	0	0	6
HAWAII	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
IDAHO	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
ILLINOIS	2019	12	0	0	1	0	11
	2020	11	0	0	0	0	11
	2021	11	0	0	0	0	11
INDIANA	2019	5	0	0	0	0	5
	2020	5	0	0	0	0	5
	2021	5	0	0	2	0	3
IOWA	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
KANSAS	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
KENTUCKY	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
LOUISIANA	2019	4	0	0	1	0	3
	2020	3	0	0	1	0	2
	2021	2	0	0	0	0	2

Table No. 4							
Status of Company-Owned Outlets for Fiscal Years Ending December 31, 2019 - December 31, 2021							
Column 1 State	**Column 2 Year**	**Column 3 Outlets at Start of Year**	**Column 4 Outlets Opened**	**Column 5 Outlets Reacquired from Franchisee**	**Column 6 Outlets Closed**	**Column 7 Outlets Sold to Franchisee**	**Column 8 Outlets at End of the Year**
MAINE	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
MARYLAND	2019	6	0	0	0	0	6
	2020	6	0	0	0	0	6
	2021	6	0	0	0	0	6
MASSACHUSETTS	2019	7	0	0	0	0	7
	2020	7	0	0	0	0	7
	2021	7	0	0	0	0	7
MICHIGAN	2019	5	0	0	0	0	5
	2020	5	0	0	0	0	5
	2021	5	0	0	0	0	5
MINNESOTA	2019	4	0	0	0	0	4
	2020	4	0	0	0	0	4
	2021	4	0	0	0	0	4
MISSISSIPPI	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
MISSOURI	2019	4	0	0	0	0	4
	2020	4	0	0	0	0	4
	2021	4	0	0	1	0	3
NEBRASKA	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
NEVADA	2019	3	0	0	0	0	3
	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3

Table No. 4							
Status of Company-Owned Outlets for Fiscal Years Ending December 31, 2019 - December 31, 2021							
Column 1 State	**Column 2 Year**	**Column 3 Outlets at Start of Year**	**Column 4 Outlets Opened**	**Column 5 Outlets Reacquired from Franchisee**	**Column 6 Outlets Closed**	**Column 7 Outlets Sold to Franchisee**	**Column 8 Outlets at End of the Year**
NEW HAMPSHIRE	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
NEW JERSEY	2019	7	0	0	0	0	7
	2020	7	0	0	0	0	7
	2021	7	0	0	0	0	7
NEW MEXICO	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
NEW YORK	2019	23	0	0	2	0	21
	2020	21	0	0	1	0	20
	2021	20	0	0	1	0	19
NORTH CAROLINA	2019	9	0	0	0	0	9
	2020	9	0	0	0	0	9
	2021	9	0	0	0	0	9
OHIO	2019	7	1	0	0	0	8
	2020	8	0	0	0	0	8
	2021	8	0	0	0	0	8
OKLAHOMA	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
OREGON	2019	4	0	0	0	0	4
	2020	4	0	0	2	0	2
	2021	2	0	0	0	0	2
PENNSYLVANIA	2019	10	0	0	1	0	9
	2020	9	0	0	1	0	8
	2021	8	1	0	0	0	9

Table No. 4							
Status of Company-Owned Outlets for Fiscal Years Ending December 31, 2019 - December 31, 2021							
Column 1 State	**Column 2 Year**	**Column 3 Outlets at Start of Year**	**Column 4 Outlets Opened**	**Column 5 Outlets Reacquired from Franchisee**	**Column 6 Outlets Closed**	**Column 7 Outlets Sold to Franchisee**	**Column 8 Outlets at End of the Year**
PUERTO RICO	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
RHODE ISLAND	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	1	0	1
SOUTH CAROLINA	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
TENNESSEE	2019	5	0	0	0	0	5
	2020	5	0	0	0	0	5
	2021	5	0	0	0	0	5
TEXAS	2019	18	0	0	1	0	17
	2020	17	0	0	2	0	15
	2021	15	0	0	0	0	15
UTAH	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	1	0	1
VERMONT	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
VIRGINIA	2019	8	0	0	0	0	8
	2020	8	0	0	0	0	8
	2021	8	0	0	0	0	8
WASHINGTON	2019	9	0	0	0	0	9
	2020	9	0	0	1	0	8
	2021	8	0	0	1	0	7

Table No. 4							
Status of Company-Owned Outlets for Fiscal Years Ending December 31, 2019 - December 31, 2021							
Column 1 State	**Column 2 Year**	**Column 3 Outlets at Start of Year**	**Column 4 Outlets Opened**	**Column 5 Outlets Reacquired from Franchisee**	**Column 6 Outlets Closed**	**Column 7 Outlets Sold to Franchisee**	**Column 8 Outlets at End of the Year**
WISCONSIN	2019	4	0	0	0	0	4
	2020	4	0	0	0	0	4
	2021	4	0	0	0	0	4
TOTALS	2019	307	1	0	11	0	297
	2020	297	0	0	11	0	286
	2021	286	1	0	11	0	276

Table No. 5			
Projected Openings as of Fiscal Year Ending December 31, 2020 (from January 1, 2022 to December 31, 2022)			
Column1 State	**Column 2 Franchise Agreements Signed but Outlet Not Opened**	**Column 3 Projected New Franchised Outlet in Fiscal Year 2022**	**Column 4 Projected New Company-Owned Outlets Openings in Fiscal Year 2022**
TOTALS	0	0	0

As of our fiscal year end on December 31, 2021, we had no IBLs who signed a franchise agreement, but whose Independent Branch has not yet opened.

As of our fiscal year end on December 31, 2021, there were no IBLs who had their franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during 2021 or who had not communicated with us during the 10 weeks before the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Exhibit J-1 shows franchise sales during the period from January 1, 2021 through December 31, 2021, and those Franchise Agreements that were terminated during the same period.

There are no trademark-specific franchisee organizations at this time that are associated with the franchise system which we have created, sponsored or endorsed.

See **Exhibit J** for the address and telephone number of all operating Charles Schwab® branches that our employees operate (whether the office is a separate retail location or a unit in a service center) and the name of our franchisee and the address and telephone number of the franchisee's Independent Branch offices that our Independent Branch Leaders operate under a franchise from us as of our fiscal year end of December 31, 2021.

In some instances, current and former franchisees sign provisions restricting their ability to speak only about their experience with Schwab. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Item 21.
FINANCIAL STATEMENTS

Attached to this Disclosure Document as **Exhibit I** are our audited financial statements as of December 31, 2019, December 31, 2020 and December 31, 2021.

Item 22.
CONTRACTS

The contracts we use in this state are exhibits to this Disclosure Document as follows:

EXHIBIT C – Franchise Agreement
- Schedule A – Specific Terms of Franchise: Address of Approved Location; Identification of Initial Schwab Branch Market; Franchise Fee; Other Fees Specific to the Independent Branch
- Schedule B – Terms of Use of Schwab Technology System
- Schedule C – Transitioned Client Revenue Election
- Schedule D – Addresses for Notices
- Schedule E – Spousal Consent

EXHIBIT E – Association Agreement (for Independent Branch Employees)

EXHIBIT F – General Release

EXHIBIT G – Sublease Agreement

EXHIBIT H – State-Specific Addenda

EXHIBIT K – Preliminary Agreement

EXHIBIT L – Schwab Loan Support Program Documents

EXHIBIT M – Consent to Transfer and Release Agreement

EXHIBIT N – Closing Acknowledgement (Declaration of Franchise Applicant)

Item 23.
RECEIPTS

The last 4 pages of this Disclosure Document are detachable receipt pages (**Exhibit O**). Please insert the name, address and telephone number of the franchise seller, and date and sign both copies. Detach the last 2 pages and return to us promptly on execution. Retain the other

copy of the receipt pages for your records. If these pages or any other pages or exhibits are missing from your copy, please contact us at this address or phone number:

CHARLES SCHWAB & CO., INC.
211 Main Street
San Francisco, California 94105 Phone: (720) 418-3686
Fax: (800) 977-8740
Attention: Craig Taucher craig.taucher@schwab.com

EXHIBIT A

STATE ADMINISTRATORS LIST

Listed below are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws:

California California Department of Financial Protection and Innovation 320 W. 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677	**Maryland** Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360
Hawaii Hawaii Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division State of Hawaii P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2722	**Michigan** Michigan Department of Attorney General Consumer Protection Division Franchise Section 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567
Illinois Franchise Bureau Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**Minnesota** Minnesota Department of Commerce Securities-Franchise Registration 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1500
Indiana Franchise Section Indiana Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**New York** NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005-1495 (212) 416-8236
North Dakota North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor Dept. 414 Bismarck, North Dakota 58505 (701) 328-4712	**Virginia** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th floor Richmond, Virginia 23219 (804) 371-9051

Oregon Department of Consumer and Business Services Division of Finance and Corporate Securities State of Oregon Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	**Washington** Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507 (360) 902-8738
Rhode Island Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Building 69-1 Cranston, Rhode Island 02920 (401) 222-3048	**Wisconsin** Division of Securities Department of Financial Institutions Wisconsin Commissioner of Securities 201 W. Washington Ave., Suite 300 Madison, Wisconsin 53703 (608) 267-9140
South Dakota Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	

EXHIBIT B

AGENTS FOR SERVICE OF PROCESS

California California Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 W. 4th Street, Suite 750 Los Angeles, California 90013-2344	**Maryland** Maryland Securities Commissioner Office of the Attorney General Securities Division 200 Saint Paul Place Baltimore, Maryland 21202-2020
Hawaii Hawaii Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813	**Michigan** Michigan Department of Commerce Corporation & Securities Bureau 6546 Mercantile Way Lansing, MI 48909
Illinois Office of Attorney General State of Illinois 500 South Second Street Springfield, Illinois 62706	**Minnesota** Commissioner of Commerce Minnesota Department of Commerce Securities-Franchise Registration 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198
Indiana Indiana Secretary of State Room E-111 302 West Washington Street Indianapolis, Indiana 46204	**New York** New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001
North Dakota North Dakota Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor Dept. 414 Bismarck, North Dakota 58505-0510	**Virginia** Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219

Oregon Department of Consumer and Business Services Division of Finance and Corporate Securities State of Oregon 350 Winter Street, N.E. Room 21 Salem, Oregon 97310	**Washington** Director of Financial Institutions Securities Division State of Washington 150 Israel Rd. SW Tumwater, Washington 98501
Rhode Island Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Building 69-1 Cranston, Rhode Island 02920	**Wisconsin** Commissioner of Securities Wisconsin Securities Commission 201 W. Washington Ave., Suite 300 Madison, Wisconsin 53703
South Dakota Director of the Division of Insurance Department of Labor and Regulation Division of Insurance 124 S. Euclid, Suite 104 Pierre, South Dakota 57501	

EXHIBIT C

FRANCHISE AGREEMENT

CHARLES SCHWAB & CO., INC.

FRANCHISE AGREEMENT
FOR THE OPERATION OF A CHARLES SCHWAB® INDEPENDENT BRANCH

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SCHEDULES

SCHEDULE A Specific Terms of Franchise
SCHEDULE B Terms of Use of Schwab Technology System
SCHEDULE C Transitioned Client Revenue Election
SCHEDULE D Addresses for Notices
SCHEDULE E Spousal Consent

CHARLES SCHWAB & CO., INC. FRANCHISE AGREEMENT

This Franchise Agreement (the "**Agreement**") is made and entered into on _____, 20___ (the "**Effective Date**") by **CHARLES SCHWAB & CO., INC.**, a California corporation ("**Schwab**") and _____ ("**IBL**") with reference to the following facts:

R E C I T A L S

A. Schwab is a broker-dealer and investment adviser that is registered with the Securities and Exchange Commission ("**SEC**") that owns and operates a network of employee-run branch offices ("**Company Managed Branches**") doing business under the Charles Schwab® trade name, logos and other distinctive marks (collectively the "**Schwab Marks**"). Company Managed Branches offer retail and institutional clients non-discretionary investment advice, brokerage services, and access to a variety of other approved financial products and services including separately managed accounts over which third parties or a Schwab Affiliate has discretionary investment management responsibility.

B. Schwab has developed a distinctive business system for developing retail branch offices for independent contractors to operate under Schwab's broker-dealer registration that are identified to the public by the Schwab Marks and offer retail clients non-discretionary investment advice, brokerage services and access to Schwab approved financial products and services.

C. IBL desires to obtain a franchise to use the Schwab Intellectual Property as defined in this Agreement, to operate an Independent Branch at a location mutually selected by the parties, and Schwab is willing to grant a franchise to IBL on the terms and conditions of this Agreement.

NOW, THEREFORE, the parties agree as follows:

I. DEFINITIONS

In addition to definitions incorporated in the body of this Agreement or Schedules, the following capitalized terms in this Agreement are defined as follows:

A. "**Abandon**," "**Abandoned**" or "**Abandonment**" means IBL's failure or refusal to actively operate the Independent Branch for any length of time under circumstances that makes it reasonable for Schwab to conclude that IBL does not intend to continue operating the Independent Branch any longer, unless IBL or IBL's Legal Representative obtains Schwab's written consent to close the Independent Branch for a specified period of time as a scheduled Absence.

B. "**Absence**" or "**Absent**" means IBL's inability in Schwab's reasonable business judgment to devote full time and attention to the administrative and operational activities of the Independent Branch and perform IBL's duties under this Agreement resulting in the Independent Branch's closure for any period of time under circumstances making it reasonable for Schwab to conclude that IBL has not Abandoned the Independent Branch, but cannot adequately supervise his or her operations or service the requirements of Independent Branch Clients. For example, an Absence may be scheduled or unscheduled and, when unscheduled, may be due to medical incapacity (including mental incapacity), unscheduled absenteeism without prior notice to Schwab, disability, or death.

C. "**Accounting Period**" means the specific period that Schwab designates periodically in the Confidential Manuals or otherwise in writing for purposes of calculation of the Net Payout. Until further notice, the Accounting Period will be a Calendar Month. Nothing in this Agreement obligates Schwab to designate the same Accounting Period for IBL that Schwab may designate for other franchisees. Schwab may change the Accounting Period for purposes of calculating the Net Payout at any time upon 30 days written notice.

D. "**Advised Assets**" mean the assets in the Schwab accounts of Independent Branch Clients that are enrolled in investment advisory programs included in Schwab Products & Services.

E. "**Adjusted Total Revenue Amount**" means the sum of the (i) adjusted Asset-Based Revenue Amounts; (ii) the adjusted Revenue Amounts for insurance products and annuity products; and (iii) the adjusted Revenue Amounts for fee-based financial plans.

F. "**Affiliate**" means any entity that controls, is controlled by, or is under common control with, Schwab.

G. "**Aggregate Client Assets**" is the aggregate Market Value of the assets in accounts owned by all Independent Branch Clients that are held by Schwab or Schwab's Affiliates as custodian.

H. "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the USA Patriot Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war.

I. "**Appearance and Imaging Specifications**" collectively mean Schwab's current specifications set forth in the Confidential Manuals for the physical appearance, design, and image of Schwab Branches generally, including, without limitation, specifications for signs, interior design, layout, lighting, flooring, computer and office equipment, fixtures, furniture, furnishings, decoration and supplies.

J. "**Applicable Law**" means (i) the applicable common law; (ii) all federal, state and local statutes, laws, rules, regulations, ordinances, policies and procedures established by any governmental agency or authority with jurisdiction over the operation of the Independent Branch, the activities of IBL, or the activities of IB Employees; and (iii) the applicable common law and statutory law in any jurisdiction in the world that currently exists or becomes effective after the Effective Date and may be amended periodically during the Term. Applicable Law includes, without limitation, all rules, regulations and requirements of the SEC, the Financial Industry Regulatory Authority ("**FINRA**") or its successor, and any other self-regulatory or licensing organizations with jurisdiction over the activities of the Independent Branch, IBL, or IB Employees.

K. "**Approved Location**" means the premises for the Independent Branch having the address shown on Schedule A.

L. "**Asset Based Revenue Amount**" means the sum of the Revenue Amounts that Schwab calculates for Advised Assets and Non-Advised Assets held by Independent Branch Clients.

M. "**Association Agreement**" means the form of agreement which each IB Employee must execute on or before their date of hire by IBL attached as **Exhibit E to the FDD**.

N. "**Business Day**" means any day of the week except Saturday, Sunday or any other day of the week when the New York Stock Exchange is closed.

O. "**Calendar Month**" means any of the 12 months during a Calendar Year.

P. "**Calendar Quarter**" means any 3-month period during a Calendar Year ending on March 31, June 30, September 30 or December 31.

Q. "**Calendar Year**" is the 12-month period starting on January 1 and ending on December 31.

R. "**Client Account Purchase Fee**" is 4% of the aggregate Market Value of the account assets that an Independent Branch Client directs Schwab to transfer to another financial services business with which IBL or any IB Employee directly or indirectly associates under the circumstances described in this Agreement. For purposes of the Client Account Purchase Fee, the Market Value shall be determined on the day before Schwab completes the transfer.

S. "**Client Complaint Settlement or Sanction**" means the (i) amount determined, approved, set, or agreed to by any state or federal agency or self-regulatory organization, mediator, arbitration panel, or court; or (ii) amount that Schwab agrees to pay to an Independent Branch Client or third party to resolve an informal or formal complaint involving allegations that IBL or IB Employees have violated Applicable Law or Schwab's internal policies and procedures.

T. "**Client Promoter Score**" is the outcome of Schwab's application of the client loyalty metric tool solution that Schwab selects in its discretion to determine if IBL has met one of the two Minimum Performance Requirements identified in this Agreement.

U. "**Client Accommodations and Promotions (CAP Charges)**" are financial accommodations given to Independent Branch Clients to correct minor service errors or in order to retain or expand client business. CAP Charges may include, without limitation, credits, reduction of fees or commissions, discounts for future services, promotions or any comparable type of financial accommodation.

V. "**Confidential Information**" generally means all information learned by IBL during the Term that is not generally known to the public and readily ascertainable by others through proper means. Confidential Information is deemed to include all information or knowledge that concerns any of the following subject matters that Schwab may disclose to IBL or IBL may learn about in connection with this Agreement: (i) Schwab or Schwab's Affiliates' methodologies for designing custom investment strategies, asset allocations and presentation methods; (ii) research regarding Schwab Products & Services; (iii) the Schwab Technology System; (iv) cost, sourcing or vendor information pertaining to the construction, development and furnishing of an Independent Branch and installation of the Schwab Technology System; (v) demographic data relevant to the location of Schwab Branches and recruitment, marketing and retention of Schwab Clients; (vi) the names, identities, addresses, phone numbers, financial information, portfolio information, transactional history and other identification or profile data of Schwab Clients and actively pursued prospective Schwab Clients who entrust the information to Schwab or IBL for the purpose of potentially receiving financial services; (vii) revenue, profit performance and financial operating results of Schwab Branches generally or of particular locations; (viii) the results

of advertising and marketing programs and customer and Schwab Client surveys; (ix) information regarding Schwab's relationship with vendors or knowledge about competitors; (x) Schwab Intellectual Property; (xi) all information that Schwab treats or is obligated to treat as confidential, privileged, or for internal use only, whether or not owned by Schwab; and (xii) anything else that could, or does, give Schwab a competitive advantage because it is not generally known to the public or readily ascertainable by others through proper means, whether the information is now known or exists or Schwab acquires or creates the information in the future. Confidential Information means all information however collected or received by IBL in any format including, without limitation, through "cookies," "Web bugs" or non-electronic means.

W. "**Confidential Manuals**" means, collectively, the collection of Schwab's operations, supervision, and compliance materials generally in an electronic format relating to the Schwab Intellectual Property, implementing the requirements of this Agreement and pertaining to IBL's operation of the Independent Branch, as periodically revised by Schwab during the Term as permitted in this Agreement. As of the Effective Date, the Confidential Manuals include, without limitation, IBS Compliance Manual, representative and supervisor policies and procedures sections, Schwab Products & Services procedures and requirements, client satisfaction standards, financial planning standards, Territorial Rules of Conduct, Client Rules of Conduct, standards regarding the use of the Schwab Marks, Local Marketing approval procedures, and other mandatory or optional requirements or features of the Schwab Intellectual Property. For purposes of this Agreement, "**Confidential Manuals**" also include any print-out or paper copies of content in the Confidential Manuals that Schwab permits IBL or IB Employees to make.

X. "**CPS Alert**" means a Schwab system-generated alert (e.g., an email) that is triggered by a low survey score or negative comment from an Independent Branch Client.

Y. "**Effective Date**" is the date indicated on page 1 of this Agreement.

Z. "**Effective Date of Expiration of this Agreement**" is the last day of the Term.

AA. "**Effective Date of Termination of this Agreement**" means one of the following depending on the particular circumstances: (i) with respect to an event of default that this Agreement identifies is not curable, the date when a party is deemed to receive written notice of default and termination or the later effective date specified by the non-breaching party in the written notice as the effective date of termination; (ii) with respect to an event of default that this Agreement identifies is curable, the date on or after the end of a cure period that is specified by the non-breaching party as the effective date of termination; (iii) the date of termination of the Sublease, or (iv) the closing date of an Event of Transfer.

BB. "**Effective Date of Termination or Expiration of this Agreement**" means either the Effective Date of Termination of this Agreement or the Effective Date of Expiration of this Agreement as the context requires.

CC. "**Event of Transfer**" means any actual or attempted transaction or series of related transactions that, directly or indirectly, voluntarily or by operation of law, results or, if completed would result, in the sale, assignment, transfer, pledge, gift, encumbrance or alienation of any interest in this Agreement or the right to use the Schwab Intellectual Property or any of its constituent parts. An Event of Transfer includes, without limitation, any direct or indirect attempt to sell, assign, transfer, pledge, give away, encumber, or alienate (i) any interest in this Agreement, (ii) the right to use the Schwab Intellectual Property granted pursuant to this Agreement, or (iii) all or substantially all of the assets of the Independent Branch, including,

without limitation, IBL's leasehold rights. An Event of Transfer may occur by operation of law upon the issuance of an order dissolving IBL's marriage.

DD. "**Exit Procedures**" mean Schwab's written instructions and requirements pertaining to IBL's duties following the Effective Date of Termination or Expiration of this Agreement. The Exit Procedures will be set forth in the Confidential Manuals. Schwab will give IBL a copy of the Exit Procedures then in effect immediately following the Effective Date of Termination or Expiration as a reference for IBL's use in complying with the duties of the parties upon expiration and termination since IBL will no longer have access to the Confidential Manuals at that point. Among other things, Exit Procedures include restrictions on contacting Schwab Clients after the Effective Date of Termination or Expiration of this Agreement.

EE. "**FDD**" means the Franchise Disclosure Document that IBL acknowledges that he or she received before executing this Agreement or paying any consideration to Schwab or Schwab's Affiliates for the award of franchise rights.

FF. "**Force Majeure**" includes, without limitation, an event caused by or resulting from an act of God, labor issues, failure of suppliers or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, epidemic or quarantine restrictions, material shortages or rationing, act of any government, and any other similar cause that is not within the control of the party whose performance is required. Force Majeure also includes failure, malfunction or unavailability of power, utilities, telecommunications, data communications or related services.

GG. "**IB Employees**" mean collectively all of the Registered Employees and Non-Registered Employees hired, supervised, and paid by IBL who work at IBL's Independent Branch. IB Employees are not employed, jointly employed, or co-employed by Schwab.

HH. "**IBL's Legal Representative**" means IBL's heirs, executor, or personal representative with authority to enter into contracts on IBL's behalf and pertaining to IBL's rights under this Agreement and property rights generally.

II. "**Independent Branch**" means a Schwab Branch owned and operated by an IBL under a franchise awarded by Schwab.

JJ. "**Independent Branch Client**" means any single Seeded Client, Transitioned Client, Reassigned Client, New-to-Firm Client, or Reassigned Advisor Client that Schwab assigns to IBL's Independent Branch. "**Independent Branch Clients**" mean collectively all Seeded Clients, Transitioned Clients, Reassigned Clients, New-to-Firm Clients, or Reassigned Advisor Clients that Schwab assigns to IBL's Independent Branch.

KK. "**Initial Training Program**" means the multiple module orientation and training that Schwab provides to franchisees before and in connection with the opening of an Independent Branch.

LL. "**Intellectual Property**" means all concepts, inventions (whether or not protected under patent laws), works of authorship, information fixed in any tangible medium of expression (whether or not protected under copyright laws), Moral Rights, mask works, trademarks, trade names, trade dress, trade secrets, publicity rights, names, likenesses, know-how, ideas (whether or not protected under trade secret laws), and all other subject matter protected under patent (or which is not patented, but is subject matter that is protected under patent law), copyright, mask

work, trademark, trade secret, or other Applicable Law, for all media now known or later developed, including without limitation all new or useful art, combinations, discoveries, formulae, algorithms, specifications, methods of making trades, client development and marketing practices, domain names, manufacturing techniques, technical developments, systems, computer architecture, artwork, software, programming, applets, scripts, designs, processes, and methods of doing business.

MM. "**Internet**" means the global system of interconnected computer networks that utilizes standard communication protocols, and any successor technology, whether now existing or developed after the Effective Date, accessible by the general public and other types of users linked by a broad array of electronic, wireless and optical networking technologies and that enables the general public, among other things, to obtain information and purchase goods or services from commercial, merchant-controlled websites.

NN. "**Local Marketing**" means, without limitation, all communications which IBL creates or uses for the purpose of advertising, marketing or promoting the Schwab Intellectual Property or IBL's Independent Branch, identifying the Independent Branch as part of the network of Schwab Branches, or soliciting or recruiting new Independent Branch Clients or other business relationships. Local Marketing will include, without limitation: (i) written, printed and electronic communications; (ii) communications by means of a recorded telephone message, spoken on radio, television or similar communication media; (iii) press releases; (iv) promotional, educational and publicity events; (v) listings in approved telephone and electronic directories; and (vi) the use of Schwab Marks on signs, merchandise, business cards, decorations, stationery, business forms, promotional items, brochures and other tangible personal property.

OO. "**Local Law**" means the specific Applicable Law in the state where the Approved Location is located.

PP. "**Market Value**" means the market closing price or prices reflected in Schwab's account records for applicable Schwab Clients' balances and positions.

QQ. "**Master Landlord**" means the owner or sub-landlord of the Approved Location. Neither you nor your spouse, children, siblings, or parents (including step or by marriage) may be the Master Landlord or have any direct or indirect ownership in the Approved Location real estate except through the equity ownership in a publicly traded REIT of which you or your spouse, children, siblings, or parents (including step or by marriage) own less than 5% of the outstanding shares.

RR. "**Master Lease**" means the written agreement by and between Schwab and the Master Landlord allowing Schwab to use, lease, sublease, or sub-sublease the Approved Location for the operation of IBL's Independent Branch.

SS. "**Minimum Performance Requirements**" mean the annual Client Promoter Score, CPS Alerts, and Net New Client Assets measurements described in this Agreement.

TT. "**Moral Rights**" means any right to claim authorship of a work, any right to object to any distortion or other modification of a work, and any similar right, existing under the law of any country, or under any treaty.

UU. "**Net New Client Assets**" is the aggregate Market Value of all Independent Branch Client account assets that flow into Schwab less the aggregate Market Value of all Independent

Branch Client account assets that flow out (either through account or position transfers or cash withdrawals) in a given Operating Year.

VV. "**Net Payout**" is the (i) amount that Schwab pays to IBL when the Adjusted Total Revenue Amount for the Accounting Period designated in this Agreement is greater than the fees and incidental business expense reimbursements payable by IBL to Schwab for the same Accounting Period; or (ii) the negative sum that IBL owes to Schwab when the Adjusted Total Revenue Amount for the particular Accounting Period is less than the fees and incidental business expense reimbursements payable by IBL to Schwab for the same Accounting Period.

WW. "**Net Payout Statement**" is the written accounting that Schwab furnishes to IBL for each Accounting Period explaining IBL's Net Payout calculation for the Accounting Period.

XX. "**Network Meetings**" means any in-person or virtual formal gathering of IBLs and IB employees, or IBLs and Schwab employees, that Schwab may conduct during the Term on a national, regional or local basis in Schwab's discretion for purposes of discussing issues of common interest to IBLs or all Schwab Branches including, without limitation, regulatory compliance, supervision and training; new Schwab Products & Services; new software applications and other features of the Schwab Technology System; client recruitment and retention strategies; sales presentation methods; local marketing; and other features of the Schwab Intellectual Property.

YY. **New-to-Firm Client**" means a Schwab Client (whose primary address may be within or outside of IBL's Schwab Branch Market) whose first Schwab account is opened and assigned to IBL's Independent Branch after the Effective Date of this Agreement.

ZZ. "**Non-Advised Assets**" means the assets in the Schwab accounts of Independent Branch Clients for which there is a Revenue Rate and are not Advised Assets or as otherwise excluded in this Agreement.

AAA. "**Non-Registered Employee**" means any IB Employee whose duties do not require registration with FINRA. IB Employees are not employed, jointly employed, or co-employed by Schwab.

BBB. "**Opening Date**" is the date on which IBL's Independent Branch opens for business to the public at the Approved Location.

CCC. "**Operating Year**" is a 12 Calendar Month period beginning on the Opening Date, with the exception that the first Operating Year will continue until the end of 12 complete Calendar Months after the Opening Date and, therefore, depending on the exact day of the month when IBL's Independent Branch opens for business, the first Operating Year may be longer than 12, but not longer than 13, Calendar Months. Each successive Operating Year after the first Operating Year will be 12 Calendar Months.

DDD. "**OSJ**" means an Office of Supervisory Jurisdiction, which is a branch office of a registered broker-dealer designated as such pursuant to FINRA rules. The IBL must possess the necessary FINRA licenses to supervise the activities conducted at that location.

EEE. "**Provisional Remedies**" mean any form of interim relief, including, without limitation, requests for temporary restraining orders, preliminary injunctions, writs of attachment, appointment of a receiver, for claim and delivery, or any other orders that a court or arbitrator may

issue when deemed necessary in its sole discretion to preserve the status quo or prevent irreparable injury, including the claim of either party for injunctive relief to preserve the status quo.

FFF. "**Reassigned Advisor Client**" means a Schwab Client (i) who asks to work with IBL or IB Employee; (ii) whom Schwab agrees to assign to IBL's Independent Branch any time during the period beginning on the Effective Date and ending 548 days after IBL or IB Employee becomes associated with Schwab; (iii) whom Schwab agrees to assign to IBL's Independent Branch any time during the period beginning on the first day of employment for a new IBL Registered Employee and ending 548 days thereafter, and (iv) whose accounts were managed before the assignment by an independent third party investment adviser who maintained a services agreement with Schwab any time during the period described in subsection (v), provided IBL and IBL's Registered Employee were previously associated with or employed by the independent third party investment adviser (either during the period described in subsection (ii) or (iii) or at any other time before the assignment).

GGG. "**Reassigned Client**" means an existing Schwab Client (including a Schwab Client who is not a Reassigned Advisor Client and whose assets are managed in whole or part by an independent third party investment adviser who maintained a services agreement with Schwab) as of the Effective Date who requests that all of his or her Schwab accounts be assigned to a specific Schwab Branch and all of whose accounts are assigned by Schwab from one Schwab Branch to another Schwab Branch where at least one of the two Schwab Branches involved in the assignment is an Independent Branch.

HHH. "**Registered Employee**" means any IB Employee whose duties require registration with FINRA. IB Employees, although associated with Charles Schwab & Co. Inc. (broker-dealer), are employed by the IBL and are not employees, joint employees, or co-employees of Schwab.

III. "**Revenue Amount**" is the product of the Revenue Rate times the aggregate amount of assets held by Independent Branch Clients in the applicable asset category (for example, Advised Assets or Non-Advised Assets). Revenue Amount also includes revenue from other kinds of assets, services or activities that are neither Advised Assets nor Non-Advised Assets including, without limitation, (i) revenue from sales of Immediate Annuities, Term Insurance and Long-Term Care Insurance, and one-time commission revenue from sales of Fixed Deferred Annuities; and (ii) revenue from sales of fee-based financial plans.

JJJ. "**Revenue Rate**" means the rate (in basis points) that Schwab calculates each month for each asset category (for example, Advised Assets or Non-Advised Assets) held by Independent Branch Clients based on averages of the aggregated revenues and balances for all Independent Branches in that category. Each Revenue Rate is based on the 12-month trailing revenue associated with all holdings in the respective asset category in all accounts assigned to all Independent Branches (subject to the cap described immediately below), divided by the average trailing 12-month combined balances of each category. The Revenue Rate for Non-Advised Assets is subject to a cap of 70 basis points. No cap applies to the Revenue Rate for Advised Assets.

KKK. "**Schwab Branch**" means any single Company Managed Branch or Independent Branch operating under a franchise from Schwab. "**Schwab Branches**" collectively mean all Company Managed Branches and Independent Branches operating under a franchise from Schwab.

LLL. "**Schwab Branch Market**" is the non-exclusive geographic area Schwab identifies for each Schwab Branch based on zip codes Schwab fully or partially maps to each branch. IBL's **Schwab Branch Market** for IBL's Independent Branch is described on **Schedule A**, which Schwab may revise unilaterally during the Term as provided in this Agreement.

MMM. "**Schwab Client**" means any person who opens or holds any account or purchases or holds any asset at or through Schwab. Schwab Clients include, without limitation, all Independent Branch Clients.

NNN. "**Schwab Intellectual Property**" means all Intellectual Property owned or licensed by Schwab and made available to IBL in connection with this Agreement. Schwab Intellectual Property includes, without limitation, the business methods utilized by Schwab Branches, Schwab Technology System, and Confidential Manuals. For the elimination of doubt, the term "**Schwab Intellectual Property**" includes, without limitation, all of the trade dress and other property rights subsumed within the defined term Schwab Marks, Confidential Information, and Appearance and Imaging Standards.

OOO. "**Schwab Intranet**" means the private, secure area on Schwab's networks using Internet communication protocols to which Schwab grants access to its franchisees and certain Schwab employees for purposes of sharing information, including a copy of the Confidential Manuals, relevant to the Schwab System.

PPP. "**Company Managed Branch**" is a Schwab Branch operated by Schwab employees.

QQQ. "**Schwab Marks**" collectively mean all of the trademarks, service marks, trade names, brand names, logos, trade dress and other proprietary indicia of goods and services, whether registered, unregistered or arising by Applicable Law, and all registrations and applications for registration of trademarks, including intent-to-use applications, and all issuances, extensions and renewals of registrations and applications that Schwab now or hereafter uses to identify, advertise or promote Schwab Branches or particular Schwab Products & Services and expressly authorizes or requires IBL to use as a condition of this Agreement.

RRR. "**Schwab Products & Services**" mean the specific products and services available through Schwab that Schwab authorizes IBL and, where permitted, IB Employees to offer or provide to Independent Branch Clients. Schwab Products & Services include, without limitation, the following categories: (i) non-affiliated and affiliated mutual funds and exchange traded funds; (ii) approved insurance products and annuity products; (iii) investment advisory products like separately managed accounts and mutual fund wrap programs; (iv) financial planning services; (iv) retail brokerage services including, without limitation, transactions in stocks and bonds; (v) cash management services; and (vi) other related products and services that Schwab may provide or procure directly or through Schwab's Affiliates or third parties.

SSS. "**Schwab System**" means Schwab's distinctive business methods including, without limitation, Schwab Intellectual Property, Schwab Technology System; advertising and marketing programs that Schwab develops to promote Schwab Branches and Schwab Products & Services; operating protocols for conducting trades, maintaining Schwab Client records, and reporting transactions; and specialized training programs whether now in use or developed or introduced after the Effective Date, as Schwab may modify the Schwab System at any time.

TTT. "**Schwab Technology System**" means the software, hardware, and related services described in **Schedule B**, as Schwab may periodically modify them in its sole discretion as provided in **Schedule B**.

UUU. "**Schwab Website**" is the specific URL addresses on the Internet accessible to the general public that Schwab uses to publicize and promote the Schwab System and Schwab Branches; publicize Independent Branch Services franchise opportunities; communicate with third parties electronically; and for other valid business purposes.

VVV. "**Seeded Client**" means an existing Schwab Client on the Effective Date of this Agreement who lives in a zip code that Schwab maps to IBL's Schwab Branch Market and whom Schwab assigns to IBL's Independent Branch with appropriate notification to the Schwab Client.

WWW. "**Seeded Client Assets**" mean the aggregate Market Value of the assets in accounts owned by Seeded Clients.

XXX. "**Sublease**" means the written agreement by and between IBL and Schwab granting IBL the right to occupy and use the Approved Location for the operation of IBL's Independent Branch.

YYY. "**Tenure Multiplier**" means each of the following percentages depending on the client type (New-to-Firm Clients or Seeded Clients) and Operating Year when the calculation is made. For New-to-Firm Clients the "**New-to-Firm Tenure Multiplier**" is: (i) 185% for each Calendar Month during the first Operating Year; (ii) 155% for each Calendar Month during the second Operating Year; (iii) 100% for each Calendar Month in the third year Operating Year; (iv) 75% for each Calendar Month in the fourth Operating Year; and (v) 55% for each Calendar Month in the fifth Operating Year; and (vi) 50% for each Calendar Month in each remaining Operating Year during the Term or any Renewal Term. For Seeded Clients the "**Seeded Tenure Multiplier**" is: (i) 185% for each Calendar Month during the first Operating Year; and (ii) 50% for each Calendar Month during the second, third, fourth and fifth Operating Year during the Term or any Renewal Term. You may be required to waive your tenure multiplier in the event of an IBL Custom Offer.

ZZZ. "**Term**" is the period beginning on the Effective Date and expiring without notice at the close of business on the earlier to occur of the following: (i) the last day of the initial term of the Sublease (including as a result of any amendment thereto), or (ii) the date the Sublease is terminated by either party or mutually by the parties pursuant to the procedures stated in this Agreement or Sublease. The parties declare their intention that the Term of this Agreement end conterminously when the initial term of the Sublease expires or terminates for any reason.

AAAA. "**Territorial Rules of Conduct**" mean the particular section in the Confidential Manuals containing rules, policies and procedures governing cooperation among Schwab Branches in the servicing of existing and solicitation of new Schwab Clients.

BBBB. "**Total Revenue Amount**" is the sum of the Revenue Amounts for of each asset category. Additionally, this includes revenue from insurance products and annuity products, and revenue from the sale of fee-based financial plans. In the future there may be more revenue categories.

CCCC. "**Transitioned Client**" means an Independent Branch Client (i) for whom IBL provided financial services at a predecessor firm before the Effective Date; (ii) who IBL identifies

to Schwab in writing in the manner and by the deadline set forth in the Confidential Manuals; and (iii) who opens a Schwab account by no later than 18 Calendar Months after the Effective Date of this Agreement.

DDDD. "**Transitioned Client Assets**" mean the aggregate Market Value of the assets in accounts owned by Transitioned Clients.

II. FRANCHISE LICENSE

A. Grant.

1. Schwab hereby grants to IBL, and IBL accepts, the non-exclusive, non-transferable, non-sub-licensable, non-sub-leasable right and franchise to use the Schwab System during the Term solely to operate an Independent Branch at the Approved Location, subject to the terms and conditions of this Agreement, including the limitations set forth in Section VIII (Schwab Intellectual Property).

2. The franchise authorizes IBL to offer non-discretionary investment advice to Independent Branch Clients solely with respect to the purchase and sale of Schwab Products & Services. IBL agrees at all times to faithfully, honestly, diligently and in the highest good faith perform its duties and obligations under this Agreement and continuously exert its best efforts to operate the Independent Branch in a manner that enhances the goodwill and market presence associated with the Schwab Intellectual Property.

3. As a registered broker-dealer, Applicable Law requires Schwab to pay securities-related compensation only to individuals who hold appropriate licenses in good standing as registered representatives and investment advisor representatives of Schwab. Accordingly, as a condition of the franchise, IBL must own the franchise and operate the Independent Branch as a sole proprietorship and not own or operate the business authorized by this Agreement as a corporation, partnership, limited liability company, or any other type of business entity, except on a limited basis as permitted in the Confidential Manuals. You must use a personal (this means an individual, not entity or joint) bank account for receipt of all Net Payout deposits.

4. IBL acknowledges that as a result of this Agreement, Schwab will be providing IBL with resources that enable IBL to develop, enhance, maintain, and support Independent Branch Clients. Regardless of IBL's role in originating an Independent Branch Client or an Independent Branch Client's classification as a Seeded Client, Transitioned Client, Reassigned Client, Reassigned Advisor Client, or New-to-Firm Client, IBL agrees that all Independent Branch Clients are deemed to be clients of Schwab and the client relationship is an asset of Schwab, and not IBL. IBL expressly acknowledges that IBL will not now or in the future claim ownership or entitlement to any Independent Branch Client, Schwab Confidential Information relating to an Independent Branch Client, or any future business proceeds, Revenue Rates, Revenue Amounts or Net Payout relating to an Independent Branch Client other than as expressly set forth in this Agreement.

B. No Exclusive Rights.

The franchise awarded to IBL is non-exclusive. Nothing in this Agreement grants to IBL any type of territorial protection against the opening of another Schwab Branch regardless of its proximity to IBL's Independent Branch. IBL expressly accepts the risk that Schwab may open or

license another Schwab Branch any distance from the Approved Location and within the boundaries of IBL's Schwab Branch Market as Schwab may revise the boundaries during the Term.

1. Nothing in this Agreement grants to IBL the exclusive right to solicit prospective Schwab Clients who reside or work within the Schwab Branch Market. In soliciting prospective Schwab Clients, IBL must observe the Territorial Rules of Conduct.

C. Limitations.

1. Schwab expressly reserves any and all rights not explicitly granted to IBL under this Agreement. Schwab grants no rights to IBL other than the rights expressly stated in this Agreement and no other rights will be implied. IBL's use of the Schwab System or any of its constituent parts for any purpose, or in any manner, which is not expressly permitted by this Agreement will constitute a material breach of this Agreement.

2. Nothing in this Agreement authorizes IBL to (i) offer any other type of product or service besides Schwab Products & Services; (ii) provide investment advice to any person other than to an Independent Branch Client except as may be set forth in the Confidential Manuals; or (iii) place any order, or otherwise engage in any business, with another broker-dealer not affiliated with Schwab.

3. Nothing in this Agreement gives IBL: (i) the right to sublicense the use of the Schwab System or any of its constituent parts to others; (ii) the right to object to Schwab's award of franchise rights to others whether or not the terms are similar to, or different than, this Agreement; (iii) an interest in Schwab or the right to participate in Schwab's or Schwab's Affiliates' business activities, investment or corporate opportunities; (iv) any rights in or to any Schwab Intellectual Property other than the limited license expressly granted herein;(v) an express or implied preferential right of any kind to acquire an additional franchise to operate another Independent Branch anywhere; or (vi) the right to sub-sublease or assign the Sublease without the express prior written consent of Schwab, which Schwab may withhold in its sole discretion.

4. Nothing in this Agreement gives IBL the right to object to: (i) Schwab's marketing, offer to sell, or sale of Schwab Products & Services from any type of trade channel or distribution method, whether in existence or used now or developed or used in the future including, without limitation, through direct marketing, telemarketing, online services, or third party marketers; (ii) Schwab's marketing, offer to sell, or sale of other securities excluded from Schwab Products & Services; (iii) Schwab's use of the Schwab Intellectual Property or any of its constituent elements in any manner or for any purpose whether or not Schwab allows IBL to use the Schwab Intellectual Property in the same way; or (iv) Schwab's operation or licensing of businesses that may compete with IBL's Independent Branch and operate under marks that are different than the Schwab Marks.

D. Improvements; Duty to Conform to Modifications.

Any improvements, modifications, derivative works or additions that Schwab makes to the Schwab System, or that become associated with the Schwab System, including, without limitation, ideas suggested or initiated by IBL, are, or will become, the exclusive property of Schwab. Nothing in this Agreement constitutes or may be construed as Schwab's consent or permission to IBL modifying the Schwab System. Any modification that IBL desires to propose or make to the

Schwab System will require Schwab's prior written consent, which Schwab may withhold in its sole discretion.

1. Schwab may modify the Schwab System periodically in its sole discretion as often as Schwab believes, in the exercise of discretion, is necessary to best promote Schwab Branches as a chain to the public. For example, changes to the Schwab System may include, without limitation, changes to the list of approved Schwab Products & Services, Schwab Technology System, Appearance and Imaging Standards, or Schwab Marks. Schwab will notify IBL of all changes to the Schwab System through updates to the Confidential Manuals. IBL will, at its own cost and expense, promptly adopt all changes in the Schwab System and use only those parts of the Schwab System specified by Schwab and promptly discontinue the use of those parts of the Schwab System that Schwab directs IBL to discontinue. IBL may not change, modify or alter the Schwab System in any way except as Schwab directs.

2. IBL may provide suggestions, comments or other feedback (collectively, "**Feedback**") to Schwab with respect to the Schwab System. Feedback is voluntary. Schwab may use Feedback for any purpose without liability or compensation to IBL or obligation of any kind. To the extent a license is required under IBL's Intellectual Property rights in order for Schwab to use the Feedback, IBL hereby grants Schwab an irrevocable, non-exclusive, perpetual, fully-paid-up, royalty-free, world-wide license to use the Feedback in connection with any business activities conducted by Schwab or Schwab's Affiliates, including, without limitation, to enhance Schwab Products & Services.

E. Deviations from the Schwab System. Schwab, in its sole discretion, may allow other franchisees and licensees to deviate from the Schwab System in individual cases. IBL has no right to object to any variances that Schwab may allow to itself, Schwab's Affiliates or other franchisees, and has no claim against Schwab for not enforcing the standards of the Schwab System uniformly. Schwab has no obligation to waive, make any exceptions to, or permit IBL to deviate from the uniform standards of the Schwab System. Any exception or deviation that Schwab allows IBL must be stated in writing and executed by Schwab in order to be enforceable against Schwab.

III. PAYMENTS

A. Franchise Fee.

1. In consideration of the franchise and license granted to IBL, IBL will pay to Schwab in two installments a Franchise Fee (the "**Franchise Fee**") in the amount shown on **Schedule A** in two installments: (i) $25,000 upon execution of the Preliminary Agreement; and (ii) the balance, if any, within 30 days after the Opening Date. IBL recognizes that the Franchise Fee to purchase the franchise does not include any other fees that IBL agrees to pay including, without limitation, the Client Account Purchase Fee.

2. The entire first installment of the Franchise Fee is fully earned when paid and is irrevocable and not refundable except if (i) Schwab or IBL terminates this Agreement based on the parties' failure to execute **Schedule A** to designate the street address of the Approved Location and the boundaries of IBL's Schwab Branch Market within 90 days after the Effective Date; or (ii) Schwab terminates this Agreement based on IBL's failure to execute a Sublease for the Approved Location within 30 days after Schwab presents the Sublease to IBL. If this Agreement terminates based upon the failure of either condition, Schwab will refund $10,000 of

the Franchise Fee paid by IBL upon IBL's execution and delivery of Schwab's form of General Release.

B. Other Fees Payable by IBL to Schwab. In addition to the fees and charges stated elsewhere in this Agreement that IBL must pay to Schwab as a condition of this Agreement, IBL must pay Schwab the following:

1. Association Fee. As a continuing licensing fee for the right to use the Schwab System, for administrative services Schwab provides in supporting IBL's Independent Branch, and applicable FINRA registration, state licensing fees and insurance licensing fees, IBL will pay to Schwab an Association Fee ("**Association Fee**") equal to $250 per Calendar Month for each Calendar Month, or partial period, on or after the IBL becomes associated with Schwab and begins to conduct business. Payment will be accomplished by Schwab deducting the Association Fee as an offset in calculating IBL's Net Payout for the Calendar Month. We may increase the monthly Association Fee; provided, however, the monthly Association Fee will not exceed $500 each month during the Term.

2. Sublease Rent. In consideration for the right to occupy the Approved Location during the Term, IBL will pay to Schwab the fixed amount of Sublease Rent ("**Sublease Rent**") set forth in the Sublease on or before the dates set forth in the Sublease. Sublease Rent will be payable beginning with the Calendar Month in which IBL signs the Sublease, prorated for any Partial Calendar Month, unless the Sublease specifies a different Sublease Rent commencement date. Payment will be accomplished by Schwab deducting the Sublease Rent as an offset in calculating IBL's Net Payout for the Calendar Month. Schwab reserves the right to adjust the Sublease Rent to correspond to increases in Schwab's costs under the Master Lease.

3. Facilities Fee. In consideration for (i) Schwab's investment of money, effort and time to convert the approved retail space to professional offices, including incurring costs to develop, construct and improve the Approved Location with tenant improvements, office furniture, furnishings, signs and decorations consistent with Schwab's Appearance and Imaging Specifications and prepare IBL's Independent Branch for opening; (ii) IBL's use and enjoyment of the improvements, decorations, and furnishings that Schwab installs in or makes to the Approved Location; and (iii) the ongoing expenses that Schwab incurs for services, utilities, real property taxes, building insurance premiums, security, normal wear and tear repairs, maintenance and operation of the building in which the Approved Location is located and all common areas related thereto, IBL will pay to Schwab the Facilities Fee ("**Facilities Fee**") set forth on **Schedule A** each Calendar Month during the Term from and after the Opening Date, prorated for any partial Calendar Month. Schwab will compute the Facilities Fee based upon estimated expenses incurred during the buildout, estimates from comparable branch operating expenses, and the other ongoing expenses described in this section. Payment will be accomplished by Schwab deducting the Facilities Fee as an offset in calculating IBL's Net Payout for the Calendar Month. Schwab reserves the right to adjust the Facilities Fee to correspond to increases in operating or project expenses during the term.

4. Branch Hardware and Connectivity Service Fee. In consideration for the right to use the branch hardware and for connectivity during the Term, IBL will pay to Schwab a fee to provide, update, and maintain the branch hardware ("**Branch Hardware and Connectivity Service Fee**") set forth on **Schedule A**. IBL will pay to Schwab the Branch Hardware and Connectivity Fee each Calendar Month during the Term, prorated for any partial Calendar Month. Payment will be accomplished by Schwab deducting the Branch Hardware and Connectivity Fee as an offset in calculating IBL's Net Payout for the Calendar Month.

5. Client Servicing Fee. During the Term, IBL will pay to Schwab a Client Servicing Fee ("**Client Servicing Fee**") set forth on **Schedule A** each Calendar Month for each Independent Branch Client account with an ending monthly balance of more than $10,000 held by Schwab on the last day of the Calendar Month for which payment is made. The Client Servicing Fee covers a limited portion of the direct, incremental expenses to support some of the activities in the accounts on Schwab's platform. Payment will be accomplished by Schwab deducting the Client Servicing Fee as an offset in calculating IBL's Net Payout for the Calendar Month.

6. Centralized Supervision Fee. If IBL does not hold a FINRA Series 9/10 General Securities Sales Supervisor license to qualify IBL's Independent Branch as an OSJ within 120 days after IBL signs this Agreement, IBL will pay to Schwab a Centralized Supervision Fee ("**Centralized Supervision Fee**") up to $5,000 per Calendar Month beginning the month in which the 121st day after signing this Agreement falls. Payment will be accomplished by Schwab deducting the Centralized Supervision Fee as an offset in calculating IBL's Net Payout for the Calendar Month. Schwab's collection of the Centralized Supervision Fee will not waive Schwab's right to terminate this Agreement any time after the end of the first 12 months after the Effective Date if IBL has not by that time obtained the FINRA Series 9/10 General Securities Sales Supervisor license and qualified IBL's Independent Branch as an OSJ.

7. Policy Violation Fee. In addition to the other fees and charges described in this Agreement including any Client Complaint Settlement or Sanction, Schwab may impose a Policy Violation Fee ("**Policy Violation Fee**") of up to $5,000 per Calendar Month due to IBL's failure to comply with IBS policies. Schwab will determine the specific amount and duration of the Policy Violation Fee in Schwab's sole discretion and may, for example and without limitation, require that IBL pay the Policy Violation Fee each Calendar Month after the violation occurs for the remainder of the Term. Payment will be accomplished by Schwab deducting the Policy Violation Fee as an offset in calculating IBL's Net Payout for the Calendar Month. Schwab's collection of the Policy Violation Fee will not waive Schwab's right to terminate this Agreement due to IBL's noncompliance with Schwab's policies.

8. Management Fee. In consideration for Schwab's management of IBL's Independent Branch under the specific circumstances permitted by this Agreement, Schwab will be entitled to receive a Management Fee ("**Management Fee**") equal to 50% of the Net Payout earned by IBL's Independent Branch during the period of Schwab's management. Schwab will pay the other 50% of the Net Payout earned during the period of Schwab's management to IBL or IBL's Legal Representative as provided in this Agreement.

9. Insurance Fee. IBL will pay to Schwab an Insurance Fee ("**Insurance Fee**") in the amount set forth on **Schedule A** for providing required insurance coverage arranged for by Schwab with independent third-party insurers. Schwab may increase each component of the Insurance Fee during the Term effective upon no less than 30 days prior written notice.

10. Gross Receipts or Equivalent Taxes. IBL will pay to Schwab the amount of any state or local sales, use, gross receipts, or similar tax that Schwab may be required to pay now or in the future as determined by any state or local government on the Total Revenue Amount attributable to IBL's Independent Branch, regardless of whether the state or local tax is imposed directly on Schwab, is required to be withheld by IBL from amounts due to Schwab under this Agreement, or is otherwise required to be collected by IBL from Schwab. Payment will be accomplished by Schwab deducting the state or local sales, use, gross receipts, or similar tax as an offset in calculating IBL's Net Payout for the Calendar Month. IBL's obligation under this Section will not be reduced or offset by any type of claim, credit or deduction of any kind. This

provision will not apply to Schwab's liability for income or comparable taxes measured by income that Schwab receives on account of its relationship with IBL.

11. Interest and Late Charges. In addition to IBL's obligation to pay Schwab any negative Net Payout, IBL is liable for interest in an amount equal to the greater of 10% per annum or prime rate plus 5% per annum, not to exceed the maximum amount permitted under Applicable Law on (i) the amount of the negative Net Payout beginning on the date when IBL receives Schwab's Net Payout Statement showing the amount of the negative Net Payout or on the later date indicated in the Net Payout Statement and continuing until the entire negative Net Payout and interest is paid in full; and (ii) the Client Account Purchase Fee if not paid in full on the date payment is due as provided in this Agreement and continuing until the entire Client Account Purchase Fee and interest is paid in full. By imposing interest on late payments, Schwab does not waive its right to terminate this Agreement based on IBL's failure to pay the negative Net Payout or Client Account Purchase Fee in full when due.

IV. RENEWAL OF FRANCHISE RIGHTS

A. Renewal Options. If Schwab is awarding new franchises in the United States for the operation of an Independent Branch at the time when IBL exercises a Renewal Option and IBL satisfies all of the conditions to exercising a Renewal Option stated in this Section, IBL will have two successive options to renew the franchise each for a term of approximately 5 years (each approximate 5-year period is referred to as a "**Renewal Term**" and each option to renew is referred to as a "**Renewal Option**"). At the end of each Renewal Term, IBL will be granted an additional Renewal Option provided that any additional Renewal Option will come into existence only if IBL effectively exercises the first and each subsequent Renewal Option and Schwab is awarding new franchises in the United States for the operation of an Independent Branch at the time when IBL exercises a Renewal Option and IBL satisfies all of the conditions to exercising a Renewal Option stated in this Section. Schwab may modify the length of any Term to align with the Approved Location's Master Lease terms.

B. Renewal Conditions. To exercise each Renewal Option, IBL must comply the following conditions:

1. IBL must give Schwab written notice of IBL's election to renew (the "**Renewal Notice**") at least 13 Calendar Months, but not more than 14 Calendar Months, before the end of the Term or the Renewal Term, as applicable. The Renewal Option will be cancelled on the day after the Renewal Notice is due if not received by Schwab by that date.

2. IBL must not be in default under this Agreement or the successor Franchise Agreement, as applicable, or the Sublease at the time IBL gives the Renewal Notice or on the first day of the Renewal Term.

3. IBL must not have received more than 3 notices of default under this Agreement or Sublease during the Term or the prior Renewal Term, as applicable, whether or not the notices relate to the same or different defaults, and whether or not the defaults have each been timely cured by IBL.

4. If the Master Lease does not give Schwab the right to renew the Master Lease and extend the term of the Sublease for a period of time that is at least as long as the Renewal Term, or such shorter period as may be agreed to by the IBL, IBL must agree to relocate

IBL's Independent Branch to different premises approved by Schwab in accordance with the relocation conditions set forth in this Agreement.

5. If IBL is permitted by Schwab to remain in the Approved Location for the Renewal Term, IBL must pay all costs and expenses incurred by Schwab to (i) update IBL's Independent Branch to Schwab's then-current Appearance and Imaging Standards (with all of which work and updating being performed solely by Schwab and its agents and contractors and not by IBL); and (ii) upgrade all computer hardware in the Independent Branch to the then-current hardware specifications incorporated in the Schwab Technology System; and

6. At Schwab's election, IBL must execute either (i) an extension of the existing Sublease; or (ii) Schwab's then-current form of Sublease at the time of renewal to supersede the existing Sublease, in each case for an additional approximately 5-year term, or such shorter period as may be agreed to by the IBL, conterminous with the Renewal Term.

7. IBL must execute Schwab's then-current form of Franchise Agreement at the time of renewal for an approximate 5-year term (with specific term depending on the Master Lease). The then-current Franchise Agreement will supersede this Agreement or any successor Franchise Agreement in all respects except as follows: (i) IBL will not have the renewal rights set forth in the successor Franchise Agreement, but will instead have the Renewal Options set forth in this Agreement; (ii) IBL will not be required to pay the Franchise Fee stated in any successor Franchise Agreement; (iii) the Adjusted Total Revenue Amount for each Operating Year during each Renewal Term will be 50%; and (iv) IBL will not be required to participate in the Initial Training Programs described in any successor Franchise Agreement then offered by Schwab to new franchisees.

8. IBL must execute and deliver a general release, in form and substance satisfactory to Schwab in Schwab's sole but reasonable discretion, of any and all claims against Schwab, Schwab's Affiliates and their respective officers, directors, shareholders, employees and agents. IBL must complete any training that Schwab specifically requires for renewing franchisees.

C. Condition Precedent to Renewal Option; Repurchase. If IBL is in good standing under this Agreement and otherwise meets the conditions for exercising the Renewal Option, but Schwab is no longer awarding new franchises in the United States for the operation of an Independent Branch at the time when IBL exercises the Renewal Option, Schwab will, in its sole discretion, either (i) permit IBL to exercise the Renewal Option; or (ii) repurchase IBL's franchise rights. If Schwab permits IBL to exercise the Renewal Option, the parties shall each comply with all of the terms and conditions in this Section, except that the parties shall extend this Agreement for a period equal to the Renewal Term instead of signing Schwab's then-current form of Franchise Agreement. If Schwab repurchases IBL's franchise rights, the parties agree to comply with the following terms and conditions:

1. IBL must continue to operate IBL's Independent Branch in good standing under this Agreement until the Effective Date of Expiration of this Agreement.

2. On the closing date, which shall take place within 60 days after the Effective Date of Expiration of this Agreement, Schwab will pay IBL an amount equal to the purchase price payable by Schwab if Schwab were to exercise its purchase option set forth in this Agreement.

a. In order to receive payment, IBL must (i) cooperate with Schwab and deliver all of the documents required by this Agreement in connection with Schwab's exercise of the purchase option, including the executed general release; and (ii) comply with the obligations in this Agreement that take effect after the Effective Date of Expiration of this Agreement.

b. For purposes of computing the amount payable to IBL, the Market Value of New-to-Firm Client account assets and Reassigned Client account assets shall be determined as of the Effective Date of Expiration of this Agreement.

c. Schwab's decision to purchase IBL's franchise rights will not relieve IBL of the duty to pay Schwab a Client Account Transfer Fee under the conditions set forth in this Agreement. Schwab may reduce the purchase price payable to IBL on the closing date by the aggregate Client Account Transfer Fees due from IBL as of the closing date.

D. Ineffective Exercise of Renewal Option. IBL's failure to execute and deliver the documents required by this Section to exercise the Renewal Option within 30 days after Schwab delivers them to IBL for execution will be deemed an election by IBL not to exercise the Renewal Option. If IBL fails to satisfy any renewal condition in a timely manner, this Agreement will expire on the last day of the Term, or the last day of the Renewal Term, as applicable, without further notice from Schwab; provided, however, IBL will remain obligated to comply with all provisions of this Agreement that expressly, or by their nature, survive the expiration or termination of this Agreement.

E. Extension. If Schwab is in the process of revising, amending or renewing its FDD or registration to sell franchises in the state where IBL's Independent Branch is located, or, under Applicable Laws cannot lawfully offer IBL its then-current form of Franchise Agreement at the time IBL delivers a Renewal Notice, Schwab may, in its sole discretion, offer to extend the terms and conditions of this Agreement on a day-to-day basis following the expiration of the Term (or the first Renewal Term, as applicable) for as long as Schwab deems necessary so that Schwab may lawfully offer its then-current form of Franchise Agreement; provided, however, nothing in this paragraph will require Schwab to extend this Agreement if, at the time IBL delivers the Renewal Notice (i) Schwab is not granting new franchises, (ii) IBL is in default under this Agreement or refuses to satisfy any of the other conditions to renewal; or (iii) Schwab is unable to holdover under its Master Lease at a rental and upon terms acceptable to Schwab in its sole discretion or extend the Master Lease on a monthly basis on terms acceptable to Schwab in its sole discretion.

V. APPROVED LOCATION; DEVELOPMENT; OPENING DATE

A. Selection of Approved Location.

1. If the parties have not mutually agreed upon the site for IBL's Independent Branch before the Effective Date, then, as soon as is reasonably practical using commercially reasonable efforts after the Effective Date, Schwab will propose to IBL for IBL's reasonable approval at least one location within the general market area that the parties mutually identify for IBL's franchise as the proposed site for IBL's Independent Branch.

a. For each site that Schwab identifies and proposes to IBL, Schwab will present IBL with the following information: (i) the material terms and conditions of the Master Lease to the extent known by Schwab at that time from which Schwab will determine the estimated range for the rent payable under a sublease for the site; (ii) an estimated range for the Facilities Fee and Branch Hardware and Connectivity Service Fee payable for an Independent

Branch at the proposed site; and (iii) the Schwab Branch Market boundaries that Schwab will initially assign to the proposed site.

b. Schwab does not represent that the population or geographic size of the Schwab Branch Market that Schwab proposes to assign to the proposed site will be comparable to the Schwab Branch Market that Schwab assigns to other Schwab Branches. Schwab is not obligated to designate every Schwab Client who then resides in the proposed Schwab Branch Market as IBL's Seeded Client. Schwab's estimate of approximate Seeded Client Assets is not a guaranty of the minimum amount of Seeded Client Assets that will be assigned to an Independent Branch at the proposed site. By proposing a site, Schwab does not represent or warrant that an Independent Branch at that location will be successful or profitable. IBL is solely responsible for investigating the suitability and potential of each site that Schwab proposes.

c. If IBL fails to give Schwab written notice within 30 days after Schwab proposes a site, Schwab may offer the Approved Location to another franchisee or develop the Approved Location as a Company Managed Branch.

2. On or before the Effective Date, IBL may, at its own expense, investigate potential sites for Schwab's approval within the same general market but should not contact brokers or landlords directly. Schwab, in Schwab's sole discretion, may review alternative sites that IBL wishes to propose. Schwab will notify IBL within a reasonable period of time, not to exceed thirty (30) days after receiving a site proposal if Schwab has sufficient interest in the site to begin negotiations for a master lease with the owner of the premises. Schwab's failure to give timely notice will signify that Schwab rejects IBL's proposed site.

3. Once the parties mutually agree upon a site, they will designate the site as the Approved Location for IBL's Independent Branch within **Schedule A** to set forth the Approved Location's street address and the boundaries of the Schwab Branch Market that Schwab initially assigns to IBL before IBL's Independent Branch opens for business. IBL understands that after the Opening Date, Schwab may unilaterally change the boundaries of the Schwab Branch Market on the terms and conditions stated in this Agreement. Schwab will not enter into a Master Lease until the parties mutually agree upon a site.

4. Within 30 days after the parties execute **Schedule A** or as soon thereafter as is reasonably practical using commercially reasonable efforts, Schwab will present IBL with a proposed Sublease for the Approved Location generally on the same material terms and conditions as the Master Lease, except that the amount of rent payable under the Sublease will be equal to a flat average monthly payment of Schwab's expenses under the Master Lease spread over the Term, including any free rent. Consequently, while the aggregate amount of rent that IBL will pay under the Sublease over the Term will be equal to the rent that Schwab pays under the Master Lease during the same period, the monthly amount that IBL will pay need not match Schwab's actual cash outlay to the Master Lease landlord for the same period. IBL's failure to execute a Sublease for the Approved Location within 30 days after Schwab presents IBL with the Sublease, or your failure to execute the Confirmation Agreement for the Approved Location attached as **Exhibit D** to the Sublease within 30 days after Schwab presents IBL with the Confirmation Agreement, is grounds permitting Schwab to terminate this Agreement. Neither IBL nor IBL's spouse, children, siblings, or parents (including step or by marriage) may have any direct or indirect ownership in the Approved Location real estate except through the equity ownership in a publicly traded REIT of which IBL or IBL's spouse, children, siblings, or parents (including step or by marriage) own less than 5% of the outstanding shares.

5. IBL's right to use the Approved Location will be governed by the Sublease, the Master Lease and this Agreement. A breach of the Sublease will constitute a breach of this Agreement. The Sublease will expressly provide that a breach of this Agreement will constitute a breach of the Sublease.

B. Development of Approved Location as Independent Branch. Schwab will use its commercially reasonable efforts to complete all construction and development work to cause the Approved Location to conform to Schwab's Appearance and Imaging Specifications and be open for the conduct of business and install the Schwab Technology System within 90 days after IBL's execution of this Agreement or as soon thereafter as is reasonably practical using commercially reasonable efforts.

1. Schwab will (i) retain qualified design, engineering and construction personnel to complete leasehold improvements and decorate and furnish the Approved Location consistent with Schwab's Appearance and Imaging Specifications; (ii) install the workstation computer hardware and peripheral equipment in the Approved Location and license the software applications on the terms of this Agreement; and (iii) supervise all aspects of construction and development of the Approved Location to ready it for opening as efficiently and expeditiously as is reasonably possible using commercially reasonable efforts.

2. As between Schwab and IBL, Schwab is responsible for ensuring that (i) construction and development of the Approved Location substantially complies with all material requirements of the Master Lease and Applicable Law, including, without limitation, all government and utility permit requirements (for example, zoning, sanitation, building, utility and sign permits); and (ii) the Approved Location is delivered to IBL with the improvements therein substantially completed and in good working order. IBL's only remedy in the event of Schwab's failure to meet the requirements of (i) or (ii) in a timely manner is to notify Schwab of the problem and allow Schwab a reasonable amount of time in which to correct the problem. Any additional expense incurred by Schwab to respond to IBL's notice will be included in the calculation of IBL's Facilities Fee. Before the Opening Date and after Schwab's substantial completion of the construction and development of improvements at the Approved Location, the parties will conduct a joint walk-through of the Approved Location to identify any construction, mechanical, decorative or corrective items needing attention.

3. By delivering possession of the improved Approved Location to IBL, Schwab will not be deemed to convey title in or to any of the furniture, furnishings, equipment, or other personal property leasehold improvements, furnishings, décor items, equipment, signs or equipment comprising the Schwab Technology System that are installed or placed in the Approved Location or that Schwab furnishes to IBL in consideration of IBL's payment of the Facilities Fee or Branch Hardware and Connectivity Service Fee. Schwab will retain all right, title and interest in and to all of items in or at the Approved Location that Schwab furnishes to IBL in consideration of IBL's payment of the Facilities Fee or Branch Hardware and Connectivity Service Fee and IBL will merely have the right to use the items subject to the terms of this Agreement and the Sublease and solely for the purpose of operating the Independent Branch.

C. Temporary Location.

1. If the Approved Location is not ready for occupancy on the Effective Date, and if we are able to secure a location that IBL may occupy prior to occupying the Approved Location IBL shall occupy a temporary location identified on Schedule A (the "**Temporary Location**") from the Effective Date until the IBL occupies the Approved Location (the "**Temporary**

Occupancy"). The Temporary Location is not the Approved Location. IBL understands and agrees that he or she shall occupy the Approved Location upon the occupancy date for which he or she is notified by Schwab that the Approved location will be ready for occupancy by IBL. Notice from Schwab shall be provided at least five (5) days prior to the occupancy date.

2. During the Temporary Occupancy, IBL shall be responsible for all costs and expenses related to the Temporary Occupancy including the rent during Temporary Occupancy. Payment of all fees in Section III(B), other than Sections III(B)(2) and (3), will be accomplished by Schwab deducting these fees as an offset in calculating IBL's Net Payout for the Calendar Month. The rent and the direct operating expense, landlord operating expense and project expense incurred during the Temporary Occupancy shall be aggregated and allocated within the Sublease Rent and Facilities Fee paid during the Term, which shall be in addition to the Sublease Rent and Facilities Fee for the Approved Location.

3. IBL acknowledges that the rent and expense incurred during the Temporary Occupancy may cause the Facilities Fee and the Sublease Rent for the Approved Location to exceed the amounts as provided for in Schedule A.

4. IBL hereby acknowledges that there may be additional costs associated with conforming both the Temporary Location and the Approved Location to the Appearance and Imaging Specifications that will exceed those associated solely with the Approved Location. This may include signage, remodeling, or other costs.

5. IBL hereby acknowledges that there may be an additional Branch Hardware and Connectivity Service Fee related to providing appropriate technology for the Temporary Occupancy and for the Approved Location, which will exceed the amount of the Branch Hardware and Connectivity Service Fee were IBL to only locate at the Approved Location.

D. Opening Date.

1. Schwab will keep IBL informed of the progress of construction and development work at the Approved Location. Within 4 weeks after the Effective Date, IBL must (i) complete all modules of the Initial Training Program except, if scheduling does not permit attending IB Academy prior to Opening Date, IBL must attend the first available IB Academy after the Opening Date; and (ii) secure all business and regulatory licenses to operate the Independent Branch in compliance with Applicable Law, except the FINRA Series 9/10 General Securities Sales Supervisor license, which IBL must secure by the date, after the Effective Date, set forth in this Agreement. IBL must open IBL's Independent Branch for business within 7 days after Schwab notifies IBL that it has obtained a certificate of occupancy for the Approved Location.

2. Until all required registrations are held with Schwab, we will not assign any clients to IBL's Independent Branch. However, subject to complying with the procedures in the Confidential Manuals, IBL may communicate with Transitioned Clients before the Opening Date and work with a Schwab transition support team member to help Transitioned Clients move their accounts to Schwab subject to any legal obligations IBL may owe to any third party. IBL understands and agrees that before the Opening Date (i) it will incur Client Servicing Fees for any client account that Schwab opens before the Opening Date; and (ii) will be credited with any revenue earned from activities in Transitioned Client accounts before the Opening Date. The credit and charges for activities will be reflected in the first Net Payout calculation for the first Calendar Month following registration with Schwab.

VI. TRAINING

A. Initial Training Program.

1. IBL must complete the requirements of each Initial Training Program module and demonstrate the minimum level of proficiency required by Schwab to Schwab's reasonable satisfaction. All Initial Training Program modules will be for the duration and cover the subjects identified in the Confidential Manuals. Schwab will determine the location of any live, instructor-led segment of the Initial Training Program. Schwab may terminate this Agreement if IBL fails to demonstrate the minimum level of proficiency required by Schwab at the conclusion of any module of the Initial Training Program.

2. IBL must ensure that each Registered Employee and Non-Registered Employee hired by IBL completes all required training during the Term in the segments of the Initial Training Program that Schwab makes mandatory for Registered Employees and Non-Registered Employees. Subject to space availability and according to the IB Employee's job functions, IBL may enroll IB Employees in non-mandatory modules according to their job functions that Schwab permits individuals who are not Independent Branch Leaders to attend.

3. Schwab will not provide access for the IB Employee to the Initial Training Program until IBL delivers to Schwab an executed copy of the Association Agreement signed by the IB Employee.

4. Schwab will not charge IBL any tuition or fee to deliver the Initial Training Program or to attend IB Academy. Schwab may charge IBL a fee for any IB Employees that IBL enroll in the Initial Training Program or IB Academy during the Term. IBL is solely responsible for all travel, lodging, and personal expenses that IBL or IB Employees incur to attend IB Academy or complete the Initial Training Program.

5. Schwab may modify the Initial Training Program at any time without prior notice to IBL. Schwab's modifications may include, without limitation, adding, deleting, shortening or lengthening modules or tracks within modules or the overall curriculum of the Initial Training Program; changing the location, duration, content, method of delivery, or scope of the Initial Training Program; changing instructors; or imposing new mandatory training requirements. For the avoidance of doubt, failure to complete mandatory trainings by IBL or IBL's employees may constitute a default under this Agreement.

B. Continuing Training.

1. In addition to the Initial Training Program and training that Schwab may offer at Network Meetings, Schwab may host, or offer, additional training programs periodically during the Term on select topics to enhance professional skills or provide instruction to newly introduced features of the Schwab System. Schwab will determine the location, duration, content, method of delivery, and scope of any continuing training programs and may require that IBL alone, or IBL together with all or certain IB Employees according to their job functions, each complete a minimum number of hours or continuing training courses each Calendar Year during the Term.

2. Schwab will not charge any training fees for continuing training classes that Schwab delivers, but IBL will be responsible for paying registration or attendance fees to attend ICON or enroll in continuing training classes that Schwab arranges to be taught by third parties and may be required to reimburse Schwab for its related expenses. IBL is solely responsible for

all travel, lodging, and personal expenses that IBL or IB Employees incur to attend continuing training programs.

VII. INDEPENDENT BRANCH CLIENTS

A. Schwab Branch Market.

1. Schwab (i) assigns each Schwab Branch a non-exclusive Schwab Branch Market consisting of one or more zip codes; and (ii) requires all Schwab Branches to adhere to the Territorial Rules of Conduct set forth in the Confidential Manuals which govern the interaction among Schwab Branches including, without limitation, reciprocity requirements applicable to all Schwab Branches for servicing Schwab Clients who are assigned to a Schwab Branch other than their own. The parties will identify the initial boundaries of IBL's Schwab Branch Market on **Schedule A**.

2. During the Term, Schwab may unilaterally modify the boundaries of IBL's Schwab Branch Market set forth on **Schedule A** as frequently as Schwab deems necessary and for any reason in Schwab's discretion at any time without prior notice to, or the consent of, IBL. Schwab will notify IBL of the new boundaries of IBL's Schwab Branch Market promptly after making the change and the change will become effective immediately or on the later date specified in Schwab's notice. Any changes that Schwab makes to the Schwab Branch Market boundaries identified on **Schedule A** will only affect IBL's marketing and recruiting activities and will not affect any existing Independent Branch Client assignments to IBL's Independent Branch.

3. Schwab retains sole discretion in determining the boundaries of each Schwab Branch Market. Schwab makes no representations regarding and does not guaranty that (i) it will map the same number of zip codes to IBL's Schwab Branch Market as it may map to other Schwab Branch Markets; (ii) the population or geographic size or demographic characteristics of IBL's Schwab Branch Market will be equivalent to the population or geographic size or demographic characteristics of other Schwab Branches; or (iii) Schwab will assign to IBL all or any minimum number of Schwab Clients who maintain a primary residence within the Schwab Branch Market during the Term either as a Seeded Client or New-to-Firm Client.

B. Seeded Client Assignments.

1. Schwab will assign to IBL's Independent Branch a limited number of Seeded Clients and their Seeded Client Assets. The Seeded Clients that Schwab assigns to IBL's Independent Branch will be made up of certain existing Schwab Clients who (i) maintain a primary address within the Schwab Branch Market that Schwab assigns to IBL's Independent Branch; and (ii) do not decline (i.e., opt-out) to have their Schwab accounts assigned to IBL for ongoing relationship development and servicing.

2. Schwab makes no representations regarding and does not guaranty that (i) before the Opening Date it will assign to IBL's Independent Branch a minimum number of Seeded Clients or a minimum dollar value of Seeded Client Assets; or (ii) the Seeded Clients who accept reassignment to IBL's Independent Branch will generate a minimum volume of transactions or result in a minimum Net Payout amount during the Term.

3. After IBL's Independent Branch opens, Schwab may direct to IBL leads or prospective New-to-Firm Clients who contact Schwab as a result of Schwab's own marketing

activities and maintain their primary address in IBL's Schwab Branch Market when Schwab is contacted by the lead.

4. The fact that Schwab has assigned IBL's Independent Branch a specific Schwab Branch Market does not give IBL (i) the right to prevent Schwab from changing the Schwab Branch Market boundaries or opening, or licensing, additional Schwab Branches anywhere including, without limitation, in IBL's Schwab Branch Market; or (ii) any exclusive or preferential right to service Schwab Clients who maintain their primary address in IBL's Schwab Branch Market.

5. Once a Schwab Client accepts assignment to IBL's Independent Branch, Schwab will not reassign that Schwab Client to another Schwab Branch unless that Schwab Client expressly asks Schwab to do so. All Independent Branch Client reassignments are subject to the Territorial Rules of Conduct. The fact that Schwab assigns an Independent Branch Client to IBL's Independent Branch does not give IBL a superior right to continue to service the Independent Branch Client if the Independent Branch Client asks to work with a different Schwab Branch, Schwab employee or another IBL or that IBL's employees. IBL may not prevent or interfere with Schwab's ability to reassign Independent Branch Clients away from IBL's Independent Branch consistent with their directions.

C. Reassigned Client Fee.

1. If a Schwab Client assigned to another Schwab Branch directs Schwab to reassign his or her accounts to an IBL's Independent Branch, and Schwab and the IBL both approve, IBL agrees to pay to Schwab a Reassigned Client Fee equal to 1% of the aggregate Market Value of the total household assets eligible for inclusion in the Asset Based Revenue Amount in the accounts reassigned to IBL's Independent Branch on the day of the reassignment for any Schwab Client with assets of less than $250,000. For example, if the total amount of the reassigned household assets eligible for inclusion in the Asset Based Revenue Amount for the reassigned Schwab Client is equal to $100,000, the Reassigned Client Fee shall be $1,000. If the Schwab Client has reassigned household assets eligible for inclusion in the Asset Based Revenue Amount of $250,000 or greater, IBL agrees to pay to Schwab a Reassigned Client Fee equal to the amount of the Non-Advised Assets Revenue Rate for the prior month, or the last published Non-Advised Assets Revenue Rate, times the aggregate Market Value of the assets in the accounts reassigned to IBL's Independent Branch on the day of the reassignment. For example, if the total amount of the household assets eligible for inclusion in the Asset Based Revenue Amount for the reassigned Schwab Client is equal to $1,000,000 and Non-Advised Assets Revenue Rate for the prior month, or the last published Non-Advised Assets Revenue Rate, was 0.38%, the Reassigned Client Fee shall be $3,800. The Non-Advised Assets Revenue Rate shall be communicated to each IBL via the Net Payout Statement. The Reassigned Client Fee shall be paid in 12 equal installments over a period of 12 months for reassigned under $1,000,000 and over a period of 24 months for reassigned over $1,000,000 beginning in the month that the reassignment of all Schwab-held assets occurs as an offset taken in calculating the Net Payout in each month. The deferred portion of the Reassigned Client Fee amount is a liability owed to Schwab and may be subject to the imposition of interest after 30 days in accordance with the provisions of this Agreement. For purposes of the Net Payout calculations, the 50% Multiplier will be used for all Reassigned Clients. Any assets consisting of monies in motion, prior to the IBL becoming involved and the reassignment request completed, will be considered as part of the Reassignment Fee.

2. If a Schwab Client assigned to IBL's Independent Branch directs Schwab to reassign his or her accounts to another Schwab Branch, Schwab will pay to IBL a Reassigned Client Fee equal to 1% of the aggregate Market Value of the total household assets eligible for inclusion in the Asset Based Revenue Amount in the accounts reassigned away from IBL's Independent Branch on the day of the reassignment if the total household value of the assigned accounts is less than $250,000. If a Schwab Client assigned to IBL's Independent Branch directs Schwab to reassign his or her accounts to another Schwab Branch and the total household assets eligible for inclusion in the Asset Based Revenue Amount are $250,000 or greater, Schwab will pay to IBL a Reassigned Client Fee equal to the Non-Advised Assets Revenue Rate for the prior month, or the last published Non-Advised Asset Revenue Rate times the aggregate Market Value of the assets in the accounts reassigned away from IBL's Independent Branch on the day of the reassignment. Schwab's payment of the Reassigned Client Fee will be accomplished as a credit given to IBL in calculating the Net Payout for the Calendar Month in which Schwab completes the reassignment.

In the event that a Schwab Client assigned to IBL's Independent Branch directs Schwab to reassign his or her accounts to another Schwab Branch and that Schwab Client previously directed Schwab to reassign his or her accounts to IBL's Independent Branch, the Reassignment Rate shall be the same Reassignment Rate as used for the prior reassignment to IBL times the aggregate Market Value of the assets eligible for inclusion in the Asset Based Revenue Amount in the accounts reassigned away from IBL's Independent Branch on the day of the reassignment, without respect to the total amount of the reassigned household assets.

3. The deferred portion of the Reassigned Client Fee amount is a liability that IBL owes to Schwab. After 30 days, we may impose interest on the deferred portion of the Reassigned Client Fee.

4. No Reassigned Client Fee is payable for New-to-Firm Clients assigned to IBL's Independent Branch.

5. In the event of an acquisition by Schwab or an affiliate of Schwab that results in the assignment of assets to your Independent Branch, you may be charged a fee in an amount up to the then current Reassignment Fee.

D. Election re: Transitioned Clients.

1. For purposes of the Net Payout calculation, if IBL elects to accept a 50% adjusted Asset-Based Revenue Amount for Transitioned Clients in lieu of the adjusted Asset-Based Revenue Amount otherwise set forth in this Agreement applicable to other categories of Independent Branch Clients, then IBL will not be obligated to pay a Client Account Purchase Fee on the Market Value of account assets of Transitioned Clients under the conditions set forth in this Section. IBL will indicate its election on Schedule C when it executes this Agreement.

2. If IBL does not elect a 50% adjusted Asset-Based Revenue Amount for Transitioned Clients, then (i) for purposes of calculating IBL's Net Payout, IBL's adjusted Asset-Based Revenue Amount for any Transitioned Clients will be the same percentages applicable to New to Firm Clients; and (ii) IBL will be obligated to pay a Client Account Purchase Fee on the Market Value of account assets of Transitioned Clients under the conditions set forth in this Section.

E. Client Account Purchase Fee.

1. IBL acknowledges that the franchise granted under this Agreement provides substantial advantages to IBL to compete in the market for financial services, including lowering barriers to entry. In consideration of the grant of franchise rights and, among other things, the Seeded Clients assigned to IBL's Independent Branch and the adjusted Asset-Based Revenue Amount that Schwab will apply in the first Operating Year of the Term in calculating IBL's Net Payout, IBL agrees to pay to Schwab a Client Account Purchase Fee under either one of the following circumstances:

a. If during the period beginning 90 days before, and ending 548 days after, an IB Employee ceases to be employed by IBL for any reason and an Independent Branch Client directs Schwab to transfer any of its account assets to another financial services business with which the Registered Employee directly or indirectly associates; or

b. If during the period beginning 90 days before, and ending 548 days after, the Effective Date of Termination or Expiration of this Agreement an Independent Branch Client directs Schwab to transfer any of its account assets to another financial services business with which IBL or any IB Employee directly or indirectly associates.

2. Schwab will issue an invoice to IBL notifying IBL of the amount of the Client Account Purchase Fee due and payable and IBL's payment of the entire Client Account Purchase Fee must be made within 30 days after receipt of Schwab's invoice. Any portion of the Client Account Purchase Fee that remains unpaid after 30 days will bear interest at the rate provided in this Agreement until the entire Client Account Purchase Fee plus interest is paid in full.

3. If IBL elects to accept a 50% adjusted Asset-Based Revenue Amount for Transitioned Clients on **Schedule C** then, in calculating the Client Account Purchase Fee, Schwab will exclude the Market Value of account assets of Transitioned Clients that IBL has identified to Schwab in writing during the Term.

F. Reassigned Advisor Client Fee. For each Reassigned Advisor Client that Schwab agrees to assign to IBL's Independent Branch, IBL agrees to pay to Schwab a Reassigned Advisor Client Fee equal to 4% of the aggregate Market Value of the Reassigned Advisor Client account assets as determined on the day before Schwab completes the assignment.

VIII. SCHWAB INTELLECTUAL PROPERTY

A. Ownership.

1. IBL agrees that, as between the parties, Schwab owns the Schwab Intellectual Property. Except for the express licenses granted in this Agreement, Schwab reserves all rights in the Schwab Intellectual Property and nothing contained herein will be construed as granting IBL any ownership interest in the Schwab Intellectual Property.

2. IBL may not decompile, disassemble, or reverse engineer any software or other technology provided by Schwab to IBL in connection with this Agreement or authorize or direct any third party to do so on IBL's behalf. IBL will include, maintain, reproduce and perpetuate all notices or markings (e.g., trademark and copyright notices) on all copies of all tangible media comprising the Schwab Intellectual Property and Confidential Information in the manner in which the notices or markings appear on tangible media or in the manner in which Schwab may request.

Nothing in this Agreement waives or limits Schwab's rights or remedies under Applicable Law to protect the Schwab Intellectual Property.

3. IBL is precluded from creating modifications, enhancements, or derivative works of the Schwab Intellectual Property. In the event IBL creates such work ("**IBL Works**"), Schwab will be the sole and exclusive owner of all rights in IBL Works. IBL hereby unconditionally and irrevocably conveys, transfers, delivers, and assigns and agrees to unconditionally and irrevocably convey, transfer deliver, and assign to Schwab, and Schwab accepts and agrees to accept, IBL's entire right, title, and interest worldwide in and to IBL Works including, without limitation, all patents, copyrights, trade secrets, and other proprietary rights that IBL owns in IBL Works, free from any liens and encumbrances, effective immediately upon the authorship, conception, creation, discovery or development of IBL Works, together with all federal, state, and provincial registrations, applications for registration and all renewals and extensions of registrations and applications (including, without limitation, any continuations, continuations-in-part, divisions, reissues, substitutions and reexaminations), all goodwill associated therewith, and all benefits, privileges, causes of action and remedies relating to any of the foregoing, whether before or hereafter accrued (including, without limitation, the exclusive rights to apply for and maintain all registrations, renewals and extensions; to sue for all past, present and future infringements or other violations of any rights relating thereto; and to settle and retain proceeds from any actions).

4. If IBL creates IBL Works with or without Schwab's prior written approval, Schwab will be the sole and exclusive owner of all rights in IBL Works. IBL hereby unconditionally and irrevocably conveys, transfers, delivers, and assigns and agrees to unconditionally and irrevocably convey, transfer deliver, and assign to Schwab, and Schwab accepts and agrees to accept, IBL's entire right, title, and interest worldwide in and to IBL Works including, without limitation, all patents, copyrights, trade secrets, and other proprietary rights that IBL owns in IBL Works, free from any liens and encumbrances, effective immediately upon the authorship, conception, creation, discovery or development of IBL Works, together with all federal, state, and provincial registrations, applications for registration and all renewals and extensions of registrations and applications (including, without limitation, any continuations, continuations-in-part, divisions, reissues, substitutions and reexaminations), all goodwill associated therewith, and all benefits, privileges, causes of action and remedies relating to any of the foregoing, whether before or hereafter accrued (including, without limitation, the exclusive rights to apply for and maintain all registrations, renewals and extensions; to sue for all past, present and future infringements or other violations of any rights relating thereto; and to settle and retain proceeds from any actions).

5. IBL further agrees to execute, or cause to be executed by IB Employees, agents, or subcontractors, whatever assignments of Intellectual Property rights and ancillary and confirmatory documents that may be required or appropriate so that title to any IBL Works will be clearly and exclusively held by Schwab or Schwab's nominee. If Schwab is unable for any reason to secure IBL's signature to any document Schwab requests IBL to execute under this Section, IBL hereby irrevocably designates and appoints Schwab and Schwab's duly designated authorized officers and agents as IBL's agents and attorneys-in-fact to act for and in IBL's behalf and instead of IBL to execute any documents, file applications, and do all other lawfully permitted acts with the same legal force and effect as if executed by IBL.

6. During the Term and at all times thereafter, IBL will not use any Confidential Information disclosed by Schwab to contest the validity of any Schwab Intellectual Property. Use

of Confidential Information for that purpose will constitute a material, non-curable breach of this Agreement and an infringement of Schwab's rights in Schwab Intellectual Property.

7. Any goodwill resulting from IBL's use of the Schwab Intellectual Property will inure to the exclusive benefit of Schwab. This Agreement confers no goodwill or other interest in the Schwab Intellectual Property upon IBL, except a franchise to use the Schwab Intellectual Property during the Term subject to the terms and conditions stated in this Agreement. This provision will not be construed to prevent IBL from receiving the proceeds on the sale of IBL's Independent Branch if the sale is conducted in compliance with the requirements of this Agreement applicable to an Event of Transfer.

B. Additional Restrictions Regarding Use of Schwab Marks.

1. IBL will use the Schwab Marks solely as expressly authorized in this Agreement. IBL may not create a unitary composite mark involving a Schwab Mark without the prior written approval of Schwab. IBL must display symbols and notices clearly and sufficiently indicating the trademark registration status and ownership of the Schwab Marks in accordance with Applicable Law and Schwab's instructions set forth in the Confidential Manual.

2. Schwab may, in its sole discretion, immediately terminate or suspend the license to the Schwab Marks if IBL engages in any practice or other activity that (i) is or is likely to be detrimental to the goodwill associated with the Schwab Marks or the goodwill or reputation of Schwab, the Schwab Branches or the Schwab Products & Services; (ii) constitutes a deceptive trade practice or unfair competition; or (iii) is or is likely to disparage the Schwab Marks.

3. In operating the Independent Branch, IBL will (i) use only the Schwab Marks and elements of the Schwab Intellectual Property designated by Schwab and only in the manner authorized and permitted by Schwab; (ii) use the Schwab Marks only to operate the Independent Branch and in connection with no other activities; (iii) display notices of trademark and service mark registrations in the exact manner that Schwab specifies; (iv) obtain fictitious or assumed name registrations as required by Applicable Law; and (v) prominently post notices to inform Independent Branch Clients, Schwab Clients generally and members of the general public that IBL is the independent owner of the Independent Branch which it operates under a franchise from Schwab.

4. IBL will not use any of the Schwab Marks or any part thereof: (i) with any prefix, suffix or other modifying words, terms, designs, colors or symbols; (ii) in any modified form; (iii) in connection with the sale of any unauthorized products or services; (iv) in any manner not expressly pre-authorized in writing by Schwab; or (v) in any manner that may result in Schwab's liability for IBL's debts or obligations.

5. Schwab reserves the right to: (i) modify or discontinue licensing any of the Schwab Marks; (ii) add new names, marks, designs, logos or commercial symbols to the Schwab Marks and require that IBL use them; and (iii) require that IBL introduce or observe new practices as part of the Schwab Intellectual Property in operating the Independent Branch. IBL will comply, at IBL's sole expense, with Schwab's directions regarding changes in the Schwab Marks within a reasonable time after written notice from Schwab. Schwab will have no liability to IBL for any cost, expense, loss or damage that IBL incurs in complying with Schwab's directions and conforming to required changes.

C. Indemnity.

1. Schwab will defend and indemnify IBL and hold IBL harmless from any third party claims, damages, and liabilities arising from a claim by a third party that IBL's licensed use of Intellectual Property created and owned by Schwab infringes that third party's United States patent, copyrights, or trade secret rights. The foregoing indemnification obligation of Schwab is contingent upon IBL promptly notifying Schwab in writing of the claim, permitting Schwab sole authority to control the defense or settlement of the claim and providing Schwab reasonable assistance in connection with the defense or settlement as requested by Schwab. If a claim of infringement under this Section occurs, or if Schwab determines a claim is likely to occur, Schwab will have the right, in its sole discretion, to either (i) procure for IBL the right or license to continue to use the relevant Intellectual Property free of the infringement claim; or (ii) modify the relevant Intellectual Property in any manner in Schwab's discretion to make it non-infringing. If neither of these remedies is reasonably available to Schwab, Schwab may, in its sole discretion, immediately terminate this Agreement with regard to the license to use the relevant Schwab Intellectual Property effective upon written notice to IBL. Upon receipt of Schwab's written notice, IBL will immediately cease all use of the infringing Intellectual Property in accordance with Schwab's instructions. Schwab will have no liability to IBL arising from the termination of IBL's license to use the relevant Intellectual Property, and this Agreement will continue in full force and effect in all other respects.

2. The provisions of this Section state the sole and exclusive obligations and liability of Schwab and its licensors and suppliers for any claim of intellectual property infringement arising out of or relating to IBL's use of Schwab System and are in lieu of any express or implied warranties of non-infringement, all of which are expressly disclaimed. Schwab has no obligation under this Section for any claim of infringement or otherwise involving Intellectual Property that is licensed by Schwab from a third party or owned by a third party, including market data, hardware, and software.

Furthermore, Schwab has no obligation under this Section with respect to any claim of infringement that is based upon or arises out of IBL's (i) use or combination of the Schwab System with any hardware, software, products, data, or other materials not provided by Schwab; modification or alteration of the Schwab System Intellectual Property by anyone other than Schwab; (iii) use of the Schwab System in excess of the rights granted in this Agreement; (iv) any specifications or other intellectual property provided by IBL; (v) failure to promptly implement an update or revision to the Schwab System, if the infringement would have been avoided by the update or revision; or (vi) use of the Schwab System once Schwab has notified IBL to cease use. For purposes of this Section, the activities described in (i)–(vi) are collectively referred to as the "**Excluded Claims**"). IBL will defend, indemnify, and hold harmless Schwab and Schwab's Affiliates and their respective officers, directors, employees, and agents from any and all third party claims, losses, deficiencies, damages, fines, liabilities, costs, and expenses (including but not limited to reasonable attorneys' fees, expert costs, and all related costs and expenses) arising from any Excluded Claim.

IX. CONFIDENTIAL MANUALS

A. Use.

1. In connection with the franchise, IBL has the limited right to use Schwab's Confidential Manuals for as long as this Agreement is in effect subject to the terms of this Agreement. The Confidential Manuals are, and at all times will remain, Schwab's sole property.

IBL will cease accessing and promptly destroy or return to Schwab any physical copies that IBL has made of any parts of the Confidential Manuals upon expiration, termination or an assignment of this Agreement.

2. IBL will treat all information contained in the Confidential Manuals as confidential and will use all reasonable efforts to keep the information secret. Without Schwab's prior written consent, IBL will not copy, duplicate, print, record or otherwise reproduce the Confidential Manuals, in whole or in part, or otherwise make them available to any IB Employee or other person who is not required to have access to its contents in order to carry out his or her employment functions.

3. IBL will not share IBL's password or other login information necessary to access the online Confidential Manuals or other information on the Schwab Intranet with any other person. IBL will furthermore take steps to ensure that IB Employees do not share their individual passwords or other login information with any other person. To the extent IBL or IB Employees have a reason to print out or copy any part of the Confidential Manuals, the copies must be kept on the premises at IBL's Independent Branch in a locked desk or file cabinet and IBL will only grant access to the key or lock combination of the desk or file cabinet to an IB Employee or other person who is required to have access to the Confidential Manuals in order to carry out his or her employment functions.

4. The Confidential Manuals contain both mandatory and recommended specifications, standards, procedures, rules and other information pertinent to the Schwab Intellectual Property and IBL's obligations under this Agreement. The Confidential Manuals, as modified by Schwab periodically, are an integral part of this Agreement and all provisions now or hereafter contained in the Confidential Manuals or otherwise communicated to IBL in writing are expressly incorporated in this Agreement by this reference and made a part hereof. IBL will fully comply with all mandatory requirements now or hereafter included in the Confidential Manuals, and agrees that a breach of any mandatory requirement will constitute a breach of this Agreement and grounds for termination.

B. Updating. Schwab reserves the right to modify the Confidential Manuals periodically to reflect changes that it may implement in the mandatory and recommended specifications, standards and operating procedures of the Schwab System. All revisions will be reflected in supplements or updates to the Confidential Manuals or in other communications delivered to IBL, and each supplement or communication will become effective upon receipt or on the later date specified by Schwab. IBL will immediately modify his or her operations to incorporate all revisions in mandatory specifications, standards, operating procedures and rules prescribed by Schwab.

C. Lost or Destroyed Confidential Manuals. IBL will promptly notify Schwab if there is any potential unauthorized access to the Confidential Manuals or Schwab Intranet. Provided (i) the unauthorized access is not the result of IBL's breach of its duty to keep the contents of the Confidential Manuals confidential, and (ii) IBL is not otherwise in default under this Agreement, Schwab will furnish IBL and each then-authorized IB Employee with a new password and login information at no additional expense. If the unauthorized access is due to IBL's breach or IBL is otherwise in default under this Agreement, Schwab will have no duty to furnish a new password and login information and may instead terminate this Agreement on account of the unauthorized access to the Confidential Manuals or any portion thereof.

X. SCHWAB TECHNOLOGY SYSTEM

The parties hereby incorporate into this Agreement the definitions and terms and conditions pertaining to the Schwab Technology System set forth in **Schedule B** to this Agreement. In addition to the terms and conditions of this Agreement, the provisions of **Schedule B** will govern IBL's use of the Schwab Technology System.

XI. ADVERTISING AND MARKETING ACTIVITIES

A. Local Marketing and Marketing Activities.

1. IBL must concentrate Local Marketing efforts and activities on developing local consumer awareness of the Schwab Marks and Independent Branch and focus its solicitation and recruiting efforts for prospective New-to-Firm Clients within IBL's then-current Schwab Branch Market. Schwab may modify the boundaries of IBL's Schwab Branch Market during the Term as provided in this Agreement.

a. Except with Schwab's prior written consent, neither IBL nor IB Employees may engage in any type of Local Marketing or marketing activities that take place or target prospective Schwab Clients outside of IBL's then-current Schwab Branch Market.

2. IBL must not use, disseminate, broadcast or publish any Local Marketing in any media channel (whether print, broadcast, electronic or digital, including, without limitation, third party websites or social media websites) without first obtaining Schwab's written approval of the copy, proposed media, method of distribution and marketing plan for the proposed Local Marketing.

a. To apply for Schwab's approval, IBL will submit a true and correct copy, sample or transcript of the proposed Local Marketing together with a written business plan (if we so request) that explains the proposed promotional or marketing event or use of the Local Marketing and any additional information material to the proposal disclosing IBL's intended use of the proposed Local Marketing.

b. Schwab will have a reasonable amount of time after receiving IBL's proposed Local Marketing and supporting materials in which to approve or disapprove the submitted materials. IBL may not use the materials unless and until IBL receives Schwab's written approval. If Schwab issues written approval, IBL may only use the proposed Local Marketing in the exact form approved by Schwab and Schwab may supervise implementation of the approved Local Marketing.

c. IBL will comply with the written guidelines for Local Marketing set forth in the Confidential Manuals. Under the written guidelines, as a condition of approving proposed Local Marketing, Schwab may require that the Local Marketing include the Schwab Website address. All Local Marketing must replicate the Schwab Marks in the exact form, color, placement and manner prescribed by Schwab in the Confidential Manuals.

d. In conducting Local Marketing, IBL will use best efforts to uphold the reputation and goodwill of Schwab and its Affiliates. All Local Marketing must be clear, factual and not misleading and conform to Applicable Law and the highest standards of ethical advertising and marketing practices as well as Schwab's written guidelines and other marketing policies that Schwab prescribes in the Confidential Manuals.

B. Schwab Marketing Programs. At no additional charge beyond the Association Fee, Schwab will provide IBL with ongoing marketing support as follows:

1. Schwab will develop with the IBL a local marketing plan to help raise local awareness of the new Independent Branch which may include but is not limited to support for branch opening press releases, a local advertising plan and assistance with ad placement in local media, and planning a grand opening event to be held approximately 45-60 days after the Opening Date. All press releases, advertising, promotional events and other marketing activities that publicize the opening of the Independent Branch will be considered Local Marketing and subject to Schwab's prior written approval in the manner set forth in this Agreement. During the first 180 days after the Opening Date (the "Initial Period"), Schwab will provide 100% reimbursement for the first $10,000 of submitted and approved marketing expenses. After that, Schwab will reimburse 50% of the next $10,000 of submitted and approved marketing expenses incurred to support the approved market launch plan during the Initial Period. IBL must contribute $5,000 to receive the full $10,000 contribution from Schwab; IBL may choose to spend more or less if desired. Within these limits and depending on IBL's selection of marketing activities and vendors, many of these expenses may be paid directly by Schwab, thereby limiting IBL's "out- of-pocket" expenses, however, some expenses will be paid by IBL and submitted for reimbursement through IBL's Net Payout. IBL may not carry forward any unused funds to later periods. To receive reimbursement, IBL must follow the procedures set forth in the Confidential Manuals.

2. Schwab will supply IBL with ongoing marketing assistance and guidance in Schwab's discretion. Schwab will retain complete sole discretion over the form, content, type of media and other variables with respect to the marketing support and materials that it chooses to deliver and the frequency of their delivery.

3. Beginning 90 days after the Opening Date, Schwab will reimburse 50% of IBL's submitted and approved marketing expenses, up to a maximum reimbursement of $6,000 per Calendar Year (prorated for any partial period). If IBL spends less than $2,000 on approved Local Marketing in any Calendar Year, IBL may not carry-forward any unused portion of Schwab's matching funds to a subsequent Calendar Year in which IBL spends more than $6,000. To receive reimbursement, IBL must follow the procedures for submitting, reviewing, and evidencing the Local Marketing set forth in the Confidential Manuals.

Schwab will identify IBL's Independent Branch in certain marketing or advertising materials that Schwab publishes or distributes in a manner consistent with how Schwab identifies Company Managed Branches, including, without limitation, on the Schwab Website. IBL grants Schwab the unconditional, irrevocable, unrestricted, royalty-free right to use and publish IBL's likeness, image, name, voice, and/or identity ("**Image**") for editorial, trade, advertising, and any other purposes in or on any forum including but not limited to the Internet, social media platforms, and any or all print or digital advertising including broadcast, cable, on demand, and radio usage or communication mediums whether now existing or later discovered or invented. IBL further authorizes Schwab to edit, alter, copy, exhibit, publish, or distribute any such Images for any lawful purpose, and waive any right to inspect or approve the finished product where IBL's Image appears.

XII. ACCOUNTING AND RECORDS

A. Reporting and Record Keeping Duties.

1. At IBL's expense, IBL will maintain and submit to Schwab, in the form prescribed by Schwab, all reports, forms, records, information and data that Schwab reasonably requires in order to comply with regulatory requirements under Applicable Law and respond to any complaint or lawsuit received from or filed by an Independent Branch Client. IBL will promptly comply with Schwab's requests for additional information reasonably related to Schwab's regulatory duties under Applicable Law, including, without limitation, supplying a copy of all income tax returns relating to IBL's Independent Branch business to Schwab.

2. Upon Schwab's request, IBL will prepare at its own expense and, within 20 days after the end of each Calendar Quarter during the Term or such other time period that Schwab specifies, submit to Schwab a profit and loss statement and balance sheet showing the results of operation of IBL's Independent Branch for the most recent Calendar Quarter and cumulative information for the Calendar Year-to-date.

3. At IBL's expense, IBL will prepare and preserve for the time period determined by Schwab and consistent with Applicable Law (which may include a period after the Effective Date of Termination or Expiration of this Agreement) complete and accurate books, records, and accounts containing the information. As a Schwab registered representative and investment advisor representative and as the owner of the Independent Branch, IBL will maintain and preserve all records relating to IBL's business.

4. IBL certifies that all reports, forms, records, information and data that IBL is required to maintain or submit, or voluntarily maintains or submits, or directs a third party to maintain or submit on its behalf, to Schwab, will be true and correct and not omit material facts that are necessary in order to make the information disclosed not misleading.

5. Upon Schwab's request, which Schwab may make as frequently as once each Calendar Quarter, IBL must certify in writing (i) that it is operating the Independent Branch in compliance with Applicable Laws including, without limitation, FINRA rules, worker's compensation laws, and payroll tax reporting requirements; and (ii) that IBL and each IB Employee at the time of the written certification has reviewed, understands, and is complying with the then-current Confidential Manuals.

6. IBL certifies that all reports, forms, records, information and data that IBL is required to maintain or submit, voluntarily maintains or submits, or directs a third party to prepare and submit on its behalf, to Schwab, will be true and correct and not omit material facts that are necessary in order to make the information disclosed not misleading.

B. Examination Rights.

1. In order to permit Schwab to fulfill its regulatory obligations to enforce applicable provisions of this Agreement relating to Confidential Information and information security, to protect its reputation, or investigate potential violations of Applicable Law, Schwab and its designated agents have the right at all reasonable times, with or without notice to IBL, to access and examine and copy any books and records, including computerized books and records that IBL maintains relating to Independent Branch Clients, or containing contact or profile information or account or transactional history or communications with Schwab Clients,

prospective Schwab Clients, or any other person if conducted through or relating to IBL's Independent Branch or Schwab, and may interview IBL, IB Employees, or former IB Employees. The access and examination rights cover IBL's and IB Employees' workstations and mobile or other computing devices whether personal or otherwise. Additionally, Schwab and its representatives or designated agents will have full access to examine, audit and copy IBL's business records relating to IBL's Independent Branch, including, without limitation, IBL's federal and state income tax returns, bank statements (including deposit slips and canceled checks), computer data, and any other documents or information that Schwab reasonably requests in order to confirm IBL's compliance with this Agreement or Applicable Law or to protect its reputation, including, without limitation, authorized use of the Schwab System. Schwab and its representatives or designated agents may access data stored on IBL's mobile computing devices at any time, without notice, including, without limitation, by remote electronic means.

2. If any examination or audit conducted by Schwab reveals that IBL has engaged in activities or conducted transactions in violation of this Agreement or Applicable Law, in addition to all other remedies that Schwab will have under this Agreement and Applicable Law, including, without limitation, the right to terminate this Agreement, IBL will be liable to pay and reimburse Schwab for all expenses that Schwab incurs in connection with Schwab's examination and audit, including, without limitation, Schwab's accounting and legal fees and travel expenses.

3. As between Schwab and IBL, IBL understands and agrees that all books and records identifying Independent Branch Clients or any other Schwab Clients, or containing existing or prospective Schwab Client contact or profile information or account or transactional history belong to Schwab. Immediately following the Effective Date of Termination or Expiration of this Agreement, IBL must return to Schwab any original documents or copies of documents in IBL's possession pertaining to the above matters in accordance with the requirements of the Confidential Manuals and may not retain any copies of the documents returned to Schwab.

XIII. OPERATIONAL SUPPORT

A. Continuing Consultation and Guidance. As and to the extent required in Schwab's judgment, Schwab will provide regular consultation and guidance to IBL in response to IBL's inquiries about specific administrative and operating issues that IBL brings to Schwab's attention. Schwab will have absolute discretion to determine the method for communicating the consultation or guidance, which may differ from the methods that Schwab uses to communicate with other Schwab Branches. For example and without limitation, consultation and guidance may be provided by telephone, in writing (in which case Schwab will determine the method for delivering the writing), electronically, in person, or by arranging with a third party to respond to IBL's inquiry.

B. Schwab Products & Services.

1. Schwab will make available to IBL the opportunity to offer on a non-discretionary basis to Independent Branch Clients all of the Schwab Products & Services that Schwab identifies in the Confidential Manuals. Schwab may revise the list of Schwab Products & Services and their prices periodically during the Term. As part of Schwab's right to modify the Schwab System, Schwab may add to or discontinue particular Schwab Products & Services at any time without prior notice to, or the consent of, IBL and IBL will promptly adopt all changes. Schwab will communicate changes in the then-current list of Schwab Products & Services through updates to the Confidential Manuals and the changes will become effective immediately when Schwab updates the Schwab Products & Services list unless Schwab specifies a later implementation date in the Confidential Manuals.

2. The assistance and services described in this Section are intended solely to aid IBL in evaluating the best interest and investment objectives of each Independent Branch Client and do not reduce, modify or limit IBL's independent duty to evaluate the best interest factors and investment objectives of each Independent Branch Client in accordance with Applicable Law and Schwab's policies and make sound investment recommendations based upon IBL's own assessment of each Independent Branch Client's individual circumstances.

3. Because Independent Branch Clients will hold their accounts with Schwab and purchase Schwab Products & Services directly from Schwab, IBL understands and agrees that Schwab has the exclusive right to, and will alone, establish the prices on all Schwab Products & Services and set all transaction fees payable by Schwab Clients. Schwab may change the prices and fees in its discretion at any time without prior notice to IBL through updates to the Confidential Manuals and changes will take effect immediately when they are made unless Schwab specifies a later implementation.

4. You may offer your clients two types of Client Accommodations and Promotions ("**CAP Charges**," as defined in Section IV. above): Service Recovery Accommodations ("**SRAs**") and Business Development Promotions ("**BDPs**"). In addition to the direct costs that you bear for a CAP Charge that you extend to your Independent Branch Client, aggregate CAP Charges (i) will reduce our total revenue from all Independent Branch Clients; and (ii) may reduce the applicable Revenue Rate that we use to compute the Net Payout of every IBL including you. As a result, even if a particular CAP does not pertain to your Independent Branch Clients, CAP Charges may reduce the revenue attributable to the applicable revenue category and thereby may affect your Net Payout by lowering the applicable Revenue Rate. The Confidential Manuals set forth when you may offer these and what percentage you or Schwab may pay depending upon the type of CAP Charges.

C. Differences in Bank and Brokerage Products and Services. IBL and his or her employees are required to understand and acknowledge, in such manner as Schwab determines, the differences between brokerage products and services provided by Schwab and the banking products and services provided by Charles Schwab Bank ("**Schwab Bank**"). IBL recognizes that Schwab and Schwab Bank are separate but affiliated companies and wholly owned subsidiaries of The Charles Schwab Corporation. Schwab Bank, member FDIC, is a federal savings association and an equal housing lender.

1. Schwab and Schwab Bank have an agreement under which Schwab registered representatives and investment advisor representatives may provide certain limited services with respect to Schwab Bank products and services. However, IBL acknowledges and understands that IBLs are not employees of Schwab or Schwab Bank and are only permitted to provide those limited services with respect to Schwab Bank products as set forth in the Confidential Manuals. Failure to comply with the limitations and requirements with respect to Schwab Bank products and services may result in immediate Termination of this Agreement by Schwab.

2. IBL also understands that all activities related to Schwab Bank products and services will be subject to the oversight of Schwab Bank and its regulators. Schwab Bank and its regulators may conduct examinations, including on-site examinations, of any IBL involved in servicing activities for Schwab Bank for the sole purpose of reviewing those activities. The Office of the Comptroller of the Currency is the primary regulator of Schwab Bank and the Consumer Finance Protection Bureau also has regulatory, supervisory and enforcement powers over Schwab Bank's consumer financial products. IBL understands that failure to cooperate or comply

with requirements provided by Schwab Bank or its regulators with respect to Schwab Bank products or services may result in immediate Termination of this Agreement by Schwab.

3. IBL understands that as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") states are permitted to adopt consumer protection laws and standards that are more stringent than those adopted at the federal level and, in certain circumstances, permits state attorneys general to enforce compliance with both the state and federal laws and regulations. Federal preemption of state consumer protection law requirements, traditionally an attribute of the federal savings association charter, has also been modified by the Dodd-Frank Act and now requires a case-by-case determination of preemption by the OCC. The Dodd-Frank Act has also eliminated federal preemption for agents and subsidiaries of a bank. IBL understands that depending on the implementation of this revised federal preemption standard, there could be significant new regulatory requirements applicable to the servicing of Schwab Bank products by IBLs, with potentially significant changes in operations and increases in compliance costs. IBL understands that the change to the federal preemption standard could also result in uncertainty concerning compliance under state law requirements, with attendant regulatory and litigation risks to IBL.

D. Compliance and Supervision.

1. Schwab will serve as the OSJ for IBL's Independent Branch without charge for a period of 120 days after the Effective Date. Before the end of this 120-day period, Schwab expects IBL to obtain the FINRA Series 9/10 General Securities Sales Supervisor license to qualify IBL's Independent Branch as an OSJ. IBL's failure to do so will constitute a default and grounds permitting Schwab to terminate this Agreement. If Schwab elects to continue to perform OSJ duties after the end of the first 120 days after the Effective Date, IBL will pay the Centralized Supervision Fee. Schwab's acceptance of the Centralized Supervision Fee, however, does not waive Schwab's right to terminate this Agreement based upon IBL's failure to qualify IBL's Independent Branch as an OSJ by the end of the first 12 Calendar Months after the Effective Date.

2. Schwab will provide initial and ongoing Firm Element regulatory compliance training. Schwab will furthermore provide corporate compliance oversight to IBL and conduct, as it deems advisable and consistent with its regulatory and supervisory obligations as the broker-dealer, inspections of IBL's operation of IBL's Independent Branch for the purpose of reviewing IBL's compliance with this Agreement, Applicable Law and Schwab's policies and procedures as set forth in the Confidential Manuals.

3. Schwab will perform all bookkeeping, processing, and related functions that are necessary or advisable in Schwab's judgment in order to complete trading operations for Independent Branch Clients including, without limitation, back-office, accounting and collection support, and acting as a custodian of Independent Branch Client funds. Schwab will send all regulatory and service communications, including, without limitation, account statements and trade confirmations and updates about new and existing Schwab Products & Services directly to Independent Branch Clients and provide IBL with access to these communications through the Schwab Intranet.

4. Schwab will process all applications for Schwab Products & Services from Independent Branch Clients in a timely fashion in accordance with Schwab's policies in the Confidential Manuals and Applicable Law. Schwab may reject any application for Schwab Products & Services submitted by or for an Independent Branch Client that in Schwab's judgment

and discretion (i) does not meet the qualifications, specifications, or standards set forth in the Confidential Manuals; or (ii) would violate Applicable Law, including, without limitation, federal anti-money laundering laws.

5. Schwab may place IBL's Independent Branch under heightened regulatory supervision for serious or repeat regulatory compliance violations or violations of Schwab's operating requirements or policies in the Confidential Manuals according to Schwab's internal investigation and findings, which are final and non-appealable. Schwab will notify IBL in writing if Schwab decides to place IBL's Independent Branch under heightened regulatory supervision and summarize its reasons. Either in the same or separate written notice, Schwab may notify IBL that it will impose a Policy Violation Fee and, if so, the amount and duration of the Policy Violation Fee. Schwab's collection of a Policy Violation Fee will not waive Schwab's right to terminate this Agreement based upon Schwab's findings of serious or repeat violations.

6. As the registered broker-dealer, Schwab will supervise all securities regulatory activities at IBL's Independent Branch and undertake all necessary or desired acts to enable Schwab to discharge its regulatory duties under Applicable Law. However, as between Schwab and IBL, IBL is solely responsible for the acts and omissions of each IB Employee that it chooses to hire. As part of Schwab's supervisory duties, Schwab may (i) monitor all trading activities; (ii) monitor all internal or external written and electronic communications sent by IBL or IB Employees to Independent Branch Clients or others, or sent between IBL and IB Employees; make unannounced site visits to IBL's Independent Branch; and (iii) review all Independent Branch records. These inspection, oversight, and audit rights arise out of Schwab's independent regulatory duties as a registered broker-dealer firm. IBL acknowledges that neither Schwab's status as the registered broker-dealer, Schwab's exercise of regulatory duties, nor Schwab's inspections or audits of the activities of IB Employees generally will be deemed to make Schwab the employer or joint employer of any IB Employee or vicariously liable for their acts or omissions.

E. Client Complaint Settlements or Sanctions.

1. Schwab will promptly inform IBL of the amount of any Client Complaint Settlement or Sanction (i) determined, approved, set, or agreed to by any state or federal agency or self-regulatory organization, mediator, arbitration panel, or court; or (ii) that Schwab determines and agrees to pay to an Independent Branch Client to resolve an informal or formal complaint involving allegations that IBL or an IB Employee has violated Applicable Law or Schwab's internal policies and procedures. IBL and the IB Employee may not appeal a Client Complaint Settlement or Sanction determination regardless of whether a government agency, self-regulatory organization or Schwab makes the determination.

2. In cases where the Client Complaint Settlement is determined by Schwab and not by a government agency or self-regulatory organization, Schwab will inform IBL of the proposed settlement amount before finalizing the settlement with the Independent Branch Client. Schwab retains sole discretion with respect to all settlement decisions.

3. IBL may not appeal a Client Complaint Settlement or Sanction regardless of whether a government agency, self-regulatory organization or Schwab makes the decision.

4. In Schwab's sole discretion, IBL's payment of the Client Complaint Settlement or Sanction will be accomplished by Schwab deducting the amount due from IBL as an offset in calculating IBL's Net Payout for the Calendar Month in which the Client Complaint Settlement or Sanction amount is determined, or as may otherwise be agreed to in Schwab's sole

discretion. If the deduction of the Client Complaint Settlement or Sanction results in a negative Net Payout for the Calendar Month, the provisions in this Agreement pertaining to IBL's liability to pay a negative Net Payout will govern.

F. Net Payout.

1. Schwab will determine IBL's Net Payout for each Calendar Month according to the Net Payout Reference Guide in the Confidential Manuals.

2. Schwab will issue IBL a Net Payout Statement for each Calendar Month after the first Schwab Client account is assigned to IBL's Independent Branch. The Net Payout Statement will include: (i) a summary of the assets of Independent Branch Clients during the Calendar Month; (ii) the breakdown of Independent Branch Client assets into applicable categories (for example, Advised Assets and Non-Advised Assets) for the Calendar Month; (iii) the applicable Revenue Rates; (iv) the Adjusted Asset-Based Revenue Amount for the Calendar Month; (v) any credits that Schwab has given to IBL pursuant to this Agreement for the Calendar Month; and (vi) a breakdown of all deductions representing IBL's payment of the fees described in this Agreement and any incidental business expense reimbursements.

a. Schwab will deliver each Net Payout Statement to IBL by the last day of the next Calendar Month after the Calendar Month that it covers. The Net Payout Statement will explain IBL's Net Payout calculation for the prior Calendar Month. When IBL's Net Payout is a positive amount, Schwab will deposit the positive Net Payout due to IBL into IBL's designated account at the bank selected by IBL by electronic funds transfer when Schwab delivers the Net Payout Statement to IBL.

b. If the aggregate fees and deductions that IBL owes to Schwab for a particular Calendar Month are greater than the Adjusted Total Revenue Amount, the Net Payout Statement issued by Schwab will reflect a negative number. IBL agrees that a negative Net Payout of any amount is a liability that IBL owes to Schwab.

c. Schwab may impose interest on the negative Net Payout amount at the interest rate stated in this Agreement with interest accruing starting thirty (30) days after the date of the Net Payout Statement showing the negative Net Payout amount and continuing until IBL pays the entire negative Net Payout amount plus interest in full.

d. IBL's failure to pay Schwab the entire negative Net Payout amount within 30 days of the date of the Net Payout Statement showing the negative Net Payout amount will constitute a default and grounds for termination of this Agreement in accordance with the procedures set forth in this Agreement.

3. If Schwab changes the Accounting Period in accordance with this Agreement, the Net Payout Statements that Schwab issues after the change will cover the new Accounting Period.

G. Repairs. Subject to IBL complying with its duty to notify Schwab immediately of any wear and tear or damage to the physical premises of the Approved Location or any tangible property in, or used to operate, IBL's Independent Branch, including damage to the hardware components of the Schwab Technology System, Schwab will maintain the tangible personal property and hardware components of the Schwab Technology System according to Schwab's

regular maintenance schedule without any additional charge for repairs that Schwab determines in its discretion are due to ordinary wear and tear.

1. The Sublease will identify the rights and duties of Schwab and IBL with respect to which party, Schwab or the Master Landlord, is responsible for performing the work necessary to repair and maintain the physical premises of the Approved Location in good condition. Regardless of whether damage to the Approved Location is due to ordinary wear and tear or not, Schwab will only be obligated to perform the repair and maintenance work which the Master Lease specifically requires Schwab to perform under the Master Lease; otherwise, the Master Landlord will perform the work, not Schwab. In situations where the Master Lease requires the Master Landlord to perform the work, Schwab will use commercially reasonable efforts to cause the Master Landlord to perform its obligations under the Master Lease in a timely manner in accordance with the provisions of the Sublease.

2. IBL is solely responsible for reimbursing Schwab for Schwab's reasonable costs to repair damage to the physical premises of the Approved Location, tangible property and hardware components of the Schwab Technology System that Schwab determines is not due to ordinary wear and tear. Schwab may either recover payment by deducting the reasonable repair costs as an offset in calculating IBL's Net Payout for the Calendar Month in which Schwab incurs the expense, or require that IBL pay the entire amount of the damage to Schwab by check, electronic funds transfer or comparable method.

H. Network Meetings: Schwab may periodically conduct Network Meetings on a national, regional or local basis in its discretion. Schwab may designate certain Network Meetings as mandatory and require that IBL and all, or designated, IB Employees attend up to an aggregate total of 4 days of Network Meetings per Calendar Year per person independent of additional mandatory training classes that Schwab may require IBL and IB Employees to attend. Schwab may schedule Network Meetings as multi-day or single-day events in its discretion and select the dates and location for all Network Meetings. Schwab may charge registration fees to attend Network Meetings that will not exceed $1,000 per person per year. IBL is solely responsible for all travel, lodging, and personal expenses that IBL or IB Employees incur to attend Network Meetings.

I. Schwab Website: During the Term, Schwab will make the Schwab Website available for public access on the Internet. Schwab will list IBL's Independent Branch on the Schwab Website and on other public electronic commercial sites or printed directories where Schwab lists all Company Managed Branches in order to publicize IBL's Independent Branch and its association with Schwab to the general public. The Schwab Website will include information regarding the Independent Branch's hours of operation and any upcoming workshops or seminars.

J. Vendors:

1. Through updates to the Confidential Manuals or by posting information to the Schwab Intranet, Schwab may periodically recommend vendors to IBL that offer various services that IBL may wish to consider in operating IBL's Independent Branch including, without limitation, payroll processing services and certain insurance products. IBL is solely responsible for determining if the vendors whom Schwab recommends provide products or services suitable for IBL's needs. Unless otherwise provided in this Agreement, IBL is not required to use any recommended vendor. Schwab does not represent that recommended vendors will offer IBL better prices nor guaranty the performance of recommended vendors.

2. Except for the products and services identified in the FDD that Schwab requires that IBL purchase, lease or license from Schwab, Schwab's Affiliate or a designated third party vendor, including, without limitation, furnishings, décor items, furniture, Schwab Technology System workstations, and insurance, IBL may purchase any other items that he or she needs to operate IBL's Independent Branch from vendors of its own choosing who can furnish products or services meeting Schwab's specifications. If Schwab recommends any vendor, Schwab's recommendation does not constitute a representation or warranty of the vendor's ability to meet IBL's purchasing requirements nor of the quality, performance, fitness or merchantability of the goods or services sold by the vendor.

K. Optional Services. Schwab may offer optional services to IBL on the terms and conditions and for the fees set forth in the Confidential Manuals.

L. Insurance.

1. In exchange for paying the Insurance Fee, IBL understands that, as of his or her registration date, IBL will receive professional Errors & Omissions insurance coverage under the terms and conditions of a single policy in Schwab's name as policyholder that identifies as a co-insured: (i) IBL and all Registered Employees of the Independent Branch; and (ii) every other IBL in the Schwab Independent Branch Services network and each of their registered representatives. The Errors & Omissions policy has an annual aggregate coverage limit covering all activities at all Independent Branches. As a result, it is possible that claims under the policy in a given year relating to the activities of other Independent Branches will reach the then-current annual aggregate coverage limit before any claim that IBL might submit in the same year is processed resulting in no Errors & Omissions coverage for IBL's claim. In that case, IBL remains fully liable for the loss and must indemnify Schwab for the loss in accordance with the indemnity provision in this Agreement.

2. Schwab does not represent or warrant that the Errors & Omissions insurance coverage that IBL receives in exchange for payment of the Insurance Fee will be sufficient for IBL's Independent Branch. IBL is solely responsible for investigating its insurance needs and determining if IBL's Independent Branch requires higher coverage limits or other types of insurance protection. Nothing in this Agreement forbids IBL from purchasing additional coverage or other types of insurance protection at IBL's sole expense. If IBL purchases additional insurance, the insurance policies must name Schwab as an additional insured. IBL must notify Schwab in writing if it purchases additional insurance 10 days prior to obtaining binding coverage.

3. In addition to the Errors & Omissions insurance covered by the Insurance Fee, IBL agrees to separately procure at his or her sole cost and expense insurance coverage for workers compensation, general liability, hired and non-owned auto liability, property and business income, and any other insurance coverage prescribed in the Confidential Manuals. IBL may also be required to purchase an ERISA bond and may, but is not required to, purchase additional umbrella liability coverage. The Insurance Fee does not cover this insurance. The minimum insurance requirements are included within the sublease, which is Exhibit G to the FDD, and in the Confidential Manuals. Failure to procure and maintain all required insurance in at least the required minimums constitutes an event of default.

4. Schwab may periodically increase the minimum insurance requirements (both provided by Schwab and acquired separately by IBL), establish and change deductible limits, require that IBL procure and maintain additional forms of insurance, and otherwise modify the insurance requirements contained in this Agreement based upon inflation, general industry

standards, Schwab's experience with claims, or for other commercially reasonable reasons. IBL will comply with any change imposed by Schwab within 30 days after written notice from Schwab and will submit written proof of compliance to Schwab upon request.

M. Inspections. In addition to Schwab's regulatory supervision, examination and audit rights described in this Agreement, IBL expressly authorizes Schwab and its representatives, at any reasonable time, and without prior notice to IBL, to enter the premises and conduct regular inspections of IBL's Independent Branch and IBL's methods of operation, including, without limitation, observing and conducting discussions with IB Employees, observing interactions with Independent Branch Clients and the delivery of brokerage and advisory services, and reviewing and copying IBL's books and records (including, without limitation, data stored on IBL's and IB Employees' workstation hard drives, mobile devices and disks) in order to verify IBL's compliance with this Agreement and the Confidential Manuals. IBL will cooperate fully with Schwab's inspections and promptly cure all deviations from Schwab's standards, specifications and operating procedures that Schwab notifies IBL about either orally or in writing.

XIV. IBL'S ADDITIONAL DUTIES

In addition to IBL's duties specified elsewhere in this Agreement, IBL agrees as follows:

A. Best Efforts.

1. IBL will dedicate full time and attention to the management and operation of IBL's Independent Branch and performance of his or her duties under this Agreement and use his or her good faith best efforts to (i) offer, provide, and market all of the Schwab Products & Services to existing and prospective Independent Branch Clients according to Schwab's advice policies and guidelines and other policies set forth in this Agreement and the Confidential Manuals; and (ii) consistent with (i) operate IBL's Independent Branch in a manner that maximizes the potential financial results of IBL's Independent Branch. IBL is solely responsible for applying Schwab's suitability guidelines based on each Independent Branch Client's financial condition, investment objectives, other suitability factors and Applicable Law. In making investment recommendations, IBL will use Schwab's methodologies set forth in the Confidential Manuals.

2. IBL will follow Schwab's procedures set forth in the Confidential Manuals for opening Independent Branch Client accounts and conducting trades and related activities. IBL will take appropriate steps to ensure that each Independent Branch Client executes the documents that Schwab requires so that Schwab may credit and debit the Independent Branch Client's accounts for all transaction costs, proceeds, and fees payable on each transaction or service.

3. IBL will only extend CAP Charges as permitted under the CAP Charge policy in the Confidential Manuals, which may include that IBL obtain Schwab's prior written consent before offering any type of financial accommodation to an Independent Branch Client that falls within the scope of a CAP Charge.

4. IBL will operate IBL's Independent Branch on all of the days and during the hours prescribed in the Confidential Manuals, unless IBL obtains Schwab's prior written approval to different days or hours or unless prohibited by the Master Lease.

5. IBL, as part of the Schwab System, will abide by the terms and conditions of the Territorial Rules of Conduct in the Confidential Manuals including, without limitation, the

requirement that IBL's Independent Branch support general service requests from Schwab Clients who are not assigned to IBL's Independent Branch understanding that Independent Branch Clients will enjoy the same ability to request general services at any Schwab Branch.

6. IBL's strict and punctual performance of all obligations set forth in this Agreement, the Confidential Manuals or otherwise communicated to IBL in writing is a material condition of the franchise granted to IBL, and IBL's failure to abide by the requirements of this Agreement will not only constitute a breach of this Agreement, but may infringe the Schwab Marks.

B. Minimum Performance Requirements.

1. IBL must achieve or maintain Minimum Performance Requirements:

a. After IBL's Independent Branch has been open for at least 18 complete Calendar Months, IBL must maintain an average Client Promoter Score during the remainder of the Term of 45 points (out of maximum 100 points) based on a random sampling that Schwab or a third party conducts of Independent Branch Clients assigned to IBL's Independent Branch. Schwab will determine the Independent Branch's average Client Promoter Score for each 6 Calendar Month period if it receives responses from a sufficiently large sample of Independent Branch Clients according to Schwab's sampling policies.

b. IBL must respond to any CPS Alert received by the end of the next business day, timely take appropriate action with the Independent Branch Client, and document the outcome in Schwab's systems.

c. Starting with the first Operating Year, the Aggregate Client Assets of IBL's Independent Branch must increase by a minimum of $10 Million Net New Client Assets for each Operating Year during the Term until IBL's Independent Branch maintains a total of $100 Million in Aggregate Client Assets. Schwab will determine IBL's compliance with the requirement after the end of each Operating Year during the Term by comparing the Aggregate Client Assets on the last day of an Operating Year with the Aggregate Client Assets on the first day of that same Operating Year. So long as IBL's Independent Branch maintains a total of $100 Million in Aggregate Client Assets, IBL will not be required to increase the Aggregate Client Assets by a minimum of $10 Million Net New Client Assets per Operating Year. Schwab may periodically verify that IBL's Independent Branch is maintaining a minimum of $100 Million in Aggregate Client Assets at any time and as often as Schwab desires in its sole discretion.

2. IBL's failure to achieve or maintain the Minimum Performance Requirements set forth in this Section will constitute a default and grounds permitting Schwab to terminate this Agreement. Even if Schwab elects not to exercise its right to terminate this Agreement, Schwab may determine, in its discretion, that IBL's failure to achieve or maintain the Minimum Performance Requirements renders IBL ineligible to exercise a Renewal Option.

C. Compliance with Applicable Law.

1. IBL will at all times operate IBL's Independent Branch in strict compliance with all Applicable Law. IBL will secure and maintain in good standing all necessary licenses, permits, deposits (if applicable) and certificates required to operate IBL's Independent Branch lawfully and will provide Schwab with proof of compliance promptly following Schwab's request.

IBL shall be responsible to the designated vendor or government agency for costs of all such licenses, permits, deposits and certifications.

2. Schwab may monitor and/or record IBL's telephone and video conversations, at any time and without prior notification, for Schwab's purposes including training, quality control, evaluation of the performance of services, and the creation of business transaction records. IBL hereby consents to the monitoring and/or recording of his or her telephone and video conversations.

D. Limited Activities with Respect to Schwab Bank Products. Under Schwab's agreement with its affiliate, Schwab Bank, as part of the cash management services IBL may provide, IBL may provide limited assistance to Schwab Bank clients (many of whom also hold brokerage accounts at Schwab) such as responding to questions about their Schwab Bank savings or checking account. IBL may also help clients submit new checking or savings account applications to Schwab Bank. However, IBL may not market or sell Schwab Bank deposit accounts and may not recommend or sell Schwab Bank credit products (e.g., pledged asset lines, mortgages, and home equity loans) due to state and federal banking law requirements. IBL must follow the procedures relating to Schwab Bank products set forth in the Confidential Manuals.

E. Regulatory Compliance and Operational Duties.

1. IBL will offer non-discretionary investment advice and the additional services identified in the Confidential Manuals solely with respect to an Independent Branch Client's consideration, purchase, holding, and sale of Schwab Products & Services from Schwab. IBL is not authorized to offer or sell any other type of product or service. IBL must adhere to Schwab's operating procedures and place all orders and complete all securities transactions solely through Schwab. Without limiting IBL's duties under this Agreement, IBL must (i) follow Schwab's guidelines in evaluating the suitability of individual Independent Branch Clients for particular types of Schwab Products & Services; (ii) keep all required securities and insurance industry licenses in good standing; (iii) abide by Schwab's securities regulatory compliance policies, procedures and operational requirements set forth in the Confidential Manuals; and (iv) observe all of the mandatory policies and procedures in the Confidential Manuals including, without limitation, Schwab's privacy policies, Client Rules of Conduct policies, and Territorial Rules Of Conduct.

2. In accordance with the procedures set forth in the Confidential Manuals, IBL must: (i) promptly submit to Schwab complete and accurate personal data, profile information, applications, financial information and any other required information or documents that Schwab requires in order to open accounts or process Independent Branch Client orders to buy or sell Schwab Products & Services in accordance with Applicable Law and Schwab's own standards and internal procedures; (ii) promptly forward to Schwab all payments for Schwab Products & Services received from Independent Branch Clients; and (iii) preserve good customer relations by, among other things, rendering competent, prompt, courteous, and knowledgeable service in accordance with the standards in the Confidential Manuals.

3. IBL will comply with the following duties according to the procedures set forth in the Confidential Manuals:

a. (i) Promptly notify Schwab in writing of any threatened or actual complaints that IBL receives from Independent Branch Clients; and (ii) submit copies to Schwab of any written complaints received from Independent Branch Clients.

b. (i) Promptly notify Schwab in writing of any threatened or actual government or regulatory agency disciplinary action, investigation or other informal or formal proceeding involving IBL's Independent Branch, IBL or any IB Employees; and (ii) submit copies to Schwab of any notices and communications received from any government agency to Schwab relating to alleged violations of Applicable Law. IBL's duties will extend to actual or threatened disciplinary actions, investigations and proceedings of which IBL has knowledge involving facts arising before the Effective Date of this Agreement or before an IB Employee's date of hire.

c. (i) Promptly notify Schwab in writing of any other type of threatened or actual private actions, suits or informal or formal proceedings pertaining to the activities of IBL, any IB Employee or otherwise involving IBL's Independent Branch or the Approved Location that relate to IBL's or an IB Employee's association with Schwab or the operation of IBL's Independent Branch; and (ii) submit copies to Schwab of the complaint and other relevant documents explaining the nature of the allegations.

4. In order for Schwab to comply with certain regulatory requirements, and subject to limited exceptions set forth in the Confidential Manuals, IBL and all IB Employees (registered and non-registered), as well as the spouse (whether or not residing in the applicable IBL or IB Employee household), the minor children living in the applicable IBL or IB Employee household, and other members of the applicable IBL and IB Employee household who receive financial support from IBL or IB Employee, shall hold all personal securities accounts, including investment advisor accounts and other financial accounts, and any securities accounts owned by any third parties that IBL or the IB Employee controls, at Schwab.

5. IBL and all IB Employees have an obligation to protect the Schwab brand and image, which Schwab has built over many decades. As part of that brand and image Schwab expects that IBL will not engage in any hostile or inappropriate conduct or engage in any acts of disrespect or unprofessional or rude conduct, including making disparaging comments to or about other Schwab Branches or clients.

F. Relocation.

1. If (i) the Master Lease gives the Master Landlord the right to relocate IBL's Independent Branch to different premises within the same building and the Master Landlord relocates IBL's Independent Branch within the Building or (ii) if Schwab elects to relocate IBL's Independent Branch to different premises for any other reason in its discretion, Schwab, and not IBL, will bear all development costs to complete relocation, including the costs to construct, build and install leasehold improvements, furnishings, décor items, equipment, signs and the Schwab Technology System at the new premises consistent with Schwab's then-current Appearance and Imaging Specifications and the Schwab Technology System.

a. IBL accepts the risk that Schwab may initiate relocation of IBL's Independent Branch at any time during the Term. Schwab will not be liable to IBL for any lost profits, lost business opportunities or other consequential or contingent damages arising from relocation.

b. When Schwab, and not IBL, initiates the relocation, Schwab will not, as a result of such relocation, increase the amount of the Sublease Rent, Facilities Fee or Branch Hardware and Connectivity Fee during the then-remaining Term of this Agreement due from IBL over the amounts paid by IBL when IBL occupied the original Approved Location. If IBL initiates the relocation, Schwab may increase the amount of the Sublease Rent, Facilities Fee, and/or

Branch Hardware and Connectivity Service Fee to reasonably compensate Schwab for any increased costs. Nothing in this paragraph shall be construed to limit Schwab's ability to increase the Sublease Rent, Facilities Fee or Branch Hardware and Connectivity Service Fee pursuant to other provisions of this Agreement.

2. IBL may not relocate IBL's Independent Branch to different premises during the Term regardless of the proximity of the new premises to the Approved Location. If IBL wishes to relocate IBL's Independent Branch to different premises in connection with exercising a Renewal Option, it must apply in writing to Schwab for permission to do so in the Renewal Notice that it gives to Schwab indicating its election to renew the franchise subject to fulfilling the renewal conditions.

a. If Schwab, in Schwab's sole discretion, grants IBL permission to relocate, IBL must obtain Schwab's prior written consent to the new premises and complete the relocation in accordance with the requirements of this Agreement. At Schwab's election, Schwab will either (i) handle site selection of the new premises in the same manner and within the same time periods in which the parties have handled site selection for the Approved Location, including, without limitation, proposing at least one proposed location to IBL within the same general market area as the Approved Location; or (ii) require that IBL evaluate suitable locations within the same general market area as the Approved Location and present Schwab with a written site proposal containing the information identified in the Confidential Manuals so that Schwab may approve the site or sites identified by IBL. As part of the site approval process, when Schwab presents IBL with a proposed new site, Schwab will provide IBL with an estimate of the new Sublease Rent, Facilities Fee and Branch Hardware and Connectivity Service Fee payable for an Independent Branch at the proposed site and any adjustment to the Schwab Branch Market boundaries.

b. If Schwab, in Schwab's sole discretion, agrees to a relocation whether at the request or initiation of Schwab or IBL, Schwab will (i) exercise its commercially reasonable efforts to enter into a Master Lease with the owner of the new premises and offer IBL a Sublease for the new premises on the new Master Landlord's and Schwab's then-current terms as more particularly set forth in the Sublease; (ii) handle construction and development of the new premises in the same manner as Schwab has handled construction and development of the Approved Location; and (iii) install the then-current Schwab Technology System in the new premises.

c. If IBL initiates the relocation (subject to Schwab's consent), Schwab will pay for all development and relocation costs that Schwab incurs to construct, build and install leasehold improvements, furnishings, décor items, equipment, signs and the Schwab Technology System at the new premises consistent with Schwab's then-current Appearance and Imaging Specifications and Schwab Technology System requirements. Schwab will move any existing furniture, furnishings, signs and computer and office equipment in good condition to the new premises that meets Schwab's then-current Appearance and Imaging Specifications and Schwab Technology System requirements to the extent that the items can efficiently be moved. IBL will pay to Schwab the Facilities Fee set forth on **Schedule A** (or a new **Schedule A** if applicable) each Calendar Month during the Term from and after the Opening Date of the new premises, prorated for any partial Calendar Month. Schwab will compute the Facilities Fee. Payment will be accomplished by Schwab deducting the Facilities Fee as an offset in calculating IBL's Net Payout for the Calendar Month. Schwab reserves the right to adjust the Facilities Fee to correspond to increases in operating expenses during the term.

3. Regardless of which party, Schwab or IBL, initiates relocation, the parties will cooperate with each other and use commercially reasonable efforts to complete relocation as efficiently as possible and without any interruption in the continuous operation of IBL's Independent Branch. IBL must allow Schwab access to the Approved Location in order to remove any signs or other property that is proprietary to Schwab or would cause the public to associate the former Approved Location as belonging to the Schwab Intellectual Property.

G. Confidential Information.

1. Schwab will disclose Confidential Information to IBL in connection with this Agreement. IBL will acquire no interest in the Confidential Information other than a non-exclusive license to utilize the Confidential Information in operating IBL's Independent Branch and performing IBL's duties under this Agreement. IBL's use, publication or duplication of Confidential Information for any purpose not authorized by this Agreement or the Confidential Manuals constitutes an unfair method of competition by IBL and, additionally, grounds for termination of this Agreement. All agreements contained in this Agreement pertaining to Confidential Information will survive the expiration, termination or an Event of Transfer of this Agreement.

2. IBL will: (i) confine disclosure of Confidential Information to those IB Employees required to know the Confidential Information in order to perform their job duties and only disclose the specific Confidential Information necessary to enable the IB Employee to perform his/her job; (ii) notify Schwab immediately in writing before disclosing Confidential Information to any other person required to know Confidential Information in order to assist IBL in performing IBL's obligations under this Agreement stating the purpose for requesting the disclosure and refraining from the disclosure until receiving written approval from Schwab; (iii) notify Schwab immediately if IBL or an IB Employee inadvertently discloses Confidential Information to any unauthorized person; and (iv) observe and implement reasonable procedures prescribed periodically by Schwab to prevent the unauthorized or inadvertent use, publication or disclosure of Confidential Information.

3. IBL will only access, enter, or store Schwab Client information through the Schwab Intranet and as required by the Confidential Manuals. IBL may not enter, store, download, or copy Confidential Information of any kind, including but not limited Schwab Client information, on or to any personal device, and will assure that IB Employees do not enter, store, download, or copy Confidential Information of any kind, including but not limited to Schwab Client information, on or to any personal device.

4. The provisions concerning non-disclosure of Confidential Information will not apply if disclosure of Confidential Information is legally compelled in a judicial, arbitration or administrative proceeding, provided IBL will have used its best efforts, and will have afforded Schwab the opportunity, to obtain an appropriate protective order or other assurance satisfactory to Schwab of confidential treatment for the information required to be disclosed.

5. IBL understands that access to certain data about Schwab Clients (which is part of Confidential Information) is restricted to registered representatives and investment advisor representatives of Schwab, including IBL and IBL Registered Employees ("**Restricted Client Data**"). IBL will assure that Non-Registered Employees do not access or use Restricted Client data for any reason. This includes data of clients who maintain an account at Schwab's affiliate, Schwab Bank. Schwab and Schwab Bank have an agreement under which Schwab registered representatives and investment advisor representatives may provide certain limited services for Schwab Bank accounts. In no event will IBL or IB Employees access or use Restricted

Client Data for any purpose other than providing the limited services as set forth in the Confidential Manuals. Failure to comply with these requirements may result in immediate Termination of this Agreement by Schwab.

6. Schwab will suffer irreparable injury not capable of precise measurement in money damages if IBL breaches the terms of use of Confidential Information and, as a result, Confidential Information is, or may be, disclosed and used by others to compete with Schwab or otherwise in a manner adverse to Schwab's interests. In the event of a breach or threatened breach of any provision regarding use of Confidential Information, IBL hereby consents to entry of any Provisional Remedies available under Applicable Law without the requirement that Schwab post bond or comparable security and agrees that the award of Provisional Remedies to Schwab is reasonable and necessary for the protection of the business and goodwill of Schwab.

H. IB Employees.

1. Except as provided in this Section, IBL is solely responsible for all employment decisions with respect to IB Employees including, without limitation, those pertaining to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, employee policies, supervision and discipline. IB Employees are employed by IBL and are not employees, joint employees, or co-employees of Schwab. IBL may not retain independent contractors to work in IBL's Independent Branch, service Independent Branch Clients, or perform any other activities that require access to Confidential Information.

a. In accordance with Applicable Law and Schwab's supervisory regulatory obligations, Schwab must concur with the compensation formula that IBL uses to pay its Registered Employees (IBL may not employ independent contractors) who are classified by Applicable Law as Schwab's registered representatives, investment adviser representatives, and insurance representatives. All compensation must be within the guidelines set forth in the Confidential Manuals.

b. IB Employees must be compensated in accordance with applicable law, regardless of performance of duties. IBL, alone, will administer and pay compensation to IB Employees in accordance with the procedures in the Confidential Manuals.

c. IBL is, and will remain for all purposes, the sole employer of each IB Employee. Neither Schwab's status as the registered broker-dealer, Schwab's exercise of regulatory duties, Schwab's inspections or audits of the activities of IB Employees, nor any of the other provisions of this Agreement will be deemed to make Schwab the employer or joint employer of any IB Employee or vicariously liable for their acts or omissions.

2. IB Employees must be competent, conscientious, and properly trained, compensated, and licensed to perform the duties for which they are hired. IBL is solely responsible for ensuring that IB Employees receive proper training, enroll in Schwab's training programs, are prepared to serve Independent Branch Clients and maintain the Schwab brand and image. In order for IBL to effectively supervise its IB Employees, IB Employees must maintain a presence at the Independent Branch consistent with the Schwab brand standards.

3. During the Term, IBL must, immediately, (i) provide Schwab with appropriate documentation as described in the Confidential Manuals about each IB Employee to enable Schwab to discharge its registered broker-dealer responsibilities; and (ii) notify Schwab of changes in employment status of IB Employees, changes in the licensing status of any IB

Employee, and any issues or developments pertaining to an IB Employee that might adversely affect continued operation of IBL's Independent Branch.

4. Under Applicable Law, all IB Employees are considered associated persons of Schwab. Consequently, on or before each IB Employee's hiring date, IBL shall cause the IB Employee to execute the form of Association Agreement attached as Exhibit E to the FDD. A breach of the Association Agreement by any IB Employee will constitute a breach of this Agreement and grounds for termination of this Agreement. Among other things, the Association Agreement requires the IB Employee to (i) preserve the secrecy of Confidential Information; (ii) abide by Schwab's policies concerning the privacy and use of Schwab Client data and personal information; (iii) not directly or indirectly engage in any business activities competitive with Schwab while the IB Employee is employed by IBL; and (iv) for Registered Employees, comply with the Confidential Manuals sections that apply to conduct by Schwab registered representatives and investment advisor representatives.

5. As the sole employer of IB Employees, IBL understands that IBL, alone, is responsible for the acts and omissions of IB Employees and a breach of this Agreement may be based on conduct by an IB Employee that violates the provisions of this Agreement.

I. Approved Location and Tangible Property. IBL will use the Approved Location and all tangible property in the Approved Location including, without limitation, the Schwab Technology System workstations, in a manner consistent with the standards, specifications and requirements of the Schwab Intellectual Property and keep the Approved Location in the highest degree of cleanliness, orderliness and repair. IBL's payment of the Facilities Fee, a portion of which Schwab will use to provide janitorial services and cover normal repair and maintenance, will not reduce IBL's duties under this Agreement to use the Approved Location in accordance with Schwab's standards, specifications and requirements. IBL will immediately notify Schwab of any wear and tear or damage to the Approved Location or any of the tangible property in, or used to operate, IBL's Independent Branch so that Schwab can determine if the wear and tear or damage is (i) due to ordinary wear and tear and normal use, in which case Schwab will pay the costs to repair the same; or (ii) not due to ordinary wear and tear or normal use, in which case Schwab will repair the same, but charge IBL for Schwab's actual costs to repair the same. Schwab's judgment regarding the cause of wear and tear repairs and damage will be final. At Schwab's option, all replacement items that Schwab installs will be consistent with Schwab's then-current Appearance and Imaging Specifications. IBL will pay for damage that may occur not due to ordinary wear and tear or normal use in the manner that Schwab directs, which may include by offset from the Net Payout calculation.

J. IBL's Absence.

1. If Schwab determines in its discretion that IBL is Absent from the Independent Branch, IBL hereby authorizes Schwab to assume day-to-day management of IBL's Independent Branch on IBL's behalf to facilitate continued operation of IBL's Independent Branch to serve Independent Branch Clients and maintain the Schwab brand and image in the local community. In consideration for its management services, IBL agrees to pay Schwab the Management Fee stated in this Agreement in addition to all of the other fees identified in this Agreement. The Management Fee will be paid as part of the Net Payout in the same manner as the other fees. Schwab will administer the payment of the Independent Branch's operating expenses, including, without limitation, salary to Schwab's employees who staff IBL's Independent Branch during the period of IBL's Absence, out of the Net Payout.

2. The parties agree that neither IBL's authorization of Schwab to perform the management services described in this Section, nor Schwab's performance of management services, will create or establish, or be interpreted or construed as creating or establishing, the relationship of employer and employee between Schwab and IBL or between Schwab and any IB Employee. During the period of Schwab's management due to IBL's Absence, Schwab will be solely responsible for determining the means and methods for performing management services and its relationship to IBL, and IBL's relationship to Schwab during the period of Schwab's management due to IBL's Absence shall be and remain as independent contractors.

3. During the period of Schwab's management due to IBL's Absence, (i) neither IBL nor IBL's Legal Representative will have any claim against Schwab arising out of Schwab's management decisions that comply with Applicable Law and are made in the exercise of Schwab's business judgment; and (ii) Schwab will periodically discuss the status of the Independent Branch's operations and financial results with IBL or IBL's Legal Representative and provide information about the Independent Branch's performance as IBL or IBL's Legal Representative may reasonably require.

a. IBL will be presumed to have Abandoned the Independent Branch if IBL's Absence continues for a period of 30 consecutive days in which case Schwab may terminate this Agreement in accordance with the termination procedures in this Agreement unless before the end of the 30 days IBL or IBL's Legal Representative applies to Schwab for consent to an Event of Transfer subject to the terms of this Agreement. Schwab is under no obligation to manage IBL's Independent Branch for longer than 30 days in order to allow IBL or IBL's Legal Representative additional time to satisfy the conditions to an Event of Transfer including, without limitation, obtaining Schwab's approval of the proposed transferee. However, if IBL or IBL's Legal Representative apply for consent to an Event of Transfer and Schwab agrees to manage IBL's Independent Branch for more than 30 days, Schwab alone, in its sole discretion, shall determine and inform IBL and IBL's Legal Representative of the maximum time period that it will manage IBL's Independent Branch. If IBL or IBL's Legal Representative cannot obtain Schwab's consent to a proposed transferee and complete the other conditions to an Event of Transfer within the time period that Schwab agrees to manage IBL's Independent Branch, Schwab may terminate this Agreement effective immediately upon written notice to IBL or IBL's Legal Representative based on IBL's Abandonment.

b. If the Abandonment is due to an Absence related to the death or disability (including mental incapacity) of the IBL, or if IBL or IBL's Legal Representative apply for consent to an Event of Transfer due to IBL's death or disability, and Schwab agrees to manage IBL's Independent Branch for more than 30 days (or at least 90 days in the event of the death of the IBL), Schwab alone, in its sole discretion, shall determine and inform IBL and IBL's Legal Representative of the maximum time period that it will manage IBL's Independent Branch. If IBL or IBL's Legal Representative cannot obtain Schwab's consent to a proposed transferee and complete the other conditions to an Event of Transfer within the time period that Schwab agrees to manage IBL's Independent Branch, Schwab may terminate this Agreement effective immediately upon written notice to IBL or IBL's Legal Representative based on IBL's Abandonment.

XV. COVENANTS

A. Full Time. On and after the Effective Date, except with Schwab's prior written consent, which Schwab may withhold in its sole discretion, IBL may not be employed by, or

directly or indirectly engage in, other business activities outside of managing and operating IBL's Independent Branch and performing its duties under this Agreement.

B. Restrictions Against Competition and Solicitation Activities During the Term. During the Term:

1. IBL may not, directly or indirectly, own, engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, sales agent, representative or contractor, any business located anywhere in the world that offers or sells investment, financial or insurance products or services of any kind. The restrictions against competition do not prohibit IBL from owning 5% or less of the voting stock of an entity that sells investment, financial or insurance products or services and whose shares are publicly traded on a national or foreign stock exchange.

2. IBL may not directly or indirectly solicit or induce, or attempt to solicit or induce any Schwab Clients to divert, transfer, or otherwise take their business away from Schwab.

C. Restrictions Against Competition, Other Obligations After the Effective Date of Termination or Expiration of this Agreement.

1. After the Effective Date of Termination or Expiration of this Agreement, IBL may engage in any capacity in any business located anywhere in the world that offers or sells investment, financial or insurance products or services of any kind, even if in competition with Schwab, subject, however, to complying with the duties in this Agreement that survive the Termination or Expiration of this Agreement including, without limitation, the duty to pay the Client Account Purchase Fee.

2. Except as expressly permitted in this Section, after the Effective Date of Termination or Expiration of this Agreement, IBL may not copy, retain, keep or use any Confidential Information about any Schwab Client including, without limitation, the names, other identification, contact, profile or account data or information. Pursuant to the Exit Procedures, Schwab may provide IBL with limited Independent Branch Client contact information on or shortly after the Effective Date of Termination or Expiration of this Agreement consistent with Schwab's privacy policy for those Independent Branch Clients identified by Schwab as consenting or non-objecting to being contacted by IBL after the Effective Date of Termination or Expiration of this Agreement. After the Effective Date of Termination or Expiration, and not before, IBL may contact those consenting or non-objecting Independent Branch Clients identified by Schwab for the sole purpose of notifying them that IBL has left Schwab and is associating with another financial services firm. In communicating with the consenting or non-objecting Independent Branch Clients identified by Schwab, IBL may not discuss the reasons for termination or expiration or disparage Schwab or the Schwab Products & Services in any way.

3. For a period of 548 days following the Termination or Expiration of this Agreement, IBL will not directly or indirectly, solicit or induce, or attempt to solicit or induce any Schwab Clients in an attempt to divert, transfer, or otherwise take away business from Schwab. Except as expressly permitted in this Section with respect to contacting the consenting or non-objecting Independent Branch Clients identified by Schwab after the Effective Date of Termination or Expiration of this Agreement, for purposes of this Section, any other contact with a Schwab Client initiated by IBL for the purpose of discussing anything related to IBL's business activities or the Schwab Client's financial information, portfolio information, transactional history or financial goals will be deemed a solicitation in violation of this Agreement. The restrictions contained in this

paragraph shall not apply to IBL if IBL's Independent Branch is located in California or North Dakota.

D. Restrictions Against Interference. In addition to covenants stated elsewhere in this Agreement, IBL will not, directly or indirectly, for himself or herself or on behalf of any other person or business entity: (i) divert, or attempt to divert, any prospective or existing Schwab Client to any competitor; (ii) encourage, assist, participate, induce, or attempt to encourage, assist, participate or induce any existing or prospective Schwab Client to terminate an agreement with Schwab or Schwab's Affiliates; (iii) encourage, assist, participate, induce, or attempt to encourage, assist, participate or induce any existing or prospective Schwab Client to terminate, surrender, redeem, or cancel any action related to Schwab Products & Services acquired or ordered from or through Schwab or Schwab's Affiliates except under the conditions set forth in the Confidential Manuals or with Schwab's prior written consent; or (iv) encourage or induce, or attempt to encourage or induce an existing Independent Branch Client who is assigned to another Schwab Branch to direct that their accounts be reassigned to IBL, provided, however, IBL will not be deemed to breach this covenant if an existing Independent Branch Client voluntarily and on his or her own initiates a request to Schwab to reassign his or her accounts to IBL.

E. Severability. If for any reason any provision of this Agreement is determined to be invalid or unenforceable, then this Agreement will be deemed amended to the extent necessary to render the otherwise unenforceable provision, and the rest of the Agreement, valid and enforceable. If a court or arbitration panel declines to amend this Agreement as provided herein, the remaining provisions of this Agreement will be construed, performed, and enforced as if the invalidated or unenforceable provision had not been included in the text of the Agreement.

F. Survival. The covenants stated in this Section will survive the Effective Date of Termination or Expiration of this Agreement and an Event of Transfer of this Agreement.

G. Enforcement. Schwab will suffer irreparable injury not capable of precise measurement in monetary damages if IBL breaches the covenants set forth in this Section. If a breach occurs, IBL consents to entry of Provisional Remedies which may be granted by a court or arbitrator having proper jurisdiction without the requirement that Schwab post bond or comparable security. IBL agrees that the award of Provisional Remedies to Schwab is reasonable and necessary for the protection of the business and goodwill of Schwab. The existence of any claims that IBL may have against Schwab will not constitute a defense to Schwab's enforcement of the covenants in this Section.

XVI. COMPANY'S RIGHT OF PURCHASE

A. Purchase Option. In consideration of the grant of franchise rights, IBL understands and agrees that any time after the end of the first Operating Year, Schwab directly or through its nominee may acquire from IBL, and IBL hereby agrees to assign and transfer to Schwab, good and marketable title to all of IBL's contract rights under this Agreement free and clear of all liens, encumbrances, charges, liabilities and obligations of any kind, on the additional terms and conditions stated in this Section. In order to exercise the purchase option, Schwab must give IBL written notice at least 30 days before the closing date specified in Schwab's written notice on which Schwab will acquire, and IBL must assign and transfer, IBL's contract rights under this Agreement. The parties shall thereafter cooperate in good faith and use their best efforts to satisfy all conditions to closing in order to accomplish an orderly transition.

B. Purchase Price. On the closing date specified in Schwab's election notice, Schwab will pay IBL the greater of (i) the sum of 4% of the Market Value of all New-to-Firm Client account assets, 4% of the market value of all Reassigned Advisor Client account assets and 1% of the Market Value of all Reassigned Client account assets (in each case as determined on the day before Schwab gives its election notice); or (ii) 3 times the amount of the Franchise Fee paid by IBL. The calculation in (i) excludes account assets of Seeded Clients and Transitioned Clients, regardless of whether or not IBL makes the Transitioned Client Revenue Election.

C. Additional Terms and Conditions.

1. The parties mutually agree that this Agreement shall terminate concurrently upon the closing date which will be considered the Effective Date of Termination of this Agreement.

2. On the closing date: (i) IBL shall deliver to Schwab the executed general release required to be delivered upon Effective Date of Termination or Expiration of this Agreement; and (ii) Schwab shall deliver to IBL the purchase price less allowable offsets. Following the closing date, the parties must comply with all of the terms and conditions stated in this Agreement that apply upon the Effective Date of Termination or Expiration of this Agreement.

3. Schwab's exercise of the option described in this Section will not relieve IBL of the duty to pay Schwab a Client Account Transfer Fee or Reassigned Advisor Client Fee under the conditions set forth in this Agreement. Schwab may reduce the purchase price payable to IBL on the closing date by the aggregate Client Account Transfer Fees due from IBL as of the closing date.

XVII. DEFAULT AND TERMINATION

A. Termination by IBL. IBL may terminate this Agreement by written notice to Schwab for any reason constituting good cause, provided termination is accomplished in accordance with the requirements of this Agreement. Any attempt by IBL to terminate this agreement except on the grounds, or according to the procedures, stated in this Agreement will be void.

1. Good cause for purposes of this Section means that at the time that IBL gives written notice of termination IBL is not in default under this Agreement and either:

a. More than 90 days have elapsed since the Effective Date and termination is based on the fact that the parties have not executed Schedule A designating the Approved Location and Schwab Branch Market, in which case termination will be effective immediately upon Schwab's receipt of IBL's notice; or

b. Schwab has committed a material and substantial breach of this Agreement which it has not cured within the period allowed by this Agreement. IBL's written notice of default must specify with particularity the details of Schwab's alleged material and substantial default and allow Schwab a minimum of 30 days in which to cure the default; provided, however, that IBL must allow Schwab additional time to cure as is reasonable under the circumstances if a default cannot reasonably be cured within 30 days.

2. If IBL terminates this Agreement pursuant to this Section, IBL must perform the duties set forth in this Agreement that apply after the Effective Date of Termination or

Expiration of this Agreement. Any attempt by IBL to terminate this Agreement without complying with the provisions of this Section will be void.

3. If IBL terminates this Agreement pursuant to this Section based on the parties' failure to execute **Schedule A** in a timely manner, Schwab will refund $10,000 of the Franchise Fee paid by IBL if IBL executes Schwab's form of General Release. Otherwise, none of the entire Franchise Fee will be refunded to IBL despite the termination of this Agreement pursuant to this Section.

4. IBL's written notice of default given to Schwab will not excuse IBL from continuing to perform his or her obligations under this Agreement during the cure period or entitle IBL to a refund of any money that IBL has paid to Schwab or Schwab's Affiliates pursuant to this Agreement except as expressly provided in this Section.

B. Termination By Schwab Without Opportunity to Cure. Schwab may terminate this Agreement, in its discretion and election, effective immediately upon Schwab's delivery of written notice of termination to IBL, based upon the occurrence of any of the following events which will be specified in Schwab's written notice, and IBL will have no opportunity to cure a termination based on any of the following events:

1. If the parties have failed to execute **Schedule A** designating the Approved Location and Schwab Branch Market within 90 days after the later of: (i) the Effective Date; or (ii) the date that Schwab's delivers the second site package. If IBL has failed to execute a Sublease for the Approved Location within 30 days after Schwab presents the Sublease to IBL.

2. If IBL fails or refuses to submit any report, financial statement, documentation or other information that this Agreement requires IBL to provide to Schwab on or before the date due, and should the default continue for a period of 10 days after Schwab gives IBL written notice of default.

3. If Schwab terminates the Sublease due to IBL's breach of the Sublease following the expiration of all applicable cure periods under the Sublease, or if the Master Lease terminates due to IBL's breach of the Master Lease, or if Schwab loses possession of the Approved Location due to casualty or condemnation, another event of Force Majeure or other type of circumstance permitting Schwab or the Master Landlord to terminate the Master Lease.

4. If IBL commits an event of default under any other agreement by and between IBL and Schwab or Schwab's Affiliates pertaining to IBL's Independent Branch that, by its terms, cannot be cured or that IBL fails to cure within the allowed time period.

5. If IBL makes any general arrangement or assignment for the benefit of creditors or becomes a debtor as that term is defined in 11 U.S.C. Section 101 or any successor statute, unless, in the case where a petition is filed against IBL, IBL obtains an order dismissing the proceeding within 60 days after the petition is filed; or should a trustee or receiver be appointed to take possession of all, or substantially all, of the assets of IBL's Independent Branch, unless possession of the assets is restored to IBL within 30 days following the appointment; or if all, or substantially all, of the assets of IBL's Independent Branch or the franchise rights are subject to an order of attachment, execution or other judicial seizure, unless the order or seizure is discharged within 30 days after being issued.

6. If IBL or an IB employee is (i) determined by an arbitration panel or court to have violated Applicable Law relating to or arising out of IBL's or an IB Employee's conduct as an associated person of Schwab; or (ii) convicted of or pleads no contest to a felony charge or engages in any conduct or practice that reflects unfavorably upon, or is detrimental or harmful to, the good name, goodwill or reputation of Schwab or the Schwab Intellectual Property. For purposes of this Section, a threatened, or actual, disciplinary action, enforcement action, investigation or legal proceeding involving IBL, IBL's Independent Branch or any IB Employee who is or was associated with IBL's Independent Branch is an event that can reasonably be expected to materially impair the goodwill or reputation associated with Schwab or the Schwab Intellectual Property.

7. If IBL or an IB Employee fails to cure any other violation of Applicable Law within 10 days after being notified of non-compliance unless (i) the violation involves public health and safety, in which case the length of the cure period will be reasonable under the circumstances but need not exceed 10 days; (ii) the regulatory agency that notifies IBL of the non-compliance gives IBL or an IB Employee less than 10 days to cure the cited violation in which case Schwab may terminate this Agreement effective immediately if IBL or the IB Employee fails to comply with the cited violation within the shorter time period that the regulatory body allows; or (iii) IBL's or a Registered Employee's regulatory licenses or registrations are suspended for any period or cancelled, not renewed, terminated, or revoked, in which case termination will become effective immediately upon Schwab's delivery of written notice of termination. If IBL makes a material misrepresentation or omission in obtaining the franchise rights granted by this Agreement, or otherwise violates a covenant, representation or warranty made in this Agreement.

8. If IBL fails to comply with the conditions governing an Event of Transfer.

9. If IBL or an IB Employee directly or indirectly (i) misappropriates any Independent Branch Client Assets or funds or Schwab funds; (ii) fails to timely transmit Independent Branch Client funds or securities to Schwab; (iii) fails to comply with the terms of any enhanced regulatory supervision by Schwab; (iv) fails to comply with limitations and requirements with respect to Schwab Bank products; or (v) engages in any other unauthorized activities or violates any policies or procedures set forth in the Confidential Manuals, privacy and information security policies and procedures including but not limited to the prohibition against downloading or storing Schwab Client data on IBL or IB Employee mobile or personal devices, solicitation of Schwab Clients in violation of the Territorial Rules of Conduct, or restrictions on contacting clients of independent investment advisors who maintain their accounts at Schwab.

10. If Schwab determines that IBL has Abandoned the Independent Branch (subject to Section XIV.J.4(b) of this Agreement if applicable).

11. If IBL receives from Schwab, during any consecutive 12-month period, 3 or more notices of default (for example, for violations of obligations under the Agreement or policies in the Confidential Manuals) whether or not the notices relate to the same or different defaults and whether or not each prior default is timely cured by IBL).

12. If IBL makes any unauthorized use, publication, duplication or disclosure of any Confidential Information or any portion of the Confidential Manuals;

13. If any IB Employee breaches the terms and conditions of the Association Agreement entered into by the IB Employee.

14. If IBL materially misuses or makes an unauthorized use of the Schwab Intellectual Property or any of its constituent parts or commits any other act that does, or can reasonably be expected to, materially impair the goodwill or reputation associated with the Schwab Intellectual Property.

15. If IBL fails to achieve either of the Minimum Performance Requirements identified in this Agreement.

16. If IBL fails to pay Schwab a negative Net Payout in the time period set forth in this Agreement or by the deadline otherwise imposed by Schwab with notification to IBL.

17. If Schwab receives from Lender a notice (or is otherwise made aware) that IBL has failed to timely cure a monetary Event of Default or a non-monetary Event of Default (as that term is defined under the Loan Documents).

C. Termination by Schwab With Right to Cure.

1. If IBL breaches, or refuses to fulfill or perform, any other obligation arising under this Agreement that is not expressly identified in this Section as a non-curable ground for termination or fails or refuses to adhere to any other mandatory operating procedure, policy, specification or standard prescribed by Schwab in the Confidential Manuals or otherwise communicated to IBL in writing, Schwab may terminate this Agreement, in its discretion and election, effective at the close of business 30 days after giving written notice of default to IBL if Schwab's notice specifies the grounds of default and IBL fails to cure the default cited in the notice by the end of the 30-day cure period. Schwab may indicate its election to terminate this Agreement either in the notice of default or in a separate written notice given to IBL either before, or after, the end of the 30 day cure period.

2. If a default cannot reasonably be cured within 30 days, IBL may apply to Schwab for additional time to complete the cure. The length of the additional cure period, if any, allowed by Schwab must be stated in a writing signed by Schwab. If Schwab grants an extension in its sole discretion and if IBL does not complete the required cure within the extended cure period, termination of this Agreement will be effective at the close of business on the last day of the extended cure period without further notice from Schwab unless Schwab indicates otherwise in writing.

D. Effect of Termination or Expiration.

1. If Schwab terminates this Agreement based on (i) the parties' failure to execute **Schedule A** within 90 days after the Effective Date; or (ii) IBL's failure to execute a Sublease for the Approved Location within 30 days after Schwab presents the Sublease to IBL, Schwab will refund $10,000 of the Franchise Fee to IBL if IBL executes Schwab's form of General Release. Otherwise, IBL is not entitled to a refund of any portion of the Franchise Fee in the event Schwab terminates this Agreement.

2. Termination or expiration of this Agreement will result in the concurrent, and automatic, termination of the Sublease, every other agreement then in effect between IBL and any Schwab Affiliate, and each Association Agreement entered into by an IB Employee.

3. In any proceeding in which the validity of termination of this Agreement is at issue, Schwab will not be limited to the reasons set forth in the notice of default or termination given to IBL.

XVIII. RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION OR TERMINATION

A. Right of Offset. When termination is due to IBL's breach of this Agreement, Schwab may offset from IBL's final Net Payout all damages, costs, expenses, and reasonable attorneys' fees that Schwab incurs to enforce the default and termination.

B. Sublease. IBL understands that the Sublease provides that the termination or expiration of this Agreement for any reason will result in the simultaneous termination of the Sublease entitling Schwab to enforce all of its rights and remedies under the Sublease. Upon termination or expiration of this Agreement, Schwab shall have the right, without limitation, to operate a Schwab Branch or to authorize another IBL to operate an Independent Branch in the Approved Location (or elsewhere in the Schwab Branch Market), without compensation to you (unless required under state law).

C. IBL's Obligations. On and after the Effective Date of Termination or Expiration of this Agreement, IBL must comply with the following duties:

1. Immediately deliver to Schwab (i) any physical copy of the Confidential Manuals or sections thereof; (ii) all originals and copies of advertising and marketing materials, presentation scripts and materials, brochures, prospectuses, sales literature and marketing collateral for Schwab Products & Services or the Independent Branch; (iii) the originals and copies of all Independent Branch Client records, including, for example, records containing Independent Branch Client lists or transactional information (including electronic or computer-generated copies, even if the copies were made in violation of this Agreement); and (iv) the originals and copies of all financial plans and recommendations, computer databases and files, correspondence or other documents pertaining to Confidential Information, all of which IBL acknowledges is the sole property of Schwab. IBL must fully comply with Schwab's privacy policy and all other applicable Schwab policies in executing these duties. Except for taking certain contact information of Independent Branch Clients in accordance with the rules set forth in the Exit Procedures, IBL may not retain any copy or record of any of documents that must be returned to Schwab.

2. Within 10 days after the Effective Date of Termination or Expiration of this Agreement, IBL will submit to Schwab, in the format and following the accounting guidelines prescribed by Schwab in the Confidential Manuals (i) a final profit and loss statement and balance sheet showing the results of operation of the Independent Branch for the most recent Calendar Quarter and cumulative information for the current Calendar Year through the Effective Date of Termination or Expiration of this Agreement; and (ii) records showing the determination, calculation and payment of commissions and compensation to IB Employees during the current Calendar Year and IBL's compliance with Applicable Law regarding payments to employees, worker's compensation laws, and payroll tax reporting requirements.

3. IBL agrees to immediately (i) discontinue using the computer software that is part of the Schwab Technology System and cease all other use of the Schwab Technology System; (ii) leave the workstations and any Schwab-provided mobile device in the Approved Location and all other computer hardware components of the Schwab Technology System in good condition and repair; (iii) return any Schwab Technology System documentation; and (iv) erase

or destroy any computer software that is part of the Schwab Technology System that has been uploaded to any mobile devices. IBL understands that Schwab will terminate IBL's and IB Employee access to the Schwab Intranet on or after the Effective Date of Termination or Expiration of this Agreement at the earliest opportunity permitted by Applicable Law. Continued use by IBL or by an IB Employee of any computer software that is part of the Schwab Technology System will constitute violation of this Agreement and willful copyright or other intellectual property infringement. IBL may not retain any copy or record of any of these materials.

4. IBL will return the keys to the Approved Location and vacate the Approved Location premises leaving it in good condition and repair and not remove any fixtures, leasehold improvements, furnishings, signs, décor items or personal property items that are components of the Schwab Technology System unless Schwab directs in writing IBL to do so. IBL shall be solely responsible for any damage to the Approved Location beyond normal wear and tear caused by IBL's removal of personal property items. If IBL fails to vacate and holds over in the Approved Location after the Effective Date of Termination or Expiration of the Agreement, IBL will remain obligated to Schwab for the holdover rent and damages specified in the Sublease or otherwise recoverable by Schwab under Applicable Law.

5. Schwab will have a claim against IBL for costs and expenses that Schwab incurs to repair the Approved Location premises and any tangible personal property that IBL must surrender to Schwab that Schwab finds damaged beyond ordinary wear and tear and normal use.

6. IBL will execute and deliver a general release, in form satisfactory to Schwab, of any and all claims against Schwab and its officers, directors, shareholders, members, managers, employees, agents and representatives.

7. IBL will permanently cease using, in any manner whatsoever, the Schwab Marks, Confidential Information, and any other property associated with the Schwab Intellectual Property or which suggest or indicate that IBL is, or was, an authorized member of, or continues to remain associated with, the Schwab System. IBL will cancel all advertising and promotional activities which associate IBL with the Schwab System. Continued use by IBL of any of the Schwab Intellectual Property will constitute willful trademark or other intellectual property infringement and unfair competition by IBL. IBL will take appropriate action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to its use of the Schwab Marks.

8. IBL will cease using all telephone and facsimile numbers and listings used in operating the Independent Branch and take all steps necessary to remove all telephone and other business directory listings that display any of the Schwab Marks if the display indicates association with IBL. IBL will furnish Schwab with evidence satisfactory to Schwab demonstrating IBL's compliance with this obligation within 10 days after the Effective Date of Termination or Expiration of this Agreement. Schwab will have the right to demand an assignment of the telephone and facsimile numbers and listings, in which case IBL will be deemed to consent to the assignment, without compensation, as of the Effective Date of Termination or Expiration. Alternatively, at Schwab's expense, Schwab may add a forwarding message to the telephone numbers of the Independent Branch indicating the telephone number for Schwab.

9. IBL will not take any records or records relating to IBL's activities as a registered representative and investment adviser representative of Schwab, whether original or copies. IBL will keep and maintain all business records pertaining to the franchise and Independent Branch for 7 years after the Effective Date of Termination or Expiration of this

Agreement. During this period, IBL will permit Schwab to inspect the business records as frequently as Schwab deems necessary. IBL and each IB Employee must return any Schwab Client data or any other Schwab Confidential Information without making or maintaining any copy thereof.

10. IBL will comply with any additional requirements set forth in the Exit Procedures and hereby appoints Schwab as its attorney-in-fact to carry out in IBL's name, and on its behalf, all of its obligations arising upon the Effective Date of Termination or Expiration of this Agreement. This appointment imposes no duties on Schwab.

D. Final Net Payout Statement. Schwab will send IBL a final Net Payout Statement covering the final Calendar Month or partial period through the Effective Date of Termination or Expiration of this Agreement and may offset from any positive final Net Payout due to IBL any obligations owed by IBL under this Agreement including, without limitation, payment of the Client Account Purchase Fee. If the final Net Payout Statement is a negative number, the entire amount will be immediately due and payable from IBL. Interest will accrue on the negative Net Payout balance immediately starting with the last day of the next Calendar Month after the Effective Date of Termination or Expiration of this Agreement until the entire negative balance is paid in full.

E. Survival of Obligations. All obligations of the parties that expressly, or by their nature, survive the Effective Date of Termination or Expiration of this Agreement will continue in full force and effect after the Effective Date of Termination or Expiration of this Agreement until they are satisfied in full. IBL will remain fully liable for any and all obligations of IBL's Independent Branch whether incurred before, or after, the Effective Date of Termination or Expiration of this Agreement, including, without limitation, obligations arising under this Agreement or the Sublease and obligations owed to vendors, IB Employees or others, and obligations arising under Applicable Law. IBL will comply with the covenants set forth in this Agreement that continue to apply after the Effective Date of Termination or Expiration of this Agreement regarding, without limitation, payment of the Client Account Purchase Fee, no interference, non-solicitation, updating of contact information and Confidential Information.

F. Third Party Rights. No person acting for the benefit of IBL's creditors and no receiver, trustee in bankruptcy, sheriff or any other officer of a court or other person in possession of IBL's assets or business will have the right to assume IBL's obligations under this Agreement without Schwab's prior written consent.

G. Available Remedies. Schwab's right to terminate this Agreement will not be its exclusive remedy in the event of IBL's default, and Schwab will be entitled, in its sole discretion and election, alternatively or cumulatively, to affirm this Agreement in the event of IBL's default and obtain (i) damages arising from the default; (ii) Provisional Remedies without posting a bond or comparable security to compel IBL to perform its obligations under this Agreement or to prevent IBL from breaching this Agreement, and (iii) any other remedy available under Applicable Law.

XIX. ASSIGNMENT AND TRANSFER

A. Assignment by Schwab. This Agreement and the Sublease will inure to the benefit of Schwab's successors and assigns. Schwab is free to transfer and assign all of its rights under this Agreement to any other person or business entity if the assignee agrees in writing to assume Schwab's obligations under this Agreement and the Sublease. Upon the assignment and assumption, neither Schwab nor Schwab's Affiliates will owe IBL any further obligations.

B. Delegation of Duties. In addition to Schwab's right to assign this Agreement, Schwab has the absolute right to delegate performance of any portion or all of its obligations under this Agreement to any third party designee of its own choosing, whether the designee is Schwab's Affiliate, agent or independent contractor. In the event of a delegation of duties, the third-party designee will perform the delegated functions in compliance with this Agreement. When Schwab delegates its duties to a third party (in contrast to when Schwab transfers and assigns all of its rights under this Agreement to a third party that assumes Schwab's obligations), Schwab will remain responsible for the performance of the third party to whom Schwab's duties are delegated.

C. Assignment by IBL: In General.

1. IBL may sell, assign and transfer all of its right, title and interest under this Agreement to a third party subject to the terms and conditions applicable to an Event of Transfer. IBL recognizes that the franchise rights awarded by this Agreement are personal and have been awarded to IBL in reliance upon, among other considerations, IBL's character, skill, aptitude, attitude, experience, business ability and financial condition. Consequently, IBL may not, directly or indirectly, attempt to complete, or complete, an Event of Transfer either voluntarily or by operation of law without complying with all of the conditions to an Event of Transfer, in accordance with this Agreement including, without limitation, obtaining Schwab's prior written consent, which Schwab may withhold in its sole discretion. Schwab agrees not to withhold its consent unreasonably if IBL satisfies all conditions applicable to an Event of Transfer identified in this Agreement. Any attempt by IBL to consummate an Event of Transfer in a manner that does not comply with the requirements of this Agreement will be null and void and constitute a default of this Agreement.

2. Schwab's consent to an Event of Transfer is not a (i) representation of the fairness of the terms of any contract between IBL and a transferee or the transferee's prospects for success; (ii) guarantee of the viability of IBL's Independent Branch as a going concern; or (iii) a waiver of any claims that Schwab or Schwab's Affiliates may have against IBL.

D. Schwab's Right of First Refusal.

1. If IBL receives a bona fide written offer ("**Third Party Offer**") to purchase or otherwise acquire an interest which will result in an Event of Transfer within the meaning of this Agreement, IBL will, within 5 days after receiving the Third Party Offer and before accepting it, apply to Schwab in writing for Schwab's consent to the proposed Event of Transfer and provide Schwab with (i) a true and complete copy of the Third Party Offer; (i) information of the kind described in the Confidential Manuals about the proposed transferee's credentials, background, experience, and other qualifications; (iii) a copy of the proposed transferee's current personal financial statement; and (iv) any other information material to the Third Party Offer, proposed transferee or proposed Event of Transfer that Schwab reasonably requests.

2. Schwab or its nominee will have the right, exercisable by written notice ("**Notice of Exercise**") given to IBL within 30 days after Schwab receives a copy of the Third Party Offer and all supporting information in which to notify IBL that (a) Schwab disapproves of the Third Party Offer due to the failure of any condition to obtaining Schwab's consent (in which event IBL may not consummate or close the offer) or (b) Schwab will purchase or acquire the rights, assets, or interests proposed to be assigned and sold to the proposed transferee on substantially the same terms and conditions set forth in the Third Party Offer, except that Schwab may (i) substitute cash for any form of payment proposed in the offer discounted to present value

based upon the rate of interest stated in the Third Party Offer, and (ii) deduct from the purchase price the amount of any commission or fee that IBL would otherwise have paid to a broker in connection with the Third Party Offer. If Schwab gives timely Notice of Exercise, the rights or assets that Schwab purchases will be free and clear of liens. If any asset is pledged as security for financing that is then unpaid, Schwab may further deduct from the purchase price the remaining amount payable under the terms of financing.

3. The closing will take place at Schwab's headquarters at a mutually agreed upon date and time, but not later than 60 days after Schwab receives a copy of the Third-Party Offer and all supporting information.

a. At the closing, IBL will deliver to Schwab (i) the same documents, affidavits, warranties, indemnities and instruments that would have been delivered by IBL to the proposed transferee pursuant to the Third Party Offer; and (ii) a general release, in form satisfactory to Schwab, of any and all claims against Schwab, Schwab's Affiliate and their respective officers, directors, shareholders, members, managers, employees and agents.

b. All costs, fees, document taxes and other expenses incurred in connection with the Event of Transfer will be allocated between IBL and Schwab in accordance with the terms of the Third Party Offer, and any costs not allocated will be paid by IBL.

4. If Schwab gives timely Notice of Exercise but, through no fault of Schwab or IBL, the Event of Transfer fails to close for any reason, IBL will have no recourse against Schwab, Schwab's Affiliates and their respective officers, directors, shareholders, members, managers, employees and agents.

E. Conditions of Assignment to Third Party.

1. If Schwab does not exercise its right of first refusal, IBL may not complete the Event of Transfer to the proposed transferee without first obtaining Schwab's and the Master Landlord's prior written consent and satisfying the other conditions set forth in this Section. IBL recognizes that if Schwab consents to an Event of Transfer, IBL must assign all of its right, title and interest under the Sublease to the approved transferee.

2. If the conditions set forth in this Section are met and Schwab grants consent, IBL may only complete the Event of Transfer to the proposed transferee on the terms identified in the Third Party Offer or as otherwise stated in IBL's application for consent. If there is any material change in the terms of the Third-Party Offer, Schwab will have a right of first refusal to accept the new terms subject to the conditions stated in this Section. If Schwab consents to the Event of Transfer to the proposed transferee, the Event of Transfer must close within 60 days from the date the Third-Party Offer is first submitted to Schwab unless Schwab grants an extension of time in writing.

3. As a condition to issuing consent to an Event of Transfer, Schwab will require that all of the following conditions be satisfied:

a. When IBL applies to Schwab for consent to an Event of Transfer, IBL must pay to Schwab a Transfer Fee equal to $25,000. No part of the transfer fee is refundable under any condition, even if Schwab does not grant consent to the Event of Transfer.

b. IBL must provide to Schwab in advance the written terms pursuant to which the Event of Transfer is proposed to take place, Schwab's review of which may constitute a grounds for refusing consent to the Event of Transfer.

c. At Schwab's request, IBL will enter into a non-disclosure agreement by and among Schwab, IBL and the proposed transferee, pursuant to which the parties may exchange information relevant to the proposed Event of Transfer. In no event will IBL provide any Confidential Information to the proposed transferee unless the provision of such Confidential Information is subject to a non-disclosure agreement acceptable to Schwab.

d. The proposed transferee must meet Schwab's then-current qualifications for new franchisees, including qualifications pertaining to financial condition, securities licenses, credit rating, experience, moral character and reputation.

e. As of the date IBL requests consent to, and through the date of closing of, the Event of Transfer, IBL must not be in default under this Agreement or the Sublease and must be current in payments to trade creditors.

f. All required third party consents to the Event of Transfer must be obtained including, without limitation, the consent of the Master Landlord of the Approved Location. Schwab will not consent to a proposed Event of Transfer if the Master Landlord or any other third party whose consent is required is unwilling to approve the proposed transferee.

g. On the date of the closing of the Event of Transfer, this Agreement will be deemed to be terminated by mutual agreement of the parties. However, IBL will remain subject to all obligations stated in this Agreement that expressly, or by their nature, survive the Effective Date of Termination or Expiration of this Agreement, including, without limitation, the provisions regarding payment of the Client Account Purchase Fee, non-solicitation, and Confidential Information.

h. IBL must execute and deliver a general release, in form satisfactory to Schwab, of any and all claims against Schwab, Schwab's Affiliate and their respective officers, directors, shareholders, members, managers, employees and agents.

i. The proposed transferee must execute Schwab's then-current form of Franchise Agreement for a term that is equal to the unexpired portion of the selling IBL's franchise term including unexercised Renewal Options. The transferee will be excused from paying the Franchise Fee stated in the new Franchise Agreement.

j. On the closing date, IBL must assign and transfer all of IBL's rights under the Sublease to the proposed transferee and the proposed transferee must execute a written assumption agreement accepting the obligations imposed on IBL under the Sublease as of the closing date.

k. IBL's right to receive the sales proceeds from the proposed transferee will be subordinate to the proposed transferee's and IBL's duties owed to Schwab under, or pursuant to, this Agreement or any other agreement. All contracts by and between IBL and the proposed transferee will expressly provide that Schwab shall have a lien on that portion of the sales proceeds necessary to satisfy any outstanding obligations owed to Schwab at the time of the closing and include a subordination provision permitting payment of the sales proceeds to IBL only after any outstanding obligations owed to Schwab at that time are fully satisfied.

l. Unless Schwab agrees in writing to waive or modify the following requirements, the proposed transferee prior to the date of transfer must (i) complete all modules of the Initial Training Program except, if scheduling does not permit attending IB Academy prior to the date of transfer, IBL must attend the next available IB Academy; and (ii) have the FINRA Series 9/10 General Securities Sales Supervisor license to qualify IBL's Independent Branch as an OSJ.

F. No Release. Neither Schwab's exercise of its right of first refusal nor Schwab's consent to an Event of Transfer to an approved third party will operate to release IBL from obligations under this Agreement that continue in effect after the Effective Date of Termination or Expiration of this Agreement.

XX. RELATIONSHIP OF PARTIES; INDEMNIFICATION

A. Independent Contractor. This Agreement does not create a fiduciary or joint employer relationship or a joint venture between the parties, or make either party a general or special agent, partner or employee of the other for any purpose. With respect to all matters, IBL's relationship to Schwab is as an independent contractor. IBL is the independent owner of IBL's Independent Branch and in sole control of all aspects of its operation and will conduct IBL's business using IBL's own judgment and discretion, subject only to the provisions of this Agreement. Consistent with the requirements in the Confidential Manuals, IBL will conspicuously identify himself or herself in all advertising and all dealings with existing or prospective Schwab Clients, vendors and other third parties and the general public as the owner of IBL's Independent Branch Franchise operating under a franchise from Schwab. IB Employees are not employees of Schwab, Schwab is not a joint employer of IBL's employees, and neither IBL nor IB Employees will hold themselves out to existing or prospective Schwab Clients, vendors and other third parties or other members of the public as Schwab employees.

IBL and IB Employees are not, and have never been, and will not in the future be eligible to enroll for or receive benefits under any employee benefit plan maintained by Schwab, including without limitation any employee pension benefit plan within the meaning of Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), any employee welfare benefit plan within the meaning of Section 3(1) of ERISA, any stock option or stock purchase plan, or any severance benefit plan. Neither IBL nor any IB Employee is entitled to participate in any other Schwab benefit plan, program, or policy, including but not limited to, any vacation policy, holiday policy, sick leave policy, leave of absence policy, tuition reimbursement policy, or any other plan, program, or policy. In addition, neither IBL nor any IB Employee will be entitled to any coverage for workers' compensation and/or unemployment insurance through Schwab. IBL knowingly and voluntarily waives any right to participate in any and all of the foregoing benefits, even if, as a result of a judicial, regulatory or administrative finding, IBL is subsequently reclassified as a Schwab employee during the Term or any Renewal Term. IBL understands that this waiver prohibits IBL from later filing a claim for Schwab employee benefits. IBL further acknowledges that IBL has been encouraged to consult with an attorney regarding this Agreement, including this waiver, and that IBL fully understands the consequences of this waiver.

B. Indemnification by IBL. IBL will indemnify, defend, and hold Schwab, Schwab's Affiliates and their respective officers, directors, shareholders, members, managers, employees, agents, licensors, suppliers, successors and assigns, harmless from and against any and all costs, expenses, losses, liabilities, fines, damages, causes of action, claims and demands whatsoever, arising from or relating to IBL's representations in this Agreement, IBL's Independent Branch's business, or the acts or omissions of IBL or IB Employees, whether or not arising from

bodily injury, personal injury or property damage, IBL's negligence or intentional tort, violation of Applicable Law, breach of this Agreement, or any other violation of the rights of others, or in any other way. IBL's obligation to indemnify Schwab will extend, without limitation, to all claims for actual and consequential damages, and Schwab's costs and expenses incurred in defending any third party claim covered by IBL's indemnification, including, without limitation, attorneys, experts and other professional fees, court costs, arbitration fees, and travel and living expenses. Schwab will have the right to retain its own counsel to defend any third-party claim asserted against it which is covered by this indemnification agreement. IBL's indemnification obligation will survive the Effective Date of Termination or Expiration of this Agreement.

XXI. DISPUTE RESOLUTION

A. Agreement to Mediate Disputes. Except as otherwise provided in this Agreement, neither party to this Agreement will bring an action or proceeding to enforce or interpret any provision of this Agreement, or seeking any legal remedy based upon the relationship created by this Agreement or an alleged breach of this Agreement, until the dispute has been submitted to non-binding mediation conducted in accordance with the procedures stated in this Agreement.

1. The mediation will be conducted by a mediator to be selected and mutually agreed upon by the parties.

2. The mediator must be either a practicing attorney with experience in business format franchising or a retired judge with similar experience.

3. Except as otherwise provided in this Agreement: (i) the fees and expenses of the Mediation Service, including (without limitation) the mediator's fee and expenses, will be shared equally by the parties, and (ii) each party will bear its own attorney's fees and other costs incurred in connection with the mediation irrespective of the outcome of the mediation or the mediator's evaluation of each party's case.

4. The mediation conference will begin as soon as possible with the goal of beginning the mediation within 30 days after selection of the mediator. Regardless of whether Schwab or IBL is the party asserting a claim subject to mediation, the mediation will be conducted at a mutually acceptable location.

5. The parties will participate in good faith in the entire mediation, including the mediation conference, with the intention of resolving the dispute, if at all possible. The parties will each send at least one representative to the mediation conference who has authority to enter into a binding contract or settlement agreement on that party's behalf and on behalf of all principals of that party who are required by the terms of the parties' settlement to be personally bound by it. The parties recognize and agree, however, that the mediator's recommendations and decision will not be binding on the parties.

6. If one party breaches this Agreement by refusing to participate in the mediation or not complying with the requirements for conducting the mediation, the non-breaching party may immediately file suit and take additional action to enforce its rights as permitted by Applicable Law and the breaching party will be obligated to pay: (i) the mediator's fees and costs; (ii) the non-breaching party's reasonable attorneys' fees and costs incurred in connection with the mediation, and (iii) to the extent permitted by Applicable Law, the non-breaching party's reasonable attorneys' fees and costs incurred in any suit arising out of the same dispute regardless of whether the non-breaching party is the prevailing party. Additionally, the party

refusing to mediate will forfeit any right to recover its attorneys' fees and costs should it prevail in the suit. The parties agree that the foregoing conditions are necessary in order to encourage meaningful mediation as a means for efficiently resolving any disputes that may arise.

B. Exceptions to Duty to Mediate Disputes.

1. The obligation to mediate will not apply to any disputes, controversies or claims where the monetary relief sought is under $10,000.

2. Additionally, notwithstanding a party's duty to mediate disputes under this Agreement, a party may file an action containing an application before any court of competent jurisdiction or a FINRA arbitration seeking Provisional Remedies whether or not the mediation has already commenced. An application for Provisional Remedies will neither waive nor excuse a party's duty to mediate under this Agreement.

C. FINRA Arbitration. Schwab and IBL each agree to arbitrate any dispute, claim or controversy that may arise out of or relate to this Agreement that is required or otherwise permitted to be arbitrated under the rules, constitution, or by-laws of FINRA as they may be periodically amended. Schwab and IBL furthermore each agree that any arbitration award may be entered as a judgment in any court of competent jurisdiction. The right to conduct discovery as provided in this Section is an essential term of the parties' agreement to arbitrate disputes within the jurisdiction of FINRA and intended to supplement and modify any applicable FINRA arbitration rules.

D. Judicial Relief; Choice of Forum. The parties agree that (i) all disputes arising out of or relating to this Agreement which are not resolved by arbitration, negotiation or mediation, and (ii) all claims that are not required to be arbitrated under the rules, constitution, or by-laws of FINRA as they may be periodically amended, may only be brought in a court of competent jurisdiction in the state or federal courts where IBL's Independent Branch is, or was, located.

E. WAIVER OF JURY TRIAL. SCHWAB AND IBL EACH HEREBY WAIVE THEIR RESPECTIVE RIGHT TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, COUNTERCLAIM OR CROSS-COMPLAINT IN ANY ACTION, PROCEEDING AND/OR HEARING BROUGHT BY EITHER SCHWAB OR IBL ON ANY MATTER WHATSOEVER ARISING OUT OF, OR IN ANY WAY CONNECTED WITH, THIS AGREEMENT, THE RELATIONSHIP OF THE PARTIES, THE USE OF THE SCHWAB SYSTEM, OR ANY CLAIM OF INJURY OR DAMAGE, OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY LAW, STATUTE, REGULATION, EMERGENCY OR OTHERWISE, NOW OR HEREAFTER IN EFFECT, TO THE FULLEST EXTENT PERMITTED UNDER APPLICABLE LAW.

F. Choice of Law. The parties agree that the governing law of this Agreement is the laws of the state in which IBL's Independent Branch is, or was, located, without giving effect to that state's conflict of law principles, and those laws will be applied in any dispute involving the construction, interpretation, validity and enforcement of this Agreement in any mediation, arbitration or judicial proceeding to resolve all disputes between them, except to the extent the subject matter of the dispute arises exclusively under federal law, in which event the federal law will govern.

G. Limitations Period. To the extent permitted by Applicable Law, any legal action of any kind arising out of or relating to this Agreement or its breach, including without limitation, any claim that this Agreement or any of its parts is invalid, illegal or otherwise voidable or void, must

be commenced by no later than one year from the date of the act, event, occurrence or transaction which constitutes or gives rise to the alleged violation or liability; provided, however, the applicable limitations period will be tolled during the course of any mediation that is initiated before the last day of the limitations period with the tolling beginning on the date that the Responding Party receives the Initiating Party's demand for mediation and continuing until the date that the mediation is either concluded, or suspended due to a party's failure or refusal to participate in the mediation in violation of this Agreement.

H. Expedited Discovery. In any arbitration or court proceeding alleging breach of this Agreement, each party shall have the right to engage in deposition and document discovery including, in the case of Schwab, the right to conduct forensic examination of IBL's workstations and mobile computing devices if Schwab reasonably believes the workstations or devices contain Confidential Information or Schwab Intellectual Property. In connection with any application for Provisional Remedies, each party may conduct discovery on an expedited basis.

I. Limitation of Liability. NEITHER SCHWAB NOR ITS AFFILIATES, SUPPLIERS, VENDORS, LICENSORS OR AGENTS WILL BE LIABLE TO IBL OR ANY THIRD PARTY FOR ANY INCIDENTAL, CONSEQUENTIAL, EXEMPLARY, PUNITIVE, OR SIMILAR DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE AGGREGATE LIABILITY OF SCHWAB AND SCHWAB'S AFFILIATES, SUPPLIERS, VENDORS, LICENSORS AND AGENTS TO IBL FOR ALL DAMAGES, LOSSES, AND CAUSES OF ACTION (WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE) SHALL NOT EXCEED THREE (3) TIMES THE FRANCHISE FEE.

J. Waiver of Collateral Estoppel. The parties agree they should each be able to settle, mediate, litigate or compromise disputes in which they may be, or become, involved with third parties without having the dispute affect their rights and obligations to each other under this Agreement. Schwab and IBL therefore each agree that a decision of an arbitrator or judge in any proceeding or action in which either Schwab or IBL, but not both of them, is a party will not prevent the party to the proceeding or action from making the same or similar arguments, or taking the same or similar positions, in any proceeding or action between Schwab and IBL. Schwab and IBL therefore waive the right to assert that principles of collateral estoppel prevent either of them from raising any claim or defense in an action or proceeding between them even if they lost a similar claim or defense in another action or proceeding with a third party.

K. Waiver of Class Action Proceedings and Relief. Schwab and IBL agree that any mediation, arbitration or litigation initiated or brought by either party against the other will be conducted only on an individual basis, not on a class-wide basis, and there may be no consolidation or joinder of other claims or controversies involving any other IBL. Any such mediation, arbitration or litigation initiated or brought by either party against the other will not and may not proceed as a class action, collective action, private attorney general action or any similar representative action. IBL and Schwab both understand and agree that they are waiving any substantive or procedural rights that they might have to bring an action on a class, collective, private attorney general, representative or other similar basis.

XXII. REPRESENTATIONS BY IBL

In order to induce Schwab to enter into this Agreement, IBL represents to Schwab that:

A. Acceptance of Conditions. IBL has read this Agreement and Schwab's FDD which Schwab has delivered to IBL at least 14 days before the parties have entered into this Agreement. IBL understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary for Schwab to maintain Schwab's standards of service, protect and preserve the goodwill associated with the Schwab Intellectual Property, brand, image, or otherwise comply with Applicable Law.

B. Independent Investigation. IBL has conducted an independent investigation of the business contemplated by this Agreement. IBL recognizes that the Schwab System may evolve and change over time and that Schwab may impose changes to the Schwab System that Schwab believes, in its sole discretion, will benefit Schwab Branches generally and strengthen consumer awareness of, and confidence in, the Schwab Marks. IBL is aware that Schwab cannot predict the nature of future changes to the Schwab System or the amount of IBL's future investment to adopt future changes.

C. Truthfulness. All written and verbal information that IBL has provided to Schwab before the Effective Date in applying for this franchise is true, complete and not misleading. IBL covenants that all written and verbal information that IBL will provide to Schwab in the future will be, true, complete and not misleading.

D. No Violation of Prior Agreement or Obligation. IBL is not currently subject to any agreement with another employer or financial services firm with which IBL is or was associated that IBL may, or will, violate by entering into this Agreement. IBL will not violate the privacy policy of any prior employer or financial services firm with which IBL is or was associated if IBL contacts clients of the prior employer or firm to inform them of IBL's ownership of the Independent Branch a franchise from Schwab.

E. Reliance. IBL has not received or relied upon any promise or guaranty, express or implied, about the revenues, profits or success of the business venture contemplated by this Agreement.

F. No Representations; Status of IBL.

1. By executing this Agreement, IBL represents and warrants that no person acting on Schwab's behalf has made any representations or promises to IBL that are not contained in this Agreement or the FDD, including, without limitation, representations or promises about actual or potential sales, earnings, gross profits or net profits that IBL can expect to earn. IBL agrees that no representations have been made by Schwab, Schwab's Affiliates or their respective officers, directors, shareholders, employees or agents that are contrary to statements made in the FDD previously received by IBL or to the terms contained in this Agreement.

2. IBL is a United States citizen.

3. All financial, personal and other information provided to Schwab in connection with IBL's application is true and correct and no material information or fact has been omitted that is necessary in order to make the information disclosed to Schwab not misleading.

G. Success of Independent Branch. IBL understands and agrees that owning an Independent Branch involves business risks and the success of IBL's Independent Branch will depend primarily on IBL's investment of time, capital and personnel, the business abilities and experience of IBL's management, IBL's local marketing efforts, the desirability of the Approved Location in IBL's local market, local demographic factors, and other factors beyond Schwab's or IBL's control including, without limitation, local competition, consumer preferences, inflation, labor costs, prevailing economic conditions and similar types of market conditions that may change over time and are difficult to anticipate or events of Force Majeure. IBL is not entering into this Agreement based upon any express or implied guaranty or assurance that IBL's Independent Branch at the Approved Location will be successful or profitable.

H. Risks of Disputes. IBL is aware that due to the complex regulatory environment and nature of brokerage services, Schwab Clients file complaints against Schwab arising out of the activities of Schwab employees based on federal and state securities laws. As a result, in the ordinary course of operating a Company Managed Branch, Schwab is subject to arbitrations, class actions and litigation involving claims for substantial or unspecified damages. Routine client claims against Schwab and Schwab employees may involve allegations about error, negligence, misrepresentation, unsuitable recommendation or fraud, or a loss resulting from operational errors. Schwab frequently is subject to inquiries, investigations, and proceedings by regulatory and other governmental agencies. Item 3 of the FDD lists pending and prior matters, including any potentially material matters. In executing this Agreement, IBL accepts the risk that IBL may be subject to similar types of claims in the operation of IBL's Independent Branch arising out of the activities of IBL and IB Employees.

I. Anti-Terrorism Representations. IBL represents that none of IBL's assets are currently subject to being blocked under, and IBL is not otherwise in violation of Applicable Law including, without limitation, Anti-Terrorism Laws. Additionally, IBL agrees to comply with and assist Schwab to the fullest extent possible in Schwab's efforts to comply with Anti-Terrorism Laws. Any violation of, or "blocking" of assets under, any Anti-Terrorism Laws will constitute a breach of this Agreement and grounds for immediate termination without an opportunity to cure.

XXIII. MISCELLANEOUS

A. Notices; Writing.

1. All communications required or permitted to be given to either party hereunder will be in writing and will be deemed duly given if properly addressed on the earlier of (i) the date when delivered by hand; (ii) the date when delivered by fax or e-mail if confirmation of transmission is received or can be established by the sender; (iii) one Business Day after delivery to a reputable national overnight delivery service; or (iv) 5 days after being placed in the United States Mail and sent by certified or registered mail, postage prepaid, return receipt requested. Notices will be directed to each party at the address shown in **Schedule D**. Either party may change its address for receiving notices by giving appropriate written notice to the other. All notices required or permitted to be given by a party in writing may be given electronically to the party's designated e-mail address in **Schedule D** or as subsequently changed by appropriate written notice.

2. IBL must keep Schwab informed of any changes in its contact information set forth on **Schedule D** for no less than two years following the Effective Date of Termination or Expiration of this Agreement.

3. Except for payments by IBL that Schwab agrees to deduct from IBL's Net Payout, (i) all other payments and reports that IBL Is required to make or deliver to Schwab will be directed to Schwab at Schwab's address indicated in **Schedule D** or to an electronic address or account otherwise designated by Schwab; and (ii) any required payment or report not actually received by Schwab on the date it is due will be deemed delinquent notwithstanding the parties' agreement regarding when notices will be deemed to be given.

B. Time of the Essence. Time is of the essence of this Agreement with respect to each and every provision of this Agreement in which time is a factor.

C. Withholding of Consent. Except where this Agreement expressly obligates Schwab to reasonably approve or not unreasonably withhold its approval of any action or request by IBL, Schwab has the absolute right to refuse any request by IBL or to withhold its approval of any action by IBL. Further, whenever the consent or approval of Schwab is required under this Agreement Schwab's consent or approval must be in writing unless this Agreement specifies otherwise.

D. Waiver. Any waiver granted by Schwab to IBL excusing or reducing any obligation or restriction imposed under this Agreement will be in writing and will be effective upon delivery of such writing by Schwab to IBL or upon such other effective date as specified in the writing, and only to the extent specifically allowed in such writing. No waiver granted by Schwab, and no action taken by Schwab, with respect to any third party will limit Schwab's right to take action of any kind, or not to take action, with respect to IBL. Any waiver granted by Schwab to IBL will be without prejudice to any other rights Schwab may have. The rights and remedies granted to Schwab are cumulative. No delay on the part of Schwab in the exercise of any right or remedy will operate as a waiver thereof, and no single or partial exercise by Schwab of any right or remedy will preclude Schwab from fully exercising such right or remedy or any other right or remedy. Schwab's acceptance of any payments made by IBL after a breach of this Agreement will not be, nor be construed as, a waiver by Schwab of any breach by IBL of any term, covenant or condition of this Agreement.

E. Section Headings; Language. The Section headings used in this Agreement are inserted for convenience only and will not be deemed to affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement. The language used in this Agreement will in all cases be construed simply according to its fair meaning and not strictly for or against Schwab or IBL. Nothing in this Agreement is intended, nor will it be deemed, to confer any rights or remedies upon any person not a party hereto.

F. Binding on Successors. The covenants, agreements, terms and conditions contained in this Agreement will be binding upon, and will inure to the benefit of, the successors, assigns, heirs and personal representatives of the parties hereto.

G. Validity; Conformity With Applicable Law. Wherever possible, each provision of this Agreement will be interpreted in such manner as to be valid under Applicable Law, but if any provision of this Agreement will be invalid or prohibited under Applicable Law, the provision will be ineffective only to the extent of the prohibition or invalidity without invalidating the remainder of the provision or the remaining provisions of this Agreement. If the provisions of this Agreement provide for periods of notice that are shorter than those required by Applicable Law, or provide for termination, cancellation or grounds for non-renewal other than in accordance with Applicable Law, the provisions will be deemed to be automatically amended to conform them to the provisions of Applicable Law. If any provision of this Agreement is deemed unenforceable by

virtue of its scope in terms of geographic area, prohibited business activity or length of time, but could be enforceable by reducing certain limitations, the provision may be modified by a mediator, arbitrator or court so that it may be enforced to the fullest extent permissible under the choice of law adopted by this Agreement or other Applicable Law.

H. Amendments. No amendment, change, modification or variance to or from the terms and conditions set forth in this Agreement will be binding on any party unless it is set forth in writing and executed: (i) by IBL; and (ii) by any duly authorized officer of Schwab.

I. Schwab's Business Judgment. The parties recognize, and any mediator, arbitrator or judge is affirmatively advised, that certain provisions of this Agreement describe the right of Schwab to take (or refrain from taking) certain actions in its discretion and other actions in the exercise of its reasonable business judgment. Where this Agreement expressly requires that Schwab make a decision based upon Schwab's reasonable business judgment, Schwab is required to evaluate the overall best interests of all Schwab Branches and Schwab's own business interests. If Schwab makes a decision based upon its reasonable business judgment, a mediator, arbitrator or judge will not substitute his or her judgment for the judgment exercised by Schwab. The fact that a mediator, arbitrator or judge might reach a different decision than the one made by Schwab is not a basis for finding that Schwab made its decision without the exercise of reasonable business judgment. Schwab's duty to exercise reasonable business judgment in making certain decisions does not restrict or limit Schwab's right under this Agreement to make other decisions based entirely on Schwab's discretion as permitted by this Agreement. Schwab's discretion means that Schwab may consider any set of facts or circumstances that it deems relevant in rendering a decision.

J. Regulatory Savings Clause. If by reason of a change in Applicable Law any provision of this Agreement is rendered unlawful or impossible to comply with, the rest of the Agreement will remain valid and in effect. IBL and Schwab agree that Schwab will propose an amendment to the affected provision to comply with the change in Applicable Law, and the parties agree to act in good faith to amend the Agreement with respect to that provision in a manner consistent with the parties' overall original intent and the other provisions of the Agreement.

K. Complete Agreement. This Agreement, including all schedules and exhibits attached hereto, and all agreements or documents which by the provisions of this Agreement are expressly incorporated herein or made a part hereof, sets forth the entire agreement between the parties fully superseding any and all prior agreements or understandings between them pertaining to the subject matter hereof. Nothing in this Agreement or in any other agreement related to and entered into pursuant to this Agreement is intended to disclaim the representations that Schwab has made in the FDD delivered to IBL before the Effective Date of this Agreement.

L. Warranty Disclaimer. EXCEPT FOR ANY LIMITED WARRANTY FOR THE SCHWAB TECHNOLOGY SYSTEM PROVIDED IN **SCHEDULE B**, THE SCHWAB SYSTEM, SCHWAB PRODUCTS AND SERVICES, SCHWAB INTELLECTUAL PROPERTY, CONFIDENTIAL MANUALS, SUPPORT SERVICES, AND ANY RELATED SERVICES ARE PROVIDED "AS IS" AND "AS-AVAILABLE," WITH ALL FAULTS, AND WITHOUT WARRANTIES OF ANY KIND. SCHWAB DISCLAIMS ALL OTHER WARRANTIES, EXPRESS AND IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, QUIET ENJOYMENT, QUALITY OF INFORMATION, AND TITLE/NON-INFRINGEMENT. ALL PRODUCTS AND SERVICES OF THIRD-PARTY PROVIDERS ARE PROVIDED AS-IS, WITHOUT WARRANTIES OF ANY KIND. NO ORAL OR WRITTEN INFORMATION OR ADVICE GIVEN BY SCHWAB OR ITS

AUTHORIZED REPRESENTATIVES SHALL CREATE ANY OTHER WARRANTIES OR IN ANY WAY INCREASE THE SCOPE OF SCHWAB'S OBLIGATIONS UNDER THIS AGREEMENT.

M. Covenant and Condition. Each provision of this Agreement performable by IBL will be construed to be both a covenant and a condition.

N. Submission of Agreement. The submission of this Agreement to IBL does not constitute an offer to IBL, and this Agreement will become effective only upon execution by Schwab and IBL.

O. Consent of Spouse. If IBL enters into this Agreement in their individual capacity, IBL's spouse shall execute a Consent of Spouse in the form of **Schedule E**. If IBL becomes married during the Term, IBL shall notify Schwab and IBL's new spouse shall execute a Consent of Spouse in the form of Schedule E.

P. Further Assurances.

Each party agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform the terms, provisions and conditions of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective

Date.

CHARLES SCHWAB & CO, INC. a California corporation	INDEPENDENT BRANCH LEADER
By: _____	_____ [Signature]
Its: _____	_____ [Print Name]

SCHEDULE A

SPECIFIC TERMS OF FRANCHISE

1. IBL's Schwab Branch Market is the following area:

   The geographic areas bounded by United States Postal Service ("**USPS**") zip codes:

_____

_____

_____

2. The street address of the Temporary Location (if applicable) is as follows:

_____

_____

_____

3. The street address of the Approved Location is as follows:

_____

_____

_____

4. The Franchise Fee is: _____
   In accordance with the Preliminary Agreement executed on <<DATE>> the $25,000.00 deposit you paid to secure the Approved Location will be applied to your Franchise Fee. The remaining balance is due 30 days after the Opening Date.

5. Other Fees specific to the Approved Location and Independent Branch:

   The Sublease Rent is: _____

   The Facilities Fee is: _____

   The Association Fee is: _____

   The Branch Hardware and Connectivity Fee is: _____

   The Client Servicing Fee is: _____

   The Insurance Fee is: _____

(These fees are subject to change under the conditions set forth in the Franchise Agreement and the Confidential Manuals.)

CHARLES SCHWAB & CO, INC. a California corporation	INDEPENDENT BRANCH LEADER
By: _____	_____ [Signature]
Its: _____	_____ [Print Name]

SCHEDULE B

TERMS OF USE OF SCHWAB TECHNOLOGY SYSTEM

The provisions of this **Schedule B** are an integral part of the Agreement. The rights and duties of the parties regarding IBL's use of the Schwab Technology System are in addition to the terms and conditions in the body of this Agreement including, without limitation, terms and conditions pertaining to Schwab Intellectual Property. Capitalized terms not otherwise defined in this **Schedule** will have the meanings provided in the Agreement.

1. Definitions.

1.1 "**Additional Terms and Conditions**" means stand-alone disclaimers, licenses, end user agreements, and certain other terms and conditions that may be provided by Schwab or a Third Party Provider to govern IBL's use or access to certain elements of the Schwab Technology System.

1.2 "**Support Services**" means the support and maintenance services, as described below, to be provided by Schwab to IBL in connection with the Schwab Technology System.

1.3 "**Third Party Providers**" means third party licensors, suppliers, and vendors of Schwab that furnish elements of the Schwab Technology System. By way of example only, Third Party Providers provide software, Information, hardware, hosting services, support services, and other elements of the Schwab Technology System.

1.4 "**Information**" means certain financial market data, quotes, news, research, analyst research, reports and opinions or other financial information that has been independently obtained by the Information Providers.

1.5 "**Information Providers**" means certain financial market information services, financial publishers, various securities markets including stock exchanges and their Affiliates, investment bankers and other providers.

1.6 "**Information Transmitters**" means a third party who transmits or otherwise makes available Information.

2. Use of Schwab Technology System. IBL may use the Schwab Technology System solely for purposes of recruiting and servicing Independent Branch Clients and operating the Independent Branch. All use of the Schwab Technology System will be in compliance with the terms of this Agreement, the then-current Confidential Manuals, and Schwab's express written directions. IBL is responsible for ensuring that IB Employees and his or her authorized agents comply with all relevant terms of this Agreement and any failure to comply will constitute a breach by IBL. Except as expressly authorized by this Agreement, IBL will not, and will not allow IB Employees or any other third party to: (i) permit any third party to access or use the Schwab Technology System; (ii) decompile, disassemble, or reverse engineer the Schwab Technology System; (iii) use the Schwab Technology System or any Schwab Confidential Information to develop a competing product or service; (iv) use the Schwab Technology System, or allow the transfer, transmission, export, or re-export of any service or portion thereof, in violation of any export

control laws or regulations administered by the U.S. Commerce Department or any other government agency; (v) remove any copyright, trademark, proprietary rights, disclaimer, or warning notice included on or embedded in any part of the Schwab Technology System, including any screen displays, help menus, etc., or any other products or materials provided by Schwab under this Agreement; or (vi) use any other technology, software, or hardware for operation of the Independent Branch, except to the extent expressly authorized by Schwab in writing. Under no circumstances will Schwab be liable or responsible for any use, or any results obtained by the use, of the Schwab Technology System in conjunction with any services, software, or hardware that are not provided by Schwab. All such use will be at IBL's sole risk and liability.

3. Modifications to the Schwab Technology System. Schwab may, in its sole discretion, periodically modify, replace, alter, or change all or any aspect of the Schwab Technology System. Schwab will use reasonable efforts to provide IBL with notice prior to or promptly following any modification. Schwab and IBL will reasonably cooperate in implementing modifications.

4. Required IBL Technology and Software. Schwab may, in its sole discretion, amend Schedule B periodically to reflect changes in the IBL Required Technology. Unless otherwise agreed in writing by the parties, IBL will be responsible for purchasing and implementing all such changes. There are no frequency or cost limitations on the foregoing.

5. Additional Terms and Conditions. Certain elements of the Schwab Technology System are subject to Additional Terms and Conditions from both Schwab and the Third Party Providers (as further described in Section 3). Schwab will provide IBL with copies or hyperlinks to all Additional Terms and Conditions. Such terms and conditions will be in addition to and cumulative of the terms and conditions provided in this Schedule and the Agreement. In the event of a conflict between this Agreement and the Additional Terms and Conditions, the Additional Terms and Conditions will govern with regard to their subject matter. IBL's use of the Schwab Technology System will constitute IBL's acceptance of all applicable Additional Terms and Conditions. During the Term, IBL may be required to accept modified or further Additional Terms and Conditions in order to continue to use the Schwab Technology System.

6. Third Party Providers. Elements of the Schwab Technology System and related services are provided by Third Party Providers. Schwab may, in its sole discretion, change, replace, remove, or add Third Party Providers at any time, without notice. IBL agrees that the terms and conditions of this Agreement, including any warranty disclaimers and liability disclaimers, inure to the benefit of the Third Party Providers and the Third Party Providers are deemed to be third party beneficiaries of this Agreement, capable of directly enforcing its terms against IBL. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IBL AGREES AS FOLLOWS: (I) THE THIRD PARTY PROVIDERS DISCLAIM ALL WARRANTIES, EXPRESS AND IMPLIED, WITH RESPECT TO THEIR PRODUCTS AND SERVICES, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF NON-INFRINGEMENT, TITLE, MERCHANTABILITY, QUIET ENJOYMENT, QUALITY OF INFORMATION, AND FITNESS FOR A PARTICULAR PURPOSE; (II) IN NO EVENT WILL THE THIRD PARTY PROVIDERS BE LIABLE TO IBL OR ANY THIRD PARTY FOR ANY DIRECT, INDIRECT, PUNITIVE, EXEMPLARY, INCIDENTAL, SPECIAL, OR CONSEQUENTIAL DAMAGES (WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE) ARISING OUT OF THIS

AGREEMENT OR THEIR PRODUCTS AND SERVICES, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSSES; (III) IN ANY EVENT, THE MAXIMUM LIABILITY OF ANY THE THIRD PARTY PROVIDER FOR ALL CLAIMS (WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE) OF EVERY KIND WILL NOT EXCEED ONE HUNDRED DOLLARS ($100.00); AND (IV) IBL WAIVES ANY AND ALL CLAIMS, NOW KNOWN OR LATER DISCOVERED, THAT IT MAY HAVE AGAINST THE THIRD PARTY PROVIDERS OUT OF THIS AGREEMENT AND THEIR PRODUCTS AND SERVICES.

7. Financial Market Information. Schwab does not guarantee or certify the accuracy, completeness, timeliness, or correct sequencing of the Information, the Information Providers or any Information Transmitters. All such Information is provided "as-is" and "as-available." None of Schwab, the Information Providers and the Information Transmitters will be liable in any way for the accuracy, completeness, timeliness, or correct sequencing of the Information, or for any decision made or action taken by IBL or any third party relying upon the Information. Further, none of Schwab, the Information Providers and the Information Transmitters will be liable in any way for the interruption of any data, Information or other aspect of the Schwab Technology System. IBL understands that none of the Information constitutes a recommendation or solicitation that IBL or any third party should purchase or sell any particular security. Schwab does not endorse or approve any of the Information and only makes such Information available as a service and convenience. IBL may not remove any disclaimers, proprietary notices, or other legends from the Information. IBL will only use the Information as specifically directed by Schwab and may not repurpose, modify, or otherwise distribute the Information. Any such uses will constitute a breach of this Agreement.

8. Beta Services. Schwab or the Third Party Providers may designate certain new functionality or services to be made available in connection with the Schwab Technology System as "Beta Services." Such Beta Services will not be ready for use in a production environment. Because they will be at an early stage of development, operation and use of the Beta Services may be unpredictable and lead to erroneous results. IBL acknowledges and agrees that: (i) the Beta Services will be experimental and will not have been fully tested; (ii) the Beta Services may not meet IBL's requirements; (iii) the use or operation of the Beta Services may not be uninterrupted or error free; (iv) IBL's use of the Beta Services will be solely for purposes of evaluating and testing the new functionality and services and providing feedback to Schwab; and IBL will inform IB Employees and other permitted users regarding the nature of the Beta Services. IBL's use of the Beta Services will be subject to all of the terms and conditions set forth herein relating to the Schwab Technology System. IBL will promptly report any errors, defects, or other deficiencies in the Beta Services to Schwab. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, ALL BETA SERVICES ARE PROVIDED "AS-IS" AND "AS- AVAILABLE," WITHOUT WARRANTIES OF ANY KIND. IBL hereby waives any and all claims, now known or later discovered, that IBL may have against Schwab and the Third Party Providers arising out of use of the Beta Services.

9. Support Services. Schwab will provide IBL with reasonable Support Services relating to the Schwab Technology System. Such services will be generally consistent with the then-current level of support and maintenance Schwab provides to Company Managed Branches. Support Services will include telephone support, on-site services, and software and hardware updates. Unless specifically authorized by Schwab

in writing, IBL may not directly contact any Third Party Providers for support or maintenance.

10. Physical and Logical Access Rights. IBL will grant Schwab access to the Independent Branch at all times to perform Support Services and monitor compliance with this Agreement. Schwab will have, and IBL will facilitate, continuous unlimited remote access to the Schwab Technology System and the data stored thereon at the Independent Branch so that Schwab may satisfy its regulatory and business processing requirements and verify compliance with the Agreement.

11. Suspension of Use of Schwab Technology System. Schwab may, in its sole discretion, suspend IBL's access to all or any portion of the Schwab Technology System for any of the following reasons: (i) to prevent damages to, or degradation of, the Schwab Technology System; (ii) to comply with Applicable Law, court or arbitrator order, or other governmental request; (iii) to otherwise protect Schwab from potential liability; or (iv) to address a potential claim for intellectual property infringement. Schwab will use reasonable efforts to provide IBL with notice prior to or promptly following any suspension. Schwab will restore access to the Schwab Technology System as soon as the event giving rise to suspension has been resolved.

12. Limited Warranty. Schwab warrants that it will use reasonable efforts during the Term to remedy any material, repeatable failure of the Schwab Technology System to comply with the then-current Confidential Manuals.

SCHEDULE C

TRANSITIONED CLIENT REVENUE ELECTION

I, _____, the undersigned IBL, hereby elect to accept or decline, beginning on the Effective Date, a 50% adjusted Revenue Amount for Transitioned Clients whom I identify to Schwab pursuant to the Franchise Agreement and in the manner set forth in the Confidential Manuals, in lieu of the adjusted Asset-Based Revenue Amount otherwise set forth in the Franchise Agreement applicable to other categories of Independent Branch Clients.

All capitalized terms in this **Schedule C** have the same meaning assigned to them in the Franchise Agreement executed by the undersigned IBL and Schwab on the Effective Date.

This **Schedule C** is executed on the Effective Date.

☐ Accept ☐ Decline

INDEPENDENT BRANCH LEADER

_____

[Signature]

_____

[Print Name]

SCHEDULE D

ADDRESSES FOR NOTICES

To Schwab	CHARLES SCHWAB & CO., INC. a California corporation 211 Main Street San Francisco, California 94105 Attention: Craig Taucher, Managing Director, Schwab Independent Branch Services Fax: (800) 977-8740 Email Address: craig.taucher@schwab.com
CC:	Daniel Blumenthal Counsel to Schwab Independent Branch Services Email Address: daniel.blumenthal@schwab.com
To IBL:	_____ _____ _____ _____ _____ Fax No.: _____ Email Address: _____

SCHEDULE E

SPOUSAL CONSENT

The undersigned is the spouse of _____, the party identified as "**IBL**" in that certain Franchise Agreement dated _____ ("Franchise Agreement") by and between CHARLES SCHWAB & CO., Inc. a California corporation ("Schwab") and IBL.

I hereby give my consent to my spouse's execution of the Franchise Agreement and agree that the actions and the obligations undertaken by my spouse under the Franchise Agreement shall be binding upon the marital community and any interest I may have in the rights awarded to my spouse by the Franchise Agreement.

I declare that I have had the opportunity to fully and carefully read the Franchise Agreement and to seek the advice of independent counsel with respect to the Franchise Agreement and this consent.

Dated: _____

Signature of Spouse: _____

Print Name: _____

[NAME]

By: _____ By: _____

Its: _____

EXHIBIT D

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	Professional Designations Policies and Procedures:
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	Supervision
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	Total Pages – 25 Web Pages

GRAND TOTAL ~3,501 Web Pages

EXHIBIT E

ASSOCIATION AGREEMENT

Association Agreement

This Association Agreement is entered into by the undersigned employee of an Independent Branch Leader ("IBL") operating an Independent Branch within the Schwab Independent Branch Services network ("IB Employee"). This Association Agreement shall be effective as of the date executed by IB Employee (the "Effective Date") and shall continue in effect until the earliest occurring of the following events: (1) IB Employee leaves the employment of IBL; (2) Charles Schwab & Co., Inc. ("Schwab"), in its sole discretion, revokes IB Employee's Associated Person status (as defined below); or (3) the Franchise Agreement for the Operation of a Schwab Independent Branch entered into between Schwab and IBL (the "Franchise Agreement") is terminated.

In consideration of the opportunity to perform services for IBL related to IBL's Independent Branch, IB Employee hereby agrees as follows:

1) Associated Persons and Registered Representatives.

a) Associated Person. The Financial Industry Regulatory Authority ("FINRA"), the self-regulatory organization of which Schwab is a member, regards IB Employee as an "Associated Person" of Schwab by virtue of the services provided by IB Employee pursuant to his or her employment relationship with IBL that relate to Schwab accounts and Schwab clients and that take place in a Schwab Independent Branch. IB Employee's obligations set forth in Sections 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14 of this Association Agreement result from IB Employee's status as an Associated Person of Schwab.

b) Registered Representative. To the extent that any services provided by IB Employee pursuant to his or her employment relationship with IBL require registration with FINRA, IB Employee will be deemed a "Registered Representative" of Schwab and must acquire and maintain in active status the license(s) required by FINRA. IB Employee will not engage in any activities requiring registration with FINRA without first obtaining such license(s). If IB Employee is, or becomes at any time during the term of this Association Agreement, a Registered Representative of Schwab, IB Employee will be subject to the additional obligations relevant to Registered Representatives set forth in Section 4 of this Association Agreement.

2) Status of IB Employee.

a) Absence of Employment Relationship with Schwab. IB Employee is not, and will not become, an employee, joint venturer or partner of Schwab. Nothing in this Association Agreement or any other document created in connection with IB Employee's employment relationship with IBL shall be interpreted or construed as creating or establishing the relationship of employer and employee between Schwab and IB Employee. Although IB Employee is an Associated Person of Schwab, IB Employee as a third party is subject to the contractual requirements set forth in this Association Agreement. Nothing in the Association Agreement will be interpreted or construed as creating or establishing the relationship of joint employer, co-employer, single employer or any other employment relationship between Schwab and IBL with respect to the IB employee. IBL shall be solely responsible for determining the means and methods for the performance of IB Employee's duties pursuant to the terms of the employment relationship with IBL.

To that end, the IB Employee shall be subject to the terms and conditions of IBL's employment policies. In addition, IBL will procure and maintain workers' compensation coverage, withhold all applicable taxes, and make all state or federal unemployment insurance contributions for the IB Employee sufficient to meet the statutory requirements of every jurisdiction in which IB Employee performs services.

b) No Schwab Employee Benefits. IB Employee is not, has never been, and will not in the future be eligible to enroll for or receive benefits under any employee benefit plan maintained by Schwab, including without limitation any employee pension benefit plan within the meaning of Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), any employee welfare benefit plan within the meaning of Section 3(1) of ERISA, any stock option or stock purchase plan, or any severance benefit plan. IB Employee is not entitled to participate in any other Schwab benefit plan, program, or policy, including but not limited to, any vacation, holiday, sick leave, leave of absence, tuition reimbursement, or any other benefit plan or, program, or policy. In addition, the IB Employee will not be entitled to any coverage for workers' compensation and/or unemployment insurance through Schwab. IB Employee knowingly and voluntarily waives any right to participate in any and all benefits, even if, as a result of a judicial, regulatory or administrative finding, IB Employee is subsequently reclassified as a Schwab employee for periods during which Services were performed pursuant to the terms of the employment relationship with IBL. IB Employee understands that this waiver prohibits IB Employee from later filing a claim for Schwab employee benefits. IB Employee further acknowledges that IB Employee has been encouraged to consult with an attorney regarding this Association Agreement, including this waiver, and that IB Employee fully understands the consequences of this waiver.

3) Confidential Information. "Confidential Information" generally means all information learned by IBL or IB Employee during the term of the Franchise Agreement that is not generally known to the public and readily ascertainable by others through proper means. Confidential Information is deemed to include all information or knowledge that concerns any of the following subject matters that Schwab may disclose to IBL or IB Employee or that IBL or IB Employee may learn about in connection with the Franchise Agreement or this Association Agreement: (i) Schwab or its affiliates' methodologies for designing custom investment strategies, asset allocations and presentation methods; (ii) research regarding Schwab products & services; (iii) the Schwab technology system consisting of the software, hardware and related services provided to IBL pursuant to the Franchise Agreement; (iv) cost, sourcing or vendor information pertaining to the construction, development and furnishing of an Independent Branch and installation of the Schwab technology system; (v) demographic data relevant to the location of Schwab Branches and recruitment, marketing and retention of Schwab clients; (vi) the names, identities, addresses, phone numbers, financial information, portfolio information, transactional history and other identification or profile data of Schwab clients and actively pursued prospective Schwab clients who entrust such information to Schwab, IBL or IB Employee for the purpose of receiving or potentially receiving financial services ("Customer Information"); (vii) revenue, profit performance and financial operating results of Schwab branches generally or of particular locations; (viii) the results of advertising and marketing programs and customer and Schwab client surveys; (ix) information regarding Schwab's relationship with vendors or knowledge about competitors; (x) Schwab's intellectual property; (xi) all information that Schwab treats or is obligated to treat as

confidential, privileged, or for internal use only, whether or not owned by Schwab; and (xii) anything else that could, or does, give Schwab a competitive advantage because it is not generally known to the public or readily ascertainable by others through proper means, whether the information is now known or exists or we acquire or create it in the future. Confidential Information means all information however collected or received in any format including, without limitation, through "cookies," Web bugs or non-electronic means.

4) Restrictions on Use of Confidential Information. Without the prior written consent of Schwab, IB Employee will not use any portion of Schwab Confidential Information for any purpose other than to assist IBL in the performance of the Franchise Agreement for Schwab's benefit. IB Employee further agrees that:

   a) IB Employee will hold Confidential Information of Schwab in the strictest confidence;

   b) IB Employee will not, without Schwab's prior written consent, copy or disclose to any third party any portion of the Confidential Information;

   c) IB Employee will not remove any Confidential Information from the independent branch office operated by the IBL without the IBL's prior express authorization;

   d) IB Employee will notify immediately Schwab and IBL of any unauthorized disclosure or use, and will cooperate to protect all proprietary rights in and ownership of Confidential Information; and

   e) IB Employee will restrict dissemination of Confidential Information to only those persons within or related to the IBL's independent branch office who are directly involved in assisting IBL in the performance of the Franchise Agreement for Schwab's benefit, and who are bound by terms at least as restrictive as the terms set in this Association Agreement.

5) Restrictions on Use of Customer Information. During the term of this Association Agreement and thereafter in perpetuity, IB Employee will not gather, store, or use any Customer Information, in any manner and will not disclose, distribute, sell, share, rent or otherwise transfer any Confidential Information to any third party, except in compliance with the terms of his or her employment with IBL and as required by law or in accordance with (i) the terms of this Association Agreement, (ii) Schwab's privacy policies (including any applicable privacy policies of Schwab's subsidiaries, affiliates and joint ventures) and (iii) all applicable laws (including but not limited to applicable laws related to spamming, privacy, and consumer protection). Without limiting the foregoing, IB Employee acknowledges and agrees that he or she has certain responsibilities under state and federal data security law and regulations, including but not limited to SEC Regulation S-P, and IB Employee represents and warrants that he or she shall comply with such laws and regulations. IB Employee hereby agrees to indemnify and hold harmless Schwab and its affiliates against any damages, losses, liabilities, settlements and expenses (including without limitation costs and attorneys' fees) in connection with any claim or action that arises from an alleged violation of the foregoing this paragraph.

6) The IB Employee's Obligations. During the term of this Association Agreement, the IB Employee:

a) Will conduct his or her business in accordance with the applicable rules and regulations of the Securities and Exchange Commission ("SEC"), FINRA, the National Futures Association ("NFA"), the Commodities Futures Trading Commission ("CFTC"), the Municipal Securities Rulemaking Board ("MSRB"), and state agencies regulating IB Employee's activities.

b) Will be subject to and will abide by all Schwab supervisory policies and procedures (as communicated to IB Employee by Schwab or IBL) applicable to Associated Persons and, as applicable, Registered Persons, including but not limited to the monitoring of his or her activities by Schwab.

c) Shall promptly provide copies of all incoming and outgoing written customer correspondence, including any advertising materials, to Schwab in accordance with Schwab's procedures, as the same may be amended from time totime.

d) Shall not receive any cash payments from customers and shall ensure that all checks from customers are made payable to Schwab.

e) Shall not engage in any outside business activity without prior written notification to, and approval from, IBL and Schwab.

f) Shall not act in any manner as an agent for any individual or entity competitive in any respect with Schwab.

g) Shall promptly notify Schwab of any customer complaint (verbal or written), regulatory inquiry or investigation, or similar matter involving IB Employee.

h) Shall satisfy all FINRA and Schwab continuing education and other training requirements in a timely manner.

i) Shall represent to all customers and potential customers that he or she, as an employee of IBL, is acting as an agent of Schwab, that all customer accounts will be carried by Schwab and that all orders for securities transactions will be placed through Schwab.

j) Shall not make any representation to anyone that he or she is an employee of Schwab.

k) Shall promptly provide such acknowledgements of, and certifications of compliance with, Schwab's policies and procedures as Schwab may require from time to time.

7) Reservation of Rights. All rights not expressly granted by this Association Agreement are retained by Schwab. Nothing contained in this Association Agreement will be construed as granting any rights to IB Employee, by license or otherwise, to use any of Schwab's Confidential Information or intellectual property except as specified in this Association Agreement. IB Employee shall not remove any copyright, trademark, service mark or other proprietary rights notice attached to or included in any Confidential Information furnished by Schwab. IB Employee shall not attempt to reverse-engineer or decompile the binary or object code version of any software provided by Schwab under this Association Agreement.

8) Feedback. IB Employee may provide suggestions, comments or other feedback (collectively, "Feedback") to Schwab with respect to its products and services. Feedback is completely voluntary and not required. Schwab may use Feedback for any purpose without obligation of any kind. To the extent a license is required under IB Employee's intellectual property rights to make use of the Feedback, IB Employee grants Schwab an irrevocable, non-exclusive, perpetual, fully-paid-up, royalty-free, world-wide license to use the Feedback in connection with Schwab's business, including the enhancement of its products and services.

9) Consent to Limited Background Checks and Criminal Warranty. Schwab will conduct limited background checks of IB Employee through credit check, drug test, fingerprint or other criminal background investigation. IB Employee consents to, and agrees to cooperate with, Schwab in performing such background checks. To that end, the IB Employee further agrees that he or she will undertake all action necessary and/or execute any documents required to facilitate such background checks. In the event that IB Employee is charged with or convicted of a crime at any time during the term of this Association Agreement, IB Employee will promptly disclose that information to IBL and Schwab.

10) Consent to Recording. Schwab may monitor and/or record IB Employee's telephone and video conversations, at any time and without prior notification, for purposes including quality control, compliance supervision of the performance of services, and the creation of business transaction records. IB Employee consents to the monitoring and/or recording of his or her telephone and video conversations while using Schwab's computers and electronic communications systems (see Paragraph 12 below).

11) Trading Accounts. As an Associated Person of Schwab, IB Employee agrees to maintain all personal trading accounts under his or her control, whether directly or indirectly (including business and personal accounts), or in which he or she has any beneficial interest, at Schwab during the term of this Association Agreement. In limited circumstances Schwab may permit IB Employee to maintain a trading account at another financial institution. If Schwab grants such permission, IB Employee will arrange for the broker-dealer carrying such account to provide Schwab with copies of trade confirmations and/or account statements from such trading accounts on a monthly basis. IB Employee will also, at Schwab's request, agree to take such further steps, including but not limited to pre-trade clearance of personal securities transactions, as Schwab reasonably believes to be necessary in order for Schwab to fulfill its legal or regulatory obligations.

12) Cooperation with Schwab. IB Employee will cooperate fully with compliance officers, auditors, examiners or regulatory authorities, or others who are conducting authorized examinations, investigations or other reviews of Schwab's records and business practices. IB Employee will respond to authorized requests for information in a timely, responsive and respectful manner.

13) Communication Systems and Access to Information. IB Employee will receive access to Schwab's computers and electronic communications systems ("systems"), including but not limited to voicemail, e-mail, customer databases, and internet and intranet systems. Such systems are intended for legitimate business use related to Schwab's business. IB Employee agrees to the terms, conditions and licensing requirements posted for use of all Schwab systems and software, as amended from time to time. IB Employee acknowledges that he or she does not have any expectation of privacy in the use of or

access to Schwab's systems and that all communications made with such systems or equipment are subject to Schwab's scrutiny, use and disclosure, in Schwab's sole discretion. Schwab reserves the right, for business purposes, to monitor, review, audit, interpret, access, archive and/or disclose materials sent over, received by or from, or stored in any of its electronic systems. This includes, without limitation, email communications sent by users across the internet and intranet from and to the @schwab.com domain or any other domain. This also includes, without limitation, any electronic communication system that has been used to access any of Schwab's systems. Schwab reserves the right to override any security passwords to obtain access to voicemail, email, computer (and software or other applications) and/or computer disks. Schwab also reserves the right to search all work areas (for example, offices, cubicles, desks, drawers, cabinets, computers, computer disks and files) and all personal items brought onto Schwab property or into an Independent Branch or used to access Schwab information or systems. IB Employee understands and agrees that he or she will not forward, store, receive, or download any Customer Information or any information from Schwab's systems to IB Employee's home or personal computer, personal smart phone or other personal electronic device or to any other computer, laptop, smart phone, photographic or imaging system, storage (including internet or "cloud" storage), or other devices, unless specifically approved and authorized in writing by IBL and Schwab.

14) Termination. Upon termination of this Association Agreement:

a) IB Employee shall promptly provide to Schwab, at IB Employee's expense, originals or copies of any business records not previously provided to Schwab, including but not limited to customer account applications, direct business account applications, customer correspondence, prospectus receipts, and handwritten or electronic notes regarding Schwab customer accounts.

b) IB Employee shall cease using the Charles Schwab name, and shall no longer hold himself or herself out as an Associated Person or Registered Representative of Schwab.

c) In the event that IB Employee owes or is likely to owe money to Schwab (as a result of IB Employee's failure to comply with this Association Agreement or any customer complaint, trade error or otherwise), IB Employee agrees to grant Schwab a lien and/or security interest in all non-qualified personal trading accounts maintained by IB Employee at Schwab and further agrees not to transfer or liquidate any such accounts without prior written approval from Schwab.

d) IB Employee shall (i) return or destroy, at the option of Schwab, all originals and copies of all documents and materials containing Schwab Confidential Information; and (ii) deliver or destroy, at the option of Schwab, all originals and copies of all summaries, records, descriptions, modifications, negatives, drawings, adoptions and other documents or materials, whether in writing or in machine-readable form, prepared by it or prepared under its direction or at its request from the documents and materials referred to in (i).

15) No License. This Association Agreement will not be construed as granting or conferring any rights on IB Employee by license or otherwise, expressly or implicitly, to Confidential Information, Customer Information, or any invention, discovery or improvement made, conceived or acquired prior to or after the date of this Association Agreement.

16) No Publicity. During the term of this Association Agreement and at all times after the termination or expiration of this Association Agreement, IB Employee may not make any media release or other public announcement relating to or referring to this Association Agreement without Schwab's prior written consent. IB Employee will not acquire any right to use, and may not use, without Schwab's prior written consent, the terms or existence of this Association Agreement, the names, trade names, trademarks, service marks, artwork, designs, or copyrighted materials, of Schwab, its related or subsidiary companies, parent, employees, directors, shareholders, assigns, successors or licensees: (a) in any advertising, publicity, press release, client list, presentation or promotion; or (b) in any manner other than expressly in accordance with this Association Agreement.

17) No Warranty. ALL CONFIDENTIAL INFORMATION IS PROVIDED "AS IS," AND WITHOUT ANY WARRANTY, WHETHER EXPRESS OR IMPLIED, REGARDING ITS ACCURACY, COMPLETENESS OR PERFORMANCE.

18) Securities Law Compliance. IB Employee acknowledge that Schwab is an affiliate of a publicly traded company and that those with access to information provided under this Association Agreement may be deemed "insiders" for purposes of United States federal and state securities laws.

19) Choice of Law. The parties agree that the governing law of this Association Agreement is the laws of the state in which IBL's Independent Branch is, or was, located, without giving effect to that state's conflict of law principles and those laws will be applied in any dispute involving the construction, interpretation, validity and enforcement of this Association Agreement in any mediation, arbitration or judicial proceeding to resolve all disputes between them, except to the extent the subject matter of the dispute arises exclusively under federal law, in which event the federal law will govern.

20) Successors and Assignment. Schwab shall have the right to assign this Association Agreement to its successors and assigns, and all covenants and agreements hereunder shall inure to the benefit of and be enforceable by said successors and assigns.

21) Equitable Relief. IB Employee agrees and acknowledges that any breach of this Association Agreement would cause Schwab irreparable harm for which monetary damages would be inadequate. Accordingly, Schwab will be entitled to seek injunctive or other equitable relief, without posting of a bond, to remedy any threatened or actual breach of this Association Agreement by IB Employee, as well as monetary damages.

22) Severability. In case any one or more of the provisions contained in this Association Agreement for any reason shall be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of the Association Agreement, but rather the remainder of the Association Agreement shall be construed and/or reformed to make it valid and enforceable to the maximum extent permitted by law.

23) Further Assurances. Each party agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform the terms, provisions and conditions of this Agreement.

24) Entire Agreement of the Parties. This Association Agreement sets forth the complete, sole and entire agreement between the parties hereunder on the subject matter herein and supersedes any and all other agreements, negotiations, discussions, proposals or understandings, whether oral or written, previously entered into, discussed or considered by the parties.

IB Employee has read and fully understands the above terms and conditions, has had an opportunity to review them with an attorney or other professional persons of IB Employee's choice, and acknowledges that he or she is entering into this Association Agreement freely, knowingly, and voluntarily.

IB Employee

By:_____
Name:_____
Date:_____

EXHIBIT F

GENERAL RELEASE

GENERAL RELEASE

This GENERAL RELEASE ("Release") is made as of the ____ day of _____, by the undersigned ("IBL") with reference to the following facts:

A. The undersigned is the Independent Branch Leader under that certain Franchise Agreement dated _____ by and between Charles Schwab & Co., Inc. ("Schwab") and IBL pursuant to which Schwab has granted IBL the non-exclusive, non-transferable, non- sub licensable, non-sub-leasable right and franchise license to use the Schwab System during the Term solely to operate an Independent Branch at the Approved Location subject to the terms and conditions of the Franchise Agreement.

B. This Release is being executed pursuant to the requirements of the Franchise Agreement as a condition of the rights granted by Schwab to IBL, and for other good and valuable consideration, the receipt of which is acknowledged by the parties.

NOW, THEREFORE, IBL AGREES AS FOLLOWS:

1. Definitions. All capitalized terms used in this Release that are not defined in the body of this Release shall have the same meaning assigned to them in the Franchise Agreement and the parties hereby incorporate those definitions by reference.

2. General Release. IBL for himself or herself, and, if applicable, additionally, for IBL's Legal Representative and successors hereby releases and forever discharges Schwab, Schwab's Affiliates, and their respective officers, directors, shareholders, agents, employees, representatives, attorneys, successors and assigns (Schwab, Schwab Affiliates and the individuals described are collectively the "Schwab Parties"), and each of them, from any and all claims, demands, obligations, liabilities, actions, causes of action, suits, proceedings, controversies, disputes, agreements, promises, allegations, costs and expenses, at law or in equity, of every nature, character or description whatsoever, whether known or unknown, suspected or unsuspected or anticipated or unanticipated, which IBL ever had, now has, or may, shall or can hereafter have or acquire (collectively referred to as "Claims"). This Release includes, but is not limited to, all Claims arising out of, concerning, pertaining to or connected with any agreement, tort, statutory violation, representation, nondisclosure, act, omission to act, fact, matter or thing whatsoever, occurring as of or prior to the date of this Release, so that after the date of this Release, neither IBL nor IBL's Legal Representative or successors shall not have any Claims of any kind or nature whatsoever against any of the Schwab Parties, directly or indirectly, or by reason of any matter, cause, action, transaction or thing whatsoever done, said or omitted to have been done or said at any time prior to the date of this Release.

3. Waiver of Unknown Claims. This Release is intended by IBL to (i) be a full and unconditional general release as that phrase is used and commonly interpreted under Applicable Law; and (ii) constitute a full, complete and unconditional general release and final accord and satisfaction, extending to all Claims of any nature, whether or not known, expected or anticipated to exist in favor of IBL or IBL's Legal Representative or successors against the Schwab Parties regardless of whether any unknown, unsuspected or unanticipated Claim would materially affect settlement and compromise of any matter mentioned herein. IBL hereby expressly, voluntarily and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which IBL or IBL's Legal Representative or successors would be entitled under Applicable Law. In making this voluntary express waiver, IBL acknowledges that Claims or facts in addition to or different from those which are now known or believed to exist with respect to the matters

mentioned herein may later be discovered and that it is IBL's intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered Claims or facts.

4. Waiver Of Civil Code Section 1542. To the extent California law applies to this Release, IBL hereby expressly, voluntarily and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which IBL or IBL's Legal Representative or successors would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any Applicable Laws of similar effect to Section 1542, whether now or hereinafter existing under the laws of California or any other applicable federal and state law with jurisdiction over the parties' relationship. IBL acknowledges that Section 1542 of the Civil Code of the State of California provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

5. Dispute Resolution. If any dispute arises out of or concerns this Release, IBL agrees to be bound by the dispute resolution provisions in the Franchise Agreement which are hereby incorporated in this Release by reference.

6. Release Not Admission. IBL understands and agrees that the giving or acceptance of this Release and the agreements contained in this Release will not constitute or be construed as an admission of any liability by any one of the Schwab Parties or an admission of the validity of any Claims made by or against any of the Schwab Parties.

7. Independent Investigation. IBL has read and fully understands the terms and conditions in this Release and has had an opportunity to seek the advice of independent legal counsel before executing this Release.

8. No Prior Assignments. IBL represents and warrants that IBL has not previously assigned or transferred, or attempted to assign or transfer, to any third party any of the Claims which are the subject of this Release, all of such Claims being released.

9. Further Assurances. Each party agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform the terms, provisions and conditions of this Release.

IN WITNESS WHEREOF, IBL has executed this Release on the date first shown above.

SCHWAB:	**IBL:**
CHARLES SCHWAB & CO., INC., a California corporation	**[NAME]**
By: _____ Its: _____	By: _____

EXHIBIT G

SUBLEASE AGREEMENT

SUBLEASE

This Sublease ("Sublease") is made as of _____, 20___ ("Effective Date") by and between CHARLES SCHWAB & CO., INC., a California corporation ("Schwab"), and _____, a married individual ("IBL").

RECITALS

A. _____ ("Master Landlord"), as landlord, and Schwab, as tenant, entered into that certain written Lease Agreement dated _____ (the "Original Lease"), a true and complete copy of which is attached hereto as Exhibit A (as amended, the "Master Lease"), covering the premises described in the Master Lease (the "Master Premises") in that certain building located at _____ (the "Building"). Capitalized terms used in this Sublease but not defined herein shall have the meanings given them in the Master Lease.

B. Schwab, as Franchisor, and IBL, as Franchisee, have entered into that certain Franchise Agreement dated _____ (the "Franchise Agreement"), pursuant to which IBL shall operate IBL's retail securities brokerage, financial services and limited retail banking business in and from the Sublease Premises (defined in Recital C below) in strict accordance with all terms and provisions of the Franchise Agreement and this Sublease.

C. IBL desires to sublease from Schwab all of the Master Premises, described as approximately _____ rentable square feet on the _____ Floor of the Building as shown on Exhibit B attached hereto (the "Sublease Premises") and Schwab desires to sublease the Sublease Premises to IBL on the terms, covenants and conditions contained in this Sublease.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and promises of the parties hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Schwab and IBL agree as follows:

1. SUBLEASE; SUBLEASE SUBJECT TO FRANCHISE AGREEMENT.

1.1 Upon and subject to the terms, covenants and conditions hereinafter set forth and as further set forth in the Franchise Agreement, Schwab hereby subleases to IBL, and IBL hereby subleases from Schwab, the Sublease Premises.

1.2 Sublease Subject to Franchise Agreement. IBL acknowledges and agrees that (i) this Sublease and all of IBL's contractual and possessory rights under this Sublease are subject and subordinate in all respects to the Franchise Agreement, (ii) a default under this Sublease shall constitute a default under the Franchise Agreement and a default under the Franchise Agreement shall constitute a default under this Sublease and (iii) the expiration or termination of the Franchise Agreement for any reason whatsoever shall result in the immediate termination of this Sublease and a termination of all rights of IBL, possessory or otherwise, in and to the Sublease Premises.

2. TERM; POSSESSION.

2.1 Opening Date. The "Opening Date" as defined solely for this Sublease shall be the earlier of the date that is thirty (30) days after the Sublease Premises are delivered to IBL or date IBL opens for business in the Sublease Premises. IBL shall commence business operations in all or a portion of the Sublease Premises with all of the fixtures, trade fixtures, furniture, furnishings, equipment, workstations, workstation computer hardware and peripheral equipment described on Exhibit C attached hereto (collectively, "Personal Property") substantially completed in a good and workmanlike manner by Schwab at Schwab's (and/or Master Landlord's) sole cost and expense, but subject to reimbursement by IBL as set forth in Section 5.1 of this Sublease and otherwise in broom-clean and "AS-IS and WITH ALL FAULTS" condition. Within thirty (30) days after the full execution of the Confirmation Agreement under the Master Lease by Schwab and Master Landlord, Schwab and IBL shall mutually execute a Confirmation Agreement setting forth the Opening Date, Expiration Date, and the Sublease Rent amount under this Sublease in the form attached hereto as Exhibit D.

2.2 Rent Commencement Date. IBL shall commence paying rent for the Sublease Premises on the Opening Date in accordance with the provisions of the Franchise Agreement and this Sublease.

2.3 Term. The term of this Sublease (the "Term") shall commence on the Opening Date and shall terminate on the last day of the month during which the _____ anniversary of the Commencement Date occurs as such date will be memorialized in the Confirmation Agreement, attached hereto as Exhibit D (the "Expiration Date"), unless sooner terminated pursuant to any provision hereof. If IBL abandons or vacates the Sublease Premises prior to the Expiration Date or terminates the Sublease prior to the Expiration Date, IBL shall be liable to Schwab for any and all losses, liabilities, costs and expenses incurred by Schwab as a result thereof, including, without limitation, any sums for which Schwab may be liable to Master Landlord under the Master Lease, and any and all costs and expenses to decommission the Sublease Premises.

2.4 Potential Extension Term(s). If and only if and to the extent that (i) Schwab has the right under express provisions of the Master Lease to extend the term of the Master Lease for _____ extended terms of _____ years each and (ii) IBL has renewed the term of the Franchise Agreement (or entered into a new or modified Franchise Agreement with Schwab), Schwab grants to IBL the right to similarly extend the Term of this Sublease for _____ extended terms of _____ years each (as applicable) in strict accordance with all of the applicable provisions of the Franchise Agreement and all of the following provisions of this Section 2.4. IBL shall notify Schwab in writing of its election to extend the Term on or before thirty (30) days prior to the date on which Schwab is required to notify Master Landlord of Schwab's election to extend the term of the Master Lease for the first extended term or the second extended term, as applicable, but in all events not less than thirteen (13) months before the expiration of the Franchise Agreement nor more than fourteen (14) months prior to the expiration of the Franchise Agreement. IBL's written notice to extend the Term as to each of the first extended term or the second extended term shall be irrevocable when made. IBL shall have no right to extend the Term as to the first extended term or the second extended term, as applicable, if IBL is in default of this Sublease or the Franchise Agreement either (i) at the time of giving written notice of its irrevocable election to extend as to the first extended term or the second extended term or (ii) on the first day of either the first extended term or the second extended term. IBL shall have no right to extend the

Sublease for the second extended term unless IBL has extended the Term of the Sublease for the first extended term. Each of Schwab and IBL acknowledges and agrees that the monthly Sublease Rent for each extended term shall be determined and increased or, in limited situations based on market conditions decreased, pursuant to the provisions of the Master Lease, and that the monthly Sublease Rent under the Master Lease will in all events be determined by market conditions and the fair market rental rate then-prevailing in the locale where the Building and the Sublease Premises are located ("Market Conditions"). Schwab agrees to exercise its commercially reasonable efforts to negotiate with Master Landlord to establish a fair and reasonable fair market base rental rate under the Master Lease for any extended terms based on then-prevailing Market Conditions. Each of Schwab and IBL also acknowledges and agrees that (iii) the portion of the monthly Facilities Fee relating to operating expenses, common area expenses, real estate taxes and assessments, insurance premiums or other customary costs and expenses charged by Master Landlord and imposed on Schwab for the Sublease Premises for each extended term shall be determined by Market Conditions and (iv) that all costs and expenses incurred by Schwab to update the Tenant Improvements as such term is defined in the Master Lease (the "Leasehold Improvements") and Personal Property to Schwab's then- current Appearance and Imaging Standards for each extended term shall be repaid by IBL to Schwab. IBL's rights to extend the Term of this Sublease shall terminate, lapse and be null and void if IBL fails to timely deliver IBL's irrevocable written extension notice or if IBL otherwise fails to comply with each and every condition set forth above in this Section 2.4 or in the Franchise Agreement.

3. MASTER LANDLORD'S CONSENT.

Intentionally deleted.

4. SUBLEASE RENT.

4.1 Subject to Section 2.4, monthly sublease rent ("Sublease Rent") for the Sublease Premises shall be between $_____ and $_____ per month over the entire Term of the Sublease, which Sublease Rent range was agreed upon by IBL in the Franchise Agreement. The exact amount of the Sublease Rent shall be provided by Schwab to IBL and set forth in the Confirmation Agreement. In the event IBL fails to execute the Confirmation Agreement, the Sublease Rent and all other information provided for in the Confirmation Agreement by Schwab shall be deemed conclusive. The Sublease Rent includes rent for the temporary space located at _____, that IBL first occupied on _____.

4.2 Each monthly installment of Sublease Rent shall be paid on the first day each calendar month during the Term by Schwab deducting the Sublease Rent as an offset in calculating IBL's Net Payout (as defined in the Franchise Agreement) for such calendar month in accordance with the terms and procedures set forth in the Franchise Agreement. In addition to the monthly Sublease Rent, IBL agrees to pay the monthly Facilities Fee to Schwab pursuant to Section 5 below and pursuant to the terms of the Franchise Agreement. All rent (which shall include the monthly Sublease Rent and Facilities Fee) and other charges required to be paid or offset under this Sublease and the Franchise Agreement shall be paid to Schwab or deducted from IBL's Net Payout, without prior demand and without any deduction, offset, counterclaim or abatement, in lawful money of the United States of America, at Schwab's address as set forth in the Franchise Agreement or to such other person or to such other address as Schwab may designate in writing from time to time. The demand or receipt by Schwab of any amount to be paid or offset under this Sublease and the Franchise Agreement, whether characterized as

Sublease Rent, the Facilities Fee or otherwise, with knowledge or notice of the breach by IBL of any other covenant, agreement, term, rule, regulation or condition of this Sublease, shall not be deemed a waiver of such breach. IBL agrees that payment by IBL of, or Schwab's receipt of, a lesser amount than the amount required to be paid or offset under this Sublease and the Franchise Agreement, shall not be deemed to be anything other than a payment on account, which payment Schwab may apply or offset against IBL's Net Payout as it sees fit, regardless of any request or designation by IBL as to the items against which the payments are to be applied or offset. IBL shall not place any restrictive endorsements or other statements on any check or other payment, or deliver any writing to Schwab in conjunction with a payment or offset that conditions the payment or offset of any amounts owed by IBL under this Sublease and the Franchise Agreement. IBL agrees that any such endorsement, statement or writing is void, does not constitute an accord and satisfaction, and IBL waives any rights, defenses or remedies granted by law in connection with making such an endorsement, statement or writing. IBL further agrees that Schwab may accept any such check or other payment or offset as if such endorsement, statement or writing was not present, without prejudicing Schwab's right to recover the balance of such amount owed or to pursue any other remedy permitted by this Sublease and the Franchise Agreement. IBL also agrees that Schwab's receipt of, acceptance and deposit of, or offsetting of any amounts owed by IBL under the Sublease following: (i) the giving of any notice of default to IBL; (ii) the commencement of suit against IBL; (iii) the termination of this Sublease and the Franchise Agreement or final judgment for possession of the Sublease Premises; or (iv) the exercise of any other remedy by Schwab, shall not cure the default upon which it is based, reinstate this Sublease or the Franchise Agreement, grant any relief from forfeiture, continue or extend the Term, or otherwise affect Schwab's right to exercise any remedy, including any right to recover possession of the Sublease Premises. IBL's covenant to pay rent or offset rent against IBL's Net Payout shall be independent of every other covenant in this Sublease and the Franchise Agreement.

4.3 If IBL fails to pay or refuses to allow the offset of the Sublease Rent, Facilities Fee or any other charges when the same are due hereunder and under the Franchise Agreement, the unpaid amount will bear interest in accordance with the terms of the Franchise Agreement.

5. FACILITIES FEE.

5.1 Schwab shall deduct on a monthly basis in calculating IBL's Net Payout the fixed monthly Facilities Fee specified in the Franchise Agreement (including, without limitation, (i) all Development Costs (as defined in the Franchise Agreement) which shall include, without limitation, the cost of all Leasehold Improvements and Personal Property constructed and installed by Schwab in the Subleased Premises amortized over the Term of the Sublease and all operating expenses, common area expenses, real estate taxes and assessments, insurance premiums and other customary costs and expenses charged by Master Landlord and imposed upon Schwab for the Sublease Premises) in accordance with the terms of the Franchise Agreement.

6. SECURITY DEPOSIT.

IBL shall not be required to pay any security deposit to Schwab under this Sublease.

7. INCORPORATION OF MASTER LEASE BY REFERENCE; ASSUMPTION.

7.1 IBL acknowledges that IBL has read the Master Lease and is fully familiar with all of the terms and conditions of the Master Lease. All of the Articles, Sections and Exhibits of the Master Lease are incorporated into this Sublease as if fully set forth in this Sublease except that (i) those provisions of the Basic Lease Information in the Lease Summary of the Master Lease set forth in Item (g) (Delivery Date), Item (l) (Base Rent), and Item (m) (Tenant Improvement Allowance) are deleted in their entirety from the Original Lease as incorporated into this Sublease, (ii) Original Lease Sections 3(a) (Base Rent), Section 8 (Alterations), Section 11 (Indemnification), Section 12 (Insurance), Section 15 (Assignment and Subletting), 28(c) (Telecommunication Equipment), 28(d) (Automatic Teller Machines), 28(i) (Right of First Refusal), and 28(j) (Option to Terminate) are deleted in their entirety from the Master Lease as incorporated into this Sublease, (iii) Exhibit 2 (Work Letter) to the Original Lease is deleted in its entirety from the Master Lease as incorporated into this Sublease, (iv) all representations and warranties made by Master Landlord set forth in the Master Lease are made solely by Master Landlord and not by Schwab and (v) any rights of Schwab to expand, contract, cancel or terminate the Master Lease shall not apply to or benefit IBL in any manner whatsoever.

7.2 The term "Landlord" as used in the Master Lease shall refer to "Schwab" hereunder, the term "Tenant" as used in the Master Lease shall refer to "IBL" hereunder, the term "Lease" as used in the Master Lease shall refer to this Sublease and the term "Leased Premises" as used in the Master Lease shall refer to the Sublease Premises described herein. Notwithstanding anything to the contrary contained in this Sublease, Schwab shall not be required to (i) provide any of the insurance, services or construction to the Sublease Premises that Master Landlord may have agreed to provide pursuant to the Master Lease (or as required by law), (ii) provide any utilities (including electricity) to the Sublease Premises that Master Landlord may have agreed to furnish pursuant to the Master Lease (or as required by law), (iii) make any of the repairs that Master Landlord may have agreed to make pursuant to the Master Lease (or as required by law), (iv) take any other action relating to the operation, maintenance, repair, remediation, restoration, rebuilding, alteration or servicing of the Master Premises that Master Landlord may have agreed to provide, furnish, make, comply with, or take, or cause to be provided, furnished, made complied with or taken under the Master Lease, (v) provide any security for the Building or the Sublease Premises (except that Schwab shall install and maintain Schwab's standard alarm system within the Sublease Premises) or (vi) provide IBL with any abatement, rebate, credit, allowance or other concession required of Master Landlord pursuant to the Master Lease. IBL shall not make any claim against Schwab for any damage which may arise by reason of (a) the failure of Master Landlord to keep, observe or perform any of its obligations under the Master Lease or (b) the acts or omissions of Master Landlord or its agents, contractors, employees, invitees or licensees.

7.3 If any provisions of this Sublease expressly conflict with any portion of the Master Lease as incorporated herein, the terms of this Sublease shall govern. Schwab agrees to perform for the benefit of IBL and Master Landlord all of Tenant's express repair and maintenance obligations under the Master Lease, unless due to the fault or negligence of IBL or IBL's agents, employees, invitees and/or licensees, in which event Schwab shall perform the repair and maintenance work at IBL's sole cost and expense.

7.4 In addition to Schwab remaining obligated to perform Tenant's express repair and maintenance obligations under the Master Lease (unless due to the negligence or willful

misconduct of IBL or IBL's agents, employees, invitees or licensees, in which event Schwab will perform the maintenance and repair work at IBL's sole cost and expense), IBL shall be entitled to receive all of the work, services, repairs, repainting, restoration, the provision of utilities, elevator or HVAC services, and the performance of any other obligations required of Master Landlord under the Master Lease with respect to the Sublease Premises or the common areas of the Building (except to the extent any such obligations were not incorporated by reference above in Section 7.1); provided, however, Schwab's sole obligation with respect to Master Landlord's performance of its obligations under the Master Lease shall be to request the same, as requested in writing by IBL. If Master Landlord shall default in any of its obligations to Schwab with respect to the Sublease Premises, Schwab will use reasonable commercial efforts to cause Master Landlord to perform and observe such obligations (except that Schwab shall not be obligated to commence any legal, arbitration or audit proceedings against Master Landlord, or utilize any self-help rights, or make any payment of money or other consideration other than as expressly required of Schwab under the Master Lease), but Schwab shall have no liability for failure to obtain the observance or performance of such obligations by Master Landlord or by reason of any default of Master Landlord under the Master Lease or any failure of Master Landlord to act or grant any consent or approval under the Master Lease, or from any misfeasance or non-feasance of Master Landlord, nor shall the obligations of IBL hereunder be excused or abated in any manner by reason thereof, except as expressly provided in this Sublease.

7.5 IBL shall reasonably cooperate with Schwab as may be required to obtain from Master Landlord any such work, services, repairs, repainting, restoration, the provision of utilities, elevator or HVAC services, or the performance of any of Master Landlord's other obligations under the Master Lease. Except in an emergency which creates an imminent threat of danger to person or property, IBL shall under no circumstances contact Master Landlord directly; all of IBL's desired communications with Master Landlord shall be directed to Master Landlord solely through Schwab. This Sublease shall at all times during the Term remain subject and subordinate to the Master Lease (and to all matters to which the Master Lease is subject and subordinate) and to all modifications and amendments to the Master Lease. Schwab agrees with IBL that so long as IBL is not in default hereunder beyond any applicable notice and/or cure period, Schwab shall not enter into any modification or amendment to the Master Lease which will prevent or materially adversely affect the use by IBL of the Sublease Premises in accordance with the terms of the Sublease, or increase the obligations of IBL or decrease IBL's rights under the Sublease or the Franchise Agreement in any way materially adversely affecting the Sublease.

8. MASTER LEASE.

IBL shall not do or permit to be done anything which would constitute a violation or breach of any of the terms, conditions or provisions of the Master Lease or which would cause the Master Lease to be terminated or forfeited by virtue of any rights of termination or forfeiture reserved by or vested in Master Landlord. If the Master Lease terminates, this Sublease shall terminate and the parties shall be relieved from all liabilities and obligations under this Sublease and the Franchise Agreement, except those that expressly survive termination; except that if this Sublease terminates as a result of a default of one of the parties under this Sublease or the Master Lease, the defaulting party shall be liable to the non-defaulting party for all damage suffered by the non- defaulting party as a result of the termination; provided, however, that in no event shall either party be liable for special, consequential or punitive damages.

IBL and, or IBL's spouse, partner, children, siblings, or parents (including step or by marriage), or other family members of IBL ("IBL Parties") shall not have any direct or indirect ownership or leasehold interest or otherwise, in the Master Lease, except as a subtenant of Schwab nor of the property of which the Building and Master Premises are located, except through the equity ownership in a publicly traded REIT or other publicly traded instrument of which IBL and, or IBL Parties own less than a combined total of five percent (5%) of the outstanding shares.

9. ACCEPTANCE OF SUBLEASE PREMISES "AS IS".

The Sublease Premises shall be delivered to IBL with all Personal Property described on Exhibit C installed in the Sublease Premises as provided in Section 2.1 above. IBL represents and warrants to Schwab that prior to executing this Sublease, IBL has made such investigations as IBL deems appropriate with respect to the suitability of the Sublease Premises for its intended use and has determined that the Sublease Premises are suitable for such intended use.

10. USE; SIGNAGE; PARKING; RELOCATION OF SUBLEASE PREMISES.

10.1 Use. IBL agrees that the Sublease Premises shall be used by IBL solely for retail securities brokerage, financial services and limited retail banking services for Independent Branch Clients (as defined in the Franchise Agreement) under the Schwab Marks utilizing the Schwab Products and Services (as both such terms are defined in the Franchise Agreement) and for no other use, business or purpose whatsoever.

10.2 Signage. Schwab shall at Schwab's sole cost and expense, but subject to reimbursement by IBL as set forth in Section 5.2 of this Sublease, install Schwab's standard exterior and interior signage in and about the Sublease Premises in accordance with Schwab's requirements, subject to applicable laws and codes and the Master Landlord's consent. IBL is prohibited from installing any signage without Schwab's prior written consent.

10.3 Parking. IBL shall be entitled to the parking rights granted by Master Landlord to Schwab with respect to the Sublease Premises (on a pro rata basis to the extent that IBL is subleasing less than the entire Master Premises) at the parking rates (if any) payable by Tenant under the Master Lease.

10.4 Substituted Premises. Schwab reserves the right without IBL's consent, on at least sixty (60) days' prior written notice to IBL, to substitute other sublease premises within the Building or other building in the vicinity of the Building for the Sublease Premises described above, provided that the substituted sublease premises: (i) contain generally the same rentable square footage as the Sublease Premises, (ii) contain reasonably comparable tenant improvements with respect to quality and finishes and (iii) are made available to IBL at the same Sublease Rent and on the same economic terms as specified in this Sublease. Schwab shall pay all reasonable moving expenses of IBL incidental to such substitution of new sublease premises for the Sublease Premises. Such reasonable moving expenses shall be limited to (a) physical movement of IBL's furniture, furnishings, equipment, books and files from the Sublease Premises to the substituted premises, (b) installation and hook-up charges for IBL's telephone and telecommunications equipment, (c) relocation and installation of photocopy and word processing equipment located in the Sublease Premises and (d) a reasonable supply of new stationery and business cards (not

in excess of a sixty (60) day supply), if IBL's stationery and business cards in use at the date of Schwab's notice identify IBL's suite number(s).

11. COMPLIANCE WITH LAWS AND REGULATIONS; PROHIBITED ACTIONS.

11.1 IBL, at IBL's sole cost and expense, shall promptly comply with all local, state or federal laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereinafter be in force, including, without limitation, the Americans with Disabilities Act, 42 U.S.C. § 12 101 *et seq*. and any governmental regulations relating thereto, including, without limitation, any reimbursement to Schwab for alterations required to be made by Schwab arising out of IBL's use of the Sublease Premises for purposes of "public accommodations" under such statute, and similar federal, state and local laws and regulations (collectively, the "ADA"). IBL shall not use or permit the Sublease Premises to be used in any manner nor do any act which would increase the existing rate of insurance on the Building or Master Premises or cause the cancellation of any insurance policy covering the Building or the Master Premises, nor shall IBL permit to be kept, used or sold, in or about the Sublease Premises or the Building, any article which may be prohibited by the standard form of fire insurance policy. IBL shall not during the Term or any extended term (i) commit or allow to be committed any waste upon the Sublease Premises, or any public or private nuisance in or around the Building or the Sublease Premises, (ii) allow any sale by auction upon the Sublease Premises, (iii) place any loads upon the floor, walls, or ceiling of the Sublease Premises which endangers the Building, (iv) use any apparatus, machinery or device in or about the Sublease Premises which will cause any substantial noise or vibration or in any manner damage the Building, (v) place any harmful liquids in the drainage system of the Building or in the soils surrounding the Building or (vi) disturb or unreasonably interfere with other tenants, subtenants and occupants of the Building. If any of IBL's personal office machines or equipment (which were not installed in the Sublease Premises by Schwab) disturb the quiet enjoyment of any other tenant, subtenants and occupants in the Building, then IBL shall provide adequate insulation, or take such other action as may be necessary to eliminate the disturbance, all at IBL's sole cost and expense.

11.2 IBL shall not generate, use, manufacture, keep, store, refine, release, discharge or dispose of any substance or material that is described as a toxic or hazardous substance, waste or material or a pollutant or contaminant by any federal, state or local law, ordinance, rule or regulation now or hereafter in force, as amended from time to time, in any way relating to or regulating human health or safety or industrial hygiene or environmental conditions or pollution or contamination (including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601, *et seq*., the Solid Waste Disposal Act , 42 U.S.C. §§ 6901, *et seq*., the Toxic Substances Control Act, 15 U.S.C. §§ 2601, *et seq*., the Clean Water Act, and 33 U.S.C. §§ 1251, *et seq*., the Carpenter-Presley-Tanner Hazardous Substance Account Act, the Hazardous Waste Control Act, and the Porter-Cologne Water Quality Control Act, all as amended) including, without limitation, PCBs, oil and petroleum products, asbestos and asbestos-containing materials and radioactive materials (collectively, "Hazardous Substances"), on, under or near the Sublease Premises or the Building, except that IBL may use Hazardous Substances in the Sublease Premises that are incidental to general office, retail securities brokerage and financial services use (such as photocopier toner) provided such use is in compliance with laws and prudent business practices. IBL shall not cause or permit any waste material or refuse to be dumped upon or remain upon any part of the Building outside the Sublease Premises, nor shall IBL cause or allow any materials, supplies, equipment, finished products or semi-finished products

or articles of any nature to be stored upon or remain upon the Building outside the Sublease Premises. IBL agrees to indemnify Master Landlord and Schwab against and hold Master Landlord and Schwab harmless from any and all loss, cost, liability, claim, damage, and expense including, without limitation, reasonable attorneys' fees and disbursements, incurred in connection with or arising from the generation, use, manufacture, storage, disposal or release of any Hazardous Substances by IBL or any person claiming through or under IBL or any contractor, agent, employee, visitor, assign or licensee of IBL, on or about the Building throughout the Term.

12. NO ASSIGNMENT AND SUB-SUBLETTING.

IBL has no right to assign this Sublease or to sub-sublease all or any portion of the Sublease Premises without the prior written consent of Schwab, which Schwab may withhold in its sole and absolute discretion, and in compliance with any applicable provisions of the Franchise Agreement.

13. DEFAULTS AND REMEDIES.

13.1 Upon any default by IBL under this Sublease, the Franchise Agreement or the Master Lease, Schwab shall have all rights and remedies available at law or in equity, including, without limitation, all of the rights and remedies described in the Franchise Agreement and in the Master Lease, including Section 20 of the Master Lease (to the extent Section 20 is incorporated into this Sublease pursuant to Section 7.1 above). Any holdover by IBL of any portion of the Sublease Premises beyond the scheduled Expiration Date of this Sublease shall result in the payment of monthly holdover rent equal to One Hundred Twenty-Five Percent (125%) of the amount of Sublease Rent, the Facilities Fee and other charges offset and deducted by Schwab in calculating IBL's Net Payout and/or payable by IBL during the last month of the Sublease Term under this Sublease plus any other sums payable by Schwab pursuant to Section 2(a) of the Master Lease or otherwise. Notwithstanding the foregoing, IBL shall have no right to holdover in any portion of the Sublease Premises without the prior written consent of Schwab.

13.2 IBL's failure to timely pay or allow the offset of Sublease Rent, the Facilities Fee or any other sums due under this Sublease and/or the Franchise Agreement within five (5) days after written notice from Schwab that such amount is due shall constitute an immediate and uncurable default hereunder; provided, however, that Schwab shall be required to give only one such written default notice in any twelve (12) month period, and thereafter IBL's failure to timely pay Sublease Rent, the Facilities Fee or any other sums due under this Sublease and/or the Franchise Agreement on the due date for payment shall constitute an immediate and uncurable default hereunder.

13.3 In the event of a non-monetary default by IBL under this Sublease, IBL shall have the same notice and cure rights provided for in the Master Lease as Schwab would have for a similar default under the Master Lease, except that IBL's time to cure shall not exceed Seventy-Five Percent (75%) of the corresponding time under the Master Lease.

13.4 Schwab shall promptly notify IBL in writing of any default by either Schwab or Master Landlord under the terms and conditions of the Master Lease that affects IBL's rights under this Sublease.

14. ALTERATIONS; PERSONAL PROPERTY.

14.1 IBL shall not make any alterations, additions or improvements (collectively, "Alterations") in or to the Sublease Premises or make changes to locks on doors or add, disturb or in any way change any plumbing, mechanical, electrical, HVAC, life safety or other Building systems or wiring or add any video or audio recording or similar devices without first obtaining the prior written consent of Schwab and Master Landlord, which consent Master Landlord or Schwab may condition or withhold in their sole and absolute discretion. Schwab, and not IBL, shall contact the Master Landlord for any required consent regarding Alterations requested by IBL. Any Alterations made by IBL with the express written consent of both Schwab and Master Landlord shall remain in and be surrendered with the Sublease Premises as a part thereof at the termination of this Sublease, without disturbance, molestation or injury, provided that each of Master Landlord and/or Schwab may require any Alterations (including, without limitation, all cabling and wiring) to be removed upon termination of this Sublease in their sole and absolute discretion. In such event, all expenses to remove said Alterations and to repair and restore the Sublease Premises to normal building standards shall be paid by IBL.

14.2 During the Term of this Sublease, Schwab shall permit IBL to use the Personal Property defined in Section 2.1 above and listed on Exhibit C to this Sublease in its "AS-IS" and "WITH ALL FAULTS" condition. IBL acknowledges and agrees that a portion of the monthly Facilities Fee which is offset by Schwab in calculating IBL's Net Payout is intended to reimburse Schwab for the cost of the Personal Property over the five (5) year Term of this Sublease. The Personal Property shall at all times during the Term remain the sole and exclusive property of Schwab. IBL agrees that all of the Personal Property shall remain within the Sublease Premises during the Term of the Sublease.

15. INDEMNIFICATION.

IBL shall indemnify, defend and hold Schwab and Master Landlord harmless from all claims, damages, losses, liabilities, costs and expenses, including, without limitation, any sums for which Schwab may be liable to Master Landlord under any indemnity or hold harmless in the Master Lease ("Master Lease Indemnity") and reasonable attorneys' fees and costs, arising from: (a) IBL's use of the Sublease Premises or the conduct of its business or any activity, work, or thing done, permitted or suffered by IBL in or about the Sublease Premises, (b) any breach or default in the performance of any obligation to be performed by IBL under the terms of this Sublease (or any consents thereto) or the Franchise Agreement and (c) any act, neglect, fault or omission of IBL or of IBL's employees, if any, or invitees. In case any action or proceeding shall be brought against Schwab by reason of any such claim, IBL upon notice from Schwab shall defend the same at IBL's expense by counsel approved in writing by Schwab. To the fullest extent permitted by law, IBL, as a material part of the consideration to Schwab, hereby assumes all risk of and waives all claims against Schwab with respect to damage to property or injury to persons in, upon or about the Sublease Premises from any cause whatsoever except that which is caused by the failure of Schwab to observe any of the terms and conditions of this Sublease where such failure has persisted for an unreasonable period of time after written notice to Schwab of such failure, provided that in no event shall Schwab be liable for any special, consequential or punitive damages.

16. DAMAGE TO IBL'S PROPERTY.

Notwithstanding anything to the contrary in this Sublease, Master Landlord and Schwab and its and their directors, officers and agents shall not be liable for (a) any damage to any property entrusted to IBL, (b) loss or damage to any such property by theft or otherwise, (c) any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Building or from the pipes, appliances or plumbing work therein or from the roof, street or sub-surface or from any other place or resulting from dampness or any other cause whatsoever, or (d) any damage or loss to the business or occupation of IBL arising from the acts or neglect of other tenants or occupants of, or invitees to, the Building. IBL shall give prompt notice to Schwab and Master Landlord in case of fire or accident in the Sublease Premises or in the Building or of defects therein or in the fixtures or equipment.

17. IBL'S INSURANCE.

17.1 IBL, at IBL's sole cost and expense, shall maintain or cause to be maintained through from and after the date that the Sublease Premises are delivered to IBL and throughout the Term all insurance required to be maintained by IBL under the Franchise Agreement.

(a) Workers' Compensation providing benefits as required by state laws and statutes and Employers' Liability insurance with limits in the amount of One Million Dollars ($1,000,000) each accident, including occupational disease coverage. Policy shall carry waiver of subrogation language in favor of Charles Schwab Corporation and all its subsidiaries and affiliates;

(b) Commercial General Liability insurance with limits of not less than Two Million Dollars ($2,000,000) per occurrence and Four Million Dollars ($4,000,000) in the aggregate, combined single limit for bodily injury, death, and property damage, including personal injury, contractual liability, independent contractors, broad-form property damage, and products and completed operations coverage. IBL's insurance will be primary and any insurance carried by Schwab will be excess and non-contributory. Charles Schwab Corporation and all its subsidiaries and affiliates and all affiliates will be named as an additional insured. Policy will contain waiver of subrogation language in favor of Charles Schwab Corporation and all its subsidiaries and affiliates.

(c) Commercial Automobile Liability insurance with limits of not less than One Million Dollars ($1,000,000) each occurrence combined single limit of liability for bodily injury, death, and property damage, including non-owned and hired automobile coverages, as applicable. Coverage can be provided by an endorsement on the Commercial General Liability policy.

(d) Property Insurance written on a special form cause of loss ("all risk coverage") insuring against direct physical loss or damage to the IBL's personal property. Property insurance will include coverage for business interruption or loss of income with coverage of at least 12 months

(e) Certificates of Insurance. Certificates of Insurance evidencing all coverages described in this Section shall be furnished to Schwab annually and upon request.

(f) Cancellation or Lapse of Insurance. IBL or IBL's insurance carrier shall give thirty (30) days' prior written notice to Schwab of cancellation, non-renewal, or material change in coverage, scope, or amount of any policy.

17.2 IBL hereby waives on behalf of IBL and on behalf of IBL's insurers any and all rights of recovery against Schwab, Master Landlord and the officers, employees, agents and representatives of Schwab or Master Landlord on account of loss or damage occasioned to IBL or IBL's property or the properties of others under IBL's control caused by fire or any of the extended coverage risks described hereunder to the extent that such loss or damage is insured under any insurance policy in force at the time of such loss or damage or required to be carried hereunder. If necessary for its effectiveness, IBL shall give notice to IBL's insurance carrier of the foregoing waiver of subrogation. Schwab hereby waives on behalf of itself and on behalf of its insurers any and all rights of recovery against IBL and IBL's employees on account of damage to the Schwab or its property or the properties of others under its control caused by fire or any of the extended coverage risks described herein to the extent that such loss or damage is insured under any insurance policy in force at the time of such loss or damage or required to be carried hereunder.

18. SERVICES.

Except to the extent expressly provided in this Sublease, Schwab shall not be liable for, and IBL shall not be entitled to any abatement of rent by reason of (a) the failure to furnish or delay in furnishing any of the services when such failure is caused by accident, breakage, repairs, strikes, lockouts or other labor disturbances or labor disputes of any character, or by any other cause, similar or dissimilar, beyond the reasonable control of Schwab or Master Landlord or by the making of any repairs or improvements to the Sublease Premises or to the Building or the Project or (b) the limitation, curtailment, rationing or restrictions on use of water, electricity, gas or any other utility servicing the Sublease Premises or the Building by any utility or governmental agency. IBL shall not connect any electrical equipment to the Building's electrical distribution system which may overload the electrical capacity of the Building or the Sublease Premises. At any time that IBL's use of electricity exceeds a reasonable amount of electricity, as reasonably determined by Schwab or Master Landlord, Schwab shall have the right at any time to install, at IBL's sole cost and expense, an electric current meter in the Sublease Premises or to conduct an electric current usage survey in order to measure the amount of electric current consumed on the Sublease Premises.

19. TIME.

Time is of the essence of this Sublease.

20. RIGHT TO PERFORM.

If IBL shall fail to pay any sum of money required to be paid by IBL hereunder, or shall fail to perform any other act on IBL's part to be performed hereunder, and such failure shall continue for three (3) days after notice thereof by Schwab, Schwab may, but shall not be obligated so to do, and without waiving or releasing IBL from any obligations of IBL, make any such payment or perform any such other act on IBL's part to be made or performed as provided in this Sublease. IBL shall reimburse Schwab for all costs incurred in connection with such payment or performance immediately upon demand.

21. NON-WAIVER.

Neither the acceptance of rent nor any other act or omission of Schwab at any time or times after the happening of any event authorizing the cancellation or forfeiture of this Sublease shall operate as a waiver of any past or future violation, breach or failure to keep or perform any covenant, agreement, term or condition hereof, or deprive Schwab of its right to cancel or forfeit this Sublease, upon the notice required by law, at any time that cause for cancellation or forfeiture may exist, or be construed so as to at any future time prevent Schwab from promptly exercising any other option, right or remedy that it may have under any term or provision of this Sublease.

22. NOTICES.

All notices under this Sublease shall be in writing as follows:

If to Schwab:	Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105 Attn: Managing Director Corporate Real Estate and Charles Schwab & Co., Inc. 9800 Schwab Way Lone Tree, CO 80124 Attn: Corporate Real Estate Lease Administration
If to Master Landlord:	To the Notice Addresses and Addresses set forth in the Master Lease
If to IBL, with a copy to the Sublease Premises After the Opening Date:	_____ _____ _____

or such addresses as may hereafter be designated by either party in writing. Any such notices shall be either sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered when actually delivered; or personally delivered, in which case notice shall be deemed delivered upon receipt.

23. SURRENDER OF SUBLEASE PREMISES.

The voluntary or other surrender of this Sublease by IBL, or a mutual cancellation hereof, shall not work a merger, and shall, at the option of Schwab, operate as an assignment to it of any subleases or subtenancies.

24. GENERAL PROVISIONS.

24.1 Entire Agreement. This Sublease and Exhibits A – D attached hereto contains all of the agreements of the parties, and there are no verbal or other agreements which modify or affect this Sublease. This Sublease and Exhibits A – D attached hereto supersedes any and all

prior agreements made or executed by or on behalf of the parties hereto regarding the Sublease Premises.

24.2 Terms and Headings. The words “Schwab” and” IBL” include the plural as well as the singular, and words used in any gender include all genders. The titles to sections of this Sublease are not a part of this Sublease and shall have no effect upon the construction or interpretation of any part hereof.

24.3 Successors and Assigns. All of the covenants, agreements, terms and conditions contained in this Sublease shall inure to and be binding upon Schwab and IBL and their respective successors and assigns.

24.4 Brokers. IBL represents and warrants to Schwab that IBL has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the execution or delivery of this Sublease and IBL shall indemnify, defend and hold harmless Schwab against any loss, cost, liability or expense incurred by Schwab as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or asserted to have been made by or on behalf of IBL. Schwab represents and warrants to IBL that Schwab has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the execution or delivery of this Sublease and Schwab shall indemnify, defend and hold harmless IBL against any loss, cost, liability or expense incurred by IBL as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Schwab.

24.5 Liability of Schwab. Schwab’s obligations and liability to IBL under this Sublease shall be limited solely to Five Hundred Thousand Dollars ($500,000), and neither Schwab, nor any officer, director, employee or shareholder of Schwab, or any parent, subsidiary or affiliate of Schwab shall have or incur any personal liability whatsoever with respect to this Sublease.

24.6 Severability. Any provision of this Sublease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and the remaining provisions hereof shall nevertheless remain in full force and effect.

24.7 Examination of Sublease. Submission of this instrument for examination or signature by IBL does not constitute a reservation of or option to sublease, and it is not effective as a sublease or otherwise unless and until (a) the execution by and delivery to both Schwab and IBL, and (b) the Master Landlord consents hereto as provided in Section 3 above.

24.8 Recording. Neither Schwab nor IBL shall record this Sublease nor any memorandum hereof without the written consent of the other and any attempt by IBL to do the same shall constitute an immediate and uncurable default by IBL under this Sublease.

24.9 Survival of Obligations. All provisions of this Sublease which require the payment of money or the delivery of property after the termination of this Sublease or require IBL to indemnify, defend or hold Schwab harmless or require Schwab to indemnify, defend or hold IBL harmless shall survive the expiration or earlier termination of this Sublease.

24.10 OFAC List. IBL hereby represents to Schwab that each of IBL and IBL’s employees are not identified on the list of specially designated nationals and blocked persons subject to

financial sanctions that is maintained by the U.S. Treasury Department, Office of Foreign Assets Control and any other similar list maintained by the Office of Foreign Assets Control pursuant to any authorizing United States law, regulation or Executive Order of the President of the United States ("OFAC List") nor is IBL or IBL's employees subject to trade embargo or economic sanctions pursuant to any authorizing United States law, regulation or Executive Order of the President of the United States.

24.11 Nondiscrimination. If applicable, IBL shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity or expression, or national origin. Moreover, these regulations require that covered entities take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity or expression, national origin, protected veteran status or disability. If applicable, Contractor shall also abide by the requirements 41 CFR § 61-300.10 regarding veterans' employment reports and 29 CFR Part 471, Appendix A to Subpart A regarding posting a notice of employee rights.

24.12 Appendices and Riders. The following appendices and riders are attached hereto and by this reference made a part of this Sublease:

EXHIBIT A Master Lease
EXHIBIT B Floor Plan of Sublease Premises
EXHIBIT C Description of Personal Property
EXHIBIT D Confirmation Agreement

IN WITNESS WHEREOF, the parties hereto have executed this Sublease as of the date first above written.

CHARLES SCHWAB & CO, INC. a California corporation	INDEPENDENT BRANCH LEADER
By: _____	_____ [Signature]
Its: Glenn Cooper Senior Vice President Corporate Real Estate	_____ [Print Name]

CONSENT OF SPOUSE

The undersigned, _____ is the spouse of _____, the party identified as "IBL" in that certain Sublease dated _____, 20___, by and between CHARLES SCHWAB & CO., INC., a California corporation.

I hereby give my consent to my spouse's execution of the Sublease and the Confirmation Agreement and agree that the actions and the obligations undertaken by my spouse under the Sublease shall be binding on our marital community and any interest I may have in the rights awarded to my spouse by the Sublease and all obligations and duties agreed to by my spouse under the Sublease.

I declare that I have had the opportunity to read the Sublease fully and carefully, including but not limited to Section 8 of the Sublease, and to seek the advice of independent counsel with respect to the Sublease and this consent.

Date: _____ _____, 20___ _____

_____

EXHIBIT A

MASTER LEASE

EXHIBIT B

FLOOR PLAN OF THE SUBLEASE PREMISES

EXHIBIT C

DESCRIPTION OF PERSONAL PROPERTY

EXHIBIT D

CONFIRMATION AGREEMENT

THIS AGREEMENT is a supplement to the Sublease (the "Sublease"), dated as of the ____ day of _____, 20____, between _____, a married individual ("IBL"), as subtenant and CHARLES SCHWAB & CO., INC., a California corporation ("Schwab"), as sublandlord.

1. Pursuant to the provisions of the Sublease, Schwab and IBL mutually agree that:

2. The Opening Date is agreed to be the ____day of _____, 20____.

3. The Expiration Date is agreed to be the ____day of _____, 20____.

The Sublease Rent is $ _____ per month.

All other terms and conditions of the Sublease are ratified and acknowledged to be unchanged. Agreed and executed this day of _____, 20___.

CHARLES SCHWAB & CO, INC.
a California corporation

By: _____

Its: Glenn Cooper
Senior Vice President
Corporate Real Estate

INDEPENDENT BRANCH LEADER

_____
[Signature]

_____
[Print Name]

CONSENT OF SPOUSE

The undersigned, _____, is the spouse of _____, the party identified as "IBL" in that certain Sublease dated _____, 20____, by and between CHARLES SCHWAB & CO., INC., a California corporation.

I hereby give my consent to my spouse's execution of the Sublease and the Confirmation Agreement and agree that the actions and the obligations undertaken by my spouse under the Sublease shall be binding on our marital community and any interest I may have in the rights awarded to my spouse by the Sublease and all obligations and duties agreed to by my spouse under the Sublease.

I declare that I have had the opportunity to read the Sublease fully and carefully, including but not limited to Section 8 of the Sublease, and to seek the advice of independent counsel with respect to the Sublease and this consent.

Date: _____, 20_____

EXHIBIT H

ADDITIONAL STATE DISCLOSURES AND ADDENDA TO FRANCHISE AGREEMENT

Certain states require a franchisor to register with a state agency in order to offer or sell franchises to residents of the state or for locations in the state. These states are: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON and WISCONSIN.

As a condition of registration in certain of these states, a franchisor must disclose additional information required by the state. In some of the states, you must sign an amendment to the Franchise Agreement. This exhibit includes all of the additional state-specific disclosures and Addenda to Franchise Agreement forms.

CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED WITH THE FRANCHISE DISCLOSURE DOCUMENT.

1. In addition to the information disclosed in Item 3:

Neither Schwab nor any person identified in Item 2 of this Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

2. In addition to the information disclosed in Item 17:

a. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If our Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

b. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

c. The Franchise Agreement does not contain a covenant not to compete that extends beyond the termination of the franchise. However, as part of the overall consideration for the franchise license, you must pay us the Client Transfer Account Purchase Fee that we disclose in **Item 6** of this Franchise Disclosure Document if an Independent Branch Client moves its accounts or some or all of the assets in its accounts from Schwab to follow you or your registered employee(s) to the next financial services firm with which you or they associate (like a broker/dealer or investment adviser). Your liability for the Client Transfer Account Purchase Fee arises if an Independent Branch Client directs us to transfer all or any part of their securities or cash positions in their accounts during the 90 days before, or 543 days after, the termination or expiration of your Franchise Agreement to a financial service firm with which you or any one of your registered employees associates anytime during this time period. You are not liable for a Client Transfer Account Purchase Fee on the assets of Transitioned Clients that you identify to us before your Independent Branch opens if you elect to receive a 50% revenue share for Transitioned Clients in lieu of the higher revenue percentage that applies to Seeded Clients, Reassigned Clients and New-to-Firm Clients.

d. The Franchise Agreement requires binding arbitration under the rules of FINRA for any dispute within the jurisdictional scope of FINRA that is not resolved through mediation. The arbitration will occur at the FINRA offices located closes to your Independent Branch. The losing party shall pay for the arbitrator's fees and other costs of arbitration and must reimburse the prevailing party for its attorneys' fees. For disputes that are not within the jurisdictional scope of FINRA and are not resolved through mediation, the Franchise Agreement requires the parties to submit the dispute to the federal or state courts where the Independent Branch is located.

e. SECTION 31125 OF THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF CORPORATIONS BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

3. The California Franchise Investment Law requires us to make the following disclosure:

(1) "YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A PROSPECTIVE WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTION 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A PROSPECTIVE WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043)."

(2) OUR WEBSITE IS WWW.SCHWAB.COM. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF OUR WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

4. You will need certain licenses in order to engage in the services that we authorize under the Franchise Agreement. You are solely responsible for investigating and complying with all federal and state licensing requirements in order to operate an Independent Branch in California.

HAWAII ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1. THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE IBL, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE IBL.

2. Section 482E-(3) of Hawaii Revised Statutes provides that IBL may be entitled to certain compensation upon termination or refusal to renew the franchise. To the extent this Section is applicable to you, you shall have an interest in the franchise upon termination or refusal to renew as specified therein.

3. No release language set forth in the Franchise Agreement shall relieve Schwab or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

4. Hawaii has a General Excise Tax (“HGET”). If we are responsible for paying a HGET on the Total Revenue Amount earned by your Independent Branch, we will charge you for our HGET liability by deducting the HGET, along with other deductions, in computing your Net Payout as we explain in the Disclosure Document. The HGET tax liability that we pass on to you will not include any income taxes that we own on income that we receive on account of our relationship with you.

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The Attorney General of Illinois requires us to make the following specific disclosures to prospective Illinois franchisees:

1. The Franchise Agreement will not in any way prevent you from you submitting matters to the jurisdiction of the courts of Illinois in accordance with Illinois Franchise Disclosure Act of 1987.

2. The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois Law 815 ILCS 705/19 and705/20.

3. The Illinois Franchise Disclosure Act (815 ILCS Section 705/4) provides that "any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of this State [Illinois] is void provided that a franchise agreement may provide for arbitration in a forum outside of this State [Illinois]."

4. Illinois residents and non-residents who own a franchise located in the State of Illinois will enter into the Illinois Addendum to Franchise Agreement in the form attached to this Exhibit.

5. Illinois law requires us to give you a copy of the Franchise Disclosure Document at least 14 calendar days before you sign the Franchise Agreement or other binding agreement or before we receive any consideration from you, whichever firstoccurs.

FIRST ADDENDUM TO CHARLES SCHWAB & CO., INC. FRANCHISE CONTRACTS FOR THE STATE OF ILLINOIS

This **FIRST ADDENDUM TO FRANCHISE CONTRACTS** ("Addendum") is made and entered into on _____, 20___ by and between **CHARLES SCHWAB & CO.**, **INC.**, a California corporation ("Schwab") and _____ ("IBL"), subject to the following recitals:

R E C I T A L S

A. IBL is a resident of the state of Illinois or a non-resident who is acquiring franchise rights permitting the use of Schwab System and to use Schwab Marks in the conduct of business of offering non-discretionary investment advice to Independent Branch Clients with respect to the purchase and sale of Schwab Products and Services in the State of Illinois.

B. The "Franchise Contracts" covered by this Addendum include all of the following contracts, copies of which are attached as exhibits to the Disclosure Document that Schwab has delivered to IBL, i.e. but not limited to: the Preliminary Agreement; the Franchise Agreement and each contract that is an exhibit to the Franchise Agreement; the Association Agreement, the Sublease Agreement; and the General Release (collectively referred to as the "Franchise Contracts").

C. To the extent that the parties enter into any of the Franchise Contracts now or in the future, they desire to amend the Franchise Contracts in order to conform them to the requirements of Illinois law.

D. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Contracts.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated by the parties as part of their covenants and undertakings.

2. The provisions of the Illinois Franchise Disclosure Act of 1987 (the "Act") shall supersede any provision of the Franchise Contracts which are in conflict with the Act.

3. Illinois law shall be applied to, and govern, any claim between the parties that alleges a violation of the Act.

4. When mediation of a dispute is required under the Franchise Contracts, the Franchise Contracts require that the mediation be held in the city where Schwab maintains its headquarters at the time, which is currently San Francisco, California. Arbitration under the FINRA rules must take place at the FINRA office closest to the Independent Branch. Any litigation or other action brought in connection with a dispute arising out of the Franchise Agreement that is outside the jurisdiction of FINRA shall take place in an appropriate federal or state court in the state where the Independent Branch is located. To the extent that the Franchise Contracts require or permit litigation to be brought in a forum outside of the State of Illinois, the provision shall not be effective for a Franchise Agreement entered into with an Illinois resident for an Independent Branch located in Illinois.

5. The parties agree that the Franchise Contracts, whether now existing or hereinafter entered into by the parties, shall be enforced in accordance with their terms, subject, however, to the terms of this Addendum.

IN WITNESS WHEREOF parties have executed this Addendum on the date first above written.

CHARLES SCHWAB & CO, INC. a California corporation	**IBL:** **[NAME]**
By: _____	
Its: _____	By: _____

INDIANA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The Indiana Securities Division requires the following specific disclosures to be made to prospective Indiana franchisees:

1. Indiana has a statute, the Indiana Deceptive Practices Act (the "Act"), which makes it unlawful for a franchise agreement with an Indiana resident or nonresident who will operate a franchise in Indiana to contain any of the following provisions:

a. Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where the goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute the improper designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute an improper designation. This paragraph does not apply to goods, supplies, inventories, or services that are manufactured or trademarked by, or for, the franchisor.

b. Allowing the franchisor to establish a franchisor-owned business that is substantially identical to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement, or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

c. Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

d. Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for and transmitted to the franchisee.

e. Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by Indiana law or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This paragraph does not apply to arbitration before an independent arbitrator.

f. Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers before the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this paragraph.

g. Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this paragraph includes any material violation of the franchise agreement.

h. Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This paragraph shall not prohibit a franchise agreement from providing that the agreement is not renewable meets certain conditions specified in the agreement.

i. Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three (3) years or in an area greater than the exclusive area granted by the franchise agreement or, in the absence of an exclusive area provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

j. Limiting litigation brought for breach of the agreement in any manner whatsoever.

k. Requiring the franchisee to participate in any (i) advertising campaign or contest; (ii) promotional campaigns; (iii) promotional materials; or (iv) display decorations or materials, in each case at any expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

l. Requiring a franchisee to enter into an agreement providing the franchisor with any indemnification for liability caused by the franchisee's proper reliance on or use of procedures or materials provided by the franchisor or by the franchisor's negligence.

m. Requiring a franchisee to enter into an agreement reserving the right to injunctive relief and any specific damages to the franchisor, limiting the remedies available to either party without benefit of appropriate process or recognizing the adequacy or inadequacy of any remedy under the agreement.

2. It is unlawful for any franchisor who has entered into any franchise agreement with a franchisee who is either a resident of Indiana or a nonresident operating a franchise in Indiana to engage in any of the following acts and practices in relation to the agreement:

a. Coercing the franchisee to:

(1) Order or accept delivery of any goods, supplies, inventories, or services which are neither necessary to the operation of the franchise, required by the franchise agreement, required by law, nor voluntarily ordered by the franchisee.

(2) Order or accept delivery of any goods offered for sale by the franchisee which includes modifications or accessories which are not included in the base price of those goods as publicly advertised by the franchisor.

(3) Participate in an advertising campaign or contest, any promotional campaign, promotional materials, display decorations, or materials at an expense to the franchisee over and above the maximum percentage of gross monthly sales or the maximum absolute sum required to be spent by the franchisee provided for in the franchise agreement; and absent a maximum expenditure provision in the franchise agreement, no such participation may be required; or

(4) Enter into any agreement with the franchisor or any designee of the franchisor, or do any other act prejudicial to the franchisee, by threatening to cancel or fail to

renew any agreement between the franchisee and the franchisor. Notice in good faith to any franchisee of the franchisee's violation of the terms or provisions of a franchise or agreement does not constitute a violation of this paragraph.

a. Refusing or failing to deliver in reasonable quantities and within a reasonable time after receipt of an order from a franchisee for any goods, supplies, inventories, or services which the franchisor has agreed to supply to the franchisee, unless the failure is caused by acts or caused beyond the control of the franchisor.

b. Denying the surviving spouse, heirs, or estate of a deceased franchisee the opportunity to participate in the ownership of the franchise under a valid franchise agreement for a reasonable time after the death of the franchisee, provided that the surviving spouse, heirs, or estate maintains all standards and obligations of the franchise.

c. Establishing a franchisor-owned business that is substantially identical to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement, or if no exclusive territory is designated, competing unfairly with the franchisee within a reasonable area. However, a franchisor shall not be considered to be competing when operating a business either temporarily for a reasonable period of time, or in a bona fide retail operation which is for sale to any qualified independent person at a fair and reasonable price, or in a bona fide relationship in which an independent person has made a significant investment subject to loss in the business operation and can reasonably expect to acquire full ownership of such business on reasonable terms and conditions.

d. Discriminating unfairly among its franchisees or unreasonably failing or refusing to comply with any terms of a franchise agreement.

e. Obtaining money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than compensation for services rendered by the franchisor, unless the benefit is promptly accounted for and transmitted to the franchisee.

f. Increasing prices of goods provided by the franchisor which the franchisee had ordered for retail consumers before the franchisee's receipt of a written official price increase notification. Price increases caused by conformity to a state or federal law, the revaluation of the United States dollar in the case of foreign-made goods or pursuant to the franchise agreement are not subject to this paragraph.

g. Using deceptive advertising or engaging in deceptive acts in connection with the franchise or the franchisor's business.

3. Regardless of anything set forth in the Franchise Agreement, you do not waive any right under Indiana statutes with regard to prior representations made in the Franchise Disclosure Document.

4. The Franchise Agreement is amended to provide that it will be governed and construed in accordance with the laws of the State of Indiana.

5. Each provision of the Franchise Agreement which is unlawful pursuant to the Act is deemed to be amended by the parties to conform with the Act.

6. Indiana residents and non-residents who own a franchise located in the State of Indiana will enter into the Indiana Addendum to Franchise Agreement in the form attached to this Exhibit.

FIRST ADDENDUM TO CHARLES SCHWAB & CO., INC. FRANCHISE CONTRACTS FOR THE STATE OF INDIANA

This **FIRST ADDENDUM TO FRANCHISE CONTRACTS** ("Addendum") is made and entered into on _____, 20___ by and between **CHARLES SCHWAB & CO.**, **INC.**, a California corporation ("Schwab") and _____ ("IBL"), subject to the following recitals:

R E C I T A L S

A. IBL is a resident of the state of Indiana or a non-resident who is acquiring franchise rights permitting the use of Schwab System and to use Schwab Marks in the conduct of business of offering non-discretionary investment advice to Independent Branch Clients with respect to the purchase and sale of Schwab Products and Services in the State of Indiana.

B. The "Franchise Contracts" covered by this Addendum include all of the following contracts, copies of which are attached as exhibits to the Disclosure Document that Schwab has delivered to IBL, i.e. but not limited to: the Preliminary Agreement; the Franchise Agreement and each contract that is an exhibit to the Franchise Agreement; the Association Agreement, the Sublease Agreement; and the General Release (collectively referred to as the "Franchise Contracts").

C. To the extent that the parties enter into any of the Franchise Contracts now or in the future, they desire to amend the Franchise Contracts in order to conform them to the requirements of Indiana law.

D. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Contracts.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated by the parties as part of their covenants and undertakings.

2. The parties expressly agree that to the extent any provision in any of the Franchise Contracts conflicts with the Indiana Deceptive Practices Act (the "Act"), the parties hereby amend the Franchise Contracts to the extent necessary to cause the Franchise Contracts to conform with the Act.

3. The parties expressly agree that (i) no general release given by IBL under any of the Franchise Contracts shall operate to release, assign, waive or extinguish any liability arising under the Act; (ii) no provision in any of the Franchise Contracts shall limit IBL's right to sue in court for violations of the Act; (iii) no provision in any of the Franchise Contracts which is intended to prevent IBL from relying on any statement or representation made before IBL signs any of the Franchise Contracts shall be applied or extend to statements contained in the Franchise Disclosure Document delivered to IBL before IBL's execution of the Franchise Contracts; and (iv) no provision which is found to be a liquidated damages provision under Indiana law shall be enforceable against IBL.

4. Notwithstanding anything to the contrary contained in any of the Franchise Contracts, IBL shall have no duty to indemnify Schwab for any liability that Schwab may sustain as a result of IBL's proper reliance on or use of any of the procedures or materials furnished by Schwab or for liability solely attributable to Schwab's negligence.

5. The parties agree that the Franchise Contracts, whether now existing or hereinafter entered into by the parties, shall be enforced in accordance with their terms, subject, however, to the terms of this Addendum.

IN WITNESS WHEREOF parties have executed this Addendum on the date first above written.

CHARLES SCHWAB & CO, INC.
a California corporation

By: _____

Its: _____

IBL:

[NAME]

By: _____

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following provisions amend anything to the contrary in Item 17 of the Franchise Disclosure Document:

1. A franchisee may sue in Maryland for claims arising under the Maryland Law, except for claims that are required to be submitted to arbitration.

2. Claims arising under the Maryland Law must be brought within 3 years after the grant of the franchise.

3. The provisions in the Franchise Agreement which provide for termination upon IBL's bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

4. The general release that is required as a condition of renewal, sale and/or assignment/transfer of the franchise shall not apply to any liability under the law.

FIRST ADDENDUM TO CHARLES SCHWAB & CO., INC. FRANCHISE CONTRACTS FOR THE STATE OF MARYLAND

This **FIRST ADDENDUM TO FRANCHISE CONTRACTS** ("Addendum") is made and entered into on _____, 20___ by and between **CHARLES SCHWAB & CO., INC.**, a California corporation ("Schwab") and _____ ("IBL"), subject to the following recitals:

R E C I T A L S

A. IBL is a resident of the state of Maryland or a non-resident who is acquiring franchise rights permitting the use of Schwab System and to use Schwab Marks in the conduct of business of offering non-discretionary investment advice to Independent Branch Clients with respect to the purchase and sale of Schwab Products and Services in the State of Maryland.

B. The "Franchise Contracts" covered by this Addendum include all of the following contracts, copies of which are attached as exhibits to the Disclosure Document that Schwab has delivered to IBL, i.e. but not limited to: the Preliminary Agreement; the Franchise Agreement and each contract that is an exhibit to the Franchise Agreement; the Association Agreement, the Sublease Agreement; the General Release and the Closing Acknowledgement (collectively referred to as the "Franchise Contracts").

C. To the extent that the parties enter into any of the Franchise Contracts now or in the future, they desire to amend the Franchise Contracts in order to conform them to the requirements of the Maryland Franchise Registration and Disclosure Law (the "Law").

D. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Contracts.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated by the parties as part of their covenants and undertakings.

2. The general release that is required as a condition of renewal, sale and/or assignment/transfer of the franchise shall not apply to any liability under the Law.

3. All representations requiring a prospective franchisee to assent to a release, estoppel or waiver of any liability are not intended to, nor shall they act as, a release, estoppel or waiver of any liability uncured under the Law.

4. IBL may bring a lawsuit in Maryland for claims arising under the Law, except for claims that are required to be submitted to arbitration.

5. The parties amend any statute of limitations period in the Franchise Contracts to provide that any claims arising under the Law must be brought within 3 years after the effective date of the Franchise Agreement.

6. The Franchise Contracts, whether now existing or hereinafter entered into by the parties, shall be enforced in accordance with their terms, subject, however, to the terms of this Addendum.

IN WITNESS WHEREOF parties have executed this Addendum on the date first above written.

CHARLES SCHWAB & CO, INC. a California corporation	**IBL:** **[NAME]**
By: _____	
Its: _____	By: _____

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

For Minnesota residents and nonresidents owning a franchise to be operated in Minnesota, the applicable sections of the Franchise Disclosure Document are amended to reflect the following wherever appropriate:

1. Schwab will not refuse to renew a franchise for the purpose of converting your business to an operation that will be owned by Schwab or one of our affiliates.

2. Minn. Stat. Sec. 80C.21 declares void any condition, stipulation or provision purporting to bind a person to waive compliance with the Minnesota franchise law (Minn. Stat. sections 80C.01 to 80C.22 and the rules promulgated thereunder ("the Minnesota Act"). To the extent that any of the contracts that you sign with us contain a general release, or require you to sign a general release at a later date, in favor of us or our affiliates, the general release will not operate to extinguish claims arising under, or relieve any person from liability imposed by, the Minnesota Act.

3. The Minnesota Act protects your right to require that the venue of any dispute not subject to binding arbitration be in Minnesota and that Minnesota law govern all contracts with us. It furthermore protects your right to a jury trial. To the extent any contract that you sign with us is inconsistent with the Minnesota Act, the contract shall be modified to conform with the Minnesota Act.

4. If any contract that you sign with us contains procedures for terminating the contract that are inconsistent with the Minnesota Act, the contract shall be modified to add the following:

> "Provided, however, with respect to franchises governed by Minnesota law, Schwab agrees to comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which, as of the date of this Agreement, require, except in certain specified cases enumerated in the referenced statute, that Schwab give IBL a minimum of 90 days' notice of termination (with a minimum of 60 days to cure) and a minimum of 180 days' notice for non-renewal of the franchise agreement."

5. If any contract that you sign with us requires you to consent to our obtaining injunctive relief, the contract shall be amended to provide that, pursuant to Minn. Rule 2860.4400J, IBL cannot give such consent; provided, however, nothing shall prevent us from applying to a forum for injunctive relief.

6. If any contract that you sign with us contain a limitations period for bringing claims against us which is shorter than the limitations period provided under the Minnesota Act, the contract shall be modified to conform to the Minnesota Act.

7. The Minnesota Act requires us to indemnify you from any loss, costs or expenses that you might incur arising out of a third-party challenge to your authorized use of our service marks. Minn. Stat. Sec. 80C.12, Subd. 1(g) considers it unfair for a franchisor not to protect a franchisee's right to use the licensed marks.

8. Minnesota residents and nonresidents owning a franchise to be operated in Minnesota will enter into the Minnesota Addendum to Franchise Agreement in the form attached to this Exhibit.

FIRST ADDENDUM TO CHARLES SCHWAB & CO., INC. FRANCHISE CONTRACTS FOR THE STATE OF MINNESOTA

This **FIRST ADDENDUM TO FRANCHISE CONTRACTS** ("Addendum") is made and entered into on _____, 20___ by and between **CHARLES SCHWAB & CO., INC.**, a California corporation ("Schwab") and _____ ("IBL"), subject to the following recitals:

R E C I T A L S

A. IBL is a resident of the state of Minnesota or a non-resident who is acquiring franchise rights permitting the use of Schwab System and to use Schwab Marks in the conduct of business of offering non-discretionary investment advice to Independent Branch Clients with respect to the purchase and sale of Schwab Products and Services in the State of Minnesota.

B. The "Franchise Contracts" covered by this Addendum include all of the following contracts, copies of which are attached as exhibits to the Disclosure Document that Schwab has delivered to IBL, i.e. but not limited to: the Preliminary Agreement; the Franchise Agreement and each contract that is an exhibit to the Franchise Agreement; the Association Agreement, the Sublease Agreement; and the General Release (collectively referred to as the "Franchise Contracts").

C. To the extent that the parties enter into any of the Franchise Contracts now or in the future, they desire to amend the Franchise Contracts in order to conform them to the requirements of Minnesota law.

D. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Contracts.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated by the parties as part of their covenants and undertakings.

2. The parties agree that any provision in any of the Franchise Contracts that requires IBL to provide Schwab with a general release in violation of the Minnesota Act is illegal and of no force or effect.

3. The parties agree that if any provision in any of the Franchise Contracts requires venue to be in a state other than Minnesota, declares that the laws of a state other than Minnesota shall govern the Franchise Contracts, or requires IBL to waive its right to a jury trial, the applicable provision shall be amended to add the following:

> "Pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, nothing in this Agreement shall in any way abrogate or reduce any rights of IBL under Minnesota Statutes, Chapter 80C, or require IBL to waive his or her right to a jury trial, or require IBL to waive any other rights to any procedure, forum or remedies provided for by Minnesota law."

4. The parties agree that if provision in any of the Franchise Contracts contains procedures for terminating the particular Franchise Contract which are inconsistent with the Minnesota Act, the applicable provision shall be amended to add the following:

> "Provided, however, with respect to franchises governed by Minnesota law, Schwab agrees to comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which, as of the date of this Agreement, require, except in certain specified cases, that Schwab give IBL a minimum of 90 days' notice of termination (with a minimum of 60 days to cure) and a minimum of 180 days' notice for non-renewal of the Franchise Agreement."

5. The parties agree that any provision in any of the Franchise Contracts that requires IBL to consent to Schwab's obtaining injunctive relief is hereby modified to provide that, pursuant to Minn. Rule 2860.4400J, IBL cannot give such consent; provided, however, nothing herein shall prevent Schwab from applying to a forum for injunctive relief.

6. Notwithstanding anything to the contrary in any of the Franchise Contracts, Schwab agrees to defend and indemnify IBL against liability or claims in connection with IBL's authorized use of Schwab Marks. IBL shall not be responsible for the costs of any litigation to protect or defend Schwab Marks unless IBL's unauthorized use of Schwab Marks is the proximate cause of the litigation.

7. If any provision in any of the Franchise Contracts contains a limitations period for bringing claims against Schwab which is shorter than the limitations period provided under the Minnesota Act, the applicable provision is amended to conform to the Minnesota Act.

8. The parties agree that the Franchise Contracts, whether now existing or hereinafter entered into by the parties, shall be enforced in accordance with their terms, subject, however, to the terms of this Addendum.

IN WITNESS WHEREOF parties have executed this Addendum on the date first above written.

CHARLES SCHWAB & CO, INC. a California corporation	**IBL:** **[NAME]**
By: _____	
Its: _____	By: _____

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following information is required by New York's General Business Law (NY Gen. Bus. §680 et seq. (Consol. 2001) ("New York Franchise Law") and supplements the information in this Disclosure Document:

1. Item 3 is supplemented by the following language which is added to the end of the Item:

Except as otherwise provided in Item 3, neither Schwab, its Parent nor any person listed in Item 2 of this Disclosure Document:

A. Has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. In addition, include pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its businessoperations.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

2. In Item 4 is supplemented by the following language which is added to the end of the Item:

Except as disclosed above, neither we nor any of our officers during the 10-year period immediately before the date of the disclosure document: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during

or within 1 year after the officer or general partner of the Franchisor held this position in the company or partnership.

3. In Item 17, the summary accompanying provision (d), with regard to the Franchise Agreement shall be supplemented by the addition of the followinglanguage:

You may terminate the agreement on any grounds available by law.

4. In Item 17, the summary accompanying provision (j) with regard to the Franchise Agreement shall be supplemented by the addition of the following language at the end of the summary:

No assignment will be made except to an assignee who in the good faith judgment of Schwab is willing and able to assume our obligations under your Franchise Agreement.

5. Revisions to the Manual will not unreasonably increase your obligations or place an excessive economic burden on your operations.

6. The New York Franchise Law makes it unlawful for a franchisor to require a franchisee to assent to a release, assignment, novation, waiver or estoppel which would relieve a person from any duty or liability imposed by the New York FranchiseLaw.

7. The provisions in this Addendum are effective only to the extent that the jurisdictional requirements of the New York Franchise Law are met independent of and without reference to this Addendum. This Addendum will have no effect if the jurisdictional requirements of the New York Franchise Law are not met.

NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

North Dakota residents and non-residents who own a franchise located in the State of North Dakota will enter into the North Dakota Addendum to Franchise Contracts in the form which is included as part of this Exhibit amending the franchise contracts that you sign with us to conform the franchise contracts to the requirements of North Dakota law.

ADDENDUM TO CHARLES SCHWAB & CO., INC. FRANCHISE CONTRACTS FOR THE STATE OF NORTH DAKOTA

This **FIRST ADDENDUM TO FRANCHISE CONTRACTS** ("Addendum") is made and entered into on _____, 20__ by and between **CHARLES SCHWAB & CO., INC.**, a California corporation ("Schwab") and _____ ("IBL"), subject to the following recitals:

R E C I T A L S

A. IBL is a resident of the state of North Dakota or a non-resident who is acquiring franchise rights permitting the use of Schwab System and to use Schwab Marks in the conduct of business of offering non-discretionary investment advice to Independent Branch Clients with respect to the purchase and sale of Schwab Products and Services in the State of North Dakota.

B. The "Franchise Contracts" covered by this Addendum include all of the following contracts, copies of which are attached as exhibits to the Disclosure Document that Schwab has delivered to IBL, i.e. but not limited to: the Preliminary Agreement; the Franchise Agreement and each contract that is an exhibit to the Franchise Agreement; the Association Agreement, the Sublease Agreement; and the General Release (collectively referred to as the "Franchise Contracts").

C. To the extent that the parties enter into any of the Franchise Contracts now or in the future, they desire to amend the Franchise Contracts in order to conform them to the requirements of North Dakota law.

D. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Contracts.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated by the parties as part of their covenants and undertakings.

2. The North Dakota Franchise Investment Law (the "Law") identifies certain franchisor practices to violate the Law as being unfair, unjust, or inequitable to franchisees. In order to conform the Franchise Contracts with the requirements of the Law, the parties agree as follows:

a. The Franchise Agreement does not contain a covenant not to compete that extends beyond the termination of the franchise. However, as part of the overall consideration for the franchise license, you must pay us the Client Transfer Account Purchase Fee that we disclose in **Item 6** of this Disclosure Document if an Independent Branch Client moves its accounts or some or all of the assets in its accounts from Schwab to follow you or your registered employee(s) to the next financial services firm with which you or they associate (like a broker/dealer or investment adviser). Your liability for the Client Transfer Account Purchase Fee arises if an Independent Branch Client directs us to transfer all or any part of their securities or cash positions in their accounts during the 90 days before, or 543 days after, the termination or expiration of your Franchise Agreement to a financial service firm with which you or any one of your registered employees associates anytime during this time period. You are not liable for a

Client Transfer Account Purchase Fee on the assets of Transitioned Clients that you identify to us before your Independent Branch opens if you elect to receive a 50% revenue share for Transitioned Clients in lieu of the higher revenue percentage that applies to Seeded Clients, Reassigned Clients and New-to-Firm Clients. There may be court decisions in the State of New York limiting our ability to restrict your activities after the Franchise Agreement has ended.

b. Any provision requiring IBL to agree to the mediation or arbitration of disputes at a location that is remote from the site of IBL's business is not enforceable. The parties shall mutually agree upon the site for any mediation or arbitration required by any of the Franchise Contracts or agree to allow the arbitrator or mediator to select the location. Additionally, the mediation and arbitration shall be governed by the North Dakota Rules of Civil Procedure.

c. Any provision requiring IBL to consent to the jurisdiction of courts outside of North Dakota is not enforceable. All litigation involving IBL shall be conducted in North Dakota.

d. Each of the Franchise Contracts shall be governed by, and construed in accordance with, the laws of the State of North Dakota to the extent required by the Law.

e. Any provision requiring IBL to waive the right to a jury trial or the right to collect exemplary or punitive damages is not enforceable.

f. Any provision requiring IBL to pay all costs and expenses incurred by Schwab in enforcing a Franchise Contract is not enforceable. However, the prevailing party in any enforcement action shall be entitled to recover all costs and expenses, including attorney's fees allowed by the mediator or court in the enforcement action.

g. Any provision requiring IBL to consent to a limitations of claims is not enforceable. The parties agree that the statute of limitations under North Dakota law shall apply to claims arising under the Franchise Contracts.

h. Any provision in any of the Franchise Contracts that requires IBL to provide Schwab with a general release in violation of North Dakota law shall not apply to IBL.

i. Any provision requiring IBL to consent to liquidated damages or termination penalties is not enforceable.

j. Any provision requiring IBL to consent to a waiver of exemplary and punitive damages is not enforceable.

3. The parties agree that the Franchise Contracts, whether now existing or hereinafter entered into by the parties, shall be enforced in accordance with their terms, subject, however, to the terms of this Addendum.

IN WITNESS WHEREOF parties have executed this Addendum on the date first above written.

CHARLES SCHWAB & CO, INC.
a California corporation

By: _____

Its: _____

IBL:

[NAME]

By: _____

RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Under Section 19-28.1-14 of the Rhode Island Franchise Investment Act, a provision in a franchise agreement restricting jurisdiction or venue for litigation to a forum outside of Rhode Island or requiring the application of the laws of another state is void with respect to an otherwise enforceable claim that is not subject to binding arbitration.

Rhode Island residents and non-residents who own a franchise located in the State of Rhode Island will enter into the Rhode Island Addendum to Franchise Agreement in the form attached to this Exhibit.

ADDENDUM TO CHARLES SCHWAB & CO., INC. FRANCHISE CONTRACTS FOR THE STATE OF RHODE ISLAND

This **FIRST ADDENDUM TO FRANCHISE CONTRACTS** ("Addendum") is made and entered into on _____, 20___ by and between **CHARLES SCHWAB & CO., INC.**, a California corporation ("Schwab") and _____ ("IBL"), subject to the following recitals:

R E C I T A L S

A. IBL is a resident of the state of Rhode Island or a non-resident who is acquiring franchise rights permitting the use of Schwab System and to use Schwab Marks in the conduct of business of offering non-discretionary investment advice to Independent Branch Clients with respect to the purchase and sale of Schwab Products and Services in the State of Rhode Island.

B. The "Franchise Contracts" covered by this Addendum include all of the following contracts, copies of which are attached as exhibits to the Disclosure Document that Schwab has delivered to IBL, i.e. but not limited to: the Preliminary Agreement; the Franchise Agreement and each contract that is an exhibit to the Franchise Agreement; the Association Agreement, the Sublease Agreement; and the General Release (collectively referred to as the "Franchise Contracts").

C. To the extent that the parties enter into any of the Franchise Contracts now or in the future, they desire to amend the Franchise Contracts in order to conform them to the requirements of Rhode Island law.

D. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Contracts.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated by the parties as part of their covenants and undertakings.

2. The Rhode Island Franchise Investment Act (the "Act") at Section 19- 28.1-14 provides that "a provision in a franchise agreement restricting jurisdiction or venue for litigation to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The parties agree that to the extent that any provision in any of the Franchise Contracts entered into by the parties are inconsistent with the Act, the provisions of the Act shall control. This provision shall not change the parties' agreement that any mediation proceedings required by the Franchise Agreement take place in the city where Schwab maintains its headquarters at thetime.

3. Rhode Island law shall be applied to, and govern, any claim between the parties that alleges violation of the Act.

4. The parties agree that the Franchise Contracts, whether now existing or hereinafter entered into by the parties, shall be enforced in accordance with their terms, subject, however, to the terms of this Addendum.

IN WITNESS WHEREOF parties have executed this Addendum on the date first above written.

CHARLES SCHWAB & CO, INC.
a California corporation

By: _____

Its: _____

IBL:

[NAME]

By: _____

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Any provision in any of the contracts that you sign with us provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et seq.).

Additional Disclosures. The following statements are added to the information that we disclose in Items 12, Item 17h and 17.0:

1. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

ADDENDUM TO CHARLES SCHWAB & CO., INC. FRANCHISE CONTRACTS FOR THE STATE OF WASHINGTON

This **FIRST ADDENDUM TO FRANCHISE CONTRACTS** ("Addendum") is made and entered into on _____, 20___ by and between **CHARLES SCHWAB & CO., INC.**, a California corporation ("Schwab") and _____ ("IBL"), subject to the following recitals:

R E C I T A L S

A. IBL is a resident of the state of Washington or a non-resident who is acquiring franchise rights permitting the use of Schwab System and to use Schwab Marks in the conduct of business of offering non-discretionary investment advice to Independent Branch Clients with respect to the purchase and sale of Schwab Products and Services in the State ofWashington.

B. The "Franchise Contracts" covered by this Addendum include all of the following contracts, copies of which are attached as exhibits to the Disclosure Document that Schwab has delivered to IBL, i.e. but not limited to: the Preliminary Agreement; the Franchise Agreement and each contract that is an exhibit to the Franchise Agreement; the Association Agreement, the Sublease Agreement; and the General Release (collectively referred to as the "Franchise Contracts").

C. To the extent that the parties enter into any of the Franchise Contracts now or in the future, they desire to amend the Franchise Contracts in order to conform them to the requirements of Washington law.

D. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Contracts.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated by the parties as part of their covenants and undertakings.

2. The parties mutually acknowledge and agree that:

3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

4. RCW 19.100.180 may supersede the franchise agreement in IBL's relationship with Schwab including the areas of termination and renewal of IBL's franchise. There may also be court decisions which may supersede the franchise agreement in IBL's relationship with Schwab including the areas of termination and renewal of IBL'sfranchise.

5. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in

connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

6. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

7. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

8. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

9. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

10. The parties agree that the Franchise Contracts, whether now existing or hereinafter entered into by the parties, shall be enforced in accordance with their terms, subject, however, to the terms of this Addendum.

IN WITNESS WHEREOF parties have executed this Addendum on the date first above written.

CHARLES SCHWAB & CO, INC. a California corporation	**IBL:** **[NAME]**
By: _____	
Its: _____	By: _____

WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The Wisconsin Fair Dealership Law applies to most, if not all franchise agreements and prohibits the termination, cancellation, nonrenewal or substantial change of the competitive circumstances of a dealership agreement without good cause. The Wisconsin Law further provides that at least 90 days prior written notice of the proposed termination, cancellation, nonrenewal or substantial change must be given to the dealer. The Wisconsin Law gives the dealer 60 days to cure the deficiency and if the deficiency is timely cured, the notice is void. The Wisconsin Fair Dealership Law may supersede and control the terms of your relationship with us with respect to these subject matters. To the extent that any provision of any contract that you enter into with us pertaining to your franchise rights is inconsistent with the state law, state law will control.

Wisconsin residents and non-residents who own a franchise located in the State of Wisconsin will enter into the Wisconsin Addendum to Franchise Agreement in the form attached to this Exhibit.

ADDENDUM TO CHARLES SCHWAB & CO., INC. FRANCHISE CONTRACTS FOR THE STATE OF WISCONSIN

This **FIRST ADDENDUM TO FRANCHISE CONTRACTS** ("Addendum") is made and entered into on _____ by and between **CHARLES SCHWAB & CO., INC.**, a California corporation ("Schwab") and _____ ("IBL"), subject to the following recitals:

R E C I T A L S

A. IBL is a resident of the state of Wisconsin or a non-resident who is acquiring franchise rights permitting the use of Schwab System and to use Schwab Marks in the conduct of business of offering non-discretionary investment advice to Independent Branch Clients with respect to the purchase and sale of Schwab Products and Services in the State of Wisconsin.

B. The "Franchise Contracts" covered by this Addendum include all of the following contracts, copies of which are attached as exhibits to the Disclosure Document that Schwab has delivered to IBL, i.e. but not limited to: the Preliminary Agreement; the Franchise Agreement and each contract that is an exhibit to the Franchise Agreement; the Association Agreement, the Sublease Agreement; and the General Release (collectively referred to as the "Franchise Contracts").

C. To the extent that the parties enter into any of the Franchise Contracts now or in the future, they desire to amend the Franchise Contracts in order to conform them to the requirements of Wisconsin law.

D. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Contracts.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated by the parties as part of their covenants and undertakings.

2. The Wisconsin Fair Dealership Law, Wis. Stats. Ch. 135, Sec. 32.06 et seq. (the "Law"), provides certain rights to franchisees, which extend to IBL. In particular, and without limitation, the Law prohibits the termination, cancellation, nonrenewal or substantial change of competitive circumstances (as defined by the Law and by case law) of a dealership or franchise agreement without good cause. The Law further provides that 90 days prior written notice of the proposed termination, cancellation, nonrenewal or substantial change of competitive circumstances must be given to the dealer. The Law allows the dealer 60 days to cure the deficiency and if the deficiency is cured, the notice is void. To the extent that the Law conflicts with any provision of any of the Franchise Contracts, the provisions of the Law shall control.

3. The parties agree that the Franchise Contracts, whether now existing or hereinafter entered into by the parties, shall be enforced in accordance with their terms, subject, however, to the terms of this Addendum.

IN WITNESS WHEREOF parties have executed this Addendum on the date first above.

CHARLES SCHWAB & CO, INC.
a California corporation

By: _____

Its: _____

IBL:

[NAME]

By: _____

EXHIBIT I

FINANCIAL STATEMENTS

CHARLES SCHWAB & CO., INC.

Financial Statements
for the Years Ended December 31, 2021, 2020, and 2019,
and Report of Independent Registered Public Accounting Firm

Deloitte & Touche LLP
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholder and the Board of Directors of Charles Schwab & Co., Inc.

Opinion on the Financial Statements

We have audited the accompanying statements of financial condition of Charles Schwab & Co., Inc. (the "Company") as of December 31, 2021 and 2020 and the related statements of income, cash flows, and changes in stockholder's equity for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the " financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America (U.S.).

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Deloitte & Touche LLP

February 25, 2022

We have served as the Company's auditor since 1976.

Statements of Financial Condition

(In Millions, Except Per Share and Share Amounts)

December 31,	2021	2020
Assets		
Cash and cash equivalents	$ 1,543	$ 3,144
Cash and investments segregated and on deposit for regulatory purposes (including resale agreements of $13,096 and $14,904 at December 31, 2021 and 2020, respectively)	37,203	34,988
Receivables from brokerage clients — net	44,738	30,184
Equipment, office facilities, and property — net	1,649	1,065
Goodwill	1,407	1,407
Acquired intangible assets — net	1,054	1,135
Other assets	8,776	2,996
Total assets	$ 96,370	$ 74,919
Liabilities and Stockholder's Equity		
Payables to brokerage clients	$ 72,751	$ 61,399
Accrued expenses and other liabilities	13,025	5,841
Finance lease liabilities	94	6
Total liabilities	85,870	67,246
Stockholder's equity:		
Preferred stock — 3,000,000 shares authorized; $.10 par value per share; none issued	—	—
Common stock — 7,000,000 shares authorized; $.10 par value per share; 2,823,000 shares issued and outstanding	—	—
Additional paid-in capital	8,289	5,549
Retained earnings	2,211	2,124
Total stockholder's equity	10,500	7,673
Total liabilities and stockholder's equity	$ 96,370	$ 74,919

See Notes to Financial Statements.

Statements of Income

(In Millions)

Year Ended December 31,	2021	2020	2019
Net Revenues			
Asset management and administration fees [1]	$ 2,755	$ 2,318	$ 2,172
Bank sweep and other related-party fees	1,225	1,044	227
Interest revenue	1,227	879	1,328
Interest expense	(281)	(45)	(137)
Net interest revenue	946	834	1,191
Trading revenue	870	740	742
Other	799	319	299
Total net revenues	6,595	5,255	4,631
Expenses Excluding Interest			
Compensation and benefits	3,546	2,957	2,814
Occupancy and equipment	744	639	556
Professional services	662	568	495
Depreciation and amortization	396	348	302
Communications	341	269	223
Advertising and market development	306	282	311
Amortization of acquired intangible assets	81	59	20
Other	466	301	212
Total expenses excluding interest	6,542	5,423	4,933
Income/(Loss) before income tax benefit	53	(168)	(302)
Income tax benefit	(34)	(78)	(103)
Net Income/(Loss)	$ 87	$ (90)	$ (199)

[1] Includes fee waivers of $157 million and $77 million for the year ended December 31, 2021 and 2020.

See Notes to Financial Statements.

Statements of Cash Flows

(In Millions)

Year Ended December 31,	2021	2020	2019
Cash Flows from Operating Activities			
Net income/(loss)	$ 87	$ (90)	$ (199)
Adjustments to reconcile net income to net cash provided by (used for) operating activities:			
Depreciation and amortization	396	348	302
Amortization of acquired intangible assets	81	59	20
Provision (benefit) for deferred income taxes	93	(14)	5
Amortization of deferred incentive compensation costs	69	63	55
Other	195	168	115
Net change in:			
Investments segregated and on deposit for regulatory purposes	(1,865)	(15,668)	(971)
Receivables from brokerage clients	(14,583)	(8,282)	391
Other assets	(5,275)	(14)	(666)
Payables to brokerage clients	11,561	17,480	6,514
Accrued expenses and other liabilities	6,385	1,022	(195)
Net cash provided by (used for) operating activities	(2,856)	(4,928)	5,371
Cash Flows from Investing Activities			
Purchases of equipment, office facilities, and property	(805)	(414)	(324)
Cash acquired in USAA-IMCO acquisition, net of cash paid	—	2,811	—
Cash paid in asset acquisition	—	(51)	—
Other investing activities	4	—	48
Net cash provided by (used for) investing activities	(801)	2,346	(276)
Cash Flows from Financing Activities			
Capital contribution from The Charles Schwab Corporation	2,744	1,170	1,800
Proceeds from (repayment of) subordinated borrowings	—	—	(185)
Cash received from common control transfer with Charles Schwab Futures	—	222	—
Cash paid for stock compensation taxes by directly withholding shares	(105)	(37)	(40)
Repayment of finance lease liabilities	(22)	—	(1)
Other financing activities	1	—	—
Net cash provided by (used for) financing activities	2,618	1,355	1,574
Increase (Decrease) in Cash and Cash Equivalents, including Amounts Restricted	(1,039)	(1,227)	6,669
Cash and Cash Equivalents including Amounts Restricted at Beginning of Year	18,196	19,423	12,754
Cash and Cash Equivalents including Amounts Restricted at End of Year	$ 17,157	$ 18,196	$ 19,423
Supplemental Cash Flow Information			
Non-cash investing activity:			
Additions of equipment, office facilities, and property	$ 107	$ 102	$ 2
Non-cash financing activity:			
Extinguishment of finance lease obligation through an assignment agreement	$ —	$ —	$ 52
Other Supplemental Cash Flow Information			
Cash received/paid during the year:			
Interest	$ 252	$ 45	$ 136
Tax refund received from The Charles Schwab Corporation	$ 17	$ 48	$ 132
Amounts included in the measurement of lease liabilities	$ 159	$ 160	$ 133
Leased assets obtained in exchange for new operating lease obligations	$ 81	$ 160	$ 97
Leased assets obtained in exchange for new finance lease obligations	$ 109	$ 7	$ 87
Reconciliation of cash, cash equivalents and amounts reported within the statement of financial condition [1]			
Cash and cash equivalents	$ 1,543	$ 3,144	$ 3,337
Restricted cash and cash equivalents amounts included in cash and investment segregated and on deposit for regulatory purposes	15,614	15,052	16,086
Total cash and cash equivalents, including amounts restricted shown in the statement of cash flows	$ 17,157	$ 18,196	$ 19,423

[1] For more information on the nature of restrictions on restricted cash and cash equivalents, see Note 18.

See Notes to Financial Statements.

Statements of Changes in Stockholder's Equity

(In Millions, Except Common Stock Amounts)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Total
	Shares	Amount			
Balance at December 31, 2018	2,823,000	$ —	$ 2,532	$ 2,413	$ 4,945
Net income/(loss)	—	—	—	(199)	(199)
Capital contribution from The Charles Schwab Corporation	—	—	1,800	—	1,800
Balance at December 31, 2019	2,823,000	$ —	$ 4,332	$ 2,214	$ 6,546
Net income/(loss)	—	—	—	(90)	(90)
Common control transfer [1]	—	—	47	—	47
Capital contribution from The Charles Schwab Corporation	—	—	1,170	—	1,170
Balance at December 31, 2020	2,823,000	$ —	$ 5,549	$ 2,124	$ 7,673
Net income/(loss)	—	—	—	87	87
Common control transfer [1]	—	—	(4)	—	(4)
Capital contribution from The Charles Schwab Corporation	—	—	2,744	—	2,744
Balance at December 31, 2021	2,823,000	$ —	$ 8,289	$ 2,211	$ 10,500

[1] See Note 15 for additional information.

See Notes to Financial Statements.

1. Organization and Nature of Business

Charles Schwab & Co., Inc. ("CS&Co," "we," "us," "our," or "the Company") is a wholly-owned subsidiary of Schwab Holdings, Inc., a wholly-owned subsidiary of The Charles Schwab Corporation (CSC). CSC engages, through its subsidiaries (collectively referred to as "Schwab"), in wealth management, securities brokerage, banking, asset management, custody, and financial advisory services. CS&Co is a securities broker-dealer with over 350 domestic branch offices in 48 states and the District of Columbia, as well as a branch in Puerto Rico. In addition, CS&Co serves clients in the United Kingdom and Hong Kong through other subsidiaries of CSC.

The Company is registered as a broker-dealer with the United States Securities and Exchange Commission (SEC or Commission), the fifty states, the District of Columbia, Puerto Rico, the United States (U.S.) Virgin Islands, and as a registered investment advisor with the SEC. Much of the regulation of broker-dealers has been delegated to self-regulatory organizations. CS&Co is a member of various self-regulatory organizations and exchanges including the Financial Industry Regulatory Authority, Inc. (FINRA), the Municipal Securities Rulemaking Board (MSRB), the Nasdaq Stock Market, Cboe EDGX and the Members Exchange, LLC (MEMX). In addition to the SEC, our primary regulators are FINRA and the MSRB for municipal securities.

2. Summary of Significant Accounting Policies

Basis of presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) in the U.S., which require management to make certain estimates and assumptions that affect the reported amounts in the accompanying financial statements. Certain estimates relate to taxes on income, legal and regulatory reserves, and fair values of assets acquired and liabilities assumed, as well as goodwill recognized, in business combinations. Actual results may differ from these estimates.

Revenue recognition

Asset management and administration fees

The majority of asset management and administration fees are generated through our proprietary and third-party mutual fund and exchange-traded funds (ETFs) offerings, as well as fee-based advisory solutions. Mutual fund and ETF service fees are charged for investment management, shareholder and administration services provided to Schwab Funds® and Schwab ETFs™, as well as recordkeeping, shareholder, and administration services provided to third-party funds. Advice solutions fees are charged for brokerage and asset management services provided to advice solutions clients. Both mutual fund and ETF service fees and advice solutions fees are earned and recognized over time. Fees are generally based on a percentage of the daily value of assets under management and are collected on a monthly or quarterly basis. Asset management and administration fees are recognized net of fees CS&Co collects on behalf of affiliated entities.

Bank sweep and other related-party fees

Bank sweep and other related-party fees consists primarily of the cash feature CS&Co offers for certain brokerage accounts that automatically sweeps uninvested cash balances in client brokerage accounts to deposit accounts at Charles Schwab Bank, SSB, Charles Schwab Premier Bank, SSB, and Charles Schwab Trust Bank, bank subsidiaries of CSC (collectively, the affiliated banks). The affiliated banks pay interest to customers on these deposit accounts, and the accounts are Federal Deposit Insurance Corporation (FDIC)-insured up to specified limits. The affiliated banks pay CS&Co a per account, monthly, flat fee for administrative services in support of the operation of the bank sweep program. See Note 14 for additional information.

Net interest revenue

Net interest revenue is not within the scope of Accounting Standards Codification (ASC) 606 *Revenue From Contracts With Customers* (ASC 606), because it is generated from financial instruments covered by various other areas of GAAP. Net interest revenue is the difference between interest generated on interest earning assets and interest paid on funding sources. Our primary interest earning assets include segregated cash and investments and margin loans. Fees earned and incurred on securities

borrowing and lending activities, which are conducted by CS&Co on assets held in client brokerage accounts or through an intercompany services agreement with TD Ameritrade Clearing, Inc. (TDAC), are also included in interest revenue and expense.

Trading revenue

Trading revenue is primarily generated through commissions earned for executing trades for clients in individual equities, options, fixed income securities, and certain third-party mutual funds and exchange-traded funds (ETFs), as well as order flow revenue. In late 2019, CS&Co eliminated online trading commissions for U.S. and Canadian listed stocks and ETFs, as well as the base charge on options. Commissions revenue is earned when the trades are executed and collected when the trades are settled. Order flow revenue is comprised of rebate payments received from execution venues to which CS&Co sends equity and option orders. Order flow revenue is recognized when the trades are executed and is collected on a monthly or quarterly basis.

Other revenue

Other revenue includes fees from affiliates, proxy service fees, exchange processing fees, and other service fees. Proxy service fees are earned when proxy materials are provided to clients on behalf of registrants and proxy solicitation services are rendered to registrants. Proxy service fees are recognized as services are provided and are generally collected monthly. Exchange processing fees are charged to clients to offset the exchange processing fees imposed on the Company by third-parties. Exchange processing fees are earned and collected when a trade is executed and are recognized gross of amounts remitted to the third-parties, which are included in other expenses. See Note 15 for additional information regarding revenue from services provided to affiliates.

Unsatisfied performance obligations

We do not have any unsatisfied performance obligations other than those that are subject to an elective practical expedient under ASC 606. The practical expedient applies to and is elected for contracts where we recognize revenue at the amount to which we have the right to invoice for services performed.

Cash and cash equivalents

The Company considers all highly liquid investments that mature in three months or less from the time of acquisition and that are not segregated and on deposit for regulatory purposes to be cash and cash equivalents. Cash and cash equivalents include money market funds and deposits with banks.

Cash and investments segregated and on deposit for regulatory purposes

Pursuant to Rule 15c3-3 of the Securities Exchange Act of 1934 (Customer Protection Rule) and other applicable regulations, CS&Co maintains cash or qualified securities in segregated reserve accounts for the exclusive benefit of clients. Cash and investments segregated and on deposit for regulatory purposes include securities purchased under agreements to resell (resale agreements), which are collateralized by U.S. Government and agency securities. Resale agreements are accounted for as collateralized financing transactions that are recorded at their contractual amounts plus accrued interest. Under these resale agreements, the Company obtains collateral with a market value equal to or in excess of the principal amount loaned and the interest accrued. Collateral is valued daily by the Company, with additional collateral obtained to ensure full collateralization. Cash and investments segregated also include certificates of deposit and U.S. Government securities. Certificates of deposit and U.S. Government securities are recorded at fair value and unrealized gains and losses are included in earnings.

CS&Co applies the practical expedient based on collateral maintenance provisions under ASC 326, *Financial Instruments – Credit Losses* (ASC 326) in estimating an allowance for credit losses for resale agreements. This practical expedient can be applied for financial assets with collateral maintenance provisions requiring the borrower to continually adjust the amount of the collateral securing the financial assets as a result of fair value changes in the collateral. In accordance with the practical expedient, when the Company reasonably expects that borrowers (or counterparties, as applicable) will replenish the collateral as required, there is no expectation of credit losses when the collateral's fair value is greater than the amortized cost of the financial asset. If the amortized cost exceeds the fair value of collateral, then credit losses are estimated only on the unsecured portion.

Receivables from and payables to brokerage clients

Receivables from brokerage clients include margin loans to securities brokerage clients and other trading receivables from clients. Margin loans are collateralized by client securities and are carried at the amount receivable, net of an allowance for credit losses. Collateral is required to be maintained at specified minimum levels at all times. The Company monitors margin levels and requires clients to provide additional collateral, or reduce margin positions, to meet minimum collateral requirements if the fair value of the collateral changes. CS&Co applies the practical expedient based on collateral maintenance provisions in estimating an allowance for credit losses for margin loans. An allowance for credit losses on unsecured or partially secured receivables from brokerage clients is estimated based on the aging of those receivables. Unsecured balances due to confirmed fraud are reserved immediately. The Company's policy is to charge off any delinquent margin loans, including the accrued interest on such loans, no later than at 90 days past due. Accrued interest charged off is recognized as credit loss expense and is included in other expenses in the statements of income. Clients with margin loans have agreed to allow the Company to pledge collateralized securities in accordance with federal regulations. The collateral is not reflected in the statements of financial condition.

Other securities owned at fair value

Securities owned are included in other assets on the statements of financial condition and recorded at fair value based on quoted market prices or other observable market data. Unrealized gains and losses are included in earnings. Client-held fractional shares are included in other securities owned for client positions for which off-balance sheet treatment pursuant to ASC 940 *Financial Services – Brokers and Dealers* is not applicable and the derecognition criteria in ASC 860 Transfers and Servicing, are not met. These client-held fractional shares have related repurchase liabilities that are accounted for at fair value with unrealized gains and losses included in earnings. See Fair values of assets and liabilities below in this Note 2 for further information on these repurchase liabilities.

Securities borrowed and securities loaned

Securities borrowed transactions require the Company to deliver cash to the lender in exchange for securities; the receivables from these transactions are included in other assets on the statements of financial condition. For securities loaned, the Company receives collateral in the form of cash in an amount equal to or greater than the market value of securities loaned; the payables from these transactions are included in accrued expenses and other liabilities on the statements of financial condition. The market value of securities borrowed and loaned is monitored, and collateral is adjusted to ensure full collateralization. Fees received or paid are recorded in interest revenue or interest expense. CS&Co applies the practical expedient based on collateral maintenance provisions in estimating an allowance for credit losses for securities borrowed receivables.

Equipment, office facilities, and property

Equipment, office facilities, and property are recorded at cost net of accumulated depreciation and amortization, except for land, which is recorded at cost. Equipment, office facilities, and property include certain capitalized costs of acquired or internally developed software. Costs for internally developed software are capitalized when the costs relate to development of approved projects for our internal needs that result in additional functionality. Costs related to preliminary project and post-project activities are expensed as incurred. Equipment, office facilities, and property (other than land) are depreciated on a straight-line basis over their estimated useful lives. Estimated useful lives are as follows:

All equipment types and furniture	3 to 10 years
Buildings	40 years
Building and land improvements	20 years
Software	3 to 10 years [(1)]
Leasehold improvements	Lesser of useful life or lease term

[(1)] Amortized over contractual term if less than three years.

Equipment, office facilities, and property are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

Goodwill

Goodwill is not amortized but is tested for impairment annually or whenever indications of impairment exist. Impairment exists when the carrying amount of a reporting unit exceeds its estimated fair value, resulting in an impairment charge for this excess, with the maximum charge limited to the carrying value of goodwill allocated to that reporting unit. Our annual impairment testing date is April 1st. The Company can elect to qualitatively assess goodwill for impairment if it is more likely than not that the fair value of a reporting unit exceeds its carrying value. A qualitative assessment considers macroeconomic and other industry-specific factors, such as trends in short-term and long-term interest rates and the ability to access capital, and Company specific factors such as market capitalization in excess of net assets, trends in revenue generating activities, and merger or acquisition activity.

If the Company elects to bypass qualitatively assessing goodwill, or it is not more likely than not that the fair value of a reporting unit exceeds its carrying value, management estimates the fair value of the Company's reporting unit (defined as the Company's businesses for which financial information is available and reviewed regularly by management) and compares it to its carrying value. The estimated fair value of the reporting unit is established using an income approach based on a discounted cash flow model that includes significant assumptions about the future operating results and cash flows of the reporting unit, as well as a market approach which compares the reporting unit to comparable companies in its industry.

Intangible assets

Finite-lived intangible assets are amortized over their useful lives in a manner that best reflects their economic benefit. All intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Intangible assets acquired in a business combination are recognized at their estimated fair values as of the date of acquisition.

Leases

The Company primarily has operating leases for corporate offices, branch locations, and server equipment and determines if an arrangement is a lease at inception. Leases with an initial term of 12 months or less are not recorded on the statements of financial condition; we recognize lease expense for these leases on a straight-line basis over the lease term. The Company has also elected to not record leases acquired in a business combination on the statements of financial condition if the remaining term as of the acquisition date is 12 months or less. Right-of-use (ROU) assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The lease liability may include payments that depend on a rate or index (such as the Consumer Price Index), measured using the rate or index at the commencement date. Payments that vary because of changes in facts or circumstances occurring after the commencement date are considered variable. These payments are not recognized as part of the lease liability and are expensed in the period incurred. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The amortization of finance lease ROU assets and the interest expense on finance lease liabilities are recognized over the lease term. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

We have lease agreements with lease and non-lease components. For the majority of our leases (real estate leases), the Company has elected the practical expedient to account for the lease and non-lease components as a single lease component. We have not elected the practical expedient for equipment leases and account for lease and non-lease components separately for those classes of leases.

As the rates implicit in our leases are not readily determinable, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Our lease terms may include periods covered by options to extend when it is reasonably certain that we will exercise those options. The lease terms may also include periods covered by options to terminate when it is reasonably certain that we will not exercise that option.

Advertising and market development

Advertising and market development activities include the cost to produce and distribute marketing campaigns as well as client incentives and discounts. Where it applies to these costs, the Company's accounting policy is to expense when incurred.

Income taxes

The Company is included in the consolidated federal income tax return of CSC. The Company provides for income taxes on all transactions that have been recognized in the financial statements on a standalone basis, while taking into consideration the fact that the activity of this entity is included with CSC's other subsidiaries in the CSC consolidated income tax return. Accordingly, deferred tax assets are adjusted to reflect the tax rates at which future taxable amounts will likely be settled or realized. The effects of tax rate changes on future deferred tax assets and deferred tax liabilities, as well as other changes in income tax laws, are recorded in earnings in the period during which such changes are enacted. Uncertain tax positions are evaluated to determine whether they are more likely than not to be sustained upon examination. When tax positions are more likely than not to be sustained upon examination the difference between positions taken on tax return filings and estimated potential tax settlement outcomes are recognized in accrued expenses and other liabilities. If a position is not more likely than not to be sustained, then none of the tax benefit is recognized in the Company's financial statements. Accrued interest and penalties relating to unrecognized tax benefits are recorded in taxes on income.

Share-based compensation

The Company participates in CSC's share-based incentive plans and records its allocated share of CSC's share-based compensation expense. Share-based compensation includes employee and board of director stock options and restricted stock units. CSC measures compensation expense for these share-based payment arrangements based on their estimated fair values as of the grant date. The fair value of the share-based award is recognized over the service period as share-based compensation. Share-based compensation expense is based on options or units expected to vest and therefore is reduced for estimated forfeitures. Per the Company's accounting policy election, forfeitures are estimated at the time of grant and reviewed annually based on the Company's historical forfeiture experience. Share-based compensation expense is adjusted in subsequent periods if actual forfeitures differ from estimated forfeitures. The excess tax benefits or deficiencies from the exercise of stock options and the vesting of restricted stock units are recorded in income tax benefit on the statements of income.

Fair values of assets and liabilities

Fair value is defined as the price that would be received to sell an asset or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement accounting guidance describes the fair value hierarchy for disclosing assets and liabilities measured at fair value based on the inputs used to value them. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are based on market pricing data obtained from third-party sources independent of the Company. A quoted price in an active market provides the most reliable evidence of fair value and is generally used to measure fair value whenever available.

Unobservable inputs reflect management's judgment about the assumptions market participants would use in pricing the asset or liability. Where inputs used to measure fair value of an asset or liability are from different levels of the hierarchy, the asset or liability is categorized based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input requires judgment.

The fair value hierarchy includes three levels based on the objectivity of the inputs as follows:

- Level 1 inputs are quoted prices in active markets as of the measurement date for identical assets or liabilities that the Company has the ability to access.

- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates, benchmark yields, issuer spreads, new issue data, and collateral performance.

- Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

Assets and liabilities measured at fair value on a recurring basis

The Company's assets and liabilities measured at fair value on a recurring basis include: certain cash equivalents, certain investments segregated and on deposit for regulatory purposes, other securities owned, which are included in other assets, and certain accrued expenses and other liabilities. The Company uses the market approach to determine the fair value of assets and liabilities. When available, the Company uses quoted prices in active markets to measure the fair value of assets and liabilities. Quoted prices for investments in exchange-traded securities represent end-of-day close prices published by exchanges. Quoted prices for money market funds and other mutual funds represent reported net asset values. When utilizing market data and bid-ask spread, the Company uses the price within the bid-ask spread that best represents fair value. When quoted prices in active markets do not exist, the Company uses prices obtained from independent third-party pricing services to measure the fair value of investment assets, and we generally obtain prices from three independent third-party pricing sources for such assets recorded at fair value.

Our primary independent pricing service provides prices for our fixed income investments such as certificates of deposits; U.S. government securities; state and municipal securities; and corporate debt securities. Such prices are based on observable trades, broker/dealer quotes and discounted cash flows that incorporate observable information such as yields for similar types of securities (a benchmark interest rate plus observable spreads) and weighted-average maturity for the same or similar "to-be-issued" securities. We compare the prices obtained from the primary independent pricing service to the prices obtained from the additional independent pricing services to determine if the price obtained from the primary independent pricing service is reasonable. The Company does not adjust the prices received from independent third-party pricing services unless such prices are inconsistent with the definition of fair value and result in material differences in the amount recorded.

Liabilities measured at fair value on a recurring basis include repurchase liabilities related to client-held fractional shares of equities, ETFs, and other securities. See Other securities owned at fair value above in this Note 2 for the treatment of client-held fractional shares. The Company has elected the fair value option pursuant to ASC 825 *Financial Instruments* for the repurchase liabilities to match the measurement and accounting of the related client-held fractional shares. The fair values of the repurchase liabilities are based on quoted market prices or other observable market data consistent with the related client-held fractional shares. Unrealized gains and losses on client-held fractional shares offset the unrealized gains and losses on the corresponding repurchase liabilities, resulting in no impact to the statements of income. The Company's liabilities to repurchase client-held fractional shares do not have credit risk, and, as a result, the Company has not recognized any gains or losses in the statement of income attributable to instrument-specific credit risk for these repurchase liabilities. The repurchase liabilities are included in accrued expenses and other liabilities on the statements of financial condition.

New Accounting Standards

No new accounting standards that are material to the Company were adopted during the year ended December 31, 2021. There are currently no new accounting standards not yet adopted that are material to the Company.

3. Business Acquisitions

USAA-IMCO

On May 26, 2020, the Company completed its acquisition of the assets of USAA-IMCO for $1.6 billion in cash. Along with the asset purchase agreement, the companies entered into a long-term referral agreement that makes Schwab the exclusive provider of wealth management and investment brokerage services for USAA members. The USAA-IMCO acquisition has added scale to the Company's operations through the addition of over one million brokerage and managed portfolio accounts with approximately $80 billion in client assets at the acquisition date. The transaction also provides CS&Co the opportunity to further expand our client base by serving USAA's members through the long-term referral agreement.

The Company accounted for the USAA-IMCO acquisition as a business combination under GAAP and accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their fair values as of the date of acquisition. Since the acquisition date, we have made a $43 million post-closing adjustment to the purchase price resulting in reductions of $9 million and $34 million to our initial estimates of the fair value of the intangible assets acquired and goodwill, respectively. The Company finalized the valuation of assets and liabilities during the year ended December 31, 2020, resulting in no additional adjustments to the estimated fair values as of the date of acquisition.

The following table summarizes the purchase price, fair values of the assets acquired and liabilities assumed, and resulting goodwill as of the May 26, 2020 acquisition date, adjusted for the post-closing adjustments described above.

Purchase price	$	1,581
Fair value of assets acquired:		
Cash segregated and on deposit for regulatory purposes		4,392
Receivables from brokerage clients		80
Acquired intangible assets		1,109
Total assets acquired		5,581
Fair value of liabilities assumed:		
Payables to brokerage clients		4,472
Total liabilities assumed		4,472
Fair value of net identifiable assets acquired	$	1,109
Goodwill	$	472

The identifiable intangible assets of $1.1 billion are subject to amortization. The following table summarizes the major classes of intangible assets acquired and their respective fair values and weighted-average useful lives:

		Fair Value	Weighted-Average Useful Life (Years)
Customer relationships	$	962	18
Brokerage referral agreement [(1)]		142	20
Royalty-free license		5	7
Total acquired intangible assets	$	1,109	

[(1)] The brokerage referral agreement has an initial term of 5 years and is automatically renewable for one-year increments thereafter.

Goodwill recorded of $472 million, primarily attributable to the additional scale and anticipated synergies from the USAA-IMCO acquisition, is deductible for tax purposes.

The Company's statements of income include total net revenues and net loss attributable to the USAA-IMCO acquisition of $210 million and $55 million, respectively, for the period May 26, 2020 through December 31, 2020.

In connection with the acquisition, the Company agreed to reimburse USAA for certain contract termination and other fees and severance costs incurred by USAA. These costs totaled $21 million for the year ended December 31, 2020 and are included in other expense on the statements of income. Additionally, the Company incurred various professional fees and other costs related to the USAA-IMCO acquisition, such as advisory, legal, and accounting fees. In total, the Company incurred acquisition costs of $47 million for the year ended December 31, 2020, which are primarily included in professional services, other expense, and compensation and benefits on the statements of income.

Pro Forma Financial Information (Unaudited)

The following table presents unaudited pro forma financial information as if the USAA-IMCO acquisition had occurred on January 1, 2020. The unaudited pro forma results reflect after-tax adjustments for amortization of acquired intangible assets and do not reflect potential revenue growth or cost savings that may be realized as a result of the acquisition. The unaudited pro forma financial information is presented for informational purposes only, and is not necessarily indicative of future operations or results had the USAA-IMCO acquisition been completed as of January 1, 2020.

Year Ended December 31,		2020
Total net revenues	$	5,358
Net income/(loss)		(169)

4. Revenue Recognition

Disaggregated Revenue

Disaggregation of CS&Co's revenue by major source is as follows:

Year Ended December 31,	2021	2020	2019
Asset management and administration fees			
Mutual funds and ETF service fees	$ 1,170	$ 1,025	$ 1,083
Advice solutions	1,471	1,188	978
Other	114	105	111
Asset management and administration fees	2,755	2,318	2,172
Bank sweep and other related-party fees	1,225	1,044	227
Net interest revenue			
Interest revenue	1,227	879	1,328
Interest expense	(281)	(45)	(137)
Net interest revenue	946	834	1,191
Trading revenue			
Commissions	481	433	539
Order flow revenue	362	264	135
Principal transactions	27	43	68
Trading revenue	870	740	742
Other	799	319	299
Total net revenues	$ 6,595	$ 5,255	$ 4,631

5. Receivables from and Payables to Brokerage Clients

Receivables from and payables to brokerage clients are as follows:

December 31,	2021	2020
Receivables		
Margin loans	$ 41,602	$ 26,679
Other brokerage receivables	3,136	3,505
Receivables from brokerage clients — net [(1)]	$ 44,738	$ 30,184
Payables		
Interest-bearing payables	$ 58,439	$ 45,211
Non-interest-bearing payables	14,312	16,188
Payables to brokerage clients	$ 72,751	$ 61,399

[(1)] The allowance for credit losses for receivables from brokerage clients and related activity were immaterial for all periods presented.

At December 31, 2021, and 2020, approximately 20% of CS&Co's total client accounts were located in California.

6. Equipment, Office Facilities, and Property

Equipment, office facilities, and property are as follows:

December 31,	2021	2020
Software	$ 2,453	$ 2,251
Information technology and telecommunications equipment	543	390
Leasehold improvements	377	369
Construction in progress	221	34
Buildings	212	194
Finance lease ROU assets	93	7
Land	19	18
Other	244	239
Total equipment, office facilities, and property	4,162	3,502
Accumulated depreciation and amortization	(2,513)	(2,437)
Total equipment, office facilities, and property — net	$ 1,649	$ 1,065

7. Goodwill and Acquired Intangible Assets

Goodwill was $1.4 billion at December 31, 2021. The goodwill balance increased during 2020 to $1.4 billion due to the USAA-IMCO acquisition (see Note 3). As of our annual testing date, we performed an assessment of goodwill for impairment. Based on the Company's analysis, we concluded that goodwill was not impaired, and there were no indicators that goodwill was impaired after our annual testing date. CS&Co did not recognize any goodwill impairment in any of the years presented.

Acquired intangible assets are as follows:

December 31,	2021			2020		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Client relationships	$ 1,300	$ (285)	$ 1,015	$ 1,300	$ (215)	$ 1,085
Technology	121	(86)	35	121	(76)	45
Trade names	19	(15)	4	20	(15)	5
Total acquired intangible assets	$ 1,440	$ (386)	$ 1,054	$ 1,441	$ (306)	$ 1,135

Estimated future annual amortization expense for acquired intangible assets as of December 31, 2021 is as follows:

2022	$ 80
2023	71
2024	71
2025	65
2026	61
Thereafter	706
Total	$ 1,054

8. Other Assets

The components of other assets are as follows:

December 31,	2021	2020
Securities borrowed [1]	$ 4,415	$ 417
Other receivables from brokers, dealers, and clearing organizations	1,054	651
Other securities owned at fair value [2]	972	329
Operating lease ROU assets	578	623
Receivables — interest, dividends, and other	448	79
Capitalized contract costs	336	295
Customer contract receivables [3]	316	268
Receivables from affiliates	150	117
Other	507	217
Total other assets	$ 8,776	$ 2,996

[1] Includes $4.0 billion of securities borrowed with an affiliate as of December 31, 2021 (see Note 15).
[2] Includes fractional shares held in client brokerage accounts. Corresponding repurchase liabilities in an equal amount for these client-held fractional shares are included in accrued expenses and other liabilities in the statement of financial condition. See also Notes 2 and 9.
[3] Represents receivables from contracts with customers within the scope of ASC 606. CS&Co does not have any other significant contract assets or contract liability balances as of December 31, 2021 or 2020.

Capitalized contract costs

Capitalized contract costs relate to sales commissions paid to employees for obtaining contracts with clients, and are presented in the table above. These costs are amortized to expense on a straight-line basis over a period that is consistent with how the related revenue is recognized. Amortization expense related to capitalized contract costs was $69 million, $63 million, and $55 million during the years ended December 31, 2021, 2020, and 2019, respectively, which was recorded in compensation and benefits expense on the statements of income.

9. Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities are as follows:

December 31,	2021	2020
Deposits for securities loaned	$ 7,173	$ 2,241
Bank overdrafts	1,813	1,271
Repurchase liabilities [1]	923	—
Accrued compensation and employee benefits	840	581
Operating lease liabilities	643	696
Payables to brokers, dealers, & clearing organizations	404	259
Deferred taxes	199	106
Payables to affiliates	57	73
Other	973	614
Total accrued expenses and other liabilities	$ 13,025	$ 5,841

[1] This represents the liabilities related and equal to the fractional shares held in client brokerage accounts and included in other securities owned at fair value in other assets on the statement of financial condition. See also Notes 2 and 8.

Exit and Other Related Costs

Effective October 6, 2020, CSC completed its acquisition of TD Ameritrade Holding Corporation and its consolidated subsidiaries (collectively referred to as "TD Ameritrade"). CSC's integration of TD Ameritrade's operations is ongoing and based on current integration plans and scope of technology work, CSC expects to complete client conversion within 30 to 36 months from the acquisition date. To achieve integration objectives, significant acquisition and integration-related costs and capital expenditures are expected to be recognized throughout the integration process by CSC and its consolidated subsidiaries, including the Company. These acquisition and integration-related costs are expected to include exit and other related costs, which are primarily comprised of employee compensation and benefits such as severance pay, other termination benefits, and retention costs, as well as costs related to facility closures such as accelerated amortization and depreciation or impairments of assets in those locations.

CSC's integration plan is not defined by legal entity, though additional acquisition and integration-related costs are expected to be incurred at CS&Co in future periods as CSC continues the integration. Some costs are expected to be incurred after client conversion, with exit and other related costs expected to be charged to expense over the next 21 to 33 months. Estimates of the nature, amounts, and timing of recognition of acquisition and integration-related costs are subject to change. As of December 31, 2021 and 2020, the Company had a liability for exit and other costs related to the integration of $4 million and $16 million, respectively, included in accrued expenses and other liabilities on the statements of financial condition. In addition to ASC 420 *Exit or Disposal Cost Obligations*, certain of the costs associated with these activities are accounted for in accordance with ASC 360 *Property, Plant and Equipment*, ASC 712 *Compensation – Nonretirement Post Employment Benefits*, ASC 718 *Compensation – Stock Compensation*, and ASC 842 *Leases*.

During 2021 and 2020, the Company recognized pre-tax exit and other related costs of $15 million and $19 million, respectively, due to the integration. These costs were primarily related to severance pay, retention costs, and other employee termination benefits, which are primarily included in compensation and benefits on the statements of income. In 2021, these costs also included accelerated amortization of ROU assets, which are included in occupancy and equipment on the statements of income.

10. Borrowings

CS&Co maintains an $8.0 billion credit facility with CSC which is scheduled to expire in December 2022. Borrowings under this facility do not qualify as regulatory capital for CS&Co. There were no amounts drawn under this facility at December 31, 2021, and 2020. When drawn, the amount is included in accrued expenses and other liabilities on the statements of financial condition.

To manage our regulatory capital requirement, we maintain a $1.5 billion subordinated revolving credit facility with CSC. Subordinated borrowings are included in our net capital pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934. Such borrowings are subordinated to the claims of general creditors, and to the extent that these borrowings are required for our continued compliance with minimum net capital requirements, they may not be repaid (see Note 18). The facility is available for general corporate purposes and is scheduled to expire in March 2023. There were no amounts drawn under this facility at December 31, 2021 and December 31, 2020.

During 2021, 2020, and 2019, interest expense on related-party borrowings totaled $1 million, $2 million, and $19 million, respectively, which is included in interest expense on the statements of income.

To manage short-term liquidity, we maintain uncommitted, unsecured bank credit lines with various external banks. CSC has direct access to certain of these credit lines, which if borrowed, would reduce the amount available to us. There were no borrowings outstanding under these lines at December 31, 2021 or 2020.

11. Leases

The following table details the amounts and locations of lease assets and liabilities on the statement of financial condition:

December 31,		2021	2020
Assets:	Statement of Financial Condition Classification		
Operating lease ROU assets	Other assets	$ 578	$ 623
Finance lease ROU assets	Equipment, office facilities, and property — net	93	7
Liabilities:			
Operating lease liabilities	Accrued expenses and other liabilities	$ 643	$ 696
Finance lease liabilities	Finance lease liabilities	94	6

The Company had immaterial sublease income for the periods presented.

The components of lease expense are as follows:

Year Ended December 31,	2021	2020
Lease Cost		
Operating lease cost [1]	$ 148	$ 147
Variable lease cost [2]	32	30
Finance lease cost [3]	23	1

[1] Includes an immaterial amount attributable to short-term leases.
[2] Includes payments that are entirely variable and amounts that represent the difference between payments based on an index or rate that is reflected in the lease liability and what is actually incurred.
[3] Includes an immaterial amount attributable to interest expense.

The following tables present supplemental lease information:

December 31,	2021	2020
Lease Term and Discount Rate		
Operating Leases:		
Weighted-average remaining lease term (years)	6.18	6.62
Weighted-average discount rate	2.74%	2.94%
Finance Leases:		
Weighted-average remaining lease term (years)	3.34	3.00
Weighted-average discount rate	0.46%	0.61%

Maturity of Lease Liabilities	Operating Leases [1]	Finance Leases
2022	$ 141	$ 30
2023	134	30
2024	104	23
2025	94	11
2026	77	—
After 2026	157	—
Total lease payments	707	94
Less: Interest	64	—
Present value of lease liabilities	$ 643	$ 94

[1] Operating lease payments exclude $40 million of legally binding minimum lease payments for leases signed, but not yet commenced. These leases will commence between 2022 and 2023 with lease terms of five years to 15 years.

12. Commitments and Contingencies

Guarantees and indemnifications: CS&Co has clients that sell (i.e., write) listed option contracts that are cleared by the Options Clearing Corporation (OCC) – a clearing house that establishes margin requirements on these transactions. We partially satisfy the margin requirements by arranging unsecured standby letter of credit agreements (LOCs), in favor of the OCC, which are issued by several banks. At December 31, 2021, the aggregate face amount of these LOCs totaled $15 million. There were no funds drawn under any of these LOCs at December 31, 2021. In connection with its securities lending activities, CS&Co is required to provide collateral to certain brokerage clients. The Company satisfies the collateral requirements by providing cash as collateral.

CS&Co also provides guarantees to securities clearing houses and exchanges under standard membership agreements, which require members to guarantee the performance of other members. Under the agreements, if another member becomes unable to satisfy its obligations to the clearing houses and exchanges, other members would be required to meet shortfalls. CS&Co's liability under these arrangements is not quantifiable and may exceed the amounts it has posted as collateral. The potential requirement for the Company to make payments under these arrangements is remote. Accordingly, no liability has been recognized for these guarantees.

Legal contingencies: CS&Co is subject to claims and lawsuits in the ordinary course of business, including arbitrations, class actions and other litigation, some of which include claims for substantial or unspecified damages. The Company is also the subject of inquiries, investigations, and proceedings by regulatory and other governmental agencies.

Predicting the outcome of a litigation or regulatory matter is inherently difficult, requiring significant judgment and evaluation of various factors, including the procedural status of the matter and any recent developments; prior experience and the experience of others in similar cases; available defenses, including potential opportunities to dispose of a case on the merits or procedural grounds before trial (e.g., motions to dismiss or for summary judgment); the progress of fact discovery; the opinions of counsel and experts regarding potential damages; and potential opportunities for settlement and the status of any settlement discussions. It may not be reasonably possible to estimate a range of potential liability until the matter is closer to resolution – pending, for example, further proceedings, the outcome of key motions or appeals, or discussions among the parties. Numerous issues may have to be developed, such as discovery of important factual matters and determination of threshold legal issues, which may include novel or unsettled questions of law. Reserves are established or adjusted or further disclosure and estimates of potential loss are provided as the matter progresses and more information becomes available.

CS&Co believes it has strong defenses in all significant matters currently pending and is contesting liability and any damages claimed. Nevertheless, some of these matters may result in adverse judgments or awards, including penalties, injunctions or other relief, and the Company may also determine to settle a matter because of the uncertainty and risks of litigation. Described below are matters in which there is a reasonable possibility that a material loss could be incurred or where the matter may otherwise be of significant interest. Unless otherwise noted, the Company is unable to provide a reasonable estimate of any potential liability given the stage of proceedings in the matter. With respect to all other pending matters, based on current information and consultation with counsel, it does not appear reasonably possible that the outcome of any such matter would be material to the financial condition, operating results, or cash flows of the Company.

Schwab Intelligent Portfolios® SEC Investigation: CS&Co has been responding to an enforcement investigation by the SEC arising from a compliance examination and concerning historic disclosures related to the Schwab Intelligent Portfolios digital advisory solution. In connection with a tentative agreement reached with SEC staff to resolve the matter, CSC's 2021 financial results included a liability and related non-deductible charge of approximately $200 million, including approximately $100 million to CS&Co. Completion of any settlement is always contingent on a vote of the Commission. CS&Co continues to cooperate with SEC staff with the goal of fully resolving the matter.

Crago Order Routing Litigation: On July 13, 2016, a securities class action lawsuit was filed in the U.S. District Court for the Northern District of California on behalf of a putative class of customers executing equity orders through CS&Co. The lawsuit names CS&Co and CSC as defendants and alleges that an agreement under which CS&Co routed orders to UBS Securities LLC between July 13, 2011 and December 31, 2014 violated CS&Co's duty to seek best execution. Plaintiffs seek unspecified damages, interest, injunctive and equitable relief, and attorneys' fees and costs. Defendants consider the allegations to be entirely without merit and have been vigorously contesting the lawsuit. After a first amended complaint was dismissed with leave to amend, plaintiffs filed a second amended complaint on August 14, 2017. Defendants again moved to dismiss, and in a decision issued December 5, 2017, the court denied the motion. Plaintiffs filed a motion for class certification on April 30,

2021, and in a decision on October 27, 2021, the court denied the motion and held that certification of a class action is inappropriate. Plaintiffs sought review of the order denying class certification by the Ninth Circuit Court of Appeals, which was denied, and on February 3, 2022, plaintiffs filed a motion for reconsideration of that denial, which is pending.

13. Financial Instruments Subject to Off-Balance Sheet Credit Risk

Resale agreements: CS&Co enters into collateralized resale agreements principally with other broker-dealers, which could result in losses in the event the counterparty fails to purchase the securities held as collateral for the cash advanced and the fair value of the securities declines. To mitigate this risk, CS&Co requires that the counterparty deliver securities to a custodian, to be held as collateral, with a fair value at or in excess of the resale price. CS&Co also sets standards for the credit quality of the counterparty, monitors the fair value of the underlying securities as compared to the related receivable, including accrued interest, and requires additional collateral where deemed appropriate. The collateral provided under these resale agreements is utilized to meet obligations under broker-dealer client protection rules, which place limitations on our ability to access such segregated securities. For CS&Co to repledge or sell this collateral, we would be required to deposit cash and/or securities of an equal amount into our segregated reserve bank accounts in order to meet our segregated cash and investment requirement. CS&Co's resale agreements are not subject to master netting arrangements.

Securities lending: CS&Co loans brokerage client securities temporarily to other brokers and clearing houses in connection with its securities lending activities and receives cash as collateral for the securities loaned. Increases in security prices may cause the fair value of the securities loaned to exceed the amount of cash received as collateral. In the event the counterparty to these transactions does not return the loaned securities or provide additional cash collateral, we may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy our client obligations. CS&Co mitigates this risk by requiring credit approvals for counterparties, monitoring the fair value of securities loaned, and requiring additional cash as collateral when necessary. In addition, most of our securities lending transactions are through a program with a clearing organization, which guarantees the return of cash to us. We also borrow securities from other broker-dealers to fulfill short sales by brokerage clients and deliver cash to the lender in exchange for the securities. The fair value of these borrowed securities was $4.2 billion and $405 million at December 31, 2021 and 2020, respectively, including $3.9 billion at December 31, 2021 borrowed from TD Ameritrade Clearing, Inc. (TDAC), an indirect wholly-owned subsidiary of CSC (see Note 15). Our securities lending transactions are subject to enforceable master netting arrangements with other broker-dealers; however, we do not net securities lending transactions. Therefore, the securities loaned and securities borrowed are presented gross in the statements of financial condition.

The following table presents information about our resale agreements, securities lending, and other activity depicting the potential effect of rights of setoff between these recognized assets and recognized liabilities at December 31, 2021 and 2020.

	Gross Assets/ Liabilities	Gross Amounts Offset in the Statements of Financial Condition	Net Amounts Presented in the Statements of Financial Condition	Gross Amounts Not Offset in the Statements of Financial Condition		Net Amount
				Counterparty Offsetting	Collateral	
December 31, 2021						
Assets						
Resale agreements [1]	$ 13,096	$ —	$ 13,096	$ —	$ (13,096) [2]	$ —
Securities borrowed [3]	4,415	—	4,415	(398)	(3,849)	168
Total	$ 17,511	$ —	$ 17,511	$ (398)	$ (16,945)	$ 168
Liabilities						
Securities loaned [4,5]	$ 7,173	$ —	$ 7,173	$ (398)	$ (6,015)	$ 760
Total	$ 7,173	$ —	$ 7,173	$ (398)	$ (6,015)	$ 760
December 31, 2020						
Assets						
Resale agreements [1]	$ 14,904	$ —	$ 14,904	$ —	$ (14,904) [2]	$ —
Securities borrowed [3]	417	—	417	(415)	(2)	—
Total	$ 15,321	$ —	$ 15,321	$ (415)	$ (14,906)	$ —
Liabilities						
Securities loaned [4,5]	$ 2,241	$ —	$ 2,241	$ (415)	$ (1,639)	$ 187
Total	$ 2,241	$ —	$ 2,241	$ (415)	$ (1,639)	$ 187

[1] Included in cash and investments segregated and on deposit for regulatory purposes in the statements of financial condition.
[2] Actual collateral was greater than or equal to the value of the related assets. At December 31, 2021 and 2020, the fair value of collateral received in connection with resale agreements that are available to be repledged or sold was $13.4 billion and $15.2 billion, respectively.
[3] Included in other assets in the statements of financial condition and includes securities borrowed from TDAC (see Note 15).
[4] Included in accrued expenses and other liabilities in the statements of financial condition and includes securities loaned to an affiliate (see Note 15). The cash collateral received from counterparties under securities lending transactions was equal to or greater than the market value of the securities loaned at December 31, 2021 and 2020.
[5] Securities loaned are predominantly comprised of equity securities held in client brokerage accounts with overnight and continuous remaining contractual maturities.

Client trade settlement: CS&Co is obligated to settle transactions with brokers and other financial institutions even if our clients fail to meet their obligations to us. Clients are required to complete their transactions on settlement date, generally two business days after the trade date. If clients do not fulfill their contractual obligations, we may incur losses. We have established procedures to reduce this risk by requiring deposits from clients in excess of amounts prescribed by regulatory requirements for certain types of trades, and therefore the potential to make payments under these client transactions is remote. Accordingly, no liability has been recognized for these transactions.

Margin lending: Clients with margin loans have agreed to allow CS&Co to pledge collateralized securities in their brokerage accounts in accordance with federal regulations. The following table summarizes the fair value of client securities that were available, under such regulations, that could have been used as collateral, as well as the fair value securities that we had pledged under such regulations and from securities borrowed transactions.

December 31,	2021	2020
Fair value of client securities available to be pledged	$ 56,237	$ 36,146
Fair value of securities pledged for:		
Fulfillment of requirements with the Options Clearing Corporation [1]	$ 8,960	$ 4,660
Fulfillment of client short sales	2,895	3,191
Securities lending to other broker-dealers [2]	6,303	1,859
Total	$ 18,158	$ 9,710

Note: Excludes amounts available and pledged for securities lending from fully-paid client securities. The fair value of fully-paid client securities available and pledged was $98 million and $183 million as of December 31, 2021 and 2020, respectively. In addition, the Company had pledged $2.6 billion and $2.0 billion of client margin securities for regulatory purposes with a banking affiliate as of December 31, 2021 and 2020, respectively.

(1) Securities pledged to fulfill client margin requirements for open option contracts established with the Options Clearing Corporation.

(2) 2021 includes $15 million of client margin securities loaned to TDAC (see Note 15).

14. Fair Values of Assets and Liabilities

For a description of the fair value hierarchy and the Company's fair value methodologies, including the use of independent third-party pricing services, see Note 2. The Company did not adjust prices received from the primary independent third-party pricing service at December 31, 2021 or 2020.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables present the fair value hierarchy for assets and liabilities measured at fair value on a recurring basis.

December 31, 2021	Level 1	Level 2	Level 3	Balance at Fair Value
Cash equivalents:				
Money market funds	$ 1,121	$ —	$ —	$ 1,121
Investments segregated and on deposit for regulatory purposes:				
Certificates of deposit	—	350	—	350
U.S. Government securities	—	22,000	—	22,000
Total investments segregated and on deposit for regulatory purposes	—	22,350	—	22,350
Other assets:				
Equity, corporate debt, and other securities	580	23	—	603
Mutual funds and ETFs	337	—	—	337
State and municipal debt obligations	—	29	—	29
U.S. Government securities	—	3	—	3
Total other assets	917	55	—	972
Total assets	$ 2,038	$ 22,405	$ —	$ 24,443
Accrued expenses and other liabilities	$ 912	$ 11	$ —	$ 923
Total liabilities	$ 912	$ 11	$ —	$ 923

December 31, 2020	Level 1	Level 2	Level 3	Balance at Fair Value
Cash equivalents:				
Money market funds	$ 2,382	$ —	$ —	$ 2,382
Investments segregated and on deposit for regulatory purposes:				
Certificates of deposit	—	550	—	550
U.S. Government securities	—	17,722	—	17,722
Total investments segregated and on deposit for regulatory purposes	—	18,272	—	18,272
Other assets:				
Equity and bond mutual funds	262	—	—	262
U.S. Government securities	—	3	—	3
State and municipal debt obligations	—	34	—	34
Equity, corporate debt, and other securities	5	25	—	30
Total other assets	267	62	—	329
Total assets	$ 2,649	$ 18,334	$ —	$ 20,983

Fair Value of Other Financial Instruments

The following tables present the fair value hierarchy for other financial instruments:

December 31, 2021	Carrying Amount	Level 1	Level 2	Level 3	Balance at Fair Value
Assets					
Cash and cash equivalents	$ 422	$ 422	$ —	$ —	$ 422
Cash and investments segregated and on deposit for regulatory purposes	14,850	1,755	13,095	—	14,850
Receivables from brokerage clients — net	44,733	—	44,733	—	44,733
Other assets	5,478	—	5,478	—	5,478
Liabilities					
Payables to brokerage clients	$ 72,751	$ —	$ 72,751	$ —	$ 72,751
Accrued expenses and other liabilities	7,577	—	7,577	—	7,577

December 31, 2020	Carrying Amount	Level 1	Level 2	Level 3	Balance at Fair Value
Assets					
Cash and cash equivalents	$ 762	$ 762	$ —	$ —	$ 762
Cash and investments segregated and on deposit for regulatory purposes	16,708	1,777	14,931	—	16,708
Receivables from brokerage clients — net	30,181	—	30,181	—	30,181
Other assets	1,078	—	1,078	—	1,078
Liabilities					
Payables to brokerage clients	$ 61,399	$ —	$ 61,399	$ —	$ 61,399
Accrued expenses and other liabilities	2,501	—	2,501	—	2,501

15. Related-Party Transactions

The Company engages in various related-party transactions with CSC and other affiliates under common control. The accompanying financial statements are not necessarily indicative of the conditions that would exist or the results of operations that would prevail if the Company were operated as an unaffiliated entity.

Bank Sweep: CS&Co offers a cash feature for certain brokerage accounts that automatically sweeps uninvested cash balances in client brokerage accounts to deposit accounts at Charles Schwab Bank, SSB, Charles Schwab Premier Bank, SSB, and Charles Schwab Trust Bank, bank subsidiaries of CSC (collectively, the affiliated banks). The affiliated banks pay interest to customers on these deposit accounts, and the accounts are FDIC-insured up to specified limits per depositor, per bank. The affiliated banks pay CS&Co a per account, monthly, flat fee for administrative services in support of the operation of the bank sweep program. On January 1, 2020, the Company signed an amended agreement for the bank sweep program with the affiliated banks. The amendment increased the service fees paid to CS&Co for each client securities account that maintains balances in deposit accounts at the affiliated banks. During 2021, 2020, and 2019 bank sweep fees totaled $1.1 billion, $947 million, and $139 million, respectively, and other bank fees totaled $97 million, $97 million, and $88 million, respectively. At December 31, 2021 and 2020, CS&Co had a receivable for bank sweep fees from the affiliated banks of $125 million and $105 million, respectively.

Services Provided to and Received from Affiliates: On January 1, 2021, CS&Co entered into a new corporate affiliate program with other wholly-owned subsidiaries of CSC. Pursuant to this program and other existing relationships with CSC and its subsidiaries, the Company provides a variety of administrative, technology, and other support services to affiliates. In exchange for providing these services, CS&Co charges affiliates service fees, and CS&Co also receives services from affiliates and makes payments to affiliates for those services. During 2021, 2020, and 2019, revenue earned for these services was $582 million, $136 million, and $156 million, respectively, which is included in other revenue. During 2021, 2020, and 2019, expenses for services received from affiliates totaled $90 million, $24 million, and $12 million, respectively, which in 2021 includes $84 million in other expense, $4 million in professional services expense, and $2 million in occupancy and equipment expense, in 2020 includes $19 million in other expense, and $5 million in professional services expense, and in 2019 includes $11 million in other expense, and $1 million in professional services expense. Total receivables from affiliates for these arrangements were $25 million and $12 million at December 31, 2021 and 2020, respectively, and are included in other assets. Total payables to affiliates for these arrangements were $28 million and $73 million at December 31, 2021 and 2020, respectively, and are included in accrued expenses and other liabilities. The facilitation of client transactions with affiliates can also result in immaterial receivable or payable balances with related parties, based on timing of settlement.

Securities Lending: CS&Co engages in certain securities borrowing and lending activities with TDAC, pursuant to an intercompany services agreement that began during 2021. CS&Co borrows brokerage client securities from TDAC and lends such securities to external counterparties in a non-custody securities lending model. At December 31, 2021, CS&Co had aggregated gross securities borrowed and loaned positions with TDAC for $4.0 billion and $15 million, respectively, which are included in other assets and accrued expenses and other liabilities, respectively, on the statements of financial condition. During 2021, CS&Co incurred interest expense of $256 million and earned servicing fee revenue of $1 million related to this arrangement, which are reflected in interest expense and other revenue, respectively, on the statements of income. As of December 31, 2021, CS&Co had a payable for interest expense on securities borrowed from TDAC of $29 million.

Asset Management and Administration Fees, Schwab Funds® and Schwab ETFs™: The Company collects fees from clients for services performed by affiliates and makes payments to affiliates for those services. These payments are treated as an offset to asset management and administration fees and totaled $237 million, $188 million, and $219 million in 2021, 2020, and 2019, respectively. During 2021, 2020, and 2019, revenue earned from the Schwab Funds® and Schwab ETFs™ totaled $26 million, $107 million, and $167 million, respectively, which is included in asset management and administration fees. At both December 31, 2021 and 2020, CS&Co had related receivables for these fees from the Schwab Funds and Schwab ETFs of $2 million, which are included in other assets. Additionally, as a result of clearing certain client transactions with proprietary money market funds, CS&Co had receivables of $16 million and $12 million at December 31, 2021 and 2020, respectively, which are included in other assets.

Leases: The Company has leased real estate locations from certain related parties and has recognized operating lease ROU assets and operating lease liabilities of $2 million and $4 million related to these lease agreements at December 31, 2021, and 2020, respectively, which are included in other assets and accrued expenses and other liabilities, respectively. The Company recognizes rent expense on these leases which is included in occupancy and equipment, and totaled $2 million, $2 million, and $2 million in 2021, 2020, and 2019, respectively.

Common Control Transfer of Futures Business: During 2021, the Company transferred its futures business to Charles Schwab Futures and Forex LLC (CSFF), a wholly-owned subsidiary of CSC. The transfer of the Company's futures business was accounted for as a common control transfer. Accordingly, the Company's futures business' assets of $212 million and liabilities of $208 million were transferred to CSFF at historical carrying values, resulting in a $4 million reduction in additional paid-in capital. Following the transfer, CSFF provides futures and foreign exchange trade execution services to CS&Co.'s clients. CSFF is registered as a futures commission merchant (FCM) and forex dealer member (FDM) with the Commodity Futures Trading Commission (CFTC) and is a member of, and the corresponding services functions are regulated by the National Futures Association (NFA).

During 2020, Charles Schwab Futures, Inc. (CS Futures), a wholly-owned subsidiary of CSC, transferred its futures business and all of its assets and liabilities to CS&Co. This transfer was accounted for as a common control transaction at carrying value for financial reporting purposes. CS Futures' assets of $245 million and liabilities of $198 million were recorded at the historical carrying values as of the transfer date, resulting in a net increase to additional paid-in capital of $47 million. The Company accounted for the transfer prospectively from the date of the transfer.

16. Employee Incentive and Retirement Plans

Employees and directors of CS&Co participate in stock incentive plans sponsored by CSC.

CSC's share-based incentive plans provide for granting options and restricted stock units to employees and directors. In addition, CSC offers retirement and employee stock purchase plans to eligible employees.

A summary of CS&Co's share-based compensation expense and related income tax benefit is as follows:

Year Ended December 31,	2021	2020	2019
Stock option expense	$ 15	$ 19	$ 30
Restricted stock unit expense	126	92	90
Employee stock purchase plan expense	14	11	10
Total share-based compensation expense [1]	$ 155	$ 122	$ 130
Income tax benefit on share-based compensation expense [2]	$ (37)	$ (29)	$ (31)

[1] Amount represents 61%, 60%, and 71% of CSC's consolidated total share-based compensation expense in 2021, 2020, and 2019, respectively.
[2] Excludes income tax benefit from stock options exercised and restricted stock units vested of $72 million, $11 million and $16 million in 2021, 2020, and 2019, respectively.

CSC issues shares for stock options and restricted stock units from treasury stock. At December 31, 2021, CSC was authorized to grant up to 58 million common shares under its existing stock incentive plans. Additionally, at December 31, 2021, CSC had 30 million shares reserved for future issuance under its employee stock purchase plan.

As of December 31, 2021, CSC had $297 million of total unrecognized compensation cost related to outstanding stock options and restricted stock units, which is expected to be recognized through 2025 with a remaining weighted-average service period of 0.7 years for stock options, 1.9 years for restricted stock units, and 0.5 years for performance-based stock units.

Stock Option Plan

Options are granted for the purchase of shares of common stock at an exercise price not less than market value on the date of grant, and expire ten years from the date of grant. Options generally vest annually over a one- to four-year period from the date of grant.

CSC's stock option activity is summarized below:

	Number of Options (In millions)	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2020	24	$ 33.67	5.36	$ 452
Granted	2	64.49		
Exercised	(9)	27.80		
Forfeited [1]	—	45.99		
Expired [1]	—	35.00		
Outstanding at December 31, 2021	17	$ 39.11	5.38	$ 782
Vested and expected to vest at December 31, 2021	17	$ 39.09	5.38	$ 782
Vested and exercisable at December 31, 2021	13	$ 34.93	4.54	$ 650

[1] Number of options was less than 500 thousand.

The aggregate intrinsic value in the table above represents the difference between CSC's closing stock price and the exercise price of each in-the-money option on the last trading day of the period presented.

Information on CSC's stock options granted and exercised is presented below:

Year Ended December 31,	2021	2020	2019
Weighted-average fair value of options granted per share	$ 19.51	$ 11.56	$ 11.97
Cash received from options exercised	221	79	118
Tax benefit realized on options exercised	61	11	17
Aggregate intrinsic value of options exercised	322	71	108

CSC's management uses an option pricing model to estimate the fair value of options granted. The model takes into account the contractual term of the stock option, expected volatility, dividend yield, and the risk-free interest rate. Expected volatility is based on the implied volatility of publicly-traded options on CSC's stock. Dividend yield is based on the average historical CSC dividend yield. The risk-free interest rate is based on the yield of a U.S. Treasury zero-coupon issue with a remaining term similar to the contractual term of the option. We use historical option exercise data, which includes employee termination data, to estimate the probability of future option exercises.

The assumptions used to value the options granted during the years presented and their expected lives were as follows:

Year Ended December 31,	2021	2020	2019
Weighted-average expected dividend yield	1.36%	2.08%	1.85%
Weighted-average expected volatility	37%	36%	30%
Weighted-average risk-free interest rate	0.8%	1.0%	2.5%
Expected life (in years)	4.2 - 5.4	4.3 - 5.9	4.2 - 5.9

Restricted Stock Units

Restricted stock units are awards that entitle the holder to receive shares of CSC's common stock following a vesting period. Restricted stock units are restricted from transfer or sale and generally vest annually over a one- to four-year period, while performance-based restricted stock units also require CSC to achieve certain financial or other measures prior to vesting. The fair value of restricted stock units is based on the market price of CSC's stock on the date of grant. The grant date fair value is amortized to compensation expense on a straight-line basis over the requisite service period. The fair value of the restricted stock units that vested during 2021, 2020, and 2019 was $317 million, $175 million, and $123 million, respectively.

CSC's restricted stock units activity is summarized below:

	Number of Units (In millions)	Weighted-Average Grant Date Fair Value per Unit
Outstanding at December 31, 2020	10	$ 40.85
Granted	4	64.18
Vested	(4)	41.25
Forfeited	(1)	45.63
Outstanding at December 31, 2021	9	$ 49.69

Retirement Plan

Employees of CS&Co can participate in CSC's qualified retirement plan, the SchwabPlan Retirement Savings and Investment Plan. CSC may match certain employee contributions or make additional contributions to this plan at its discretion. CS&Co's expense was $146 million, $125 million, and $118 million in 2021, 2020, and 2019, respectively.

Financial Consultant Career Achievement Plan

CSC's financial consultant career achievement plan is a noncontributory, unfunded, nonqualified plan for eligible financial consultants. A financial consultant is eligible for earned cash payments after retirement contingent upon meeting certain performance levels, tenure, age, and client transitioning requirements. Allocations to the plan are calculated annually based on performance levels achieved and eligible compensation and are subject to general creditors of Schwab. Full vesting occurs when a financial consultant reaches 60 years of age and has at least ten years of service with the Company.

The following table presents the changes in CSC's projected benefit obligation:

December 31,	2021	2020
Projected benefit obligation at beginning of year	$ 92	$ 83
Benefit cost [1]	16	17
Actuarial loss/(gain) [2]	11	(8)
Projected benefit obligation at end of year [3]	$ 119	$ 92

[1] Includes service cost and interest cost, which are recorded by CS&Co and recognized in compensation and benefits expense and other expense, respectively, in the statements of income.
[2] Actuarial loss/(gain) is reflected in CSC's consolidated statements of comprehensive income and is included in AOCI on CSC's consolidated balance sheets.
[3] This amount is recognized as a liability on CSC's consolidated balance sheets.

17. Income Taxes

The components of income tax benefit are as follows:

Year Ended December 31,	2021	2020	2019
Current:			
Federal	$ (117)	$ (58)	$ (99)
State	(10)	(6)	(9)
Total current	(127)	(64)	(108)
Deferred:			
Federal	83	(11)	6
State	10	(3)	(1)
Total deferred	93	(14)	5
Total income tax benefit	$ (34)	$ (78)	$ (103)

The Company's effective income tax rate differed from the federal statutory income tax rate of 21% primarily due to an increase in equity compensation tax deduction benefits, partially offset by the tax impact of a non-deductible regulatory matter charge (see Note 12).

In 2020, the Company's effective income tax rate differed from the federal statutory income tax rate of 21% primarily due to the impact of federal benefits associated with a reduction in unrecognized tax benefits and the equity compensation tax benefit.

In 2019, the Company's effective income tax rate differed from the federal statutory income tax rate of 21% primarily due to the equity compensation tax benefit and the impact of a non-recurring federal tax benefit.

The temporary differences that created deferred tax assets and liabilities are detailed below:

December 31,	2021	2020
Deferred tax assets:		
Operating lease liabilities	$ 156	$ 168
Employee compensation, severance, and benefits	111	116
Net operating loss carryforwards	6	6
Other	13	12
Total deferred tax assets	286	302
Valuation allowance	(6)	(6)
Deferred tax assets — net of valuation allowance	280	296
Deferred tax liabilities:		
Operating lease ROU assets	(143)	(154)
Capitalized internal-use software development costs	(140)	(100)
Capitalized contract costs	(80)	(70)
Equipment, office facilities, and property	(76)	(50)
Amortization of acquired intangible assets	(27)	(19)
Prepaid maintenance	(13)	(9)
Total deferred tax liabilities	(479)	(402)
Deferred tax asset/(liability) — net [(1)]	$ (199)	$ (106)

[(1)] Amounts are included in accrued expenses and other liabilities on the statements of financial condition at December 31, 2021 and 2020.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

December 31,	2021	2020
Balance at beginning of year	$ 44	$ 99
Additions for tax positions related to the current year	3	3
Additions for tax positions related to prior years	3	5
Reductions for tax positions related to prior years	(3)	(6)
Reductions due to lapse of statute of limitations	(1)	(17)
Reductions for settlements with tax authorities	(1)	(40)
Balance at end of year	$ 45	$ 44

Unrecognized tax benefits totaled $45 million as of December 31, 2021, $41 million of which if recognized, would affect the annual effective tax rate. The Company's unrecognized tax benefits totaled $44 million as of December 31, 2020, $39 million of which if recognized, would affect the annual effective tax rate.

Interest and penalties are accrued related to unrecognized tax benefits in income tax benefit on the statements of income. At December 31, 2021, we had accrued approximately $7 million for the payment of interest, and at December 31, 2020, we had accrued approximately $6 million for the payment of interest.

CSC's consolidated federal income tax returns for 2017 through 2020 remain subject to examination. The years open to examination by state and local governments vary by jurisdiction.

18. Regulatory Requirements

As a securities broker-dealer, CS&Co is subject to the SEC's Uniform Net Capital Rule. CS&Co computes net capital under the alternative method permitted by the Uniform Net Capital Rule, which requires the maintenance of minimum net capital, as defined, of the greater of 2% of aggregate debit balances arising from client transactions or a minimum dollar requirement, which is based on the type of business conducted by CS&Co. Under the alternative method, a broker-dealer may not repay subordinated borrowings, pay cash dividends, or make any unsecured advances or loans if such payment would result in a net capital amount of less than 5% of aggregate debit balances or less than 120% of its minimum dollar requirement. At December 31, 2021, 2% of aggregate debit balances was $941 million, which exceeded the minimum dollar requirement of $250,000.

At December 31, 2021, CS&Co's net capital was $5.2 billion (11% of aggregate debit balances), which was $4.3 billion in excess of its minimum required net capital and $2.9 billion in excess of 5% of aggregate debit balances. As described in Note 14, during 2021, CS&Co transferred its futures business to CSFF. CS&Co subsequently deregistered prior to December 31, 2021 as an FCM with the CFTC, and therefore, is no longer subject to net capital requirements under CFTC Regulation 1.17 under the Commodity Exchange Act.

Pursuant to the SEC's Customer Protection Rule and other applicable regulations, CS&Co is required to maintain cash or qualified securities in segregated reserve accounts for the exclusive benefit of clients. Amounts included in cash and investments segregated and on deposit for regulatory purposes represent actual balances on deposit, whereas cash and investments required to be segregated and on deposit for regulatory purposes at December 31, 2021 totaled $38.4 billion, of which $23 million was for Proprietary Accounts of Broker-Dealers (PAB). We compute a separate reserve requirement for PAB and segregate a portion of cash to meet this requirement. As of January 4, 2022, the Company had deposited $1.5 billion of cash and qualified securities into its segregated reserve accounts.

19. Subsequent Events

The Company has evaluated the impact of events that have occurred subsequent to December 31, 2021, through the date the financial statements were issued. There have been no material subsequent events that have occurred during such period that would require disclosure or recognition.

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EXHIBIT J

INFORMATION ABOUT COMPANY MANAGED BRANCHES AND INDEPENDENT BRANCHES

SCHEDULES

J-1 **ADDRESSES OF COMPANY MANAGED BRANCHES AS OF 12/31/2021**

J-2 **NAMES OF IBLS AND ADDRESSES OF INDEPENDENT BRANCHES OPERATING AS OF 12/31/2021**

J-3 **CONTACT INFORMATION FOR IBLS WHO HAVE SIGNED A FRANCHISE AGREEMENT AS OF 12/31/2021, BUT HAVE NOT YET OPENED AN INDEPENDENT BRANCH AS OF 12/31/2021**

J-4 **SUPPLEMENTAL LIST OF IBLS WHO HAVE ACQUIRED AN INDEPENDENT BRANCH BETWEEN 1/1/2021 AND 12/31/2021 SHOWING THE ADDRESSES OF INDEPENDENT BRANCHES IDENTIFIED AS OF 12/31/2021**

J-5 **SUPPLEMENTAL LIST OF IBLS WHO HAVE SIGNED A FRANCHISE AGREEMENT BETWEEN 1/1/2021 AND 12/31/2021, BUT HAVE NOT YET OPENED AN INDEPENDENT BRANCH AS OF 12/31/2021**

J-6 **SUPPLEMENTAL LIST OF IBLS TERMINATED BETWEEN 1/1/2021 AND 12/31/2021**

NOTE: If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

SCHEDULE J-1

ADDRESSES OF COMPANY MANAGED BRANCHES AS OF 12/31/2021

Branch Name	Address	City	State	Zip	Telephone	Fax	Owner
Anchorage	1400 W Benson Blvd, Suite #180	Anchorage	AK	99503-3688	800-435-4000	907-263-2323	Charles Schwab & Co
Birmingham	3000 Cahaba Village Plaza, Suite #130	Birmingham	AL	35243-5956	800-435-4000	205-968-6950	Charles Schwab & Co
Huntsville	100 Church Street, Suite #125B	Huntsville	AL	35801-4594	800-435-9050	256-551-7023	Charles Schwab & Co
Montgomery	7051 Fain Park Drive, Suite 117	Montgomery	AL	36117	800-435-9050	334-215-1374	Charles Schwab & Co
Little Rock	650 S. Shackleford Road, Suite #140	Little Rock	AR	72211-3560	800-435-4000	501-219-4334	Charles Schwab & Co
Chandler	3031 West Frye Road, Building D	Chandler	AZ	85226	800-435-4000	480-732-1755	Charles Schwab & Co
Sun City - Arrowhead	16150 N Arrowhead Fount., Suite #185	Peoria	AZ	85382-4751	800-435-4000	623-979-8109	Charles Schwab & Co
Biltmore - Phoenix	6350 N. 24th Street	Phoenix	AZ	85016	800-435-4000	602-553-8487	Charles Schwab & Co
Prescott	1745 Rustic Timbers Ln, Suite C	Prescott	AZ	86303	800-435-9050	928 778-7016	Charles Schwab & Co
Scottsdale	7293 N Scottsdale Rd, Suite #107	Scottsdale	AZ	85253	800-435-4000	480-948-1490	Charles Schwab & Co
Scottsdale - North	20301 North Hayden Road, Suite #115	Scottsdale	AZ	85255-5454	800-435-4000	480-585-7966	Charles Schwab & Co
Tucson	4640 East Sunrise Dr, Suite # 127	Tucson	AZ	85718-4599	800-435-4000	520-512-5900	Charles Schwab & Co

Branch Name	Address	City	State	Zip	Telephone	Fax	Owner
Arcadia	134 East Huntington Drive, Suite A	Arcadia	CA	91006	800-435-4000	626-462-0211	Charles Schwab & Co
Bakersfield	5555 Truxtun Ave	Bakersfield	CA	93309	800-435-4000	661-864-3880	Charles Schwab & Co
Berkeley	1995 University Ave, Suite #100	Berkeley	CA	94704-1049	800-435-4000	510-665-4640	Charles Schwab & Co
Brea	3421 E. Imperial Highway, Suite #E-1	Brea	CA	92823	800-435-4000	714-993-1025	Charles Schwab & Co
Campbell	10 East Hamilton Ave, Suite #800	Campbell	CA	95008-0216	800-435-4000	408-341-4665	Charles Schwab & Co
Carlsbad	5796 Armada Drive, Suite #100	Carlsbad	CA	92008-4694	800-435-4000	760-931-2800	Charles Schwab & Co
Carmel Valley	100 Clock Tower Place, Suite #100	Carmel	CA	93923-8771	800-435-4000	831-622-5930	Charles Schwab & Co
Corte Madera	1704 Redwood Highway, The Village Shopping Center	Corte Madera	CA	94925	800-435-4000	415-924-1038	Charles Schwab & Co
Cupertino	19620 Stevens Creek Blvd, Suite #100	Cupertino	CA	95014-2486	800-435-4000	408-446-7966	Charles Schwab & Co
Davis	508 Second Street, Suite #110	Davis	CA	95616-4664	800-435-9050	530-792-8842	Charles Schwab & Co
Encino	16000 Ventura Boulevard, Suite #1105	Encino	CA	91436-2767	800-435-4000	818-971-7425	Charles Schwab & Co
Folsom	2600 East Bidwell Street, Suite #205	Folsom	CA	95630-6452	800-435-4000	916-817-6828	Charles Schwab & Co
Fremont	3161 Stevenson Blvd	Fremont	CA	94538-2393	800-435-4000	510-252-9692	Charles Schwab & Co
Fresno	265 E. River Park Circle, Suite #170	Fresno	CA	93720-1548	800-435-4000	559-447-6763	Charles Schwab & Co

Branch Name	Address	City	State	Zip	Telephone	Fax	Owner
Indian Wells	74785 Highway 111, Suite #102	Indian Wells	CA	92210-7129	800-435-4000	760-836-3076	Charles Schwab & Co
Irvine	2020 Main Street, Suite #160	Irvine	CA	92614-8228	800-435-4000	949-955-4090	Charles Schwab & Co
La Jolla	7777 Fay Ave, Suite #105	La Jolla	CA	92037-4325	800-435-4000	858-551-6300	Charles Schwab & Co
Los Altos	240 Third Street, Ste #100	Los Altos	CA	94022-3617	800-435-4000	650-917-5698	Charles Schwab & Co
Century City	1900 Ave of the Stars, Suite #101	Los Angeles	CA	90067-4302	800-435-4000	310-712-3840	Charles Schwab & Co
Los Angeles - Downtown	355 So. Grand Ave, Suite #110	Los Angeles	CA	90071-3158	800-435-4000	213-253-4310	Charles Schwab & Co
Los Gatos	335 N Santa Cruz Ave	Los Gatos	CA	95030-7205	800-435-4000	408-354-6031	Charles Schwab & Co
Menlo Park	800 El Camino Real, Suite #100	Menlo Park	CA	94025-4875	800-435-4000	650-614-2010	Charles Schwab & Co
San Jose - Milpitas	12 Ranch Drive	Milpitas	CA	95035-5103	800-435-4000	408-935-9382	Charles Schwab & Co
Mission Viejo	27201 Puerta Real, Suite #100	Mission Viejo	CA	92691-8570	800-435-4000	949-348-4180	Charles Schwab & Co
Modesto	1700 McHenry Ave, Suite #2E	Modesto	CA	95350-4300	800-435-4000	209-557-2849	Charles Schwab & Co
Napa	935 Franklin Street	Napa	CA	94559-2916	800-435-4000	707-259-2150	Charles Schwab & Co
Newport Beach	16 Corporate Plaza Dr	Newport Beach	CA	92660	800-435-4000	949-760-0104	Charles Schwab & Co
Oakland	180 Grand Avenue	Oakland	CA	94612	800-435-4000	510-238-5173	Charles Schwab & Co
Channel Islands	300 E. Esplanade Dr, Suite #2000	Oxnard	CA	93036-0205	800-435-4000	805-278-6560	Charles Schwab & Co
Pasadena	680 East Colorado Blvd, Suite #100	Pasadena	CA	91101	800-435-4000	626-397-4754	Charles Schwab & Co
Pleasanton	6200 Stoneridge Mall Road	Pleasanton	CA	94588-3242	800-435-4000	925-225-0633	Charles Schwab & Co

Branch Name	Address	City	State	Zip	Telephone	Fax	Owner
Roseville	1186 Roseville Parkway, Suite #180	Roseville	CA	95678	800-435-4000	800-977-5204	Charles Schwab & Co
Rowland Heights	1330 Fullerton Rd, Suite #112	Rowland Heights	CA	91748-1200	800-435-4000	626-810-3164	Charles Schwab & Co
Sacramento	525 Fulton Avenue	Sacramento	CA	95825-4812	800-435-4000	916-979-9816	Charles Schwab & Co
Del Mar	12481 High Bluff Drive, Suite #100	San Diego	CA	92130-3583	800-435-4000	858-523-2455	Charles Schwab & Co
Rancho Bernardo	10920 Via Frontera, Suite #100	San Diego	CA	92127-1730	800-435-4000	858-618-7220	Charles Schwab & Co
San Diego Mission Valley	7510 Hazard Center Dr, Suite #407	San Diego	CA	92108	800-435-4000	619-491-0637	Charles Schwab & Co
San Francisco	100 Post Street	San Francisco	CA	94108-4702	800-435-4000	415-956-2770	Charles Schwab & Co
San Francisco - California St	200 California Street, Floor 01	San Francisco	CA	94111-4344	800-435-4000	415-263-4390	Charles Schwab & Co
San Francisco - Presidio Heights	3478 California St, Suite #100	San Francisco	CA	94118-1837	800-435-4000	415-447-4980	Charles Schwab & Co
San Francisco - West Portal	106 West Portal Ave	San Francisco	CA	94127-1306	800-435-4000	415-242-2300	Charles Schwab & Co
San Francisco - Main Street	211 Main Street	San Francisco	CA	94105	800-435-4000	415-667-1032	Charles Schwab & Co
San Luis Obispo	733 Marsh Street, Ste #100	San Luis Obispo	CA	93401-3901	800-435-4000	805-788-0840	Charles Schwab & Co
San Mateo	1300 South El Camino Real, Suite #110	San Mateo	CA	94402-2964	800-435-4000	650-358-5538	Charles Schwab & Co
San Ramon	3150 Crow Canyon Road	San Ramon	CA	94583	800-435-4000	925-275-8184	Charles Schwab & Co
Santa Barbara	900 Chapala St, Suite #100	Santa Barbara	CA	93101-3217	800-435-4000	805-884-4200	Charles Schwab & Co
Santa Monica	826 Wilshire Blvd	Santa Monica	CA	90401-1810	800-435-4000	310-395-6737	Charles Schwab & Co

Branch Name	Address	City	State	Zip	Telephone	Fax	Owner
Santa Rosa	200 Fourth Street, Suite #100	Santa Rosa	CA	95401-6213	800-435-4000	707-569-7800	Charles Schwab & Co
Seal Beach	2399 Seal Beach Blvd, Suite # 101	Seal Beach	CA	90740-5630	800-435-4000	562-596-9410	Charles Schwab & Co
Soquel	2407 Porter St, Suite #100	Soquel	CA	95073-2476	800-435-4000	831-465-7599	Charles Schwab & Co
Stockton	3101 W. March Lane, Suite A	Stockton	CA	95219-2303	800-435-4000	209-475-1950	Charles Schwab & Co
Sunnyvale	438 East El Camino Real	Sunnyvale	CA	94087-1938	800-435-4000	408-522-3022	Charles Schwab & Co
Temecula	27580 Ynez Road, Suite A	Temecula	CA	92591-4667	800-435-4000	951-695-3403	Charles Schwab & Co
Thousand Oaks - Westlake	2931 Townsgate Road, Suite #110	Thousand Oaks	CA	91361-5804	800-435-4000	805-496-3661	Charles Schwab & Co
Torrance	21370 Hawthorne Blvd	Torrance	CA	90503	800-435-4000	310-792-3575	Charles Schwab & Co
Upland	1890 N. Campus Avenue	Upland	CA	91784-1650	800-435-4000	909-982-6020	Charles Schwab & Co
Walnut Creek	1231 S. California Blvd	Walnut Creek	CA	94596-5122	800-435-4000	925-974-2929	Charles Schwab & Co
Woodland Hills	6250 Topanga Canyon Blvd, Suite #1545	Woodland Hills	CA	91367	800-435-4000	818-340-1080	Charles Schwab & Co
Boulder	2480 Canyon Blvd, Bldg M, Suite #M4	Boulder	CO	80302-6702	800-435-4000	303-448-3538	Charles Schwab & Co
Colorado Springs	111 South Tejon Street, Suite# 109	Colorado Springs	CO	80903-2247	800-435-4000	719-630-4084	Charles Schwab & Co
Denver - Downtown	518 17th Street, Suite #100	Denver	CO	80202-4130	800-435-4000	303-260-5911	Charles Schwab & Co
Denver - Cherry Creek	201 Columbine Street, Suite #130	Denver	CO	80206-4741	800-435-4000	303-780-0901	Charles Schwab & Co
Fort Collins	2733 Council Tree Ave, Suite #113	Fort Collins	CO	80525-6316	800-435-9050	970-223-3089	Charles Schwab & Co

Branch Name	Address	City	State	Zip	Telephone	Fax	Owner
Summit County	211 Main Street, Suite #2A	Frisco	CO	80443	800-435-9050	970-668-3280	Charles Schwab & Co
Lone Tree	9899 Schwab Way, Suite 100	Lone Tree	CO	80124-5377	800-435-4000	720-895-9908	Charles Schwab & Co
Fairfield	1248 Post Road, Suite #100	Fairfield	CT	06824-6008	800-435-9050	203-319-2620	Charles Schwab & Co
Greenwich	19 East Elm Street	Greenwich	CT	06830-6518	800-435-9050	203-622-7519	Charles Schwab & Co
Madison, CT	869 Boston Post Road, Suite #102	Madison	CT	06443-3144	800-435-9050	203-245-6147	Charles Schwab & Co
Stamford	300 Atlantic St., Suite #130	Stamford	CT	06901-3514	800-435-4000	203-352-4810	Charles Schwab & Co
West Hartford	11 South Main Street	West Hartford	CT	6107	800-435-4000	860-231-9335	Charles Schwab & Co
Washington, DC - City Center	1100 H Street NW, Suite 100	Washington	DC	20005	202-530-1870	202-783-6106	Charles Schwab & Co
Washington, DC	1845 K Street, N.W.	Washington Dc	DC	20006-1209	800-435-4000	202-530-1873	Charles Schwab & Co
Wilmington, DE	4021 Kennett Pike, Suite A	Wilmington	DE	19807	800-435-4000	302-888-0319	Charles Schwab & Co
Boca Raton	150 E. Palmetto Pk. Rd., Suite #100	Boca Raton	FL	33432-4808	800-435-4000	561-416-4969	Charles Schwab & Co
Clearwater	28200 US Highway 19 North, Suite A	Clearwater	FL	33761-2622	800-435-9050	727-725-2303	Charles Schwab & Co
Coral Gables	110 Merrick Way, Suite #1	Coral Gables	FL	33134-5236	800-435-4000	305-774-4868	Charles Schwab & Co
Latin America Center - Coral Gables	1 Alhambra Plaza, Suite #950	Coral Gables	FL	33134-5248	800-435-4000	305-442-6750	Charles Schwab & Co
Fort Lauderdale	500 East Broward Blvd, Ste #101	Fort Lauderdale	FL	33394-3000	800-435-4000	954-468-2420	Charles Schwab & Co

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Fort Myers	12580 University Drive, Suite #100	Fort Myers	FL	33907-5672	800-435-4000	239-432-5350	Charles Schwab & Co
Jacksonville	4853 Town Center Parkway	Jacksonville	FL	32246	800-435-4000	904-996-6959	Charles Schwab & Co
Melbourne	6767 N. Wickham Rd, Ste #401-3	Melbourne	FL	32940-2025	800-435-9050	321-242-2788	Charles Schwab & Co
Miami	801 Brickell Ave, Suite #640	Miami	FL	33131-2973	800-435-4000	305-603-1401	Charles Schwab & Co
Sandestin	495 Grand Boulevard, Suite 206	Miramar Beach	FL	32550	800-435-9050	850-654-6808	Charles Schwab & Co
Naples	5295 Tamiami Trail North	Naples	FL	34103	800-435-4000	239-213-0661	Charles Schwab & Co
Naples - Downtown	375 Fifth Ave South, Suite #101	Naples	FL	34102	800-435-4000	800-977-5590	Charles Schwab & Co
Orlando - Downtown	420 South Orange Avenue	Orlando	FL	32801-3323	800-435-9050	407-420-2030	Charles Schwab & Co
Ormond Beach	1414 West Granada Blvd, Ste. #1	Ormond Beach	FL	32174	800-435-9050	386-257-9632	Charles Schwab & Co
Palm Beach Gardens	3801 PGA Blvd, Suite 600	Palm Beach Gardens	FL	33410	800-435-9050	561-337-5363	Charles Schwab & Co
Pensacola	25 West Cedar Street, Suite #140	Pensacola	FL	32502-5972	800-435-9050	850-429-1454	Charles Schwab & Co
Plantation	1179 South University Drive, Suite 310	Plantation	FL	33324	800-435-4000	954-577-4740	Charles Schwab & Co
Sarasota	100 University Town Center Drive	Sarasota	FL	34243	800-435-4000	941-351-6605	Charles Schwab & Co
St. Petersburg	6700 22nd Ave N.	St. Petersburg	FL	33710	800-435-4000	727-343-3527	Charles Schwab & Co
Tallahassee	909 East Park Avenue, Suite D-1	Tallahassee	FL	32301-2646	800-435-9050	850-222-1418	Charles Schwab & Co
Tampa Bay	4304 W Boy Scout Blvd	Tampa	FL	33607	800-435-4000	813-348-1388	Charles Schwab & Co

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The Villages	1048 Lake Sumter Landing	The Villages	FL	32162-2697	800-435-9050	352-430-3081	Charles Schwab & Co
Vero Beach	3485 Ocean Dr	Vero Beach	FL	32963-1667	800-435-4000	772-231-8008	Charles Schwab & Co
Palm Beach	501 S. Flagler Dr, Flagler Ctr	West Palm Beach	FL	33401-5909	800-435-4000	561-804-0115	Charles Schwab & Co
Winter Park	633 N Orlando Ave	Winter Park	FL	32789	800-435-9050	407-599-0022	Charles Schwab & Co
Alpharetta	2775 Old Milton Pkwy, Suite #100	Alpharetta	GA	30009-2212	800-435-4000	678-297-7760	Charles Schwab & Co
Atlanta - Cobb County	3260 Walton Riverwood Lane	Atlanta	GA	30339	800-435-4000	770-690-8729	Charles Schwab & Co
Atlanta - Buckhead	3314 Peachtree Road	Atlanta	GA	30326-1001	800-435-4000	404-364-1940	Charles Schwab & Co
Atlanta - Midtown	1075 Peachtree St NE, Suite 1	Atlanta	GA	30309	800-435-4000	404-249-9290	Charles Schwab & Co
Atlanta - Perimeter	1105 Hammond Drive	Sandy Springs	GA	30328	800-435-4000	770-391-2709	Charles Schwab & Co
Savannah	7150 Hodgson Memorial Dr, Suite B	Savannah	GA	31406-2532	800-435-9050	912-652-6480	Charles Schwab & Co
Honolulu	700 Bishop St, Suite #100	Honolulu	HI	96813-4102	800-435-4000	808-585-6987	Charles Schwab & Co
Des Moines	5901 Mills Civic Parkway, Suite 6000	West Des Moines	IA	50266	800-435-4000	515-225-4338	Charles Schwab & Co
Boise	902 W. Main St.	Boise	ID	83702-5718	800-435-4000	208-395-2385	Charles Schwab & Co
Chicago - Michigan Avenue	430 N Michigan Ave	Chicago	IL	60611-4011	800-435-4000	312-467-4049	Charles Schwab & Co
Chicago - Wacker Drive	150 S Wacker Dr, Suite #100	Chicago	IL	60606-4111	800-435-4000	312-456-6622	Charles Schwab & Co
Chicago - Lincoln Park	820 W. North Ave	Chicago	IL	60642-2502	800-435-9050	312-266-3325	Charles Schwab & Co

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Geneva, IL	500 S. Third Street, Suite #135	Geneva	IL	60134	800-435-9050	630-845-1952	Charles Schwab & Co
Naperville	19 West Chicago Ave	Naperville	IL	60540-5301	800-435-4000	630-717-1675	Charles Schwab & Co
Northbrook	445 Skokie Blvd	Northbrook	IL	60062-2808	800-435-4000	847-480-7519	Charles Schwab & Co
Oak Brook	500 W. 22nd Street	Oak Brook	IL	60523-1955	800-435-4000	630-572-2536	Charles Schwab & Co
Orland Park	14225 95th Ave, Suite #422	Orland Park	IL	60462	800-435-4000	708-226-6560	Charles Schwab & Co
Schaumburg - Woodfield	1700 East Golf Road, Suite #150	Schaumburg	IL	60173-5810	800-435-4000	847-706-4829	Charles Schwab & Co
Barrington	100 West Higgins Road, Suite A-1	South Barrington	IL	60010	800-435-4000	847-304-8578	Charles Schwab & Co
Winnetka	598 Green Bay Road	Winnetka	IL	60093-2220	800-435-4000	847-441-1930	Charles Schwab & Co
Fort Wayne	3220 Mallard Cove Lane	Fort Wayne	IN	46804-2883	800-435-9050	260-432-2985	Charles Schwab & Co
Indianapolis	137 N. Meridian St, Ste #111	Indianapolis	IN	46204-2302	800-435-4000	317-634-2480	Charles Schwab & Co
Indianapolis - Woodfield Crossing	8332 Woodfield Crossing Blvd	Indianapolis	IN	46240-2482	317-713-3820	317-713-3833	Charles Schwab & Co
Leawood	13501 Nall Ave	Leawood	KS	66224-8902	800-435-4000	913-897-8242	Charles Schwab & Co
Wichita	1720 N. Webb Road, Suite # 116	Wichita	KS	67206-3419	800-435-9050	316-636-9655	Charles Schwab & Co
Lexington	4084 Finn Way, Suite 150	Lexington	KY	40517	800-435-9050	859-271-0110	Charles Schwab & Co
Louisville	295 N. Hubbards Lane, Suite #101	Louisville	KY	40207-8206	800-435-4000	502-897-7825	Charles Schwab & Co
Baton Rouge	8550 United Plaza Blvd, Suite #702	Baton Rouge	LA	70809	800-435-9050	225-706-8446	Charles Schwab & Co
New Orleans	3417 Veterans Memorial Blvd	Metairie	LA	70002	800-435-4000	504-830-0711	Charles Schwab & Co

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Boston	127 Congress Street, Floor 01	Boston	MA	02110-2511	800-435-4000	617-210-7418	Charles Schwab & Co
Burlington, MA	54 Mall Rd	Burlington	MA	01803-4556	800-435-4000	781-505-1295	Charles Schwab & Co
Cape Cod	1597 Falmouth Road, Suite #4	Centerville	MA	02632-2955	800-435-9050	508-778-0985	Charles Schwab & Co
Chestnut Hill	1262 Boylston Street, Floor 01	Chestnut Hill	MA	02467-2104	800-435-4000	617-713-3330	Charles Schwab & Co
Framingham	161 Worcester Road, Suite # 102	Framingham	MA	1701	800-435-9050	508-270-9113	Charles Schwab & Co
Hingham, MA	94 Derby Street, Suite #203	Hingham	MA	02043-4213	800-435-4000	781-749-5718	Charles Schwab & Co
Lynnfield	200 Market Street	Lynnfield	MA	1940	781-776-3004	781-334-6183	Charles Schwab & Co
Annapolis	170 Jennifer Rd, Suite #110	Annapolis	MD	21401-7972	410-224-5600	410-224-5619	Charles Schwab & Co
Bethesda	7401 Wisconsin Ave, Suite 100	Bethesda	MD	20814-3400	800-435-4000	301-941-9811	Charles Schwab & Co
Columbia, MD	5850 Waterloo Road, Suite 140	Columbia	MD	21045-1941	800-435-9050	410-465-4106	Charles Schwab & Co
Gaithersburg	108 Ellington Blvd	Gaithersburg	MD	20878-4552	800-435-4000	301-519-3297	Charles Schwab & Co
Potomac	12435 Park Potomac Ave, Suite R-3	Potomac	MD	20854	301-795-2820	301-340-7928	Charles Schwab & Co
Towson	401 Washington Ave, Suite #140	Towson	MD	21204-9422	800-435-4000	410-769-6164	Charles Schwab & Co
Portland, ME	100 Commercial Street, Suite #106	Portland	ME	04101-4724	800-435-9050	207-253-1763	Charles Schwab & Co
Ann Arbor	760 West Eisenhower Pkwy, Suite #150	Ann Arbor	MI	48103-3304	800-435-9050	734-998-1571	Charles Schwab & Co
East Lansing	1111 E Michigan Avenue, Suite 205	East Lansing	MI	48823-4050	800-435-9050	517-664-1221	Charles Schwab & Co

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Grand Rapids	5136 Cascade Road SE, Suite 1B	Grand Rapids	MI	49546-3728	800-435-4000	616-464-1254	Charles Schwab & Co
Novi	43251 Crescent Blvd	Novi	MI	48375	800-435-4000	248-449-4023	Charles Schwab & Co
Troy	987 Wilshire, Suite A	Troy	MI	48084	800-435-4000	248-273-0140	Charles Schwab & Co
Edina	3601 Minnesota Drive, Suite #110	Edina	MN	55435-9878	800-435-4000	952-820-3970	Charles Schwab & Co
Minneapolis	717 Nicollet Mall, Suite # 200	Minneapolis	MN	55402-2004	800-435-4000	612-204-3778	Charles Schwab & Co
St. Paul	401 Robert St N, Suite #209	St. Paul	MN	55101-2008	800-435-4000	651-310-1339	Charles Schwab & Co
Wayzata	130 Lake Street West, Floor 01	Wayzata	MN	55391-1599	800-435-4000	952-404-1887	Charles Schwab & Co
St. Louis - West County	17247 Chesterfield Airport Rd.	Chesterfield	MO	63005-1423	800-435-4000	636-536-3300	Charles Schwab & Co
St. Louis - Clayton	8455 Maryland Ave, 100	Clayton	MO	63105-3646	800-435-4000	314-862-7242	Charles Schwab & Co
Kansas City	700 W. 47th Street, Ste. 110	Kansas City	MO	64112-1805	800-435-4000	816-531-2475	Charles Schwab & Co
Jackson	800 Woodlands Parkway, Suite #101	Ridgeland	MS	39157-5200	800-435-4000	601-206-8098	Charles Schwab & Co
Asheville	10 Crispin Ct, Suite #101, Bldg D	Asheville	NC	28803-3207	800-435-4000	828-277-2708	Charles Schwab & Co
Cary	2500 Regency Parkway	Cary	NC	27518	800-435-9050	919-654-6831	Charles Schwab & Co
Chapel Hill	1108 Environ Way	Chapel Hill	NC	27517	800-435-4000	919-932-4380	Charles Schwab & Co
Charlotte	4529 Sharon Road	Charlotte	NC	28211-3521	800-435-4000	704-367-9702	Charles Schwab & Co
Greensboro	3328 W. Friendly Ave, Suite # 111	Greensboro	NC	27410	800-435-9050	336-852-9576	Charles Schwab & Co
Huntersville	8700 Sam Furr Road	Huntersville	NC	28078	800-435-4000	704-894-8540	Charles Schwab & Co
Raleigh	4313 Glenwood Ave	Raleigh	NC	27612	800-435-4000	919-786-5038	Charles Schwab & Co

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Wilmington, NC	1213 Culbreth Drive, Suite 124	Wilmington	NC	28405	800-435-9050	910-509-9267	Charles Schwab & Co
Winston-Salem	380 Knollwood, Suite E	Winston-Salem	NC	27103-1847	800-435-4000	336-721-9115	Charles Schwab & Co
Lincoln	650 J Street, Suite 405	Lincoln	NE	68508-2924	800-435-9050	402-435-0824	Charles Schwab & Co
Omaha	16811 Burke Street, Suite #101	Omaha	NE	68118-2253	800-435-4000	402-289-4402	Charles Schwab & Co
Manchester	2 Wall St, Suite #110	Manchester	NH	03101-1518	800-435-4000	603-656-4220	Charles Schwab & Co
Portsmouth, NH	117 Bow Street, Suite #111	Portsmouth	NH	03801-3851	800-435-9050	603-430-6239	Charles Schwab & Co
Bridgewater	610 Commons Way, #4340	Bridgewater	NJ	8807	800-435-4000	908-927-9506	Charles Schwab & Co
Millburn	374 Millburn Ave	Millburn	NJ	07041-1358	800-435-4000	973-379-8717	Charles Schwab & Co
South Jersey	105 Mall Link Rd	Moorestown	NJ	08057-3253	800-435-4000	856-914-4717	Charles Schwab & Co
Morristown	20 North Park Place	Morristown	NJ	07960-7108	800-435-4000	973-359-2782	Charles Schwab & Co
Paramus	155 Route 17	Paramus	NJ	07652-2903	201-967-3600	201-967-3595	Charles Schwab & Co
Princeton	132 Nassau St, Floor 01	Princeton	NJ	08542-7006	800-435-4000	609-497-3616	Charles Schwab & Co
Red Bank	70 White St	Red Bank	NJ	07701-1635	800-435-9050	732-345-2714	Charles Schwab & Co
Albuquerque	6501 Americas Pkwy NE, Suite #100	Albuquerque	NM	87110-5307	800-435-4000	505-878-1330	Charles Schwab & Co
Santa Fe	2006 Botulph Rd, Suite #118/119/120	Santa Fe	NM	87505-5764	800-435-9050	505-820-1486	Charles Schwab & Co
Henderson	170 S. Green Valley Pkwy, Suite #220	Henderson	NV	89012-3132	800-435-4000	702-269-1677	Charles Schwab & Co
Las Vegas - Summerlin	1120 North Town Center, Suite #170	Las Vegas	NV	89144-6303	800-435-4000	702-880-2011	Charles Schwab & Co
Reno	5301 Kietzke Lane	Reno	NV	89511-2083	800-435-4000	775-770-1189	Charles Schwab & Co
Albany	677 Broadway	Albany	NY	12207-2985	800-435-4000	518-455-7121	Charles Schwab & Co
Buffalo	8118 Transit Road	Amherst	NY	14221	800-435-9050	716-688-1295	Charles Schwab & Co

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Brooklyn	100 7th Avenue, Suite #100B	Brooklyn	NY	11215-1306	718-230-1682	718-230-0359	Charles Schwab & Co
Syracuse	7000 E. Genesee St, Ste D8	Fayetteville	NY	13066-1016	800-435-9050	315-446-6182	Charles Schwab & Co
Forest Hills	107-09 70th Road	Forest Hills	NY	11375-4240	800-435-9050	718-275-5118	Charles Schwab & Co
Garden City	600 Old Country Road	Garden City	NY	11530-2045	800-435-4000	516-683-8703	Charles Schwab & Co
Huntington	50 West Jericho Turnpike	Huntington Station	NY	11746	800-435-4000	631-271-1345	Charles Schwab & Co
Lake Grove	2095 Smith Haven Plaza	Lake Grove	NY	11755	800-435-4000	631-724-1501	Charles Schwab & Co
Manhasset	1900 Northern Blvd, Suite E	Manhasset	NY	11030	800-435-4000	516-627-0901	Charles Schwab & Co
Mt. Kisco	37 South Moger Ave, Suite #3	Mt Kisco	NY	10549-2204	914-244-8900	914-241-1301	Charles Schwab & Co
New York - Grand Central	60 E 42nd St, Ground Floor	New York City	NY	10165-0007	800-435-4000	212-450-1811	Charles Schwab & Co
New York - Flatiron	915 Broadway, Ground Floor	New York City	NY	10010	800-435-4000	212-614-1491	Charles Schwab & Co
New York - Midtown	1300 Avenue of the Americas	New York City	NY	10019	800-435-4000	212-707-8505	Charles Schwab & Co
New York - Upper East Side	200 East 79th Street	New York City	NY	10075	800-435-4000	212-861-1516	Charles Schwab & Co
New York - Upper West Side	2308 Broadway	New York City	NY	10024-4301	800-435-4000	212-362-4620	Charles Schwab & Co
New York - Wall Street	44 Wall Street	New York City	NY	10005-2402	800-435-4000	212-232-3250	Charles Schwab & Co
Rochester	1250 Pittsford Victor Rd Bldg 200, Suite 190	Pittsford	NY	14534	800-435-4000	585-419-0520	Charles Schwab & Co

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Poughkeepsie	2645 South Road, Suite 1	Poughkeepsie	NY	12601-6857	800-435-4000	845-485-6342	Charles Schwab & Co
Scarsdale	331 Central Park Avenue	Scarsdale	NY	10583-1301	800-435-4000	914-722-6424	Charles Schwab & Co
Cincinnati	4000 Smith Road, Suite #100	Cincinnati	OH	45209-1966	800-435-4000	513-361-8612	Charles Schwab & Co
Columbus	277 W. Nationwide Blvd	Columbus	OH	43215-9737	800-435-4000	614-227-5730	Charles Schwab & Co
Dublin	6634 Riverside Drive	Dublin	OH	43017	614-698-3350	614-718-9838	Charles Schwab & Co
Akron	3067 W. Market St., Ste. 2 & 3	Fairlawn	OH	44333-8360	800-435-9050	330-835-5351	Charles Schwab & Co
Pinecrest	511 Park Avenue, Suite 145	Orange Village	OH	44122	800-435-4000	800-976-1248	Charles Schwab & Co
Dayton	9668 N. Springboro Pike	Miamisburg	OH	45342-5077	800-435-4000	937-291-4280	Charles Schwab & Co
Toledo	5800 Monroe St., Bldg F, Suite #10	Sylvania	OH	43560-2263	800-435-9050	419-882-2026	Charles Schwab & Co
Westlake	2341 Crocker Rd	Westlake	OH	44145	800-435-4000	440-835-6562	Charles Schwab & Co
Oklahoma City	13710 N. Pennsylvania Ave, Suite #2	Oklahoma City	OK	73134-6030	800-435-4000	405-748-8530	Charles Schwab & Co
Tulsa	2005 E 21st ST, Suite #100	Tulsa	OK	74114	800-435-4000	918-743-8415	Charles Schwab & Co
Eugene	975 Oak St, Suite 150	Eugene	OR	97401-2727	800-435-4000	541-344-1341	Charles Schwab & Co
Portland, OR	820 SW Morrison	Portland	OR	97205	800-435-4000	503-222-0219	Charles Schwab & Co
Lehigh Valley	1150 S Cedar Crest Blvd, Suite #100	Allentown	PA	18103-7900	800-435-4000	610-606-2050	Charles Schwab & Co
Southpointe	1900 Main Street, Suite 219	Canonsburg	PA	15317	800-435-9050	724-745-4844	Charles Schwab & Co
Pittsburgh - Cranberry Township	2080 Mackenzie Way, Suite 100	Cranberry Township	PA	16066	724-591-7801	724-741-0519	Charles Schwab & Co
Harrisburg	22 A North Second St	Harrisburg	PA	17101	800-435-4000	717-257-3940	Charles Schwab & Co
Lancaster	2094 Grand Street	Lancaster	PA	17601	800-435-9050	717-392-4265	Charles Schwab & Co

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Monroeville	3824 Northern Pike, 680	Monroeville	PA	15146-2141	800-435-9050	412-856-0859	Charles Schwab & Co
Philadelphia	1650 Market Street, Suite #102	Philadelphia	PA	19103-7301	800-435-4000	215-246-3616	Charles Schwab & Co
Wayne	200 West Lancaster Ave	Wayne	PA	19087-4046	800-435-4000	610-293-4092	Charles Schwab & Co
Newtown	1030 Stony Hill Rd, Unit #1	Yardley	PA	19067-5500	800-435-4000	267-757-7015	Charles Schwab & Co
San Juan	250 Ave Munoz Rivera, Suite #104	San Juan	PR	00918-1806	877-686-1937	787-281-2294	Charles Schwab & Co
Providence	75 Fountain Street, Suite R1	Providence	RI	2903	800-435-4000	401-421-8710	Charles Schwab & Co
Greenville	12 East Washington St	Greenville	SC	29601-2731	800-435-4000	864-240-6088	Charles Schwab & Co
Mt. Pleasant	962 Houston Northcutt Blvd, Suite #100	Mt Pleasant	SC	29464	800-435-4000	843-971-4760	Charles Schwab & Co
Chattanooga	2 Union Square, Suite 1000	Chattanooga	TN	37402	800-435-9050	423-308-7262	Charles Schwab & Co
Franklin	520 Cool Springs Blvd	Franklin	TN	37067	800-435-4000	615-771-3417	Charles Schwab & Co
Memphis	7926 Wolf River Boulevard	Germantown	TN	38138-1725	800-435-4000	901-752-7007	Charles Schwab & Co
Knoxville	10114 Parkside Drive, Suite # 102	Knoxville	TN	37922-1944	800-435-4000	865-675-2059	Charles Schwab & Co
Nashville	1801 West End Ave, Suite #125	Nashville	TN	37203-2542	800-435-4000	615-321-1280	Charles Schwab & Co
Austin	501 Congress Avenue, Suite #125	Austin	TX	78701-3501	800-435-4000	512-476-4363	Charles Schwab & Co
Austin - Domain	11601 Alterra Pkwy, Suite # 150	Austin	TX	78758	800-435-4000	512-821-2300	Charles Schwab & Co
Dallas - North Dallas	5100 Belt Line Rd., Ste #852	Dallas	TX	75254	800-435-4000	972-770-0941	Charles Schwab & Co
Dallas - Park Cities	8401 N Central Expy, Suite #110	Dallas	TX	75225-4403	800-435-4000	214-706-6136	Charles Schwab & Co

Branch Name	Address	City	State	Zip	Telephone	Fax	Owner
El Paso	4141 Pinnacle Street, Suite #106	El Paso	TX	79902-1017	800-435-9050	915-581-3230	Charles Schwab & Co
Fort Worth	409 Throckmorton St	Fort Worth	TX	76102-7409	800-435-9050	817-870-9093	Charles Schwab & Co
Houston - Galleria	4200 Westheimer Rd, Suite 100	Houston	TX	77027	800-435-4000	713-513-8475	Charles Schwab & Co
Houston - Memorial City	947 Gessner Road, Suite #A260	Houston	TX	77024-2501	800-435-4000	713-973-2703	Charles Schwab & Co
Midland	200 N Loraine St, Suite #110	Midland	TX	79701-9922	800-435-4000	432-688-3711	Charles Schwab & Co
Plano	3310 Dallas Parkway, Suite 111	Plano	TX	75093-7709	800-435-4000	972-378-3679	Charles Schwab & Co
San Antonio	1435 North Loop 1604 West, Suite 101	San Antonio	TX	78258	800-435-4000	210-493-2404	Charles Schwab & Co
Southlake	1524 E. Southlake Blvd	Southlake	TX	76092-6421	800-435-4000	817-481-9404	Charles Schwab & Co
Houston - Sugarland	1865 Highway 6, Suite #110	Sugar Land	TX	77478-5096	800-435-4000	281-243-7510	Charles Schwab & Co
Houston - The Woodlands	24 Waterway Avenue, Suite #150	The Woodlands	TX	77380-1919	800-435-4000	281-362-2218	Charles Schwab & Co
Houston - Clear Lake City	19205 Gulf Freeway	Webster	TX	77598	800-435-4000	281-316-4577	Charles Schwab & Co
Salt Lake City	268 South State St, Suite #140	Salt Lake City	UT	84111-5300	800-435-4000	801-239-2090	Charles Schwab & Co
Alexandria	1920 Ballenger Ave, Suite 120	Alexandria	VA	22314	800-435-4000	703-683-2691	Charles Schwab & Co
Arlington	4350 Fairfax Dr, Suite 125	Arlington	VA	22203	800-435-4000	703-841-5804	Charles Schwab & Co
Charlottesville, VA	675 Peter Jefferson Pkwy, Suite 480	Charlottesville	VA	22911-4656	800-435-9050	434-295-3336	Charles Schwab & Co

Branch Name	Address	City	State	Zip	Telephone	Fax	Owner
Leesburg	1603 Village Market SE, Suite 100	Leesburg	VA	20175	800-435-4000	703-777-7180	Charles Schwab & Co
Reston	11953 Freedom Drive	Reston	VA	20190	800-435-9050	703-707-0507	Charles Schwab & Co
Richmond	11657 West Broad Street	Richmond	VA	23233-1004	800-435-4000	804-364-0497	Charles Schwab & Co
Tysons Corner	1650 Tysons Blvd, Suite #150	Tysons Corner	VA	22102-4856	800-435-4000	703-761-1573	Charles Schwab & Co
Virginia Beach	4701 Virginia Beach Blvd, Suite 200	Virginia Beach	VA	23462	800-435-4000	757-493-7650	Charles Schwab & Co
Burlington, VT	100 Bank Street, Suite #540	Burlington	VT	05401-4699	800-435-9050	802-651-1065	Charles Schwab & Co
Bellevue	11100 NE 8th St., Suite#250	Bellevue	WA	98004-4465	800-435-4000	425-451-7215	Charles Schwab & Co
Lynnwood	19020 33rd Ave West, Suite #100	Lynnwood	WA	98036-4746	800-435-4000	425-640-7169	Charles Schwab & Co
Redmond	8862 161st Ave NE, Suite #106	Redmond	WA	98052-7553	800-435-4000	425-558-3438	Charles Schwab & Co
Seattle	508 Union St	Seattle	WA	98101-2309	800-435-4000	206-287-3810	Charles Schwab & Co
Spokane	818 West Riverside Avenue, Suite #150	Spokane	WA	99201-0916	800-435-4000	509-742-5910	Charles Schwab & Co
Tacoma	1148 Broadway, Suite #110	Tacoma	WA	98402-3589	800-435-4000	253-382-4777	Charles Schwab & Co
Vancouver	201 NE Park Plaza Dr, Suite 221	Vancouver	WA	98684-5881	800-435-9050	360-735-7643	Charles Schwab & Co
Appleton	1871 N. Casaloma Drive	Appleton	WI	54913-7980	800-435-9050	920-225-0025	Charles Schwab & Co
Brookfield	17515 West Bluemound Road, Suite 100	Brookfield	WI	53045	800-435-4000	262-784-7601	Charles Schwab & Co
Madison	8333 Greenway Boulevard, Suite #180	Middleton	WI	53562-3684	800-435-4000	608-824-2050	Charles Schwab & Co
Milwaukee	411 E Wisconsin Ave, Suite #125	Milwaukee	WI	53202-4461	800-435-4000	414-319-5412	Charles Schwab & Co

SCHEDULE J-2

NAMES OF IBLS AND ADDRESSES OF INDEPENDENT BRANCHES OPERATING AS OF 12/31/2021

Branch Name	Address	City	State	Zip	Telephone	Fax	Owner
Spanish Fort Opened: 8/24/2018	30362 State Highway 181	Spanish Fort	AL	36527	251-504-7078	251-626-8420	Randy Fidler
East Mesa Opened: 6/7/2019	3204 N Recker Road, Suite 103	Mesa	AZ	85215	480-240-9371	480-641-6499	Don Wilde
Corona Opened: 5/25/2021	1973 Foothill Parkway	Corona	CA	92881	951-460-4180	800-977-5132	John Kendall
Novato Opened: 2/15/2013	1400 Grant Ave., Suite 101	Novato	CA	94945	415-294-3503	415-892-1481	Michael Dolan
Truckee Opened: 11/30/2017	10770 Donner Pass Road, Suite 103	Truckee	CA	96161	530-448-8038	530-582-4620	Nate Farnell
Brookfield Opened: 12/3/2021	49 Federal Road	Brookfield	CT	06804	203-448-2344	800-976-0849	Richard Sica
Mystic Opened: 5/23/2013	4 Holmes St., Suite B	Mystic	CT	06355	860-415-8090	860-536-0349	Russ Burgess
Old Saybrook Opened: 9/6/2019	85 Main Street	Old Saybrook	CT	06475	860-339-4353	860-388-1615	Ryan Busby
South Windsor Opened: 11/22/2013	83 Evergreen Way, Suite 220	South Windsor	CT	06074	860-838-6222	860-640-1184	Sweyden Dibble
Rehoboth Beach Opened: 3/01/2019	19266 Coastal Hwy, Unit 5	Rehoboth Beach	DE	19971	302-260-8731	302-227-3207	Mark Engberg
Clermont Opened: 6/1/2018	1600 Hancock Road	Clermont	FL	34711	407-619-5065	352-243-0212	Michael Wytiaz
Gainesville Opened: 8/11/2017	2047 NW 43rd St., Suite 20	Gainesville	FL	32606	352-792-1614	352-373-7244	Greg Grooms
Lakeland Opened: 11/6/2020	6419 S. Florida Ave., Ste 103	Lakeland	FL	33813	863-450-3272	800-977-4834	Lydia Boyd
New Tampa Opened: 6/30/2020	25926 Sierra Center Blvd	Lutz	FL	33559	813-261-4740	800-977-4585	Thomas McCormick
Windermere Opened: 05/25/2012	4848 S Apopka Vineland Rd, Suite 204	Orlando	FL	32819	407-909-0485	407-909-0589	Michael Wytiaz
St. Augustine Opened: 10/30/2020	841 S Ponce de Leon Blvd, Suite 7	St. Augustine	FL	32084	904-495-0360	337-989-2131	Justin Dolan
Citrus Park Opened: 07/02/2012	8633 Citrus Park Drive	Tampa	FL	33625	813-926-1028	813-926-7621	Justin Cole
Augusta Opened: 9/20/2019	630 Crane Creek Drive, Ste 305	Augusta	GA	30907	706-849-8350	706-651-1352	John Rhodes
Buford Opened: 11/22/2019	3264 Buford Drive	Buford	GA	30519	470-655-3999	770-932-1037	Adil Ali
Dawsonville Opened: 10/14/2019	12 Dawson Market Way,	Dawsonville	GA	30534	706-525-7204	706-216-0962	David Robertson
Kennesaw Opened: 9/06/2019	1450 Ernest W Barrett Pkwy NW	Kennesaw	GA	30152	770-281-3922		Mike Pefferly

Branch Name	Address	City	State	Zip	Telephone	Fax	Owner
Davenport Opened: 12/21/2012	5345 Elmore Ave., #300	Davenport	IA	52807	563-275-3659	563-355-4155	Eric Johannes
Champaign Opened: 8/24/2018	2219 S. Neil Street	Champaign	IL	61820	217-417-9928	217-352-7840	Ronald Endsley
Edwardsville Opened: 7/13/2018	1001 Century Drive	Edwardsville	IL	62025	618-444-6429	618-692-9280	Tim Wayman
Normal Opened: 7/27/2017	309 Veterans Parkway, Suite 400	Normal	IL	61761	309-533-7575	309-268-0667	Mark Brownlee
Peoria Opened: 12/16/2016	7702 N. Grand Prairie Drive	Peoria	IL	61615	309-285-8802	309-691-5630	Gary Craig
Rockford Opened: 10/18/2013	801 N. Perryville Rd., Suite 4	Rockford	IL	61107	815-209-0055	815-397-3927	Mark Gerard
Bloomington Opened: 7/26/2013	1155 S. College Mall Rd., Suite D	Bloomington	IN	47404	812-558-3838	812-339-8160	Jeremy Zeichner
Clarksville Opened: 5/24/2013	1305 Veterans Parkway,	Clarksville	IN	47129	812-590-4674	812-283-3760	Mike Johnson
Evansville Opened: 3/2/2018	236 N Burkhardt Road	Evansville	IN	47715	812-430-7653	812-475-8830	Joe Helfrich
Merrillville Opened: 7/1/2019	2507 Southlake Mall	Merrillville	IN	46410	219-306-4228	219-769-3051	Wayne Brumm
Terre Haute Opened: 10/19/2012	4830 S Hwy 41	Terre Haute	IN	47802	812-234-1400	812-298-1089	David McKimmy
Fort Mitchell Opened: 8/10/2018	285 Buttermilk Pike	Fort Mitchell	KY	41017	513-213-1752	859-331-1495	Crystal Mann
Lexington-Hamburg Opened: 4/17/2020	2344 Elkhorn Road	Lexington	KY	40509	859-629-3460	859-263-7113	Marc Taylor
Lafayette Opened: 10/02/2020	500 Settlers Trace Blvd	Lafayette	LA	70508	337-265-4210	337-989-2131	Jeffrey Gunnels
Mashpee Opened: 8/10/2018	17 North Street	Mashpee	MA	02649	774-454-6615	508-477-0251	Ned Eastman
Bowie Opened: 10/11/2013	6103 Highbridge Rd.	Bowie	MD	20720	240-334-4366	301-262-2669	Dennis Oparaugo
Easton Opened: 1/26/2015	218 N Washington Street, Suite	Easton	MD	21601	410-690-3909	410-770-4894	Bob Bennett
Hagerstown Opened: 1/10/2014	18045 Garland Groh Blvd.	Hagerstown	MD	21740	240-329-2021	240-420-2921	TJ Roccograndi
Holland Opened: 8/19/2016	12365 James Street, Suite 40	Holland	MI	49424	616-499-3777	616-392-1034	Kurt Kamminga
Jackson, MI Opened: 12/14/2018	209 W. Louis Glick Highway Suite A,	Jackson	MI	49201	517-262-5084	N/A	Kevin LaMarre
Saginaw Opened: 8/31/2018	2685 Tittabawassee Rd.	Saginaw	MI	48604	989-415-9743	989-790-2914	Steve Witten
Traverse City Opened: 3/8/2016	215 Washington S., Suite 1B	Traverse City	MI	49684	231-421-6717	231-929-3117	Dan McNamara
O'Fallon Opened: 12/14/2012	4579 Highway K	O'Fallon	MO	63368	636-486-8094	636-329-9031	Andrew Weltz
Bozeman Opened: 5/8/2020	610 Boardwalk Ave.	Bozeman	MT	59718	406-219-0836	4065876137	Erin Yost
Missoula Opened: 7/23/2021	741 S. Higgins Ave.	Missoula	MT	59801	406-214-3355	800-977-5216	Casey Herron
Southern Pines Opened: 8/5/2019	10840 US 15-501 Highway	Southern Pines	NC	28387	910-684-4965	910-246-0072	Philip Bailey

Branch Name	Address	City	State	Zip	Telephone	Fax	Owner
Nashua Opened: 12/12/2011	2 Cellu Drive Suite 113	Nashua	NH	03063	603-595-0581	603-595-0645	Mary Murphy
Flemington Opened: 7/12/2013	318 Highway 202 North,	Flemington	NJ	08822	908-287-1422	908-237-1970	Michael R.Solomon
Freehold Opened: 12/20/2013	3425 Route 9 Suite 101	Freehold	NJ	07728	732-298-6380	732-409-7464	Rebecca Proske
Egg Harbor Opened: 6/7/2019	430 Consumer Square	Mays Landing	NJ	08330	609-910-4807	609-677-8153	David Shelly
Vineland-Millville Opened: 4/23/2021	2184 North 2nd Street	Millville	NJ	08332	856-506-3412	800-977 5129	Donald Daigle
Las Cruces Opened: 12/21/2012	141 Roadrunner Pkwy	Las Cruces	NM	88011	575-993-5050	575-522-5548	Jacquelyn Edwards
Saratoga Springs Opened: 1/6/2017	46 Marion Ave	Saratoga Springs	NY	12866	518-245-9999	518-584-2030	Maureen Parker
Southampton Opened: 10/19/2012	16 Hill Street #6	Southampton	NY	11968	845-519-1020	631-283-3483	Michael Illari
Westerville Opened: 6/21/2019	2158 Polaris Parkway	Columbus	OH	43240	614-212-2800	614-430-0685	Chuck Sampson
Liberty Township Opened: 7/23/2014	6862 Liberty Plaza Drive, Suite 100	Liberty Township	OH	45044	513-453-4774	513-755-2157	Louis Dissel
Perrysburg Opened: 9/29/2017	4195 Chappel Drive	Perrysburg	OH	43551	567-336-9090	419-874-4072	Mike Holly
Norman Opened: 5/3/2021	1644 24th Avenue, NW	Norman	OK	73069	405-253-2545	800-977 5118	Gary Gingrich
Salem Opened: 09/28/2012	4093 Commercial St SE, Suite 170	Salem	OR	97302	503-400-7909	503-364-1043	John Smith
Dickson City Opened: 4/19/2019	1152 Commerce Blvd	Dickson City	PA	18519	570-291-6333	570-383-1546	Shane Hart
Horsham Opened: 8/16/2013	303 Horsham Rd., Suite D	Horsham	PA	19044	215-693-6566	215-675-4868	Matt Cramer
Mt. Lebanon Opened: 7/24/2017	1600 Washington Road, Suite B	Mt Lebanon	PA	15228	412-347-5959	412-831-0135	Courtney Quinlan
Bluffton Opened: 8/23/2019	67 Towne Drive	Bluffton	SC	29910	843-548-4005	843-706-2250	Fred Gaskin
Columbia Opened: 9/29/2017	952 Lake Murray Blvd, Unit D	Columbia	SC	29063	803-490-7949	803-407-6070	John Brazell
Columbia – Northeast Opened: 5/28/2021	1033 Robert's Branch Parkway	Columbia	SC	29203	803-740-3130	800-977-5203	Cameron Prewitt
Sioux Falls Opened: 6/21/2016	4820 South Louise Ave.	Sioux Falls	SD	57106	605-231-4844	605-361-0070	Lonnie Struckman
Abilene Opened: 12/20/2013	3560 Catclaw Dr.	Abilene	TX	79606	325-480-0240	325-793-9384	Nick Shepherd
Dripping Springs Opened: 08/20/2012	166 Hargraves Drive Suite E300	Austin	TX	78737	512-858-7259	512-432-0146	Brian Carpenter

Branch Name	Address	City	State	Zip	Telephone	Fax	Owner
College Station Opened: 1/29/2021	711 University Drive E., Unit #300	College Station	TX	77840	979-599-5140	800-977-4620	Mark Symm
Georgetown Opened: 11/13/2020	1225 S. Interstate 35, Suite 125	Georgetown	TX	78626	512-876-2390	800-977-4656	Eric Johnson
Greenville Opened: 4/3/2017	3110 Interstate Highway 30,	Greenville	TX	75402	903-355-2574	903-455-0686	Leslie Killgore
McKinney Opened: 12/11/2012	2775 S. Central Expwy. #140	McKinney	TX	75070	214-385-4142	214-491-6077	Scott Parker
Pleasant Grove Opened: 10/9/2020	1882 W Pleasant Grove Blvd, Suite E	Pleasant Grove	UT	84062	385-331-3620		Josh Woodbury
St. George Opened: 4/3/2015	15 S. River Road, Suite 130	St. George	UT	84790	435-767-0535	435-628-4230	Dustin Woodbury
Roanoke Opened: 6/12/2020	2219 Colonial Ave. SW, Suite #107	Roanoke	VA	24015	540-682-7850	540-985-8672	Kevin McFarland
Kennewick Opened: 1/30/2018	1408 N. Louisiana, Suite 100	Kennewick	WA	99336	509-579-2701	509-222-1927	Khurshed Sharifov
Wenatchee Opened: 4/3/2020	1048 Springwater Ave.	Wenatchee	WA	98801	509-415-7120	509-662-8429	Rich Deich
Germantown Opened: 12/5/2017	W182 N9606 Appleton Ave, Suite 101	Germantown	WI	53022	262-510-2120	262-255-2808	Kevin Gerard
Mequon Opened: 03/26/2012	11309 N. Port Washington	Mequon	WI	53092	262-240-3942	262-240-9905	Kevin Gerard
Oak Creek Opened: 1/11/2019	7940 S 6th Street, Suite 105	Oak Creek	WI	53154	414-219-1982	414-762-5150	Nick Drenzek
Cheyenne Opened: 6/11/2018	1802 Dell Range Blvd, Suite 1	Cheyenne	WY	82009	307-459-0998	307-778-9838	Sam Runyan

*Note: 2 of the above IBLs have second locations.

SCHEDULE J-3

CONTACT INFORMATION FOR IBLS WHO HAVE SIGNED A FRANCHISE AGREEMENT AS OF 12/31/2021, BUT HAVE NOT YET OPENED AN INDEPENDENT BRANCH AS OF 12/31/2021: NONE

SCHEDULE J-4

SUPPLEMENTAL LIST OF IBLS WHO HAVE ACQUIRED AN INDEPENDENT BRANCH BETWEEN 1/1/2021 AND 12/31/2021 AND OPENED AN INDEPENDENT BRANCH BY 12/31/2021: NONE

SCHEDULE J-5

SUPPLEMENTAL LIST OF IBLS WHO HAVE SIGNED A FRANCHISE AGREEMENT BETWEEN 1/1/2021 AND 12/31/2021, BUT HAVE NOT YET OPENED AN INDEPENDENT BRANCH AS OF12/31/2021: NONE

SCHEDULE J-6

SUPPLEMENTAL LIST OF IBLS TERMINATED BETWEEN 1/1/2021 AND 12/31/2021: NONE

EXHIBIT K

PRELIMINARY AGREEMENT

PRELIMINARY AGREEMENT

This Preliminary Agreement (the "Agreement") is made and entered into on DATE>>, 2020(the "Effective Date") by Charles Schwab & Co., Inc. ("Schwab"), and **<<IBL Legal Full Name>> ("<<IBL Last Name>>")** with reference to the following facts:

Schwab is a broker-dealer and investment adviser that is registered with the Securities and Exchange Commission and that, in addition to its network of employee-run branch offices, has created a distinctive business system for developing retail branch offices for independent business owner franchisees to operate under Schwab's broker-dealer registration (the "Independent Branch Services" or "IBS" system).

<<IBL Last Name>> and Schwab wish to continue negotiations over the possibility of **<<IBL Last Name>>** obtaining a franchise ~~to operate a branch~~ to operate a Charles Schwab independent franchised branch location (an "Independent Branch"). In connection with such negotiations, **<<IBL Last Name>>** and Schwab will work toward identifying a mutually agreeable prospective location (the "Location") for an Independent Branch in **<<MARKET>>**(the "Schwab Branch Market").

<<IBL Legal Full Name>> wishes to have the Location secured in advance of the time when **<<IBL Last Name>>** and Schwab may enter into a Franchise Agreement with Schwab.

NOW THEREFORE, the parties agree as follows:

1. No later than <<DATE>> **<<IBL Last Name>>** will pay to Schwab the sum of $25,000 (the "Deposit Amount").

2. If Schwab grants to **<<IBL Last Name>>**, and **<<IBL Last Name>>** accepts, an Independent Branch franchise license, the Deposit Amount will be applied against the Franchise Fee owed to Schwab by **<<IBL Last Name>>** pursuant to the Franchise Agreement to be entered into by them.

3. If Schwab elects, in its sole discretion, not to grant an Independent Branch franchise license to **<<IBL Last Name>>**, except in circumstances set forth in section 5 below, Schwab will refund the Deposit Amount to **<<IBL Last Name>>**, without interest, within thirty days of its written notification to **<<IBL Last Name>>** of such election, contingent upon prior receipt by Schwab of a release agreement executed by **<<IBL Last Name>>**.

4. In the event that any Location is not viable (in Schwab's sole discretion) for use as an Independent Branch and in the event that Schwab does not present a reasonable alternative to serve as the Location [within 90 days],, **<<IBL Last Name>>** may choose to decline Schwab's offer of an Independent Branch franchise license and receive a refund of the Deposit Amount, without interest, within thirty days of receipt of **<<IBL Last Name>>**'s written notification of **<<IBL Last Name>>** rejection of Schwab's offer, contingent upon prior receipt by Schwab of a release agreement, in a form acceptable to Schwab,executed by **<<IBL Last Name>>**. If **<<IBL Last Name>>** declines Schwab's offer of an Independent Branch franchise license for any other reason, **<<IBL Last Name>>** will forfeit the Deposit Amount in its entirety.

5. If Schwab elects not to grant an Independent Branch franchise license to **<<IBL Last Name>>** due to a criminal, disciplinary or other event or circumstance that would prevent **<<IBL Last Name>>** from becoming an associated person and/or registered representative of Schwab

under applicable law or regulation or pursuant to Schwab internal policy, **<<IBL Last Name>>** will forfeit the Deposit Amount in its entirety.

6. This Agreement does not constitute an agreement by Schwab to grant an Independent Branch franchise license to **<<IBL Last Name>>** or an agreement by **<<IBL Last Name>>** to accept such a license. Except with respect to the Deposit Amount, no expenditure of funds or undertaking of actions on the part of **<<IBL Last Name>>** shall be regarded as a partial performance of any Franchise Agreement with Schwab or entitle**<<IBL Last Name>>** to assert claims against Schwab for reimbursement or damages (whether direct, indirect, consequential, incidental, punitive, special or reliance damages) at law or in equity.

7. The content of this Agreement and any other information provided to **<<IBL Last Name>>** by Schwab in the course of discussions and/or negotiations over the Independent Branch license or the Location shall constitute confidential information that **<<IBL Last Name>>** will not share with any person other than **<<IBL Last Name>>**'s attorney, accountant or other such professional advisor, and will not use for any purpose other than conducting such discussions and/or negotiations with Schwab. This Agreement does not grant or confer any rights on **<<IBL Last Name>>**, by license or otherwise, expressly or implicitly, to any such confidential information. **<<IBL Last Name>>** agrees to indemnify and hold Schwab and its affiliates harmless against any damages, losses, liabilities, settlements and expenses (including without limitation costs and attorneys' fees) in connection with any claim or action that arises from an alleged violation of **<<IBL Last Name>>**'s confidentiality obligations under this paragraph. **<<IBL Last Name>>** agrees and acknowledges that any breach of **<<IBL Last Name>>**'s obligations under this paragraph would cause Schwab irreparable harm for which monetary damages would be inadequate. Accordingly, Schwab will be entitled to seek injunctive or other equitable relief, without posting of a bond, to remedy any threatened or actual breach of **<<IBL Last Name>>**'s confidentiality obligations, as well as monetary damages.

8. This Agreement is governed by and will be interpreted according to the law of the State of <<IBL Finalist State>>, without giving effect to <<IBL Finalist State>> conflict of law principles.

9. In case any one or more of the provisions in this Agreement is held for any reason to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision of this Agreement.

10. This Agreement sets forth the complete, sole and entire agreement between Schwab and **<<IBL Last Name>>** on the subject matter herein and supersedes any and all other agreements, negotiations, discussions, proposals or understandings, whether oral or written. This Agreement may not be changed, modified or amended except in writing by the parties.

11. **<<IBL Legal Full Name>>** is not currently subject to any agreement, including but not limited to any agreement with another financial services firm that would be violated by entering into this Agreement.

CHARLES SCHWAB & CO., INC.

_____

Craig Taucher, Senior Vice President

<<IBL Legal Full Name>>

_____

EXHIBIT L

SCHWAB LOAN SUPPORT PROGRAM

PROMISSORY NOTE
Schwab Loan Support Program

Borrower:

Lender: **LIVE OAK BANKING COMPANY**
1741Tiburon Drive
Wilmington, NC 28403

Principal Amount: $ _____ **Date of Note: _____**

PROMISE TO PAY. _____ ("Borrower") promises to pay to LIVE OAK BANKING COMPANY ("Lender"), or order, in lawful money of the United States of America, the principal amount of _____ & 00/100 Dollars ($_____), together with interest on the unpaid principal balance from _____ until paid in full.

PROGRAM LOAN: This Note is issued pursuant to and is subject to the terms of a Business Loan Agreement made and executed between Borrower and Lender ("Program Loan Agreement") in connection with Borrower's participation in that certain Charles Schwab & Co., Inc. ("Schwab") Loan Support Program ("Program"). Capitalized terms not otherwise defined herein will have the meanings ascribed thereto in the Program Loan Agreement.

PAYMENT. Borrower will pay this loan in accordance with the following payment schedule, which calculates interest on the unpaid principal balances as described in the "INTEREST CALCULATION METHOD" paragraph using the interest rates described in this paragraph: [one interest payment on ____], with interest calculated on the unpaid principal balances using an interest rate of ___% per annum based on a year of 360 days; ___ monthly consecutive principal and interest payments of $___ each, beginning ___, with interest calculated on the unpaid principal balances using an interest rate of ___% per annum based on a year of 360 days; and one final principal and interest payment on _____, with interest calculated on the unpaid principal balances using an interest rate of ___% per annum based on a year of 360 days. The final payment will be for all principal and accrued interest not yet paid, together with any other unpaid amounts under this Note. Unless otherwise agreed or required by applicable law, payments will be applied to any Accrued Unpaid Interest; then to any Principal; and then to any Outstanding Fees or Charges; and any remaining balance to reduce the principal. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

<<IF MULTIPLE IO PAYMENTS, REPLACE GREEN AND BRACKETED LANGUAGE ABOVE WITH : ___ monthly consecutive interest payments, beginning __

INTEREST CALCULATION METHOD. Interest on this Program Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Program Note is computed using this method.

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early

payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked" paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Program Note, and Borrower will remain obligated to pay any further amount owed to Lender. **All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: LIVE OAK BANKING COMPANY, 1741 Tiburon Drive, Wilmington, NC 28403.**

LATE CHARGE. If a payment is 15 days or more late, Borrower will be charged **4.000% of the unpaid portion of the regularly scheduled payment.** This late charge shall be paid to Lender by Borrower to compensate Lender for Lender 's extra costs and expenses caused by the late payment.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the total sum due under this Program Note will continue to accrue interest at the interest rate under this Program Note, with the final interest rate described in this Program Note applying after maturity, or after maturity would have occurred had there been no default. If judgment is entered in connection with this Program Note, interest will continue to accrue after the date of judgment at the rate in effect at the time judgment is entered. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Program Note:

Payment Default. Borrower fails to make any payment when due under this Program Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Program Note or in any of the Related Program Documents (as defined in the Business Loan Agreement).

Termination from Schwab. Borrower's franchise agreement with Schwab terminates and Borrower does not enter into another franchise agreement with Schwab within thirty (30) days.

Related Program Documents and False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Program Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The dissolution of Borrower (regardless of whether election to continue is made), or any other termination of Borrower's existence as a going business or the death of any member, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower,

Creditor or Forfeiture Proceedings Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a

good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the Indebtedness evidenced by this Program Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Program Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Program Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Program Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including reasonable attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in **any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.**

GOVERNING LAW. This Program Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of North Carolina without regard to its conflicts of law provisions. This Program Note has been accepted by Lender in the State of North Carolina.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of New Hanover County, State of North Carolina.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts.

COLLATERAL. Borrower acknowledges this Program Note is secured by the following collateral

(A) Life insurance on the life of Borrower in the minimum amount of $_____.

(B) [Other]

SUCCESSOR INTERESTS. The terms of this Program Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION. WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender if Lender reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracy(ies) should be sent to Lender at the following address: LIVE OAK BANKING COMPANY, 1741 Tiburon Drive, Wilmington, NC 28403.

GENERAL PROVISIONS. If any part of this Program Note cannot be enforced, this fact will not affect the rest of the Program Note. Lender may delay or forgo enforcing any of its rights or remedies under this Program Note without losing them. Borrower understands and agrees that, with or without notice to Borrower, Lender may with respect to any other Borrower (a) make one or more additional secured or unsecured loans or otherwise extend additional credit; (b) alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of any Indebtedness, including increases and decreases of the rate of interest on the Indebtedness; (c) exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any security, with or without the substitution of new collateral; (d) apply such security and direct the order or manner of sale thereof, including without limitation, any non-judicial sale permitted by the terms of the controlling security agreements, as Lender in its discretion may determine; (e) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; and (f) determine how, when and what application of payments and credits shall be made on any other Indebtedness owing by such other Borrower. Borrower and any other person who signs, guarantees or endorses this Program Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Program Note, and unless otherwise expressly stated in writing, no party who signs this Program Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this Program Loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this Program Loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Program Note are joint and several.

[signature page to the promissory note from _____ to Live Oak Banking Company]

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

By: _____

BUSINESS LOAN AGREEMENT
Schwab Loan Support Program

Borrower:

Lender: **LIVE OAK BANKING COMPANY**
1741Tiburon Drive
Wilmington, NC 28403

THIS BUSINESS LOAN AGREEMENT dated _____ is made and executed between _____ and _____("Borrower") and LIVE OAK BANKING COMPANY ("Lender") pursuant to that certain Schwab Loan Support Program ("Program") on the following terms and conditions. Borrower has applied to Lender for a commercial loan or loans or other financial accommodations pursuant to the terms of the Program, including those which may be described on any exhibit or schedule attached to this Agreement. Borrower understands and agrees that: (A) in granting, renewing, or extending any Program Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Program Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Program Loans shall be and remain subject to the terms and conditions of this Agreement and the Program.

TERM. This Agreement shall be effective as of _____, and shall continue in full force and effect until such time as all of Borrower's Program Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance (as defined below) and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Program Documents.

Program Loan Documents. Borrower shall provide to Lender the following documents for the Program Loan: (1) the Program Note; (2) evidence of insurance as required below; (3) guaranties; (4) together with all such Related Program Documents as Lender may require for the Program Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Program Document.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Program Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Program Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of Program Loan

proceeds, as of the date of any renewal, extension or modification of any Program Loan, and at all times any Indebtedness exists:

_____ maintains an office in _____. Unless _____ has designated otherwise in writing, the principal office is the office at which _____ keeps its books and records including its records concerning the Collateral. _____ will notify Lender prior to any change in the location of _____'s principal office address or any change in _____'s name. _____ shall do all things necessary to comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to _____ and _____'s business activities.

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Program Documents do not conflict with, result in a violation of, or constitute a default under (1) any provision of (a) Borrower's articles of organization or membership agreements, or (b) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective **terms.**

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Binding Effect. This Agreement, the Program Note, and all Related Program Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

SEC Audits. There are no pending, or to the best of Borrower's knowledge threatened, audits by United States Securities and Exchange Commission ("SEC"). Further, there are no existing audit findings contained in an SEC deficiency letter or any other open audit findings of the SEC which have not been formally resolved or dismissed, other than those disclosed by Borrower to Lender in writing prior to the date hereof.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower which could materially affect the financial condition of Borrower.

Financial Records. Maintain its books and records on a cash basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with the following:

Additional Requirements. Within 60 (sixty) days after the end of each fiscal quarter, Borrower shall furnish or cause to be furnished to Lender a copy of the Borrower's current internal, unaudited quarterly financial statement. Within sixty (60) days after the expiration of each calendar year, Borrower shall furnish to Lender annual financial statement of Borrower. Borrower's financial statement shall contain a balance sheet, profit and loss statement and aging of accounts receivable and accounts payable, all in reasonable detail, prepared in accordance with generally accepted accounting principles, consistently applied. Each set of financial statements shall be certificated by a duly authorized officer of Borrower to be correct and accurate. Borrower shall also furnish copies of their complete income tax returns within thirty (30) days of filing, commencing with the tax return filed or to be filed for the current calendar year. Other information, such as proof of real property tax payments, accounts payable agings, more frequent interim financial statements and additional financial information may be required at the Lenders request.

All financial reports required to be provided under this Agreement shall be prepared on a cash basis and certified by Borrower as being true and correct.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Program Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Program Loan Proceeds. Use all Program Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Program Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Compliance Certificates. Unless waived in writing by Lender, provide Lender at least annually, with a certificate executed by Borrower's chief financial officer, or other officer or person acceptable to Lender, certifying that the representations and warranties set forth in this Agreement are true and correct as of the date of the certificate and further certifying that, as of the date of the certificate, no Event of Default exists under this Agreement.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Program Loans.

Other Debt. As it relates to the Collateral described herein, other than the prior loan with _____ in the principal amount of _____ and no/100 Dollars ($00.00) and the loan from Lender of even date herewith in the principal amount of _____ and no/100 Dollars ($00.00), and any other indebtedness of Borrower to Lender, the Borrower shall not directly or indirectly incur, create, assume or permit to exist any obligation for payment of borrowed money, excepting only unsecured current liabilities incurred in the ordinary course of business (e.g., debts due or becoming due from Borrower to Schwab, its affiliates or a managing agent arising in the ordinary course of Borrower’s business as an agent or representative of Schwab and its affiliates, including all forms of charge-backs and reversals of

commissions, fees, allowances or bonuses) and obligations contemplated by this Agreement, without the express written consent of Lender, which consent shall not be unreasonably withheld. Further, Borrower shall not guarantee the obligations of any person or entity, excepting only obligations contemplated by this Agreement.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Program Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Program Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Program Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Program Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Program Note; or (C) be treated as a balloon payment which will be due and payable at the Program Note's maturity.

CESSATION OF ADVANCES. If Lender has made any commitment to make any Program Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Program Loan Advances or to disburse Program Loan proceeds if: (A) Borrower is in default under the terms of this Agreement or any of the Related Program Documents or any other agreement that Borrower has with Lender; (B) Borrower dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, or in the value of any Collateral securing any Program Loan;; or (D) Lender in good faith deems itself insecure, even though no Event of Default shall have occurred.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Program Loan.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Program Documents.

Termination from Schwab. Borrower’s franchise agreement with Schwab terminates and Borrower does not enter into another franchise agreement with Schwab within thirty (30) days.

Related Program Documents and False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this

Agreement or the Related Program Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The dissolution of Borrower (regardless of whether election to continue is made), any member withdraws from Borrower without the written approval of Lender, or any other termination of Borrower's existence as a going business or the death of any member, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Defective Collateralization. This Agreement or any of the Related Program Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Program Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

Origination Fee. Pay to Lender an Origination Fee of $_____ on the date of execution of the Loan Documents.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Program Documents, all commitments and obligations of Lender under this Agreement or the Related Program Documents or any other agreement immediately will terminate (including any obligation to make further Program Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Program Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Program Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given

in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Program Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Program Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Program Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Program Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Program Loan irrespective of the failure or insolvency of any holder of any interest in the Program Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of North Carolina without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of North Carolina.

Choice of Venue. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of New Hanover County, State of North Carolina.

Joint and Several Liability. All obligations of Borrower under this Agreement shall be joint and several, and all references to Borrower shall mean each and every Borrower. This means that each Borrower signing below is responsible for all obligations in this Agreement. Where any one or more of the parties is a corporation, partnership, limited liability company or similar entity, it is not necessary for Lender to inquire into the powers of any of the officers, directors, partners, members, or other agents acting or purporting to act on the entity's behalf, and any obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Agreement.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any person or circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other person or circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Program Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender. Notwithstanding the forgoing, Lender may assign the Loan to Schwab, without prior approval of Borrower.

Survival of Representations and Warranties. Borrower understands and agrees that in making the Program Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Program Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the making of the Program Loan and delivery to Lender of the Related Program Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of Program Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means _____ and _____, and includes all co-signers and co-makers signing the Program Note and all their successors and assigns.

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Program Loan (if any), whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

GAAP. The word "GAAP" means generally accepted accounting principles.

Grantor. The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Program Loan, including without limitation all Borrowers granting such a Security Interest.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Program Note or Related Program Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Program Documents.

Lender. The word "Lender" means LIVE OAK BANKING COMPANY, its successors and assigns.

Schwab. The word “Schwab” means Charles Schwab & Co., Inc., a California corporation.

Program Loan. The word "Program Loan" means any and all loans and financial accommodations from Lender to Borrower made pursuant to the terms and conditions of the

Program, whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Program Note. The word "Program Note" means the Program Note dated _____ and executed by _____ and _____ in the principal amount of $_____, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Program. The word “Program” means the Schwab Loan Support Program as governed by that certain Loan Support Program Agreement, dated _____, 2021, by and between Schwab and Lender.

Related Program Documents. The words "Related Program Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Program Loan.

Security Interest (if any). The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED _____.

BORROWER:

By:_____

LENDER:

LIVE OAK BANKING COMPANY

By:_____ Authorized Signer

EXHIBIT M

CONSENT TO TRANSFER AND RELEASE AGREEMENT

CHARLES SCHWAB & CO., INC.
CHARLES SCHWAB® INDEPENDENT BRANCH
CONSENT TO TRANSFER AND RELEASE AGREEMENT

THIS CONSENT TO TRANSFER AND RELEASE AGREEMENT (the "**Consent**") is made and entered into on _____, 20__ (the "**Consent Date**"), regardless of the date of the parties' signatures, by and among **CHARLES SCHWAB & CO., INC.**, a California corporation ("**Schwab**"); _____, individually ("**Seller**"); and _____, individually ("**Buyer**"). Buyer and Seller are jointly referred to in this Consent as the "**IBL Parties.**" Schwab and the IBL Parties are sometimes referred to herein individually as a "**Party**" and together as "**Parties**."

RECITALS:

A. Schwab and Seller are parties to a Franchise Agreement dated as of _____ (the "**Seller's Franchise Agreement**") under which Seller currently operates an Independent Branch located at: _____ (the "**Independent Branch**"). All capitalized terms not otherwise defined in this Consent shall have the same meaning as in the Seller's Franchise Agreement.

B. The Parties are entering into this Consent because Seller desires to transfer substantially all of the assets associated with the operation of the Independent Branch to Buyer (the "**Transfer Transaction**") on the Consent Date pursuant to that certain Asset Purchase Agreement dated as of _____between Seller and Buyer (as amended, and together with all related agreements, collectively, the "**Purchase Agreement**").

C. Pursuant to the Seller's Franchise Agreement, the Transfer Transaction may not be consummated without Schwab's consent. The IBL Parties have requested that Schwab consent to the Transfer Transaction, and Schwab has agreed to do so subject to the terms and conditions of this Consent.

NOW THEREFORE, the Parties, in consideration of the undertakings and commitments of each Party to the other Party set forth herein, hereby mutually agree as follows:

1. **Representations and Warranties**. Each of the IBL Parties, jointly and severally, represent, warrant and covenant to Schwab that:

(a) They have delivered to Schwab a full, correct and complete copy of the Purchase Agreement and all related documents and disclosed to Schwab all facts which are necessary to evaluate their request for Schwab to consent to the Transfer Transaction;

(b) Except for the preparation and execution of this Consent, Schwab has not participated in the Transfer Transaction and the Transfer Transaction was not effected by or through Schwab; and

(c) The Transfer Transaction has been and will be consummated in compliance with all laws and regulations applicable thereto, and the Transfer Transaction does not and will not violate any agreement or contract to which any IBL Party is a party or by which any of them is bound and does not and will not violate the rights of, or duties owed to, any other IBL Party or any third party.

2. **Schwab's Consent to The Transfer Transaction**. On the terms and subject to the conditions in this Consent, and in reliance upon the representations and warranties of the IBL Parties, Schwab hereby consents to the Transaction. However, Schwab's consent to the Transfer Transaction will not be construed as its consent to any further transfers under the Buyer's Franchise Agreement (defined below) or as Schwab's waiver of any rights of first refusal it may have under the Buyer's Franchise Agreement with respect to any future transfers. Any further transfers may be effected only with Schwab's prior written consent in accordance with the Buyer's Franchise Agreement. This Consent shall not constitute Schwab's approval, recommendation or endorsement of any of the terms and conditions of any aspect of the Transfer Transaction or any representation or warranty (express or implied) with respect to the Transfer Transaction or the operations of the Independent Branch under the Buyer's Franchise Agreement from and after the Consent Date.

3. **Termination of Seller's Franchise Agreement**. The Parties acknowledge and agree that, except as otherwise described in this Consent, the Seller's Franchise Agreement, and all of the Schwab's and Seller's respective rights and obligations thereunder, are terminated as of the Consent Date upon the terms and subject to the conditions described in this Consent. Notwithstanding the foregoing, all obligations of Seller, under the Seller's Franchise Agreement which expressly or by their nature survive the Seller's Franchise Agreement's termination will continue in full force and effect after the Consent Date until they are satisfied in full or by their nature expire, including, without limitation, any confidentiality, indemnification, post-termination, non-competition, and enforcement obligations under the Seller's Franchise Agreement. Neither the giving of its consent to the Transfer nor any specific provision of this Agreement shall be construed as a waiver by Schwab of any default by Seller under the Seller's Franchise Agreement.

4. **Execution of Buyer's Franchise Agreement**. Simultaneously with the execution of this Consent, Buyer will sign the form of franchise agreement Schwab is then using in connection with the grant of new independent branch franchises (the "**Buyer's Franchise Agreement**") and other related and ancillary agreements under which Buyer will operate the Independent Branch under the CHARLES SCHWAB® name following the Consent Date, except that under the Buyer's Franchise Agreement, Buyer shall operate the Independent Branch for a an initial term that is equal to the remaining term under the Seller's Franchise Agreement.

5. **Amendments to Buyer's Franchise Agreement**. The Buyer's Franchise Agreement is hereby amended as follows:

[Note to Draft: Include here any amendments to the provisions of the Buyer's Franchise Agreement.]

6. **Payment of Transfer Fee**. Not later than the Consent Date, the Seller shall pay to Schwab a transfer fee of [Twenty-Five Thousand Dollars ($25,000)].

7. **Release of Claims**.

Seller, for itself and its predecessors and affiliates, each of its and their respective partners, owners, members, managers, directors, officers, employees, agents and representatives (as applicable), and all of their respective heirs, executors, administrators, personal representatives, successors and assigns (collectively, the "**Seller Parties**"), hereby forever release and discharge Schwab, its predecessors and affiliates, each of its and their respective partners, owners, members, managers, directors, officers, employees, agents and representatives, and all of their respective heirs, executors,

administrators, personal representatives, successors and assigns (collectively, the "**Schwab Parties**") from any and all obligations, claims, damages, demands, causes of action, suits, duties, liabilities, promises, and agreements of any nature and kind, whether known or unknown (collectively, "**Claims**"), which any of them now has, ever had, or, but for this release, hereafter would or could have against any of the Schwab Parties directly or indirectly relating to or arising out of the Seller's Franchise Agreement, any other transaction between any of the Schwab Parties and any of the Seller Parties, or the relationship between any of the Schwab Parties and any of the Seller Parties on or before the Consent Date. With respect to the Claims released under this Subsection 7.A, each of the Seller Parties acknowledges that he, she, or it may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of this release, but that it is the Parties' intention, subject to the terms and conditions of this Consent, fully, finally and forever, to settle and release all such Claims, known or unknown, suspected or unsuspected, which now exist, may exist or did exist, and, in furtherance of such intention, the releases given under this Subsection 7.A shall be and remain in effect as full and complete releases, notwithstanding the discovery or existence of any such additional or different facts.

IT IS THE EXPRESS INTENTION OF THE PARTIES THAT THIS RELEASE BE GENERAL AND AS BROAD AS PERMITTED BY LAW FOR SUCH MATTERS EXISTING OR ARISING AT ANY TIME PRIOR TO OR AT THE TIME OF THE EXECUTION OF THIS CONSENT. Each of the Seller Parties acknowledges a familiarity with Section 1542 of the Civil Code of the State of California, which provides as follows:

> **"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**"

Each of the Seller Parties hereby waives and relinquishes every right or benefit which he, she, or it has under Section 1542 of the Civil Code of the State of California and any other law limiting the effect of releases to the fullest extent that he, she, or it may lawfully waive such right or benefit.

Seller, for itself and the other Seller Parties, represent and warrant to Schwab that none of them has assigned any of the Claims released by Subsection 7.A above to any individual or entity that is not bound by Subsection 7.A above.

Seller, for itself and the other Seller Parties, covenant not to sue any of the Schwab Parties on any of the Claims released by Subsection 7.A above.

8. **No Reliance on Schwab**. Buyer and Seller acknowledge and agree that:

A. Other than as set forth in this Agreement, they have not relied on any statement or representation of Schwab in entering into or consummating the Transfer;

B. Except for this Agreement, Schwab has not been involved in any negotiations or agreements pertaining to the Transfer, and that the terms of all such agreements (including any Purchase Agreement and any covenants contained therein) have been negotiated exclusively by Transferor and Transferee;

C. Schwab has no knowledge of, and makes no warranties with respect to, the accuracy of any representations made by Seller and Buyer to each other, and assumes no obligation in that regard;

D. Seller is not an affiliate of Schwab, and the Transfer between Seller and Buyer is for Seller's own account;

E. The consent of Schwab to the Transfer is not an endorsement or undertaking by Schwab of the monetary or other terms of the Transfer. Seller and Buyer have independently evaluated the proposed Transfer and obtained independent professional assistance and have not relied on the consent of Schwab as an appraisal of the terms of the Transfer;

F. The Transfer is an isolated sale and not part of a plan of distribution of franchises, and the Transfer is not effected by or through Schwab merely because Schwab has the right to approve the Transfer, because Schwab requires that this Agreement be executed as a condition of approval of the Transfer; and

G. Seller and Buyer each waive any and all claims against Schwab arising out of or related to the Transfer, and each hereby agrees to indemnify and hold Schwab (and its affiliates, and its and their employees, officers and directors) harmless from and against any and all liabilities, claims, actions, fines, damages, losses, costs, and expenses (including reasonable attorneys' fees) arising out of, caused by or connected directly or indirectly with the Transfer, irrespective of whether such claims or suits shall be against Schwab solely or as a defendant with Transferor, Transferee and/or other parties.

9. **[IF APPLICABLE] Loan Support Fee**. In consideration for its participation in the loan program established by Schwab and Live Oak Banking Company and for Schwab's guaranty of the loan thereunder, Transferee shall pay a fee (the "**Loan Support Fee**") of Fifty Thousand Dollars ($50,000.00) not later than the Consent Date.

10. **Future Transfers**. Each of Seller and Buyer agrees that they shall not rely on the consent of Schwab to the Transfer as indicative of the position Schwab will take in any future proposed transfers by Seller or Buyer, and further acknowledges that Schwab may in the future approve transfers by Seller or Buyer or other franchisees of Schwab or its affiliates on terms and conditions different from those set forth in this Agreement.

11. **Miscellaneous**. The Recitals above are incorporated herein by reference. This Consent constitutes the entire agreement between the parties hereto, and there are no other oral or written representations, understandings or agreements between them, relating to the subject matter of this Consent. Other than the Buyer's Franchise Agreement, there are no oral or other written understandings, representations, or agreements among Schwab, on the one hand, and the IBL Parties, on the other hand, relating to the subject matter of this Consent. Each of the Schwab Parties will be deemed a third party beneficiary of Section 7 of this Consent with independent enforcement rights. Section XXI (Dispute Resolution) of the Seller's Franchise Agreement is incorporated by reference into this Consent as if fully restated here, *mutatis mutandis*. This Consent may be executed in multiple counterparts, but all such counterparts together shall be considered one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Consent as of the Consent Date.

CHARLES SCHWAB & CO., INC.
a California corporation

By: _____

Its: _____

SELLER, Individually

_____
[Signature]

_____
[Print Name]

BUYER, Individually

_____
[Signature]

_____
[Print Name]

EXHIBIT N

CLOSING ACKNOWLEDGEMENT
DECLARATION OF FRANCHISE APPLICANT

As part of the process we follow in reviewing an application to purchase a Charles Schwab & Co, Inc. Independent Branch Services franchise, you must execute this Ackowledgement Declaration to confirm that no statement or promise has been made to you by our representatives that we did not authorize or that you believe is untrue, inaccurate or misleading. We also want to confirm that you understand the terms of the agreements you will sign.

- I have received and personally reviewed the Franchise Disclosure Document ("the FDD") and each exhibit the FDD identifies as being attached to it presented by Charles Schwab & Co, Inc. (the "Schwab").

- I understand all of the information contained in the Franchise Agreement.

- I received the FDD together with a copy of all proposed agreements relating to the sale of the Independent Branch Services franchise at least the longer of (i) 14 calendar days, or (ii) ten (10) business days before I executed this document and before I paid any consideration in connection with this franchise.

- I electronically acknowledged receipt of the FDD.

- I understand all of the information contained in the FDD.

- I have had the opportunity to discuss the benefits and risks of operating an Independent Branch Services franchise with an attorney, accountant or other professional advisor, and I understand those benefits and risks.

- I understand each of the following: (i) Schwab retains the right to modify the Schwab System; (ii) the Schwab System may evolve and change over time; (iii) an investment in an Independent Branch Services franchise involves business risks; and (iv) the success of my Independent Branch depends primarily upon my business ability and personal efforts as well as competition from other businesses, the location that I chose for my Independent Branch and other economic and business factors.

- I have been provided with the opportunity to visit an operating Independent Branch or Schwab Branch.

- No employee or other person speaking on behalf of Schwab made any statement or promise concerning the revenues or profits that I will or am likely to earn from owning and operating an Independent Branch franchise or that my Independent Branch may generate.

- No employee or other person speaking on behalf of Schwab made any statement or promise regarding the amount of money I may earn in operating an Independent Branch.

- No employee or other person speaking on behalf of Schwab made any statement or promise regarding the costs I may incur in operating an Independent Branch other than disclosures appearing in the FDD.

- No employee or other person speaking on behalf of Schwab made any statement or promise concerning the likelihood of success I should or might expect to achieve from operating an Independent Branch.

- No employee or other person speaking on behalf of Schwab made any statement, promise or agreement concerning the advertising, marketing, training, support services or assistance I will or may receive that is contrary to, or different from, the information contained in the FDD.

- No employee or other person speaking on behalf of Schwab made any statement, promise or agreement concerning the anticipated income, earnings or growth of Charles Schwab & Co., Inc. or of the Independent Branch Services network

- I understand my answers are important to Schwab and Schwab will rely on them in deciding whether or not to enter into a Franchise Agreement with me.

By signing this Declaration, I represent I have responded truthfully based upon my personal knowledge and belief.

Dated: _____

_____
APPLICANT (IBL)

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of any liability are not intended to, nor shall they act as, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

STATE	EFFECTIVE DATE
California	March 29, 2022
Hawaii	Pending
Illinois	March 29, 2022
Indiana	March 29, 2022
Maryland	Pending
Michigan	March 29, 2022
Minnesota	Pending
New York	March 29, 2022
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	March 29, 2022

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT O

RECEIPTS

RECEIPT

[YOUR COPY]

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If we offer you a franchise, we must provide this Disclosure Document to you fourteen (14) calendar-days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this Disclosure Document at least 10 business days or 14 calendar days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this Disclosure Document on time or if this Disclosure Document contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit A.

The franchisor and the name, principal business address and telephone number of each franchise seller offering the franchise are as follows:

Franchisor:
Charles Schwab & Co., Inc. ("Schwab") 211 Main Street
San Francisco, California 94105, (415) 667-1600 http://www.schwab.com

Franchise Sellers
(individuals negotiating on behalf of Schwab):

Christine A. Baker
Company Name: Charles Schwab & Co., Inc.
Street Address: 2835 Windrush Lane
City/State/Zip: Roswell, GA 30076
Phone: (770) 391-1366

Craig Taucher
Company Name: Charles Schwab & Co., Inc.
Street Address: 9800 Schwab Way
City/State/Zip: Lone Tree, CO 80124
Phone: (720) 418-3686

Beth Price
Company Name: Charles Schwab & Co., Inc. Street Address: 1105 Hammond Dr.
City/State/Zip: Sandy Springs, GA 30328
Phone: (470) 303-8874

Brandon Neil
Company Name: Charles Schwab & Co., Inc.
Street Address: 5901 Mills Civic Parkway
City/State/Zip: West Des Moines, IA 50266
Phone: (515) 698-4206

David Hamasaki
Company Name: Charles Schwab & Co., Inc.
Inc. Street Address: 9800 Schwab Way
City/State/Zip: Lone Tree, CO 80124
Phone: (720) 418-3761

Lindsay E. Peterson
Company Name: Charles Schwab & Co.,
Street Address: 2341 Crocker Road
City/State/Zip: Westlake, OH 44145
Phone: (440) 616-2096

Will Landes
Company Name: Charles Schwab & Co., Inc.
Inc. Street Address: 2423 E. Lincoln Dr.
City/State/Zip: Phoenix, AZ 85016
Phone: (602) 284-0402

Jim Anderson
Company Name: Charles Schwab & Co.,
Address: 2825 Gabrielle St. Unit 110
City/State/Zip: Downers Grove, IL 60515
Phone: (630) 967-4779

Gage Gilham
Company Name: Charles Schwab & Co., Inc.
Street Address: 3000 Schwab Way.
City/State/Zip: Westlake, TX 76262
Phone: (682) 274-1795

If an additional broker or other franchise seller is involved in a particular transaction, their name, principal business address and telephone number shall be inserted above. If the information is left blank, then there is no additional franchise seller involved in the transaction with the prospective franchisee who signs the receipt.

Issuance Date: March 29, 2022.

We authorize the persons or entities listed on Exhibit B to receive service of process for us.

On _____, I received an FDD dated March 29, 2022 with the following exhibits:

EXHIBIT A – State Administrators List
EXHIBIT B – Agents for Service of Process
EXHIBIT C – Franchise Agreement
- Schedule A - Specific Terms of Franchise: Address of Approved Location; Identification of Initial Schwab Branch Market; Franchise Fee; Other Fees Specific to the Independent Branch
- Schedule B - Terms of Use of Schwab Technology System
- Schedule C - Transitioned Client Revenue Election
- Schedule D - Addresses for Notices
- Schedule E - Spousal Consent

EXHIBIT D – Table of Contents – ConfidentialManual
EXHIBIT E – Association Agreement (for Independent Branch Employees)
EXHIBIT F – General Release
EXHIBIT G – Sublease Agreement
EXHIBIT H – Additional State Disclosures and Addenda to Franchise Agreement
EXHIBIT I – Financial Statements
EXHIBIT J – Information about Company Managed Branches and Independent Branches
EXHIBIT K – Preliminary Agreement
EXHIBIT L – Schwab Loan Support Program
EXHIBIT M – Consent to Transfer and Release Agreement
EXHIBIT N – Closing Acknowledgement
EXHIBIT O – Receipts

Date: _____
(Do not leave blank)

_____
Signature of Prospective Franchisee

_____
Print Name

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.

RECEIPT

[OUR COPY]

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If we offer you a franchise, we must provide this Disclosure Document to you fourteen (14) calendar-days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this Disclosure Document at least 10 business days or 14 calendar days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this Disclosure Document on time or if this Disclosure Document contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit A.

The franchisor and the name, principal business address and telephone number of each franchise seller offering the franchise are as follows:

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Craig Taucher
Company Name: Charles Schwab & Co., Inc.
Street Address: 9800 Schwab Way
City/State/Zip: Lone Tree, CO 80124
Phone: (720) 418-3686

Beth Price
Company Name: Charles Schwab & Co., Inc. Street Address: 1105 Hammond Dr.
City/State/Zip: Sandy Springs, GA 30328
Phone: (470) 303-8874

Brandon Neil
Company Name: Charles Schwab & Co., Inc.
Street Address: 5901 Mills Civic Parkway
City/State/Zip: West Des Moines, IA 50266
Phone: (515) 698-4206

David Hamasaki
Company Name: Charles Schwab & Co., Inc.
Inc. Street Address: 9800 Schwab Way
City/State/Zip: Lone Tree, CO 80124
Phone: (720) 418-3761

Lindsay E. Peterson
Company Name: Charles Schwab & Co.,
Street Address: 2341 Crocker Road
City/State/Zip: Westlake, OH 44145
Phone: (440) 616-2096

Will Landes
Company Name: Charles Schwab & Co., Inc.
Inc. Street Address: 2423 E. Lincoln Dr.
City/State/Zip: Phoenix, AZ 85016
Phone: (602) 284-0402

Jim Anderson
Company Name: Charles Schwab & Co.,
Address: 2825 Gabrielle St. Unit 110
City/State/Zip: Downers Grove, IL 60515
Phone: (630) 967-4779

Gage Gilham
Company Name: Charles Schwab & Co., Inc.
Street Address: 3000 Schwab Way.
City/State/Zip: Westlake, TX 76262
Phone: (682) 274-1795

If an additional broker or other franchise seller is involved in a particular transaction, their name, principal business address and telephone number shall be inserted above. If the information is left blank, then there is no additional franchise seller involved in the transaction with the prospective franchisee who signs the receipt.

Issuance Date: March 29, 2022.

We authorize the persons or entities listed on Exhibit B to receive service of process for us.

On _____, I received an FDD dated March 29, 2022 with the following exhibits:

EXHIBIT A – State Administrators List
EXHIBIT B – Agents for Service of Process
EXHIBIT C – Franchise Agreement
- Schedule A - Specific Terms of Franchise: Address of Approved Location; Identification of Initial Schwab Branch Market; Franchise Fee; Other Fees Specific to the Independent Branch
- Schedule B - Terms of Use of Schwab Technology System
- Schedule C - Transitioned Client Revenue Election
- Schedule D - Addresses for Notices
- Schedule E - Spousal Consent

EXHIBIT D – Table of Contents – ConfidentialManual
EXHIBIT E – Association Agreement (for Independent Branch Employees)
EXHIBIT F – General Release
EXHIBIT G – Sublease Agreement
EXHIBIT H – Additional State Disclosures and Addenda to Franchise Agreement
EXHIBIT I – Financial Statements
EXHIBIT J – Information about Company Managed Branches and Independent Branches
EXHIBIT K – Preliminary Agreement
EXHIBIT L – Schwab Loan Support Program
EXHIBIT M – Consent to Transfer and Release Agreement
EXHIBIT N – Closing Acknowledgement
EXHIBIT O – Receipts

Date: _____
(Do not leave blank)

_____
Signature of Prospective Franchisee

_____
Print Name