

# Dreyfus Insured Deposits

Disclosure Statement and  
Terms and Conditions for  
Tiered Rate Products



# **Dreyfus Insured Deposits Disclosure Statement and Terms and Conditions**

## **I. Introduction**

Pershing LLC (“Pershing”), a wholly owned indirect subsidiary of The Bank of New York Mellon Corporation, is a registered broker-dealer and is a member organization of the New York Stock Exchange (“NYSE”), the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). Pershing Advisor Solutions LLC (“Pershing Advisor Solutions”) is also a wholly owned indirect subsidiary of The Bank of New York Mellon Corporation and a registered broker-dealer and member of FINRA and SIPC. If your Account was introduced to Pershing by your registered investment adviser (“Investment Adviser”) through Pershing Advisor Solutions, Pershing Advisor Solutions relies on Pershing to provide clearing, custody, execution, and other broker-dealer services. The Dreyfus Insured Deposits product (“Product”) is offered by your registered investment professional (“Investment Professional”) and the broker-dealer that introduced your account (“IBD”) to Pershing or your Investment Adviser through Pershing Advisor Solutions as a sweep option and is intended for the automatic investment of available cash balances in your account custodied at Pershing (Account”) into interest-bearing bank deposit accounts (“Deposit Accounts”) at Federal Deposit Insurance Corporation (“FDIC”) member banks, hereinafter referred to as Insured Depository Institutions (“IDIs”). The Bank of New York Mellon (“BNYM”) is a NY state-chartered bank and BNY Mellon, National Association (“BNY Mellon, N.A.”) is a national banking association. Both may participate

in the Product by holding your funds in Deposit Accounts. By selecting the Product as your automatic cash investment option, you agree to these Terms and Conditions and to appoint Pershing as your authorized agent to establish and maintain Deposit Accounts at various IDIs, which may include BNYM and BNY Mellon, N.A. (collectively, “Program Banks”) and to effect deposits to and withdrawals from such Program Banks pursuant to the Terms and Conditions set forth herein. Pershing has appointed a third-party service provider, IntraFi Network LLC (“IntraFi” or “Administrator”) and Dreyfus Cash Solutions, a division of BNY Mellon Securities Corporation (BNYMSC), to provide certain services with respect to the operation of the Product. BNYMSC is a registered investment adviser and broker dealer, and a subsidiary of BNY Mellon Investment Adviser, Inc. (“Adviser”). BNYMSC, the Adviser, BNTM and BNY Mellon N.A. and BNYMSC are BNY Mellon companies. BNY Mellon is the corporate brand for The Bank of New York Mellon Corporation. There is no minimum amount required as an initial deposit or for subsequent deposits.

**The Dreyfus Insured Deposits product is offered to you by your Investment Professional and/or IBD, subject to these Terms and Conditions. It is important to note that Pershing, IntraFi and your IBD are non-bank entities and are not FDIC members. The Dreyfus Insured Deposits product itself is NOT an FDIC-insured product. Rather, through the Product, the cash balance in your Account is swept into deposit accounts at various Program Banks, which are all FDIC member IDIs. Those balances held at the Program Banks are eligible for FDIC insurance coverage up to the current maximum deposit insurance amount of \$250,000 per eligible**

**depositor at each IDI Program Bank, for each eligible category of ownership or capacity, including any other balances you may hold at that IDI directly or through other intermediaries, including other broker-dealers. The Product is intended to direct the cash balance in your Account to multiple FDIC member Program Banks in a manner intended to secure pass-through FDIC insurance coverage on your Product balance from each Program Bank. Subject to certain exceptions, the maximum amount of FDIC deposit insurance coverage available on your bank deposits held in the Product is currently \$2.5 million for each eligible category of legal ownership as more fully explained below.**

**The current list of Program Banks participating in the Dreyfus Insured Deposits, all of which are IDIs, is maintained at <https://www.pershing.com/rates>.**

These Terms and Conditions for the Product are supplemental to those contained in the account agreement you executed to open and maintain with Pershing through your IBD who has introduced your Account to Pershing on a fully disclosed basis.

**YOU UNDERSTAND THAT TO ENROLL IN THE PRODUCT, YOU HAVE EITHER (1) RECENTLY INSTRUCTED YOUR INVESTMENT PROFESSIONAL OR INVESTMENT ADVISER AND/OR IBD TO DIRECT THE AVAILABLE CASH PENDING INVESTMENT IN YOUR ACCOUNT INTO THIS INSURED BANK DEPOSIT SWEEP OPTION, OR (2) GIVEN YOUR INVESTMENT ADVISER OR INVESTMENT PROFESSIONAL DISCRETION TO MAKE INVESTMENT DECISIONS FOR YOUR ACCOUNT. YOU ACKNOWLEDGE THAT YOU HAVE RECEIVED AND CAREFULLY READ THESE TERMS AND CONDITIONS AS WELL AS THE DISCLOSURE WITH RESPECT TO INTEREST RATES IN CONNECTION WITH CHOOSING TO ENROLL IN THE PRODUCT. IF YOU**



**HAVE ANY QUESTIONS ABOUT ANY OF THE PROVISIONS OF THESE TERMS AND CONDITIONS, PLEASE CALL YOUR INVESTMENT PROFESSIONAL, INVESTMENT ADVISER OR YOUR IBD. .**

## **II. Summary of Terms and Conditions**

This section of the Terms and Conditions is a summary of certain features of the Product. It is prepared for your convenience and must be read in conjunction with the more detailed disclosure below.

**A Summary of the Product:** Pershing operates the Product which, if you choose to participate, automatically purchases, or sweeps the available cash balance in your Account into Deposit Accounts at Program Banks and sweeps your cash from the various Program Banks to cover purchases of securities and other debits in your Account. You receive interest on your balances held on deposit at the various Program Banks. The Deposit Accounts opened and maintained by Pershing at the Program Banks are entitled “Pershing LLC as Agent for its customers, acting for themselves or others.”

**FDIC Insurance:** Your funds are deposited into Deposit Accounts at the Program Banks in a manner designed to provide your Product balance with eligibility for up to \$2.5 million of FDIC insurance coverage on your Product balance provided through the Program Banks, based upon the availability of Program Banks. FDIC insurance protects your deposits in an IDI in the event of the failure of that bank. However, any cash you hold at a Product Bank outside the Product may impact the insurance coverage available, as neither Pershing, BNYMSC, your IBD, Investment Professional, Investment Adviser nor the Administrator monitors or takes any responsibility for cash you may have

at a Program Bank outside of the Product. You are solely responsible for monitoring this. As such, you should carefully review the list of Program Banks and any other relationship you may have with BNYM, BNY Mellon, N.A. and all other Program Banks for FDIC insurance coverage availability. Upon your initial deposit into the Product a current list of IDIs participating in the Dreyfus Insured Deposits will be included with this Disclosure Statement and the current list of all Program Banks is always maintained at <https://www.pershing.com/rates>. The specific Program Banks holding your Product balance will be listed on your Account statement. You have the right to instruct that your money not be allocated to a particular Program Bank.

**Securities Investor Protection Corporation (“SIPC”):** SIPC insures customer assets held at broker-dealers, such as Pershing, in the event of the failure of the broker-dealer. The deposits made through the Product are not insured by SIPC. Note that SIPC does not insure against the loss of value of any investment or product. Please see the section of this Disclosure Statement titled “SIPC Coverage” for additional information.

**Access to Funds:** You will access your Product balance only through your Account, by contacting your IBD, Investment Professional, or Investment Adviser. In the event of the failure of your IBD, you may access your funds by contacting Pershing at 1-888-367-2563 and choosing option 2.

**Determination of Interest Rates:** Interest rates fluctuate and Product rates are based on the prevailing interest rates paid by the Program Banks. The tiered rate Products have multiple interest rates that vary based on the average total value of assets and cash held in your

Account and related brokerage accounts custodied at Pershing (“Interest Rate Tiers”). Typically, the higher the value of the assets in your Accounts, the higher the rate of interest you will earn on your Product balance. Product interest rates (see Appendix A), as well as other money market product rates are available from your IBD, Investment Professional, or Investment Adviser. Please see the “Negative Interest Rates” section of this Disclosure Statement for more information on Product rates.

**Conflicts of Interest:** Bank deposit sweep products are a source of revenue for Pershing and your IBD. Your IBD will receive a portion of the fee paid to Pershing by the Program Banks, which it can choose to share with your Investment Professional, with the exception of Pershing Advisor Solutions which does not share these fees with Investment Advisers. In addition, the Administrator will receive fees from each Program Bank and BNYMSC will receive a fee from Pershing in respect of Product assets. Pershing, BNYMSC, your IBD and potentially your investment professional may earn fees (which may or may not be account based) on the amount of money in the Product, including your money. Pershing, your IBD and potentially your Investment Professional may earn a higher fee if you participate in the Product than if you invest in other money market products, such as money market mutual funds (“Money Funds”). Your IBD, Investment Professional, Pershing, and BNYMSC may be affiliated with one or more Program Banks. When your Product balance is allocated to a Program Bank, including BNYM and BNY Mellon, N.A., it will realize an economic benefit from them. The Program Banks, including BNYM and BNY Mellon, N.A., do not have a duty to offer the highest rates available or rates that are comparable to Money

Funds or those offered by other depository institutions. If you desire to maintain a large cash position in your Account for other than a short period of time, you should contact your Investment Professional, IBD or Investment Adviser to discuss your options.

**Risks of the Product:** You may receive a lower rate of return on money deposited through the Product than on other investment alternatives. Please contact your Investment Professional, Investment Adviser, or IBD for information regarding such alternatives. Program Banks are permitted to impose a seven-day delay on any withdrawal request. In the event of a failure of a Program Bank, there may be a time period during which you may not be able to access your cash. If you have cash at a Program Bank outside the Product, this cash (along with cash within the Product) will count towards the \$250,000 FDIC insurance limit at the Program Bank, and any cash in excess of that limit will not be insured by the FDIC. If you have on deposit through the Product an amount of cash that exceeds the number of available Program Banks multiplied by \$250,000, the balance in excess of this amount will not be insured by the FDIC. In the event there is insufficient availability of Program Banks to fully allocate your balances, there is a potential that your Product balance may not be fully insured up to \$2.5 million. In the event the Product cannot accept any additional deposits, the sweep feature on your Account may be updated to prevent any further sweep deposits into the Product from your Account. If this occurs, an available cash balance in your Account would no longer be automatically invested into the Product and would remain a free credit balance in your Account. If

you have concerns about the risks of this Product, contact your Investment Professional, Investment Adviser or IBD about alternatives available to you.

### III. Detailed Terms and Conditions

Funds in the Deposit Accounts at any one Program Bank will be eligible for FDIC insurance up to \$250,000 (including principal and accrued interest) per depositor when aggregated with all other deposits held in the same insurable capacity (e.g., Individual, Joint, IRA, etc.) at a Bank. For example, funds in the Deposit Accounts at a Program Bank held in an Account registered to an individual are insured up to \$250,000 and funds in the Deposit Accounts at a Program Bank held in a joint Account registered to two individuals are insured up to \$250,000 per joint owner.

**Any deposits (including certificates of deposit) that you maintain in the same capacity directly with a Program Bank, which may include BNYM and BNY Mellon, N.A., or through an intermediary (such as Pershing or another broker-dealer), will be aggregated with deposits in your Deposit Accounts at the Program Bank for purposes of the FDIC insurance limit. You are responsible for monitoring the total amount of deposits that you have with each Program Bank in order to determine the extent of FDIC deposit insurance coverage available to you. For example, any deposit you hold at BNY Mellon, N.A. will be aggregated with your Product balance held at BNY Mellon, N.A. for purposes of the FDIC insurance limit. Please see the sections of this Disclosure Statement titled “Deposit Insurance: General” and “Deposit Insurance: Retirement Plans and Accounts” for more information.**

Pershing will place up to \$246,500 (\$493,000 for joint accounts of two or more) (the “Deposit Limit”) of your available cash in each Program Bank on the Priority List irrespective of the capacity in which you hold your Account and of the maximum applicable deposit insurance amount available, typically \$250,000 for the deposits held in each eligible capacity, up to the total balance allowable under the Product, currently \$2,490,000 (“Product Deposit Limit”). Pershing and the Administrator, in their sole discretion, may change the Product Deposit Limit. Please review the section titled, “Deposit Insurance: General” for more detailed information. Once funds equal to the Product Deposit Limit have been deposited for you through the Product into Program Banks on the Priority List, any additional funds will be invested into a secondary sweep option as described in more detail below.

Each Deposit Account constitutes a direct obligation of the respective Program Bank and is not directly or indirectly an obligation of Pershing, your IBD, your Investment Professional or your Investment Adviser. You can obtain publicly available financial information concerning each Program Bank at [www.ffiec.gov/nic](http://www.ffiec.gov/nic) or by contacting the FDIC Public Information Center by mail at L. William Seidman Center, Virginia Square, 3501 North Fairfax Drive, Arlington, Virginia 22226 or by phone at 703-562-2200. Pershing does not guarantee in any way the financial condition of the Program Banks or the accuracy of any publicly available financial information concerning the Program Banks.

You will not have a direct account relationship with the Program Banks. Pershing, as your agent, will establish the Deposit Accounts for

you at each Program Bank and make deposits to and withdrawals from the Deposit Accounts. Pershing will receive a fee from each Program Bank, including BNYM and BNY Mellon, N.A. depending on their participation. The amount of the fee paid to Pershing will affect the interest rate paid on the Deposit Accounts. Please see the section of this Booklet titled “Information About Your Relationship with Pershing and the Program Banks” for more information.

As discussed herein, interest rates on the Deposit Accounts will be tiered and will fluctuate based upon prevailing economic and business conditions. The Program Banks do not have a duty to offer the highest rate available, nor do they have duty to offer rates that are comparable to Money Funds or that are offered by other depository institutions. By comparison, Money Funds, which are not FDIC Insured and involve principal risk, generally seek to achieve high current yields consistent with capital preservation and maintenance of liquidity.

**The information in this Disclosure Statement applies, unless otherwise indicated, to each Account for which you are a client of record of Pershing, whether as an individual, joint tenant, trustee, executor, custodian or in any other capacity, and is furnished to you by Pershing in each of such capacities in respect of all such accounts.**

**Interest Rates:** The Product interest rate tier schedule, attached as Appendix A, is based upon commitments from the Program Banks with respect to interest rates on the various Deposit Accounts. The Product interest rate will vary daily and be higher or lower than that provided on the Effective Date. Please see the section of this Disclosure Statement titled “Operation of the Product—Interest on Balances in the Deposit

Accounts” for more information.

**Tax Information:** For most clients, interest earned from the Deposit Accounts will be taxed as ordinary income in the year it is received. A Form 1099 will be sent to you each year showing the amount of interest income you have earned in your Deposit Accounts. You should consult with your tax adviser about how interest earned in the Product affects you.

## OPERATION OF THE PRODUCT

**Priority List:** Enclosed with this Disclosure Statement is the Priority List of available Program Banks into which your funds may be deposited. The Program Banks appear on the Priority List in the order in which the Deposit Accounts will be opened for you and your funds will be deposited. You should review the Priority List carefully. Other clients may be assigned different Priority Lists. You can identify the Priority List applicable to you by state or, in some cases, by account type.

The Priority List may contain the names of up to four Program Banks that are not always used in the allocation process but can be used as a substitute for any other Program Bank (“Alternative Banks”). When a Program Bank prior to the Alternative Banks entry on the Priority List has received deposits equal to the Deposit Limit, your funds may be deposited in one of the Alternative Banks up to the Deposit Limit. Once funds in this Alternative Bank have reached the Deposit Limit, your funds will be deposited in the next Program Bank on the Priority List, not the next Alternative Bank. If all your funds are withdrawn from an Alternative Bank, the next time your funds are available for deposit in an Alternative Bank your funds may be deposited in a different Alternative Bank.

You may not change the order of the Program Banks on the Priority List. However, you may, at any time, designate a Program Bank, including any Alternative Bank, as ineligible to receive your funds. This will result in your funds being deposited into Deposit Accounts at the next Program Bank on the Priority List. In addition, you may at any time instruct us to remove your funds from a Program Bank, close your Deposit Accounts with the Program Bank and designate the Program Bank as ineligible to receive future deposits. Unless you direct us to place your funds in a different investment, your funds from a closed Deposit Account will be deposited in Deposit Accounts at the first available Program Bank set forth on the Priority List, as amended by you.

If you wish to designate a Program Bank as ineligible to receive your funds, please contact your Investment Professional, Investment Adviser or IBD.

The Priority List may change. Please review the section “Changes to the Priority List.”

**Establishment of, and Deposits into, the Deposit Accounts:** The Product typically makes available to you a money market deposit account (“MMDA”), which is a type of savings deposit, and a linked transaction account (“TA”) at one or more of the Program Banks. The MMDAs and TAs are non-transferable.

When funds are first available for deposit, Pershing, as your agent, will open an MMDA and a linked TA on your behalf at one or more of the Program Banks on the then current Priority List in the order set forth on the Priority List. Once your funds in the Deposit Accounts at a Program Bank reach the Deposit Limit, Pershing, as your agent, will open an MMDA and TA for you at the next Program Bank on the Priority List



and place your additional funds in that Program Bank.

Once your Product balance reaches the current Product Deposit Limit of \$2,490,000, Pershing, as your agent, will automatically sweep any additional cash balances in your Account into the secondary sweep option in your Account. To satisfy withdrawals from the Product, funds will be transferred from your MMDA to the related TA at each Program Bank as necessary and withdrawals will be made from the TA. The Program Bank and Pershing in their discretion may determine a minimum, or “threshold,” amount to be maintained in your TA to satisfy debits in your brokerage account.

Federal banking regulations had limited the transfers from an MMDA to a total of six (6) during a monthly statement cycle so, at any point during a month in which transfers from an MMDA at a Program Bank have reached the applicable limit, all funds will be transferred from that MMDA to the linked TA at the Program Bank until the end of the month. If that occurs, deposits for the remainder of the month that are allocated into this Program Bank will be made to the TA. At the beginning of the next month, funds on deposit in the TA will be transferred back to the MMDA, minus any threshold amount to be maintained in the TA. The limits on MMDA transfers, if applicable, will not limit the number of withdrawals you can make from funds on deposit at a Program Bank or the amount of FDIC insurance coverage for which you are eligible.

**Secondary Sweep Option:** Once your Product balance reaches the current Product Deposit Limit of \$2,490,000, Pershing, as your agent, will automatically sweep any additional free credit balance over that amount (“Excess Balance”) from your Account into the secondary sweep option selected by your IBD or your Investment Professional. If your

IBD or Investment Professional has not selected a secondary sweep option for your account, any Excess Balance will be swept into the default money market mutual fund (“Money Fund”). The default Money Fund used as the secondary sweep option for the Product is currently the Dreyfus Government Cash Management Service Shares (Ticker symbol DGUXX). Please see the section of this Disclosure Statement titled “Money Fund Features” for additional information on the default secondary sweep option.

**Withdrawal Procedures:** All withdrawals from the Product necessary to satisfy debits in your Account will be made by Pershing, as your agent. A debit is created in your Account by a securities purchase or a request for a withdrawal of funds from your Account and, if applicable, when you write a check on your Account, make payments via the online bill pay service or withdraw funds through your debit card. Checks written on your Account are not drawn directly against the Deposit Accounts established for you at the Program Banks.

All withdrawals will be made from your TA. If a withdrawal of funds from your Deposit Accounts is necessary to satisfy a debit, funds will be withdrawn from your TAs at the Program Banks on the Priority List beginning with the lowest priority Program Bank on the Priority List at which your funds have been deposited. If there are insufficient funds at that Program Bank, funds will be withdrawn from each Program Bank in the sequence (lowest priority to highest priority) until the debit is satisfied. If funds in the TA at a Program Bank from which funds are being withdrawn are insufficient to satisfy a debit, funds in the related MMDA at that Program Bank will be transferred to the TA to satisfy the debit, in addition to funds necessary to

maintain any TA threshold amount. If there are insufficient funds in the Deposit Accounts at the Program Banks on the Priority List to satisfy the debit, Pershing will withdraw funds from other available sources as described in your Account agreement. If your Product balance exceeds the Product Deposit Limit and Excess Balances from your Account have been swept into a secondary sweep option, the balance in that secondary sweep option will be used first to satisfy debits in your Account before withdrawals are made from your Product balance.

**Changes to the Priority List:** One or more of the Program Banks included on the Priority List may be replaced with a Program Bank not previously included on the Priority List. A Program Bank may also be deleted from the Priority List, or the order of Program Banks on the Priority List may change. While we will attempt to provide you with advance notice of changes to Program Banks on the Priority List, which are all IDIs, via a message on your periodic brokerage account statement when practicable, <https://www.pershing.com/rates> will always have the most current Priority List of Program Banks participating in the Dreyfus Insured Deposits.

**Interest on Balances in the Deposit Accounts:** Each Program Bank will pay an agreed upon rate of interest on the balance in Deposit Accounts held at that Program Bank. All balances in the same Interest Rate Tier within each product will be paid the same rate of interest. Each Program Bank will pay the same rate of interest on total balances in the Deposit Accounts, regardless of Interest Rate Tier. The interest rates on your Product balance will be determined by the amount the Program Banks are willing to pay on the Deposit Accounts minus the fees paid to Pershing and other parties as set forth below under “Fees.”

The interest rates on the Deposit Accounts will vary based upon the value of the assets and cash you maintain in your Account, including your total Product balances. Pershing will link your Account to any of your additional brokerage accounts custodied at Pershing that you have with your IBD (registered under the same tax identification number) to determine your Interest Rate Tier. The aggregate value of the assets held in all of your “linked” brokerage accounts is referred to as your “Linked Balance.” In general, clients with greater Linked Balances will receive a higher interest rate than clients with lower Linked Balances. Pershing will determine your Linked Balance as of the interest posting date each month and add it to the Linked Balance as of the interest posting date for the prior month which is then divided by two to determine your average Linked Balance for the period. This average Linked Balance will determine your eligibility for a particular Interest Rate Tier for the forthcoming interest period.

Your initial deposit into the Product will not be based on average Linked Balance but rather will be based on the amount of your initial deposit into the Product to determine your Interest Rate Tier for that initial interest period. Commencing on your first interest payable date your linked brokerage accounts will be included in the average Linked Balance calculation described above. Because your Account was not part of the prior month calculation your Interest Rate Tier will be determined based on the total asset value of all linked brokerage accounts as of that interest posting date. You may contact your IBD, Investment Professional or Investment Adviser to determine the current interest rate on the Deposit Accounts for each Interest Rate Tier and for Money Funds or other money

market investments available to you. Interest rates may change daily and will be available for the prior business day. Interest will accrue on your Product balances from the day funds are deposited into the Deposit Accounts at a Program Bank through the business day preceding the date of withdrawal from the Deposit Accounts at the Program Bank. Interest will be compounded daily and credited monthly.

The Program Banks are not obligated to pay different interest rates on different tiers, and the Interest Rate Tiers may be changed at any time without notice.

The interest rates paid with respect to the Deposit Accounts at a Program Bank may be higher or lower than the interest rates available to depositors making deposits directly with the Program Bank or other depository institutions in comparable accounts and for investments in the Money Funds, Tax-Advantaged Money Funds (and other money market investments that may be available through Pershing). You should compare the terms, interest rates, required minimum amounts, and other features of the Product with other accounts and alternative investments.

**Negative Interest Rates:** In response to certain extraordinary economic conditions, some foreign countries have implemented a negative interest rate policy to stabilize their economies. Under such a policy, a central bank charges banks a fee to hold reserves, and, as a result, the banks then charge depositors a fee to maintain their deposits. Historically, the US has not adopted policies resulting in negative interest rates, and there is no indication that the Federal Reserve Board plans to adopt such a policy in the future. If, however, such a policy is adopted in the US, Program Banks may begin to charge fees

to maintain deposits held through bank deposit sweep products, such as the Product. In such an event, a fee would be charged for maintaining your deposits at Program Banks through the Product. This fee would be in addition to fees received from Program Banks for their participation in the Product. Any fees related to negative interest rates would be applied to your Product balance on a monthly basis for the duration of the negative interest rate period. If applicable, this fee will appear on your periodic Account statement.

#### **Information about Your Deposit Accounts:**

You will not receive trade confirmations for each deposit or withdrawal. All transactions in the Product will be reported on your periodic Account statement.

Your periodic Account statement will reflect:

- All deposits to and withdrawals from your Product balance
- The total balance in the Deposit Accounts at each Program Bank as of the interest payable date
- The interest rate and interest earned on your Product balance for the period

Pershing is responsible for the accuracy of your Account statement, not the Program Banks or BNYMSC. Your Investment Professional, Investment Adviser, or IBD can assist you in understanding your Account statement and can answer any questions you may have about it.

You may obtain information about your Product position, including balances and the current interest rates, by calling your Investment Professional, Investment Adviser or IBD.

**Money Fund Features:** Any balance in excess of the current Product Deposit Limit of \$2,490,000 will be automatically swept into the

secondary sweep option in your Account that was selected by your IBD or your Investment Professional. If your IBD or your Investment Professional has not selected a secondary sweep option in your Account, Pershing, as your agent, will automatically sweep any Excess Balance into the Dreyfus Government Cash Management Service Shares Money Fund (Ticker symbol DGUXX). If the Excess Balance in your Account is swept into the default Money Fund, a prospectus will automatically be mailed to you. Balances in a Money Fund are not FDIC-insured but are protected by SIPC coverage up to applicable limits. You could lose money by investing in a Money Fund. Although a Money Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in a Money Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The sponsor of a Money Fund has no legal obligation to provide financial support to the Money Fund, and you should not expect that the sponsor will provide financial support to the Money Fund at any time. Although the board of the default Money Fund has no current intention to impose a fee upon the sale of shares or temporarily suspend redemptions if the liquidity of the Money Fund falls below certain levels, the board reserves the ability to do so after providing at least 60 days prior written notice to shareholders. Please see the "SIPC Coverage" section of this Disclosure Statement for more information on SIPC coverage.

**Notices:** All notices described in this Disclosure Statement may be made by means of a letter, an entry on your Account statement (or an entry on a trade confirmation) or by other means.

## **INFORMATION ABOUT YOUR RELATIONSHIP WITH PERSHING AND PROGRAM BANKS**

**Relationship with Pershing:** As your agent, Pershing establishes the Deposit Accounts at each Program Bank, deposits funds into the Deposit Accounts, withdraws funds from the Deposit Accounts and transfers funds among the Deposit Accounts at Program Banks. Deposit Account ownership will be evidenced by a book entry on the account records of each Program Bank and by records maintained by Pershing as your custodian. No evidence of ownership, such as a passbook or certificate will be issued to you. Your Account statements will reflect the total balances in your Deposit Accounts held at each Program Bank. You should retain your Account statements for your records. You may at any time obtain information about your Deposit Accounts by contacting your IBD or Investment Professional.

Unless you establish the accounts directly with a Program Bank as described below, all transactions with respect to your Deposit Accounts must be directed by Pershing and all information concerning your Deposit Accounts can only be obtained from Pershing. Neither the Program Banks nor BNYMSC will accept instructions from you with respect to your Deposit Accounts or provide you with information concerning your Deposit Accounts.

Pershing may, in its sole discretion, terminate your use of the Product as a sweep investment option. If Pershing terminates your use of the Product as a sweep investment option, you may establish a direct depository relationship with each Program Bank, subject to its rules with respect to maintaining deposit accounts.

Similarly, if you decide to terminate your participation in the Product, you may establish a direct relationship with each Program Bank by requesting to have your Deposit Accounts established in your name at each Program Bank, subject to each Program Bank's rules with respect to establishing and maintaining deposit accounts.

Establishing your Product Deposit Accounts in your name at a Program Bank will separate the Deposit Accounts from your Account. Your Deposit Account balances will no longer be reflected in your Account statement and Pershing will have no further responsibility concerning your Deposit Accounts.

**Relationship with the Program Banks:** As described above, you will not have a direct account relationship with the Program Banks. However, each Deposit Account constitutes an obligation of the respective Program Bank and is not directly or indirectly an obligation of Pershing. You can obtain publicly available financial information concerning each Program Bank at [www.ffiec.gov/nicpubweb/nicweb/nichome.aspx](http://www.ffiec.gov/nicpubweb/nicweb/nichome.aspx) or by contacting the FDIC Public Information Center by mail at L. William Seidman Center, Virginia Square, 3501 North Fairfax Drive, Arlington, Virginia 22226 or by phone at 703-562-2200. Pershing does not guarantee in any way the financial condition of the Program Banks or the accuracy of any publicly available financial information concerning such Program Banks.

**Fees:** Each Program Bank will pay Pershing a fee equal to a percentage of the average daily deposit balance in your Deposit Accounts at the Program Bank. In its sole discretion, Pershing may reduce or waive a portion or all of its fee and may vary the amount of the reductions between clients. The fee may vary from Program Bank to Program Bank. The amount of fee received by



Pershing will affect the interest rate paid by the Program Bank on your Deposit Accounts. The fees paid by the Program Banks is based on the Product balances each holds and on current market rates and will vary over time. If an Excess Balance is swept into a Money Fund, including the default Money Fund, the Dreyfus Government Cash Management Service Shares Money Fund (Ticker symbol DGUXX), Pershing will earn fees on that balance. Your IBD will receive a portion of the fee paid to Pershing by the Program Banks and Money Fund provider, which it can choose to share with your Investment Professional. In addition, the Administrator will receive fees from each Bank and BNYMSC will receive a fee from Pershing in respect of Product assets. Other than applicable fees imposed by Pershing on your Account, there will be no charges, fees, or commissions imposed on your Account with respect to the Product. Please see the "Negative Interest Rates" section of this Disclosure Statement for more information on Fees.

### **Deposit Insurance: General**

The Deposit Accounts (including principal and accrued interest) are insured by the FDIC, an independent agency of the U.S. Government, up to \$250,000 for all deposits held in the same insurable capacity at any one Program Bank. Generally, any accounts or deposits that you may maintain directly with a particular Program Bank, or through any other intermediary, in the same insurable capacity in which the Deposit Accounts are maintained at that same Program Bank would be aggregated with the Deposit Accounts for purposes of the FDIC insurance limit. In the event a Program Bank fails, the Deposit Accounts are insured, up to the \$250,000, for principal and interest accrued to the date the Program Bank is closed.

Under certain circumstances, if you

become the owner of deposits at a Program Bank because another depositor dies, beginning six months after the death of the depositor the FDIC will aggregate those deposits for purposes of the FDIC Insurance limit with any other deposits that you own in the same insurable capacity at the same Program Bank.

Examples of accounts that may be subject to this FDIC policy include joint accounts, "payable on death" accounts and certain trust accounts. The FDIC provides a six-month "grace period" to permit you to restructure your deposits to obtain the maximum amount of deposit insurance for which you are eligible.

**You are responsible for monitoring the total amount of deposits that you hold with any one Program Bank, directly or through an intermediary, in order for you to determine the extent of deposit insurance coverage available to you on your deposits, including the Deposit Accounts. Pershing and BNYMSC are not responsible for any insured or uninsured portion of the Deposit Accounts or any other deposits. BNYM and BNY Mellon, N.A. are not responsible for any insured or uninsured portion of the Deposit Accounts or any other deposits held at any other Program Bank, only balances held in the Deposit Accounts and other deposits held at BNYM and BNY Mellon, N.A.**

In the event that federal deposit insurance payments become necessary, payments of principal plus unpaid and accrued interest will be made to you. There is no specific time period during which the FDIC must make insurance payments available, and Pershing is under no obligation to credit your account with funds in advance of payments received from the FDIC. Furthermore, you may be required to provide certain documentation

to the FDIC and Pershing before insurance payments are made. For example, if you hold deposits as trustee for the benefit of trust participants, you may be required to furnish affidavits and provide indemnities regarding an insurance payment.

If your Deposit Accounts or other deposits at a Program Bank are assumed by another depository institution pursuant to a merger or consolidation, such deposits will continue to be separately insured from the deposits that you might have established with the acquiror until (i) the maturity date of any time deposits that were assumed, or (ii) with respect to deposits that are not time deposits, the expiration of a six month period from the date of the acquisition. Thereafter, any assumed deposits will be aggregated with your existing deposits with the acquiror held in the same capacity for purposes of federal deposit insurance. Any deposit opened at the Program Bank after the acquisition will be aggregated with deposits established with the acquirer for purposes of federal deposit insurance.

The application of the FDIC Insurance limit is illustrated by several common factual situations discussed below, some of which may not apply to Product balances as referenced in the examples below. Please review the section titled "Deposit Insurance: Retirement Plans and Accounts" for the application of the FDIC insurance limit.

*Individual Customer Accounts.* Deposits of any one Program Bank held by an individual in an account in the name of an agent or nominee of such individual (such as the Deposit Accounts held through Pershing) or held by a custodian (for example, under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act) are not treated as

owned by the agent, nominee, or custodian, but are added to other deposits of such individual held in the same insurable capacity (including funds held in a sole proprietorship) and are insured up to \$250,000 in the aggregate. Deposits held through a **qualified tuition savings program (529 Plan)** will be insured as deposits of the participant and aggregated with other deposits of the participant if the arrangement and the name of the participant are identified on Pershing's account records.

*Joint Accounts.* An individual's interest in deposits of any one Program Bank held under any form of joint ownership valid under applicable state law may be insured up to \$250,000 in the aggregate, separately and in addition to the \$250,000 allowed on other deposits individually owned by any of the co-owners of such accounts (hereinafter referred to as a "Joint Account"). For example, a Joint Account owned by two persons would be eligible for insurance coverage of up to \$500,000 (\$250,000 for each person), subject to aggregation with each owner's interests in other Joint Accounts at the same Program Bank. Joint Accounts will be insured separately from individually owned accounts only if each of the co-owners is an individual person and has a right of withdrawal on the same basis as the other co-owners. Product balances held in account with joint registrations are assumed to be held by two individuals and allocated to Program Banks accordingly.

*Trust Accounts.* Due to operational complexities, Product balances held in accounts with trust registrations are allocated at the account level and not at the trustee level; therefore, FDIC insurance coverage on Product balances held in trust accounts is not available at the trustee level; the Product does not provide FDIC coverage at the trustee

level.

*Revocable Trust Accounts.* Deposits of any one Program Bank held in a "revocable trust" are generally insured up to \$250,000 per beneficiary if the beneficiary is a natural person, charity or other non-profit organization. There are two types of revocable trusts recognized by the FDIC.

*Informal revocable trusts* include accounts in which the owner evidences an intent that at his or her death the funds shall belong to one or more specified beneficiaries. These trusts may be referred to as a "Totten trust" account, "payable upon death" account or "transfer on death" account. Each beneficiary must be included in Pershing's account records.

*Formal revocable trusts* are written trust arrangements in which the owner retains ownership and control of the assets and designation of beneficiaries during his or her lifetime. The trusts may be referred to as "living" or "family" trusts. The beneficiaries of a formal revocable trust do not need to be included in Pershing's account records.

Under FDIC rules, if a revocable trust has five or fewer beneficiaries, FDIC coverage will be up to \$250,000 per beneficiary, multiplied by the number of beneficiaries, regardless of the proportional interests of each beneficiary in the revocable trust. If the trust has more than \$1,250,000 in deposits of any one Program Bank and has six or more beneficiaries, the funds will be insured for the greater of \$1,250,000 or the aggregate amount of all beneficiaries' proportional interests, limited to \$250,000 per beneficiary.

Deposits in all revocable trusts of the same owner — informal and formal — at the same Program Bank will be aggregated for insurance purposes. A revocable trust established by two owners where the owners are the sole

beneficiaries will be treated as a Joint Account under applicable rules and will be aggregated with other Joint Accounts.

*Irrevocable Trust Accounts.* Deposits of any one Program Bank held pursuant to one or more irrevocable trust agreements created by the same grantor (as determined under applicable state law) will be insured for up to \$250,000 for the interest of each beneficiary provided that the beneficiary's interest in the account is non-contingent (i.e., capable of determination without evaluation of contingencies). According to the FDIC, **Coverdell Education Savings Accounts** will be treated as irrevocable trust accounts for deposit insurance purposes. The deposit insurance of each beneficiary's interest is separate from the coverage provided for other accounts maintained by the beneficiary, the grantor, the trustee or other beneficiaries. The interest of a beneficiary in irrevocable trust accounts at a Program Bank created by the same grantor will be aggregated and insured up to \$250,000.

*Medical Savings Accounts.* Deposits of any one Program Bank held in a Medical Savings Account, sometimes referred to as an Archer Medical Savings Account, will be eligible for deposit insurance as either an individual account, a revocable trust account or an employee benefit plan. You may wish to consult with your attorney or the FDIC to determine the available deposit insurance coverage.

## **Deposit Insurance: Retirement Plans and Accounts**

*Retirement Plans and Accounts —*

Generally. If you have deposits of any one Program Bank that are held through one or more retirement plans and accounts, the amount of deposit insurance you will be eligible for, including whether the deposits held by the plan or account will be considered separately or aggregated with the deposits of the same Program Bank held by other plans or accounts, will vary depending on the type of plan or account. It is therefore important to understand the type of plan or account holding the deposits. The following sections generally discuss the rules that apply to deposits of retirement plans and accounts.

*Individual Retirement Accounts (“IRAs”).* Deposits of any one Program Bank held in an IRA will be insured up to \$250,000 in the aggregate. However, the deposits of any one Program Bank acquired by an IRA will be aggregated with the deposits of the same Program Bank held by certain employee benefit plans in which the owner of the IRA has an interest. Thus, the owner of an IRA will only be eligible for insurance of \$250,000 for deposits at any one Program Bank held in plans and accounts that are subject to aggregation. See the section below titled “Aggregation of Retirement Plan and Account Deposits.”

*Pass-Through Deposit Insurance for Employee Benefit Plan Deposits.* Subject to the limitations discussed below, under FDIC regulations an individual’s non-contingent interests in the deposits of any one Program Bank held by many types of plans are eligible for insurance up to \$250,000 on a pass-through basis. This means that instead of an employee benefit plan’s deposits at any one Program Bank being entitled to only \$250,000 in total per Program Bank, each participant in the employee benefit plan is entitled to insurance of his or her non-contingent interest in the

employee benefit plan’s deposits of up to \$250,000 per Program Bank (subject to the aggregation of the participant’s interests in different plans, as discussed below). The pass-through insurance provided to an individual as an employee benefit plan participant is separate from the FDIC Insurance limit allowed on other deposits held by an individual in different insurable capacities with the Program Bank.

The types of plans for which deposits may receive pass-through treatment are employee benefit plans, as defined in Section 3(3) of the Employee Retirement Income Security Act (ERISA) (including Keogh plans, whether or not they are technically “employee benefit plans” under ERISA) and eligible deferred compensation plans described in Section 457 of the Internal Revenue Code of 1986. For purposes of Section 3(3) of ERISA, employee benefit plans are broadly defined to include most employee benefit plans, including most defined benefit plans and most defined contribution plans.

A deposit at any one Program Bank held by an employee benefit plan that is eligible for pass-through insurance is not insured for an amount equal to the number of plan participants multiplied by \$250,000. For example, an employee benefit plan owns \$500,000 in deposits at one Program Bank and the participants are eligible for up to \$250,000 per plan beneficiary. The employee benefit plan has two participants, one with a non-contingent interest of \$425,000 and one with a non-contingent interest of \$75,000. In this case, the employee benefit plan’s deposits would be insured up to only \$325,000; the individual with the \$425,000 interest would be insured up to the \$250,000 limit and the individual with the \$75,000 interest would be insured up to the full value of such interest.

The contingent interests of employees in an employee benefit plan and overfunded amounts attributed to any employee benefit plan are not insured on a pass-through basis. Contingent interests of employees in an employee benefit plan deposit are interests that are not capable of evaluation in accordance with FDIC rules and are aggregated and insured up to \$250,000 per Program Bank. Similarly, overfunded amounts are insured, in the aggregate for all participants, up to \$250,000 separately from the insurance provided for any other funds owned by or attributable to the employer or an employee benefit plan participant.

*Aggregation of Retirement Plan and Account Deposits.* Under FDIC regulations, an individual’s interests in plans maintained by the same employer or employee organization (e.g., a union) which are holding deposits of the same Program Bank will be insured for \$250,000 in the aggregate. In addition, under FDIC regulations an individual’s interest in the deposits of one Program Bank held by (i) IRAs, (ii) Section 457 Plans, (iii) self-directed Keogh Plans and (iv) self-directed defined contribution plans that are acquired by these plans and accounts will be insured for \$250,000 in the aggregate whether or not maintained by the same employer or employee organization.

*Questions about FDIC Deposit Insurance Coverage.* If you have questions about basic FDIC insurance coverage, please contact your Investment Professional. You may wish to seek advice from your own attorney concerning FDIC insurance coverage of deposits held in more than one insurable capacity. You may also obtain information by contacting the FDIC, Deposit Insurance Outreach, Division of Supervision and Consumer Affairs, by letter (550 17th Street, N.W.,



Washington, D.C. 20429), by phone (877-275-3342 or 800-925-4618 [TDD]), by visiting the FDIC website at [www.fdic.gov/deposit/index.html](http://www.fdic.gov/deposit/index.html), or by e-mail using the FDIC's Online Customer Assistance Form available on its website.

**SIPC Coverage:** SIPC is a non-profit membership corporation created by the Securities Investor Protection Act of 1970, funded primarily by its member securities brokerage firms registered with the U.S. Securities and Exchange Commission. SIPC provides protection against custodial risk to clients of securities brokerage firms, like Pershing, in the event such firms become insolvent. Unlike FDIC insurance, SIPC does not insure against the loss of your investment, nor does SIPC insurance protect against a decline in the value of your investment.

SIPC protects each client's securities, including Money Funds, and cash held in a client's brokerage account at an insolvent brokerage firm. SIPC protects against the loss of customer securities and cash up to a total of \$500,000 (including a maximum of \$250,000 for claims for uninvested cash) per customer in each separate capacity under SIPC rules. Additional amounts may be covered by excess SIPC coverage obtained by Pershing.

Money Fund balances are considered to be securities for purposes of SIPC coverage. Balances maintained in the Deposit Accounts at each Program Bank are not protected by SIPC or, if any, excess coverage purchased by Pershing. If you have questions about SIPC coverage and additional SIPC-like coverage, please contact your IBD or Investment Professional. You may also obtain information about SIPC coverage, including a brochure that describes SIPC and SIPC insurance, by accessing the SIPC website at [www.sipc.org](http://www.sipc.org).