



Zions Direct Proprietary Bank Deposit Sweep Program Disclosure Document

I. Summary

Introduction

Zions Direct, Inc. ("Zions Direct", "we" or "us") offers the Zions Direct Proprietary Bank Deposit Sweep Program (the "Program") in conjunction with Interactive Brokers LLC ("Interactive Brokers"), a broker-dealer registered with the Securities and Exchange Commission ("SEC"), that we have engaged to provide custody and clearing services.

Through the Program, Interactive Brokers will automatically deposit available cash balances in your securities account ("Account") into an interest-bearing demand deposit account ("DDA") at ZB, N.A. ("ZB"), a Federal Deposit Insurance Corporation ("FDIC") member bank that is affiliated with Zions Direct. Please refer to the section titled "II. Operation of the Program" for more information.

Interactive Brokers acts as your agent and custodian in establishing and maintaining the DDA at ZB. You will not have a direct relationship with ZB. All deposits and withdrawals will be made by Interactive Brokers on your behalf. Information about your DDA may be obtained from Zions Direct, not ZB.

FDIC Deposit Insurance Available on Your DDA

Funds on deposit at ZB are eligible for deposit insurance from the FDIC up to \$250,000 (including principal and accrued interest) per depositor in each insurable capacity in which you hold your Account in accordance with applicable FDIC rules.

Any deposits (including certificates of deposit) that you maintain in the same insurable capacity directly with ZB or through an intermediary (such as Interactive Brokers, Zions Direct or another broker), regardless of the number of Accounts, will be aggregated with funds in your DDA at ZB for purposes of the FDIC insurance limit.

You are responsible for monitoring the total amount of deposits that you have with ZB in order to determine the extent of FDIC insurance coverage available to you, including deposits through the Program. Neither Interactive Brokers, Zions Direct, ZB nor their affiliates monitor the amount of your deposited funds to determine whether those amounts exceed the FDIC insurance limits applicable to your deposits at ZB, and they are not responsible for any insured or uninsured portion of the DDA at ZB.

You should review carefully the section titled "VIII. Information About FDIC Insurance."

No SIPC Protection

Funds maintained in the DDA at ZB are not eligible for coverage by the Securities Investor Protection Corporation ("SIPC"). You should review carefully the section titled "IX. Securities Investor Protection Corporation Coverage."

Interest on the Balances in Your DDA

Interest on your DDA may be tiered ("Interest Rate Tiers") based on the balances in your DDA at ZB ("Program Balances"). If interest rates are tiered, then the greater your Program Balances, the higher the rate of interest you may receive on your funds. Interest rates paid on the DDA may change daily. Information regarding current interest rates is available online at www.zionsdirect.com or by calling your Investment Representative at Zions Direct Investment Center. Please refer to the section titled "IV. Interest on the Balances in Your DDA" for more

information.

Fees and Conflicts of Interest

Zions Direct may receive a revenue share fee from ZB in connection with the Program. Zions Direct may also pay a portion of this fee to Interactive Brokers. This fee may be increased or decreased at any time.

Zions Direct and ZB will receive certain additional benefits in connection with the Program. You should review the sections titled "VII. Your Relationship with Interactive Brokers, Zions Direct and ZB - Fees to Zions Direct" and "VII. Your Relationship with Interactive Brokers, Zions Direct and ZB - Benefits to Zions Direct and ZB."

II. Operation of the Program

Eligibility

Zions Direct and/or Interactive Brokers may establish eligibility criteria for the Program based on Account type, type of customer or other criteria established by Zions Direct in its discretion or as required by law. Zions Direct, at its discretion, may deem any customer to be ineligible for the Program.

Deposit Procedures

The Program makes available to you a DDA, as defined in the Introduction, at ZB. The DDA is non-transferable.

When funds are first available for deposit, Interactive Brokers, as your agent and custodian, will open a DDA on your behalf at ZB. As your agent and custodian, Interactive Brokers will deposit available cash balances in your DDA at ZB without limit and without regard to the \$250,000 FDIC insurance limit.

Withdrawal Procedures

All withdrawals necessary to satisfy debits in your Account will be made by Interactive Brokers as your agent and custodian from your DDA. A debit is created to satisfy a securities purchase, a margin requirement or a request for a withdrawal of funds from your Account and, if applicable, when you make payments to other financial institutions via electronic funds transfer. Withdrawals from your DDA can only be made by Interactive Brokers as your agent. You will have no direct access to your DDA.

III. Changes to the Program

Zions Direct may modify the Program at any time in its sole discretion. Modifications to the Program may include, but are not limited to, changing the terms and conditions and adding, changing or eliminating banks in the Program. You will receive notification in advance of such changes.

If you no longer want to participate in the bank sweep option with our affiliate, Zions Bancorporation, N.A., please email support@zionsdirect.com with your request.

IV. Interest on the Balances in Your DDA

The interest rate on your Program Balances will be determined by the amount ZB is willing to pay on the Program Balances taking into consideration the fees paid to Zions Direct as set forth below under "VII. Your Relationship with Interactive Brokers, Zions Direct and ZB – Fees to Zions Direct."

You may contact your Investment Representative or access our web site at www.zionsdirect.com to determine the current interest rate on the DDA. Interest rates may change daily and will be available on the business day the rates are set. Interest will accrue on balances in your DDA from the day funds are deposited into the DDA at ZB through the business day preceding the date of withdrawal from the DDA at ZB. Interest will be accrued daily, credited monthly and reflected on your Account statement as of the last business day of the statement period.

The interest rate on the DDA may be higher or lower than the interest rates available to depositors making deposits directly with ZB or other depository institutions in comparable accounts or for investments in money market funds and other cash equivalent investments available through Zions Direct. You should compare the terms, interest rates, required minimum amounts, charges and other features of the DDA with other accounts and alternative investments.

V. Information About Your DDA

You will not receive a confirmation of each deposit into, or withdrawal from, your DDA. All transactions in your DDA will be confirmed on your periodic Account statement.

For each statement period, your Account statement will reflect:

- » Deposits and withdrawals made through the Program
- » The opening and closing balances of your DDA at ZB
- » The interest rate and interest earned on Program Balances

Zions Direct and Interactive Brokers, and not ZB, are responsible for the accuracy of your Account statement. Your Investment Representative can assist you in understanding your Account statement and can answer any questions you may have about your Account statement.

You may obtain information about your DDA, including balances and the current interest rates, by calling your Investment Representative at Zions Direct Investment Center or by accessing your Account through www.zionsdirect.com.

VI. Notices

All notices to you regarding the Program may be by means of a letter, an entry on your periodic Account statement, an insert to your Account statement, an entry on a trade confirmation or by other means.

VII. Your Relationship with Interactive Brokers, Zions Direct and ZB

Relationship with Interactive Brokers and Zions Direct

Interactive Brokers is acting as your agent in establishing and as your custodian in holding the DDA at ZB, depositing funds into the DDA and withdrawing funds from the DDA. DDA ownership will be evidenced by a book entry on the account records of ZB and by records maintained by Interactive Brokers as your custodian. No evidence of ownership, such as a passbook or certificate, will be issued to you. Your Account statements will reflect your Program Balances at ZB. You should retain the Account statements for your records. You may at any time obtain information about your DDA by contacting your Investment Representative.

Unless you establish the DDA directly with ZB as described below, all transactions with respect to your DDA must be directed by Interactive Brokers and all information concerning your DDA can only be obtained from Zions Direct, not ZB. ZB has no obligation to accept instructions from you with respect to your DDA or provide you with information concerning your DDA.

Zions Direct and/or Interactive Brokers may, in its sole discretion, terminate your use of the DDA as a sweep investment option. If Zions Direct and/or Interactive Brokers terminates your use of the DDA as a sweep investment option, you may establish a direct depository relationship with ZB, subject to its rules with respect to maintaining DDAs.

Similarly, if you decide to terminate your participation in the Program, you may establish a direct relationship with ZB by requesting to have your DDA established in your name at ZB, subject to ZB's rules with respect to establishing and maintaining DDAs.

Establishing your DDA in your name at ZB will separate the DDA from your Account. Your DDA balances will no longer be reflected in your Account statement, and Zions Direct and Interactive Brokers will have no further responsibility concerning your DDA.

Relationship with ZB

As described above, you will not have a direct account relationship with ZB. However, your DDA constitutes an obligation of ZB and is not directly or indirectly guaranteed by Interactive Brokers or Zions Direct. You can obtain publicly available financial information concerning ZB at www.ffiec.gov/nic or by contacting the FDIC Public Information Center by mail at 3501 North Fairfax Drive, Room E-1021, Arlington, Virginia 22226 or by phone at (703) 562-2200. Zions Direct and Interactive Brokers do not guarantee in any way the financial condition of ZB or the accuracy of any publicly available financial information concerning ZB.

Fees to Zions Direct

Zions Direct may receive a revenue share fee from ZB in connection with the Program. Zions Direct may also pay a portion of this fee to Interactive Brokers. This fee may be increased or decreased at any time.

Benefits to Zions Direct and ZB

The Program provides financial benefits to both Zions Direct and ZB. ZB uses Program Balances to fund current and new lending and for investment activities. ZB earns net income from the difference between the interest it pays on Program Balances and the fees paid to Zions Direct and the income it earns on loans, investments and other assets.

ZB may pay rates of interest on Program Balances that are lower than prevailing market interest rates that may have been paid on accounts otherwise opened directly with ZB. ZB does not have a duty to provide the highest rates available and may instead seek to pay a lower rate. Lower rates may be more financially beneficial to ZB.

The revenue generated by Zions Direct may be greater than revenues generated by sweep investment options at other brokerage firms, and may be greater than other sweep investment options currently available to you or that we have used in the past or may consider using in the future.

VIII. Information About FDIC Insurance

Deposit Insurance: General

Program Balances (principal plus accrued interest) are insured by the FDIC, an independent agency of the U.S. Government, up to \$250,000 per depositor in each insurable capacity. Examples of separate insurable capacities are: individual accounts, joint accounts, certain trust arrangements, IRAs and other retirement accounts.

Your funds become eligible for deposit insurance immediately upon placement into the DDA at ZB. Generally, any accounts or deposits that you may maintain directly with ZB, or through any other intermediary (such as Zions Direct or another broker-dealer), in the same insurable capacity in which the DDA is maintained would be aggregated with the DDA for purposes of the \$250,000 FDIC insurance limit. In the event ZB fails, the DDA is insured, up to \$250,000, for principal and interest accrued to the day ZB is closed.

You are responsible for monitoring the total amount of deposits that you hold with ZB, directly or through an intermediary, in order to determine the extent of deposit insurance coverage available to you on your deposits, including the DDA. Neither Zions Direct nor Interactive Brokers is responsible for any insured or uninsured portion of the DDA or any other deposits.

In the event that FDIC 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 Zions Direct 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 Zions Direct to provide to the FDIC 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 DDA or other deposits at ZB are assumed by another depository institution pursuant to a merger or consolidation, such deposits will continue to be insured separately 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 FDIC insurance coverage. Any deposit opened at the acquiror after the acquisition will be aggregated with deposits established with the acquiror for purposes of FDIC insurance coverage.

The application of the \$250,000 FDIC insurance limit is illustrated by several common factual situations discussed below.

Individual Customer Accounts. Deposits of ZB held by an individual in an account in the name of an agent or nominee of such individual (such as the DDA held through Interactive Brokers) 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 records maintained by Interactive Brokers.

Joint Accounts. An individual's interest in deposits of ZB 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 ZB. 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.

Revocable Trust Accounts. Deposits of ZB 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 on records maintained by Interactive Brokers.

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 on records maintained by Interactive Brokers. Under FDIC rules, FDIC coverage will be \$250,000 per beneficiary, multiplied by the number of beneficiaries, regardless of the proportional interest of each beneficiary in the revocable trust. However, if the trust has more than \$1,250,000 in deposits at ZB and more than five 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 ZB 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 ZB 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).

Individual Retirement Accounts ("IRAs"). Individual retirement accounts as described in Internal Revenue Code Sections 408(a) and 408A are insured up to \$250,000 per depositor. Each person's deposits in self-directed retirement accounts at ZB are added together and insured up to \$250,000, separately from any retirement accounts that are not self-directed and any non-retirement accounts.

Questions About FDIC Deposit Insurance Coverage

If you have questions about basic FDIC insurance coverage, please contact your Investment Representative. 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:

- » By mail: Deposit Insurance Outreach, Division of Depositor and Consumer Protection
- » 550 17th Street N.W., Washington, D.C. 20429
- » By phone: 877-275-3342 or 800-925-4618 (TDD)

- » By e-mail: via the FDIC's Online Customer Assistance Form, available at: <https://www5.fdic.gov/starsmail/index.asp>
- » Online: www.fdic.gov/deposit/index.html

IX. Securities Investor Protection Corporation Coverage

In general, the Securities Investor Protection Corporation ("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 SEC. SIPC provides clients of securities brokerage firms that are members of SIPC, like Zions Direct and Interactive Brokers, with protection against custodial risk in the event such firms become insolvent.

Unlike FDIC insurance, SIPC does not insure against the loss of your investment. SIPC coverage does not ensure the quality of investments, protect against a decline or fluctuations in the value of your investment, or cover securities not held by Interactive Brokers. SIPC protects each client's securities and cash held in a client's brokerage account at an insolvent brokerage firm. SIPC coverage protects securities customers of its members up to \$500,000 (including \$250,000 for claims for cash) per customer in each separate capacity under SIPC rules.

The DDA held in your Account is not protected by SIPC or excess coverage, if any, purchased by Interactive Brokers.

If you have questions about SIPC coverage, please contact your Investment Representative. 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 or contacting SIPC at (202) 371-8300.