



TRUST BANK

## Non-Standard Assets

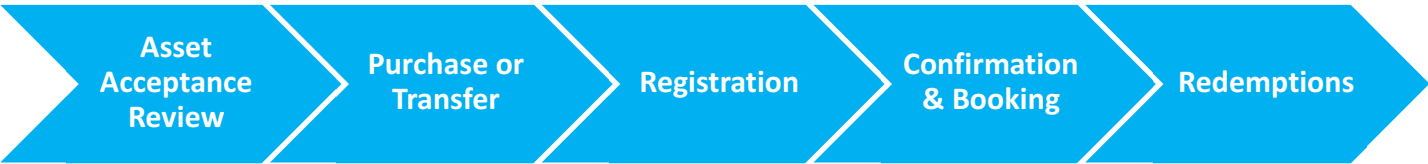
Charles Schwab Trust Bank and/or Charles Schwab & Co., Inc. (collectively "Schwab") allows you to hold compatible Non-Standard Assets in trust, custody or brokerage accounts. Schwab has specialized teams dedicated to managing these investment types including valuations, trading, transfers and reregistration, billing and reconciliation.

Non-Standard Assets ("NSA") are commonly referred to as Alternative Investments ("AI"). NSA and AI are interchangeable and are used to describe the same type of securities.

### Quick Facts:

- All requests to custody new NSA positions at Schwab are subject to an Asset Acceptance Review Process.
- Existing positions are eligible for continued custody as long as they remain in policy.
- NSA securities are reviewed annually to ensure the asset and the issuer remain in policy.

### Non-Standard Asset Process Overview:



Before a non-standard asset can be held in custody at Schwab, it must first be submitted for Asset Acceptance Review to determine whether the security is operationally compatible with our custody service. Reviews can take two to three weeks depending on the response time of the issuer.

### Security Types Eligible for Review

Security Type	Examples		Requirements
Privately Offered Funds	<ul style="list-style-type: none"><li>• Hedge Funds</li><li>• Private Equity Funds</li></ul>	<ul style="list-style-type: none"><li>• Funds of Funds</li><li>• Offshore Funds</li></ul>	<ul style="list-style-type: none"><li>• PCAOB auditor</li><li>• Offered by PPM</li><li>• Registered Advisor (SEC, ERA, State or CFTC)</li></ul>
Registered Securities Under the Securities Act of 1933	<ul style="list-style-type: none"><li>• REITs</li><li>• Commodity Pools</li></ul>	<ul style="list-style-type: none"><li>• Registered Real Estate Pools</li></ul>	<ul style="list-style-type: none"><li>• PCAOB auditor</li><li>• Offered by prospectus</li></ul>
Registered Funds Under the Investment Company Act of 1940	<ul style="list-style-type: none"><li>• Interval Funds</li></ul>		<ul style="list-style-type: none"><li>• PCAOB auditor</li><li>• Offered by PPM</li></ul>
Private Stock	<ul style="list-style-type: none"><li>• Physical stock certificate registered to Schwab in nominee name.</li></ul>		<ul style="list-style-type: none"><li>• PCAOB auditor</li><li>• Offered by PPM</li></ul>

Schwab can only accept Private Stock positions that meet one of the following criteria:

(1) The entity is a federally regulated bank, (2) the offering is underwritten by a reputable broker-dealer, or (3) The Plan's Sponsor, Participant, or Fiduciary is a current or past employee, board member, or control person of the issuer.

**FAQ: Has my fund already been through an Asset Acceptance Review (AAR) at Schwab?**

If a non-standard asset has previously been accepted for custody at Schwab through AAR, you can proceed directly to the purchase or transfer process described in the next section. For determining if an asset has been previously reviewed, please contact your Client Service Administrator.

## What documents you'll need for Asset Acceptance Review:

- **AI Asset Review Request Form** for each non-standard asset and provide the documents listed below:
  - Current private placement memorandum, offering circular, or prospectus
  - Subscription Document or Investor Qualification Document
  - Most recent audited financial statements performed by a firm registered with the PCAOB  
(For new funds, provide the auditor's engagement letter.)

### FAQ: Do I need to submit a completed subscription agreement for the review?

An executed subscription agreement will be required during the purchase process, but is not required during the Asset Review.

## Step 2 – Purchase or Transfer

Once an asset has been accepted for custody through AAR, please provide the following to initiate a purchase or transfer into Schwab.

### Requirements for Purchase or Transfer

#### For transfers into Schwab

- A completed [Non-Standard Assets Directive](#) form
  - Issuer and/or contra firm statement to confirm the position
- \*Most funds will require their own transfer paperwork. Check with the fund directly before initiating the transfer request.*

#### For new or subsequent purchases through Schwab

- A completed [Non-Standard Assets Directive](#) form
- A subscription document or investor qualification document

#### For capital calls of positions held in custody at Schwab

- A completed [Non-Standard Assets Directive](#) form
- A copy of the capital call letter

### FAQ: Will Schwab carry a placeholder in the account until the security is booked into the Schwab account?

No, there can be a significant time period between when funds are wired out of the account and the security is booked into the account. Please be aware of this potential asset gap when making purchases.

## Step 3 – Registration & Confirmation

In addition to meeting Asset Acceptance Review criteria, all non-standard asset securities must be registered correctly with the issuer before they can be booked into the account. All securities need to properly reflect Charles Schwab Trust Bank's role as Trustee or Custodian of the Retirement Plan. If held in a Personal Choice Retirement Account ("PCRA") Charles Schwab & Co., Inc. must be registered as the Custodian FBO Charles Schwab Trust Bank.

### For Trust and Custody accounts:

- Charles Schwab Trust Bank as Trustee/Custodian  
[Retirement Plan Name]

### For Personal Choice Retirement Accounts

- Charles Schwab & Co., Inc.,  
FBO Charles Schwab Trust Bank as Trustee/Custodian  
[Retirement Plan Name]  
FBO [Participant Name]

### Time to complete re-registration:

Once signed paperwork is received by Schwab, re-registration can take 4 to 6 weeks to complete. Schwab relies on the issuer or its administrator for processing. Re-registration requests in physical certificate form have a longer processing time of about 8 to 12 weeks.

### Pricing and Valuations:

Schwab relies on the issuer of alternative investments to provide the values of these securities directly to Schwab, or indirectly through the annual fair market valuation process. As Schwab receives this information, the position value in the account will be updated accordingly.

## Step 4 – Redemptions

Some funds periodically allow the option for investors to redeem shares back to the fund in exchange for cash. Documents required vary from fund to fund; contact the issuer to determine if redemption is possible and the proper paperwork required.

Once a fund's redemption documents are obtained, submit completed documents and a Non-Standard Assets Directive form to your Client Service Administrator.

## Fees

Due to the additional servicing requirements related to the establishment and maintenance of non-standard assets, Schwab charges certain fees to maintain these positions.

### For Trust and Custody Accounts:

*\*Consult your Retirement Plan's Fee Schedule for the most accurate fee amounts.*

- Transaction Fee — \$30
- Position Setup Fee — \$250
- Wire Fee — \$20
- Annual Valuation Fee — \$650
- Annual Custody Fee — \$250 annual fee per position; \$500 maximum per account

### For Personal Choice Retirement Accounts

*\*Consult the Charles Schwab Pricing Guide for more information.*

- Transaction Fee — None
- Position Setup Fee — None
- Wire Fee — \$25
- Annual Valuation Fee — None
- Annual Custody Fee — \$250 annual fee per position; \$500 maximum per account

## Assets Not Eligible for Custody

Non-standard assets that cannot be held in custody by Schwab due to their operational incompatibility.

- Private Debt
- Real Property
- Pledged Assets
- Precious Metals, Coins, or Commodities
- Marijuana Related Business
- Crypto Currency/Bitcoin
- Variable Insurance Products
- Deeds of Trust, Mortgages, or Convertible Notes

## Next Steps

### Where can I attain the forms required for review/purchase/transfer to Schwab?

The Forms and Document Center of Schwab Retirement Center ("SRC") has the necessary forms Schwab requires. Please note, the non-standard asset fund issuer will have their own transactional paperwork that is required in addition to Schwab's requirements.

### Who do I contact with questions?

Contact your dedicated Client Service Administrator.

**Brokerage Products: Not FDIC-Insured • No Bank Guarantee • May Lose Value**

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