



March 30, 2024

Schwab Advisor Network® Disclosure Brochure

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This brochure provides information about the qualifications and business practices of Charles Schwab & Co., Inc. ("Schwab"). If you have any questions about the contents of this brochure, please contact us at 1-800-435-4000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Schwab's description of itself in this brochure as a Registered Investment Adviser does not imply a certain level of skill or training on the part of Schwab or its representatives.

Additional information about Schwab is also available on the SEC's website at www.adviserinfo.sec.gov.

Contents

Introduction3

Advisory Business3

Fees and Compensation4

Performance-Based Fees and Side-by-Side Management Fees and Compensation5

Types of Clients5

Methods of Analysis, Investment Strategies and Risk of Loss.5

Disciplinary Information5

Other Financial Industry Activities and Affiliations6

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading7

Brokerage Practices8

Review of Accounts8

Client Referrals and Other Compensation8

Custody8

Investment Discretion8

Voting Client Securities8

Financial Information9

Introduction

Charles Schwab & Co., Inc. ("Schwab," "we," or "us") is a dual registrant investment adviser and broker-dealer. Schwab is registered as an investment adviser with the Securities and Exchange Commission (SEC). Schwab is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC).

Schwab is organized as a California corporation formed in 1971. Schwab is an indirect, wholly owned subsidiary of The Charles Schwab Corporation ("CSCorp."), a Delaware corporation that is publicly traded and listed on the New York Stock Exchange (symbol: SCHW). Schwab's principal place of business for its investment adviser is in San Francisco, California and the principal place of business for its broker-dealer is in Westlake, Texas.

This brochure describes the referral service to third-party investment advisors through the Schwab Advisor Network®.

Schwab sponsors wrap fee programs described in separate disclosure brochures. These brochures are available upon request.

Advisory Business

Schwab refers clients ("Clients," once referred) to third-party investment advisors through the Schwab Advisor Network® (the "Service"). Advisors who participate in the Service ("Advisors") are independent of, and not affiliated with, Schwab. These Advisors offer investment management and, in some cases, financial planning services to investors, typically in the communities served by Schwab's branch offices. Information that you provide us about your investment objective, annual income, liquid net worth, total net worth, federal tax rate percentage, age, investment knowledge, investment experience, occupation, number of dependents and other nonpublic information about you and your account(s) will be shared by Schwab with any Advisor to whom we refer you.

The Service provides referrals only and ends once we have referred you to an Advisor. Once we make a referral, Schwab does not assume any other duties or obligations to the client from an "investment manager" perspective. The Service is not a referral to or recommendation of specific investments that an Advisor may recommend to you, including the Advisor's proprietary products. It is up to you and your Advisor to decide what types of investments are right for you. Any tax, estate planning, accounting, legal or other advice or services other than investment management and any financial planning as described in this document are beyond the scope of the Service, and Schwab makes no representation about the Advisor's ability to perform any of those other services. Those services are strictly a matter between you and your Advisor. If an Advisor refers you to a third party for any services, this, also, is strictly between you and the Advisor and is beyond the scope of the Service.

You are solely responsible for the selection and oversight of your Advisor and for monitoring your Advisor's performance. You can monitor performance in a variety of ways, including promptly reviewing your account statements and trade confirmations, meeting periodically with your Advisor to discuss your investment and any financial planning goals, and withdrawing your Advisor's discretionary or other authority if you are dissatisfied with your Advisor. Some Advisors use third-party advisors and/or vendors for some or all of their clients' investment and account servicing needs. Schwab does not undertake any duty to evaluate any such third parties and has no responsibility for them or their services. You and your Advisor have the sole responsibility for evaluating and monitoring any such third parties.

Before accepting you as a client, an Advisor will be responsible for helping you decide whether discretionary investment management and, if applicable, financial planning services is or are right for you. Schwab is not responsible for evaluating, monitoring or overseeing an Advisor's management of your account, any financial planning services provided by your Advisor or the Advisor's investment performance or service levels. The attendance of a Schwab representative at any of your meetings with an Advisor does not alter your sole responsibility for selecting and monitoring your Advisor.

Schwab has no discretionary authority or control with respect to your account, and will effect only those transactions that we understand to have been instructed by you or your Advisor. We will act solely as a broker-dealer, and not as an investment advisor, with respect to the execution of transactions for your account during such time as you have engaged an Advisor. We are not an "investment manager" or otherwise a fiduciary within the meaning of the Employee Retirement Income Security Act of 1974, as amended, with respect to your account because of the Service. Under the Service, Schwab will not provide investment advice or recommendations to buy or sell securities or other property on a regular basis pursuant to an arrangement or understanding that such advice or recommendations shall serve as the primary basis for investment decisions for your account.

Participating Advisor Eligibility Criteria

Schwab uses eligibility criteria shown below, among other factors, to help determine which Advisors to admit to the Service. Schwab may change or waive criteria for Advisors on a case-by-case basis. Also, on occasion, Schwab may, without notice, change the eligibility criteria for Advisors participating in the Service. The Advisor eligibility criteria are as follows:

1. **Fee-Based.** The Advisor must provide predominantly fee-based (as opposed to commission-based) investment advisory services. The Advisor's compensation for any advisory services, including financial planning services, to Clients must be exclusively fee-based. "Fee-based" refers to fees that are hourly, are a fixed dollar amount, are based on assets under management or consist of performance fees based on a share of capital gains or appreciation in the Client's account. Advisors may charge performance-based fees only if allowed to do so under applicable state and federal law and regulation.
2. **Investment Experience.** All aspects of the investment management services the Advisor provides to Clients will be rendered by and/or supervised and reviewed by representatives of the Advisor (collectively, "Advisory Supervisors") who are, and have been at all times during the past 7 years, actively managing Securities Portfolios (as defined below) in individual accounts on a fee basis either (i) as an investment advisor representative (as defined in SEC rules) for the entire 7-year period; or (ii) as an investment advisor representative for the most recent 18 months and, for the 5½ years immediately prior thereto, as a securities portfolio manager, financial planner, certified public accountant (CPA), registered representative of a full-service broker-dealer, or bank trust officer; or (iii) in such manner as Schwab in its sole discretion determines qualifies. A Securities Portfolio is an account in which at least half of its value consists of securities, including cash and cash equivalents.

All aspects of the financial planning services provided by Advisors who provide financial planning services to Clients will be supervised and reviewed by a person who has: (i) at least 3 years of experience providing comprehensive financial planning services as a CERTIFIED FINANCIAL PLANNER™ (CFP®) or as a CPA with the Personal Financial Specialist designation (CPA-PFS); (ii) 10 years of experience providing comprehensive financial

planning services—those services typically include investment planning, retirement planning and employee benefits, personal income tax planning, estate planning or protection/insurance planning; or (iii) other qualifying experience, as determined by Schwab in its sole discretion.

3. **Assets Under Management.** An Advisor generally must have at least \$250 million in assets under management upon beginning participation in the Service.
4. **Education.** At least one Advisory Supervisor must have (i) the Chartered Financial Analyst® (CFA®), CFP®, CPA-PFS, Chartered Investment Counselor (CIC), Certified Investment Management Analyst (CIMA) or such other comparable professional designation as Schwab may consider acceptable; or (ii) 10 years of experience managing investments in securities.
5. **Licensing and Registration.** An Advisor must be registered as an investment advisor with the SEC or must be a financial institution that is not required to be registered with the SEC and is subject to oversight by federal and/or state regulatory authorities. Schwab makes no representation about any Advisor's compliance with or exclusion or exemption from any state's or other jurisdiction's investment advisor requirements.

Participation in the Service is not open to all investment advisors that satisfy the eligibility criteria described above. As described in "Participation or Interest in Client Transactions," Schwab also considers its business relationship outside of the Service in deciding whether to admit particular advisors to the Service. We do not limit participation in the Service to Advisors with the best historical investment performance or client service levels among their peers.

Investment Performance

Schwab does not track the investment performance of accounts managed by Advisors for Clients. It is your responsibility, and not Schwab's, to measure your investment performance. One good way to do this is to measure your performance against your own financial goals. You must make sure that any Advisor you select has a clear understanding of your goals and attitudes toward risk. As a general rule, investors who seek higher returns must assume greater risks of loss of their principal. Historical investment performance results achieved by an Advisor are no guarantee of future performance. Nonetheless, you should examine an Advisor's historical performance over several market cycles, and in both up and down markets. You should compare past results to market indices such as the S&P 500® Index and those of other money managers. The market index or other measure you select for comparison should reflect your own individual goals and tolerance for risk.

Termination

Your agreement with your Advisor should provide that you may terminate your investment advisory arrangement at any time without penalty. This means that if you have prepaid advisory fees, you should receive a pro rata refund if you terminate. In addition, your Advisor cannot assign responsibility for managing your assets to anyone else without your prior consent.

Advisors may terminate their participation in the Service at any time by giving us written notice. Similarly, we may terminate an Advisor's participation in the Service at any time, and we do not have to provide you notice that we have done so. Advisors will have to continue to pay us the fees described in "Participation and Program Transfer Fees," in accordance with the terms of their agreements with us, even after the termination of their agreements with Schwab.

Most Advisors to whom we may refer you will ask that you grant them trading authority or discretionary authority over your account. If you give your Advisor discretionary authority, you authorize your Advisor to act as your agent and attorney-in-fact to instruct us to buy and sell securities or other investments for you without first consulting with you on each transaction. If you give your Advisor trading authority without discretion, you authorize your Advisor to act as your agent and attorney-in-fact to instruct us to buy and sell securities or other investments for you, but your Advisor must consult with you before giving us such instruction. This is a matter between you and the Advisor. We will be authorized to follow the trading orders of the Advisor concerning your account. This will allow the Advisor to act for you in the same manner and with the same force and effect as if you had acted for yourself with respect to transactions for the account and anything else necessary or incidental to purchases and sales for the account. When authorized by you in writing, the Advisor may also transfer money, securities or other property from your account to you or to an account of identical registration at another financial institution. In limited cases, if the Advisor is willing to do so and has provided you with the necessary disclosures, and if Schwab agrees to allow it, you may authorize the Advisor to disburse assets (including money) from your account to third parties. However, many Advisors are unwilling to instruct transfers to third parties, and Schwab may decline to allow this type of authority over Client accounts. Any authorization you give your Advisor which you request we honor will remain in effect until you let us know in writing that you are terminating the authorization or we let you know that we will no longer honor it.

Fees and Compensation

Fees

We will not charge you for the Service. However, as explained in "Participation and Program Transfer Fees," Advisors pay a fee to Schwab to participate in the Service, and Schwab receives added compensation from trading activity in Schwab accounts managed by your Advisor.

You will pay fees to your Advisor in accordance with the terms and conditions you and your Advisor agreed to. Advisory fees may vary according to several factors, including, but not limited to, the account size, type and servicing requirements. Advisory fees may be negotiable with some Advisors. If you keep a Schwab account for custody of your assets managed by an Advisor, you may authorize us to deduct the Advisor's advisory fee from your account, but you do not have to do so. The fees Advisors pay to Schwab to participate in the Service may give Advisors an incentive to encourage you to hold assets in custody at Schwab (or require you to do so as a condition to managing your account) and to authorize Schwab to deduct the advisory fee from your account.

Compensation

Financial Consultants ("FCs") are Schwab representatives who are compensated for successful referrals through the Service. FCs may be Schwab employees or non-employee independent contractors who, with their own employees, operate Schwab Independent Branches pursuant to a franchise agreement with Schwab. FCs who operate Schwab Independent Branches are known as Independent Branch Leaders ("IBLs") or, if employed by such IBLs, Independent Branch ("IB") Representatives.

In addition to their base salaries, Schwab employee FCs receive compensation for successfully navigating clients through the Service and other investment advisory programs and for servicing those clients after successfully recommending such programs. Schwab as a company may earn more or less revenue depending on what products and services a Schwab employee FC recommends and a client chooses. Schwab employee FC compensation varies by the type of program or services an account participates in. Schwab has designed Schwab employee FC compensation to be based on factors that include the time, complexity and expertise necessary to understand and recommend a program and to provide ongoing service to a client enrolled in a given program.

Based on these factors, amounts earned by Schwab employee FCs on assets in accounts referred through the Service exceed the amounts earned on assets in commission-based brokerage accounts.

As independent contractors, IBLs receive a monthly “Net Payout” from Schwab, which includes amounts earned on assets in accounts referred through the Service and assets in commission-based brokerage accounts, and it is from this Net Payout amount that IBLs pay their IB Representative employees. As with Schwab employee FCs, the amounts earned by IBLs and IB Representatives vary by the type of program in which an account participates.

For detailed information on the compensation of FCs and other Schwab representatives, please visit our website at [schwab.com/representative-compensation](https://www.schwab.com/representative-compensation).

Performance-Based Fees and Side-by-Side Management Fees and Compensation

Schwab does not receive performance-based fees in connection with the Service.

Types of Clients

The Service is available to clients who hold Schwab brokerage accounts. Certain types of retirement accounts, including Company Retirement Accounts, are not eligible. Clients may include individuals, institutions, pension plans, trusts, estates, charitable organizations, corporations, and other entities other than government entities.

The Service is generally appropriate for clients seeking discretionary management of their accounts that is more personalized than what might be available in, for example, a discretionary wrap fee program. The Service is also generally appropriate for clients looking for an Advisor who can combine discretionary management with financial planning services. Schwab currently requires its representatives to refer only those Clients who plan to invest at least \$500,000 within six months of their referral. This minimum amount may exceed the Advisor’s own minimum requirement for accepting new clients. An Advisor also may require that you commit a minimum amount of funds to their management before agreeing to manage your account.

Methods of Analysis, Investment Strategies and Risk of Loss

Schwab does not recommend or effect securities transactions or investment strategies as part of the Service. As explained in “Advisory Business,” Schwab seeks to refer clients to Advisors whose strategies match the clients’ particular goals, objectives and risk tolerance. Every investment strategy, including those involving the trading of securities, involves the risk of loss, which clients should be prepared to bear.

Cybersecurity Risk

Information security risks for financial institutions are increasing, in part because of the use of the internet and mobile technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, activists, hackers and other external parties, including foreign state actors. Schwab’s systems and those of other financial institutions have been and will continue to be the target of cyber attacks, malicious code, computer viruses, ransomware, and denial of service attacks that could result in unauthorized access, misuse, loss, or destruction of data (including confidential client information), account takeovers, and the unavailability of service or other events. We seek to reduce these risks through controls and procedures we believe are reasonably designed to address these risks. Despite all efforts to ensure the integrity of Schwab’s systems, we may not be able to anticipate or implement effective preventive measures against all security breaches of these types, and security breaches that would halt or impair our ability to provide advisory services could still occur. We will respond to breaches with appropriate resources to contain and remediate the cause of the breach and restore operations.

System Outages Risks

System interruptions, errors or downtime can result from a variety of causes, including changes in client use patterns, technological failure, changes to the systems, linkages with third-party systems and power failures and can have a significant impact on Schwab’s business and operations. It could take an extended period of time to restore full functionality to the technology or other operating systems in the event of an unforeseen occurrence, which could affect Schwab’s ability to manage client assets and deliver advisory services.

Disciplinary Information

The SEC and other regulatory agencies and organizations have taken certain disciplinary actions against Schwab for violations of investment-related statutes, regulations, and rules. The parties settled these matters and Schwab paid fines with respect to certain violations.

1. In June 2022, Schwab and its former affiliate Charles Schwab Investment Advisory, Inc. settled a matter with the U.S. SEC related to historical disclosures and marketing of the Schwab Intelligent Portfolios® advisory program.

The SEC found that Schwab, along with its former affiliate, Schwab Wealth Investment Advisory, Inc., violated certain provisions of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and the rules thereunder, from March 2015 through November 2018. The SEC found that Schwab made false and misleading statements in Form ADV Part 2A brochures about the cash allocations in Schwab Intelligent Portfolios accounts, in particular about:

- Schwab’s conflict of interest in setting the cash allocations;

- the influence of this conflict of interest on the size of the cash allocations; and
- the negative effect of the cash allocations on performance in Schwab Intelligent Portfolios accounts under market conditions where other assets such as equities outperform cash.

The SEC also found that Schwab failed to sufficiently implement compliance policies designed to prevent the publication of misleading statements. Finally, the SEC found that Schwab made similarly misleading statements in advertisements for the Schwab Intelligent Portfolios.

Without admitting or denying these findings, Schwab agreed to pay a total of \$186,536,861 in disgorgement, pre-judgment interest, and civil penalties. Schwab also agreed to engage an independent consultant to:

- review Schwab's supervisory, compliance, and other policies and procedures designed to ensure that Schwab Intelligent Portfolios' disclosures, advertising, and marketing communications comply with the requirements of the Advisers Act, and the rules thereunder, and with other applicable federal securities laws with respect to the Schwab Intelligent Portfolios; and
- submit a report to both Schwab and the SEC describing the independent consultant's findings and making recommendations. Schwab may identify any recommendations that it considers to be unduly burdensome, impractical, or inappropriate and attempt to reach agreement over such recommendations with the independent consultant, and Schwab must ultimately adopt and implement the independent consultant's final recommendations.

Other Financial Industry Activities and Affiliations

Schwab holds dual registrations to act as both a broker-dealer and a registered investment adviser.

Schwab is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a member of FINRA and SIPC. We provide brokerage services to clients located throughout the United States and, in some circumstances, outside the United States. Incidental to our broker-dealer business, we offer our clients a variety of investment information services and products, including seminars, periodicals, reports, guides, planning tools, brochures, and other publications about securities and investment techniques and insurance. We also provide certain online data and financial reporting services.

Schwab is also registered as an investment adviser under the Advisers Act. In addition to supplying financial planning services programs, Schwab also acts as a registered investment adviser for other programs, including:

- Managed Account Connection® ("Connection"),
- Managed Account Select®,
- Schwab Managed Portfolios™ (SMP),
- Schwab Intelligent Portfolios Solutions (automated discretionary managed account programs),
- Schwab Wealth Advisory (investment advisory and brokerage services),
- Retirement Plan Services—Morningstar Investment Management LLC, and
- Schwab Managed Account Services—for clients of independent investment advisors.

Schwab Affiliates

Schwab is a wholly owned subsidiary of CSCorp.

Other wholly owned subsidiaries of CSCorp. are engaged in investment advisory, brokerage, trust, custody, or banking services.

Charles Schwab Investment Management, Inc. (CSIM) is an affiliate of Schwab. In addition to managing certain strategies in the Connection wrap fee program, CSIM also manages the SMP wrap fee program and provides advisory and administrative services to certain Schwab affiliated funds marketed under the Schwab Funds® and Schwab ETFs™ names.

TD Ameritrade Holding Corporation is a wholly owned subsidiary of CSCorp. TD Ameritrade, Inc. and TD Ameritrade Clearing, Inc., SEC-registered broker-dealers, and members FINRA/SIPC are separate but affiliated companies and subsidiaries of TD Ameritrade Holding Corporation. TD Ameritrade, Inc. is a registered broker-dealer. TD Ameritrade Clearing, Inc., an SEC-registered clearing broker-dealer, provides clearing and execution services for securities brokerage businesses. TD Ameritrade Singapore Pte. Ltd. enables retail investors in Singapore to trade the U.S. markets. Clients can trade stocks, ETFs, options, futures, and options on futures using the thinkorswim® trading platform.

CSCorp. provides services to retirement and other employee benefit plans and participants through its separate but affiliated companies and subsidiaries: Charles Schwab Bank, SSB and Charles Schwab Premier Bank, SSB; Charles Schwab & Co., Inc.; Schwab Retirement Plan Services, Inc.; and Schwab Retirement Plan Services Company.

Charles Schwab Trust Bank offers trust and custody products and services.

Schwab Retirement Plan Services, Inc. and Schwab Retirement Plan Services Company provide recordkeeping and related services with respect to retirement plans.

Charles Schwab Futures and Forex LLC is a Commodities Futures Trading Commission-registered futures commission merchant, a member of the Municipal Securities Rulemaking Board, and National Future Association forex dealer member and offers futures and forex trading to qualified clients.

Charles Schwab Bank, SSB is a subsidiary of CSCorp. that offers deposit accounts, mortgage and home equity line of credit lending products, and credit card products to both Schwab brokerage clients and other clients who have no relationship with Schwab.

Participation and Program Transfer Fees

Advisors pay a fee to Schwab to participate in the Service (the “Participation Fee”). The Participation Fee is calculated as a percentage of the assets in referred Clients’ accounts that are maintained in custody at Schwab (“Schwab Accounts”). For assets in Clients’ accounts that are maintained at, or transferred from Schwab to, another custodian (“Non-Schwab Accounts”), Advisors pay Schwab a one-time Program Transfer Fee. The Participation Fee generally has the effect of the Advisor sharing with Schwab a portion of the fees that it charges you. The Program Transfer Fee applies if your Advisor establishes or transfers custody of the assets it manages for you with or to a custodian other than Schwab. Advisors also pay Schwab Participation Fees (and Program Transfer Fees to the extent applicable) on assets in accounts of Clients’ spouses, children and other family members who live with them at the same address (“Household Members”) who engage the Advisor at any time after Schwab’s referral; this may also include assets in trusts for which the Client or a Household Member is the settlor or trustee. We are entitled to receive the Participation Fee or Program Transfer Fee from your Advisor whether or not you pay your advisory fees to the Advisor. These fees are described in more detail below.

The Participation Fee is paid to Schwab if you remain a Client of the Advisor and a Schwab Account remains open and managed by the Advisor. The Participation Fee is calculated as a percentage of the value of the assets in the Schwab Accounts of the Client and any Household Members that are managed by the Advisor. That percentage is calculated as follows: within each asset tier below, the average daily balance in the Schwab Accounts during the quarter is multiplied by one quarter of the applicable percentage rate.

First \$2 Million	0.25% (25 basis points)
Next \$3 Million	0.20% (20 basis points)
Next \$5 Million	0.15% (15 basis points)
Amount over \$10 Million	0.10% (10 basis points)

The Program Transfer Fee is a percentage of the value of the assets in, or transferred to, a Non-Schwab Account. Because of the Program Transfer Fee, Advisors will have an incentive to encourage you to maintain your assets in custody with Schwab, rather than another custodian, which is likely to result in Schwab receiving compensation for securities transactions in addition to the fees paid by the Advisor. If the Program Transfer Fee applies, your Advisor will be required to disclose to Schwab the amount of assets in or transferred to your Non-Schwab Account. This may be information that Schwab would not otherwise have and which your Advisor would otherwise not disclose to Schwab. If the assets held in a Schwab Account include alternative investments that are not listed on a national exchange or the NASDAQ and that are generally illiquid and/or for which there is no formal trading market, Schwab will generally use the value of such assets as reported to Schwab by the Advisor or a third party, such as the issuer of the investment, to calculate applicable Program Transfer Fees and Participation Fees.

In some instances, Schwab will waive or reduce the Participation Fee or Program Transfer Fee or negotiate a different arrangement with a particular Advisor. In other cases, negotiated Participation Fees and Program Transfer Fees will be based on, among other things, the total amount of custody or trading business placed by the Advisors’ Clients with Schwab. In these cases, the fees will be set below the non-negotiated levels described above, if specified thresholds of custody and trading business are reached. Also, in some cases the fee will cease to be due after a period (rather than remaining payable for as long as a Schwab Account remains open).

In deciding whether to allow an Advisor to participate in the Service, Schwab also considers the business relationship the Advisor has as a client of our Schwab Advisor Services business unit. Schwab Advisor Services provides custody, trading, technology, administrative and other support to independent investment advisors who suggest, recommend or direct their clients to hold their assets managed by the advisors in accounts at Schwab. All Advisors that participate in the Service are clients of Schwab Advisor Services. Additionally, an Advisor’s participation in the Service may, in part, depend on the amount and profitability to Schwab of the assets in, and trades placed for, the Advisor’s Clients’ accounts maintained at Schwab. An Advisor’s participation may also be contingent upon the Advisor directing to Schwab for custody a specified amount of assets in its Clients’ accounts not referred through the Service within a specified time period. This type of arrangement may add to the Advisor’s incentive to encourage you to maintain your account at Schwab rather than with another custodian.

Schwab receives cash compensation from Advisors in the form of ongoing fees in addition to compensation from trading activity in Schwab accounts managed by Advisors referred by Schwab. This compensation received by Schwab, both from within and outside the Service, creates a conflict of interest and incentive for Schwab to select certain Advisors to participate in the Service and to refer Clients like you to those Advisors. Schwab addresses these conflicts in several ways, including: (1) establishing the Service participation criteria described in “Advisory Business,” and securing Advisors’ agreement to adhere to those criteria before admission into the Service and on a yearly basis thereafter; (2) establishing a governance council which, among its other duties, reviews and approves or rejects participation in the Service by advisors requesting exceptions to the participation criteria; and (3) conducting supervisory review of Service referrals for consistency with Schwab policies and guidelines relating to the Service.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Schwab has a code of ethics adopted pursuant to SEC Rule 204A-1 under the Advisers Act (the “Code”). The Code reflects the fiduciary principles that govern the conduct of Schwab employees when Schwab acts as an investment adviser as defined under the Advisers Act. The Code requires that Schwab’s covered representatives comply with applicable federal securities laws, report violations of the Code, and for those deemed “access persons” by virtue of providing investment advice or having access to certain related information, report their personal transactions and holdings in certain securities periodically. The Code prohibits access persons from disclosing portfolio transactions or any other non-public information to anyone outside of Schwab, except as required to effect securities transactions for clients, or from using the information for personal profit or to cause others to profit. Access persons are also prohibited from engaging in deceptive conduct in connection with the purchase or sale of securities for client accounts. The Code is subject to change as necessary to remain current with regulatory requirements and internal business policies and procedures. A copy of the Code is available upon request.

Participation or Interest in Client Transactions

Advisors participating in the Service may suggest brokers to you, including Schwab, for brokerage, custody and other products and services for which you would compensate the broker. Advisors have agreed with Schwab not to induce Clients to transfer their accounts from Schwab or to establish brokerage or custody accounts at other custodians except when their fiduciary duties to Clients would require doing so. Unless you direct them to the contrary, participating Advisors are likely to use Schwab to execute transactions for your account since the total fees for executing trades paid by your account will generally be less. Advisors are, however, not required to use Schwab to execute trades for your account. You may direct your Advisor to use a different brokerage firm, but Schwab may charge a fee for clearance and settlement of any trade executed through a different brokerage firm and held in custody by Schwab, in addition to the fees charged by the different brokerage firm.

As a broker-dealer, Schwab earns compensation from the products and services available through Schwab, including execution of trades in investments such as stocks, bonds, and mutual funds and the sale of insurance products. When you or your Advisor use Schwab to execute transactions, Schwab or one of its affiliates will earn compensation from you and/or a third party.

The compensation earned by Schwab from trades placed and securities held in Client accounts that are managed by Advisors contributes to the conflict of interest described in “Participation and Program Transfer Fees.”

Personal Trading

Schwab monitors the personal securities holdings and trading of Schwab representatives. Schwab reviews accounts of its representatives custodied at Schwab and applicable accounts custodied at other firms. The surveillance program monitors holdings and trades against the Code, Schwab's Compliance Manual, and other applicable policies. Additionally, Schwab representatives must disclose all securities accounts they own or control after their hire date and review and confirm the accuracy of those accounts on a quarterly basis.

Schwab representatives are prohibited from engaging in activities that violate federal or state securities laws, or rules and regulations of the exchanges or regulatory agencies. These prohibitions include rules against (1) frontrunning customer orders—which is when a Schwab representative buys or sells a security to possibly capitalize on advance knowledge of an imminent customer transaction that is expected to influence the market price; (2) passing such information to others for that purpose, so-called “shadowing”—which means misusing confidential customer trade information for possible personal benefit; and (3) purchasing shares in initial public offerings.

Brokerage Practices

Schwab does not select or recommend broker-dealers as a part of the Service. As explained in “Participation and Program Transfer Fees” and “Participation or Interest in Client Transactions,” the Program Transfer Fee and other elements of Schwab's written agreement with Advisors create an incentive for them to custody Client accounts at Schwab.

Review of Accounts

As explained in “Advisory Business,” the Service terminates once a referral is made and does not include ongoing review of referred Clients, their accounts or their investments.

The frequency of communications between you and your Advisor will depend upon the terms and conditions of the investment advisory agreement between the two of you. Most Advisors have agreed to provide Clients with quarterly investment performance reports and to offer to meet quarterly with Clients to discuss any changes in the Clients' investment objectives or financial situation. Advisors have also agreed to meet at least annually with Clients to review the investment performance of the Clients' accounts. If you open a Schwab Account, we will furnish you (and, if you authorize us to, your Advisor) with account statements and confirmations of all transactions initiated and effected for your account with or through Schwab. If you have a Schwab Account, you will receive account statements at least quarterly, which will indicate security purchases and sales; interest, dividends and other earnings; additions to and withdrawals from the account; fees and other charges; and account value. It is your responsibility to review all confirmations and account statements promptly and to communicate directly with your Advisor if you have any concerns about the management of your account.

Client Referrals and Other Compensation

Schwab receives compensation from Advisors participating in the Service, as explained in “Participation and Program Transfer Fees.” Schwab has also entered into an agreement (the “Referral Agreement”) with USAA Investment Services Company (“USAA ISCO”) under which Schwab will pay USAA ISCO based on a percentage of the assets in Schwab accounts attributable to a referral by USAA ISCO, including assets in accounts referred through the Service. Under the Referral Agreement, Schwab will pay USAA ISCO an annual percentage amount of 0.15% (or 15 basis points) of asset balances of applicable accounts.

Custody

Schwab will provide an account statement, at least quarterly, for each Schwab Account managed by your Advisor as long as the Schwab Account holds a position or balance. You should review your account statement carefully. Your Advisor will also receive a copy of this account statement.

Investment Discretion

Schwab does not have or accept discretionary authority to manage accounts on Clients' behalf as part of the Service.

Voting Client Securities

Schwab does not have or accept authority to vote Clients' securities (i.e., proxy voting) as part of the Service.

Financial Information

Schwab does not require or solicit prepayment of any fee in connection with the Service and is therefore not required to include a balance sheet for its most recent fiscal year. Schwab is not the subject of any financial condition that is reasonably likely to impair its ability to meet its contractual obligations to its clients. Schwab is not the subject of any bankruptcy petition, nor has it been the subject of any bankruptcy petition at any time during the past 10 years.





March 30, 2024

Summary of Material Changes to the Schwab Advisor Network® Disclosure Brochure (Form ADV Part 2A)

Since March 31, 2023

Introduction

Charles Schwab & Co., Inc. ("Schwab") is required under the Investment Advisers Act of 1940 (the "Advisers Act") to create and provide to clients like you disclosure brochures for the investment advisory services we provide, including the Schwab Advisor Network. The Advisers Act also requires that we update our disclosure brochures annually. This document summarizes the material changes to the Schwab Advisor Network Disclosure Brochure. If you'd like to receive a copy of the updated disclosure brochure, please call 1-877-566-9109 (or +1-415-667-8400 when calling from outside the U.S.) or email us at updateddisclosures@schwab.com. You can also find copies of our latest disclosure brochures on the website of the United States Securities and Exchange Commission ("SEC") at www.adviserinfo.sec.gov.

This brochure has undergone various non-material changes since the last annual revisions were made. Such changes—normally edits made to enhance clarity or minor updates to numerical values that vary from year to year—are not described below.

This brochure, which describes Schwab's role in referring clients to independent third-party investment advisors through the Schwab Advisor Network referral service ("SAN"), has undergone no material changes since March 31, 2023.