

# Account Feature Structured Products Agreement

SPA

Account Number

Rep ID							

**Instructions:** This form must be completed in full and signed by the account holder and financial professional. The account must be approved (and form on file) by LPL's home office before the initial purchase of a structured product. Account suitability information must be current and updated within the last 24 months.

Financial professionals, please be aware that completion of structured product training is required prior to submission of this form. Refer to the Resource Center for additional information on approved structured products.

**Note:** Accounts purchasing principal protected structured products (subject to the creditworthiness of the issuer) must complete this form. Accounts purchasing buffered non-principal protected notes or reverse convertible/exchangeable notes must complete this form and an option approval form (Form F6) to purchase puts to hedge (highest level allowed for SAM, Retirement, and Custodian (UTMA/UGMA) accounts). Only advisory approved products are eligible for advisory accounts.

Please email the completed document(s) to [imaging.email@lpl.com](mailto:imaging.email@lpl.com) or fax to 858-202-8325.

## 1. Account Information

Account Registration

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## 2. Agreement

1. Account Holder will receive from the financial professional the preliminary prospectus ("prospectus") and all other offering materials prepared by the investment sponsor. Account Holder will read and is capable of understanding the information contained in the prospectus and all other offering materials provided by the investment sponsor. A final prospectus will be mailed by LPL to the account holder's address of record on file at LPL.

2. Structured products may involve a high degree of risk. Account Holder understands that these investments may be illiquid and therefore, the Account Holder should expect to hold the investment to maturity. Before investing, Account Holder(s) should consider the structured product's investment objective risks, charges, and expenses that can be found in the prospectus and offering materials. Risk considerations include, but are not limited to, the following:

**Credit Risk.** Investors purchasing securities assume the credit risk of the issuer. In the case of any default by the issuer, the investor has a claim on the issuer's assets based on the terms and priority of the structured product investment. This credit risk exists whether or not the structured product offers principal protection. An investor in a structured note does not have a claim on the underlying investment assets. In other words, the fact that a structured note has low-risk underlying investments will not reduce the associated issuer credit risk. The credit worthiness of the issuer does not affect or enhance the performance of the investment other than the ability of the issuer to meet its payment obligations. LPL does not guarantee in any way the financial condition of an issuer.

**Principal Risk.** Certain structured products may be partially principal protected (subjected to the creditworthiness of the issuer) or contain no principal protection. Investors may face partial or full loss of principal on their investment. In the case of a default by the Issuer, the Account Holder may lose some, or all, of the principal invested. For some structured notes, investors may receive the underlying security (which may be worthless) in lieu of payment. If an investor chooses to sell a structured product prior to maturity date, the liquidation amount may be less than the original amount invested.

**Financial Risk.** Account Holder(s) is capable of evaluating and bearing the financial risks of purchasing or writing (selling) options. Account Holder(s) is willing and able to assume the financial and market risks of options trading. Account Holder's capabilities are based on income, net worth, investment experience and objectives and knowledge of securities investing.

**Liquidity and Market Risk.** The securities may not be listed on any securities exchange. There may be little or no secondary market for the securities. Information regarding market value pricing for the securities may be limited. The value of the securities in the secondary market, if any, will be subject to many factors including prevailing market conditions. Some structured investments may have upside or downside barriers, or know-out levels. In the event the index closes above or below these barriers or knock-out levels at any time, the investor may only receive principal at maturity with no additional return despite the underlying assets' performance. The return on some structured investments may be inversely linked to the performance of the underlying index. The performance of the security may differ from that of the underlying assets based on the return calculation formula of each offering.

**Opportunity Cost.** Even though some investment products pay interest, it may be less than other more conventional securities. Structured products may have higher risks than the underlying securities, stocks, or bonds. The derivative component of structured products and the potential loss of principal from such products may make them unsuitable for investors seeking higher yields or alternative to debt securities.

**Capped/Callable Returns.** Due to cap or call features, some structured products may not earn more than a specified amount even though the underlying securities or index may have appreciated by more than the capped or called amount. Structured products may include a provision that allows an issuer to "call" or redeem the product prior to maturity at a given price. If a structured product is "called" investors seeking to reinvest their redeemed funds may be subject to reinvestment risk which is subsequently investing at lower rates.

**Tax Treatment.** Tax treatment of structured products may be different from other investments held in Account Holder's portfolio (e.g. income on structured CDs may be taxed as ordinary income even though this income is not received/paid out until maturity). For a complete understanding of how a specific structured product may impact Account Holder's tax situation and reporting, Account Holder should review the prospectus and consult his/her tax professional. Neither LPL nor its financial professionals provide tax advice.

**Limitations on FDIC Insurance (pertains only to structured products issued with FDIC coverage).** CDs are generally insured by the FDIC up to the applicable limits (standard insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category) and to the extent described in the prospectus. The FDIC insurance applies only to your deposit and will not cover any potential performance. Such insurance may not cover the interest component of the CDs. FDIC thresholds are limited to all deposits held in the same insurable capacity at any one issuer. Account Holder is responsible for monitoring the total amount of deposits he/she holds with one issuer, in order to determine the extent of deposit insurance coverage available to Account Holder. LPL is not responsible for any insured or uninsured portion of structured CDs or any other deposits.



**2. Agreement (continued)**

**Reverse Convertible/Exchangeable Risk Considerations.** Reverse convertible/exchangeable securities are considered principal-at-risk securities and expose investors to the possible loss of some or their entire invested principal. These are not traditional debt securities. Reverse convertible/exchangeable securities are debt obligations of the issuer that are tied to the performance of an unrelated security or basket of securities. Reverse convertibles expose investors not only to risks traditionally associated with bonds and other fixed income products—such as the risk of issuer default and inflation risk—but also to the additional risks of the unrelated assets, which are often stocks. An investor does not own, and does not participate in any upside appreciation of the underlying asset. Depending on how the underlying assets performs, investors may receive either some or all their principal back in cash or a predetermined number of shares of the underlying stock or asset (or cash equivalent), which amounts to less than the original investment (because the asset's price has depreciated). Generally, the higher the coupon rate the note pays, the higher the expected volatility of the reference assets. Reverse convertibles/exchangeables based on a single security or stock may involve a high degree of risk.

**Tracking Risk.** Due to calculation methods or proprietary indices, structured product performance may not always correspond to the performance of the underlying asset. Proprietary indices may perform in unexpected ways in different market conditions.

**Secondary Premium.** Investors purchasing structured investments at a premium in the secondary market must understand that the price represents a premium above the principal and FDIC insurance par value of 100% (FDIC applicable to CDs only). In addition, if the performance is less than the premium paid, flat, or negative, the investor may receive back only the principal par amount and subsequently realize a negative return on the investment.

**Complexity.** The Account Holder should understand the structured product's reference asset(s) or index(es), as well as how they are used to calculate the product's performance/payoff. Such payoff calculation may be affected by e.g., the application of leverage, downside protection in the event of negative performance, etc.

**Survivor's Option.** In the event of the death of an owner of a Structured Product CD, early redemption of the Structured CD may generally be permitted at principal face value. Any and all interest, and/or market appreciate, not yet paid at the time of death will not be a part of the redemption pay out. Written verification, acceptable to the issuer, will generally be required to permit an early redemption under these circumstances. Certain restrictions and/or limitations regarding early redemption features may apply. Issuers may have limitations to the total lifetime amount of outstanding debt that can be redeemed. This restriction may impact the ability to redeem a Structured CD prior to maturity based on the account owner's death. Please refer to the specific Structured CD disclosure statement for these details before investing.

3. Account Holder is capable of evaluating and bearing the financial risks of purchasing and holding structured products. Account Holder's capabilities are based on his/her income, net worth, experience, knowledge of securities investing, and investment objectives. Account Holder understands that although structured products may be considered fixed income securities, they often exhibit very different characteristics including profit and loss potential. That profit and loss potential may be more akin to an option contract, particularly those where principal invested is at risk from market movements in a reference security(ies).
4. Account Holder agrees to advise LPL of any changes in Account Holder's financial situation or investment objective insofar as Account Holder deems such changes material to Account Holder's structured product investment(s).

**3. Account Holder has read, understood, and agrees to the conditions in the Structured Products Agreement and Approval document.**

_____ Account Holder Signature	_____ Account Holder Name (print)	_____ Date
_____ Account Holder Signature	_____ Account Holder Name (print)	_____ Date
_____ Account Holder Signature	_____ Account Holder Name (print)	_____ Date
_____ Account Holder Signature	_____ Account Holder Name (print)	_____ Date

**4. I have reviewed the account holder's investment objective, investment experience, and financial condition as it relates to Structured Product investments.**

Note: I acknowledge it is my responsibility to provide a copy of the preliminary prospectus or offering materials to account holder, and record it on the Prospectus Delivery Log (F631).

_____ Financial Professional/Associated Person Signature	_____ Financial Professional/Associated Person Name (print)	_____ Rep ID	_____ Date
_____ Joint Financial Professional/Associated Person Signature	_____ Joint Financial Professional/Associated Person Name (print)	_____ Rep ID	_____ Date
_____ Joint Financial Professional/Associated Person Signature	_____ Joint Financial Professional/Associated Person Name (print)	_____ Rep ID	_____ Date
_____ Joint Financial Professional/Associated Person Signature	_____ Joint Financial Professional/Associated Person Name (print)	_____ Rep ID	_____ Date

Account Number

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