



## 2017 Annual Notice to Clients

### (1) BB&T Securities, LLC

In its capacity as your brokerage firm's clearing firm, BB&T Securities, LLC (BB&T Securities) is required to make available to you certain disclosures on an annual basis. We, as the clearing firm, perform centralized cashiering, bookkeeping, and execution functions for our cash and margin accounts. BB&T Securities will handle the delivery and receipt of securities purchased or sold by clients; receive and distribute dividends, and other distributions; and process exchange offers, rights offerings, warrants, tender offers, and redemptions. Your brokerage firm may provide you with other disclosure materials.

### (2) Disclosure of Financial Condition

BB&T Securities makes available periodic reports of its Statement of Financial Condition. The Statement is available via our internet site at [www.bbtscurities.com](http://www.bbtscurities.com) in the Disclosures section or you may request a copy from your brokerage firm.

### (3) Net Capital Requirement

On December 31, 2016 BB&T Securities, LLC had regulatory net capital of \$173,282,328 which was 140.76% of the aggregate debit balances and its net capital in excess of the minimum requirement was \$170,820,196.

### (4) Margin Disclosure Statement

Securities purchased on margin are BB&T Securities' collateral for the loan to you. If you are a current margin account holder, it is important that you understand the risks involved in trading securities on margin. Such risks include, but are not limited to:

- The market value of the securities you pledge as collateral may decline
- The possibility of losing proxy voting rights for securities held in margin accounts
- Receiving payments-in-lieu of dividends on securities that are loaned out.

If the equity of the market value falls below the required minimum, it falls into a margin call status. BB&T Securities will require additional collateral or you will be required to liquidate some or all of the assets in the account to restore the correct ratio of equity to debit balance. BB&T Securities can liquidate your securities in any account without prior notice in order to meet a maintenance (margin) call. The firm can also increase its "house" maintenance margin requirements at any time without prior notice.

You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call and are not entitled to an extension of time. In addition, if you have a margin debit balance, BB&T Securities has the right to lend shares of the securities held in margin accounts whereby you, as the margin customer may lose the ability to vote the securities held in such margin accounts. Margin customers are at risk of receiving payments-in-lieu of dividends on shares that are lent past the ex-dividend date (the last date the seller/loaner of the stock would be entitled to the recently announced dividend payment). BB&T Securities is required to report to the IRS such payments as ordinary income, which may cause customers with taxable accounts to lose the benefit of preferential tax rates on dividends. Please consult with your professional tax advisor for specifics.

### (5) Electronic Fund Transfers – Error Dispute Notification

In case of errors or questions about your check-writing and debit card electronic transactions, please call or write UMB at the following phone number or address:

UMB Bank  
PO Box 419734  
Kansas City, MO 64141  
1-800-449-9176

ACH payments/debits that were initiated by using the transit and routing information on your fund checkbook and Visa Check Card items are examples of electronic transactions. UMB Bank processes Visa Check Card transactions and certain other electronic transactions.

Contact UMB Bank as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or

receipt. They must hear from you within 60 days after you were sent the FIRST statement on which the problem or error appeared.

### How to report a problem:

1. Tell UMB Bank your name and account number.
2. Describe the error or the transfer you are unsure about, and explain why you believe it is an error or why you need more information.
3. Tell UMB Bank the dollar amount of the suspected error. If you tell them orally, they may require that you send your complaint or question in writing within 10 business days.

### Reporting back to you:

UMB Bank will determine whether an error occurred within 10 business days after they hear from you and will correct any error promptly. If they need more time, however, they may take up to 45 days to investigate your complaint or question. If they decide to do this, they will credit your account within 10 business days for the amount you think is in error, so that you will have the use of the money during the time it takes them to complete their investigation. If they ask you to put your complaint or question in writing and they do not receive it within 10 business days, they may not credit your account. For errors involving new accounts, point-of-sale, or foreign-initiated transactions, UMB Bank may take up to 90 days to investigate your complaint or question. For new accounts, they may take up to 20 business days to credit your account for the amount you think is in error. UMB Bank will tell you the results within three business days after they finish their investigation. If UMB Bank decides there was no error, they will send you a written explanation. You may ask for copies of the documents that they used in their investigation.

### (6) FINRA BrokerCheck Brochure

An investor brochure is available from FINRA that describes its BrokerCheck Program (formerly the Public Disclosure Program). The brochure may be obtained by calling FINRA at (800) 289-9999. You may also visit the FINRA website at <http://www.finra.org>.

### (7) Account Inquiries

All inquiries regarding your account or its activity should be directed to your brokerage firm. Please report any inaccuracy or discrepancy in your account in writing to the Branch Manager of the office servicing your account and to BB&T Securities, LLC, 8006 Discovery Drive, Suite 200, Richmond, Virginia 23229. If you have any concerns about your account, or if you have a complaint, contact Compliance Department, 901 East Byrd Street, Suite 210, Richmond, Virginia, 23219, 877-679-5463.

### (8) Account Protection

All accounts carried by BB&T Securities as clearing firm for your brokerage firm are protected by the Securities Investor Protection Corporation (SIPC) up to \$500,000 per eligible account, subject to a \$250,000 limit on cash balances pending investment. BB&T Securities carries insurance coverage issued by Lloyd's of London in excess of the standard SIPC coverage with a maximum limit per customer of \$50,000,000 and a \$200,000,000 total aggregate over all customers and every situation during the policy period. Further information about SIPC, including the SIPC brochure, may be obtained by calling SIPC at 202-371-8300 or by visiting the SIPC website at [www.sipc.org](http://www.sipc.org).

The Insured Deposit Program (The Program) balances are insured by the Federal Deposit Insurance Corporation (FDIC), an independent agency of the federal government backed by the full faith and credit of the U.S. government, up to \$250,000 per depositor per Program Bank for each category of legal ownership. To provide additional coverage, The Program uses a network of Program Banks in a manner designed to provide you with a maximum deposit insurance limit of \$2,500,000 per depositor for each category of legal ownership. As of the publication of this notice, the participating Program Banks are:

Branch Banking and Trust Company, Winston-Salem, NC  
Associated Bank, Green Bay, WI  
BankUnited NA, Miami Lakes, FL  
Central Bank of Oklahoma, Tulsa, OK  
Central Bank of the Ozarks, Springfield, MO  
Deutsche Bank Trust Company Americas, New York, NY  
East West Bank, Pasadena, CA  
Huntington Bank, Columbus, OH  
Independent Bank, McKinney, TX  
Israel Discount Bank, New York, NY  
Sterling National Bank, Montebello, NY  
TriState Capital Bank, Pittsburgh, PA  
Umpqua Bank, Roseburg, OR  
United Community Bank, Blairsville, GA

If you have or make deposits on your own with a Program Bank, neither BB&T Securities nor your brokerage firm would be aware of these deposits. You are responsible for monitoring the total amount of all deposits you have at each Program Bank for purposes of calculating your FDIC insurance coverage. If your total funds on deposit at any individual Program Bank exceed the maximum deposit insurance limit, the FDIC will not insure your funds in excess of the limit.

For additional information and any other questions about FDIC Deposit Insurance Coverage, you may wish to seek advice from your own legal advisor. You may also obtain information by contacting the FDIC, Division of Supervision and Consumer Protection, by letter (550 17th Street, N.W., Washington, D.C. 20429), by phone (877-275-3342, 800-925-4618 (TDD)), by e-mail ([dcainternet@fdic.gov](mailto:dcainternet@fdic.gov)), or by accessing the FDIC website at [www.fdic.gov](http://www.fdic.gov).

#### **(9) Business Continuity Plan**

In today's environment, a disaster can occur anytime and significantly affect our Firm's ability to conduct business. As such, BB&T Securities maintains a Business Continuity Plan that documents the procedures the firm and its employees will follow when responding to any type of business disruption. Disruptions may occur via a wide variety of events or circumstances; as such, BB&T Securities has instituted recovery planning that is flexible enough to respond to even the worst-case scenarios.

BB&T Securities has executive representation on a Business Recovery Management Team (BRMT) that manages the recovery of critical business functions in a timely manner following any significant business disruption. If BB&T Securities, a self-regulatory organization, or an agency of the federal government declares a Disaster Event, the BRMT will assemble and operate from a Crisis Command Center. BB&T Securities has the ability to relocate essential personnel to back-up facilities from which our employees can conduct business.

We recognize that technology and communications are vital to client service. As such, BB&T Securities' supporting infrastructure is maintained in two separate, geographically dispersed data centers. Both facilities contain redundant systems and communication links to ensure prompt access to client data. Additionally, BB&T Securities has an effective cybersecurity program to detect and respond to cybersecurity threats. BB&T Securities also ensures that critical service providers have appropriate data and network security controls in place to defend against cybersecurity threats and protect client data. Our goal is to help ensure clients' access to their accounts despite any disruptions, realizing that there may be circumstances beyond our control. However, we are committed to constantly and consistently improving our resiliency and will continue to strive towards achieving our goal.

BB&T Securities has developed a Business Continuity Plan and the supporting procedures to ensure our introducing firms will have prompt access to their securities and funds following most types of business disruptions. With regard to client assets, nearly all physical securities are held in central depositories or custodian banks. This allows BB&T Securities and its introducing firms a higher level of liquidity and security of their assets in any type of business disruption.

The following are some very important guidelines that you can use in the event our Firm is operating under emergency conditions:

- **Primary Contact:** Your Financial Advisor or your brokerage firm
- **Secondary Contact:** Information regarding the status of BB&T Securities can be found on our website, [www.bbtscurities.com](http://www.bbtscurities.com)

BB&T Securities has taken significant steps to strengthen its Business Continuity Plans; however it cannot guarantee that all systems will be immediately available following a significant business disruption. Nonetheless, you can be assured the employees of BB&T Securities are committed to resuming all business operations as quickly as possible and continuing our service in a professional and courteous manner. BB&T Securities will update its Business Continuity Plan and this Statement as circumstances dictate.

#### **(10) Mutual Fund Omnibus and Networking Fees**

BB&T Securities receives payments from mutual funds or their affiliated service providers for providing certain recordkeeping and related services to the funds. BB&T Securities processes some mutual fund business with fund families on an omnibus basis, which means clients' trades are consolidated into one daily trade with the fund. We receive omnibus fee payments as compensation for the services we provide when trading mutual funds on an omnibus basis. We trade other fund families on a networked basis, which means we submit a separate trade for each individual client and may receive networking fee payments for each client mutual fund position we hold with the fund.

#### **(11) Compensation on Order Flow**

Consistent with securities industry practice, BB&T Securities may receive payment for order flow in the form of monetary compensation per share or reciprocal

business from other dealers or market centers. Absent specific instructions from you, orders are routed to such dealers or market centers that execute orders at prices consistent with their obligation to provide the best execution of all client orders. The source and nature of any compensation received in connection with your orders will be provided upon written request.

In accordance with SEC Rules 605 and 606, BB&T Securities makes publicly available monthly reports on the Firm's execution quality and quarterly reports on the Firm's order routing practices, respectively. These reports are available on [www.bbtscurities.com](http://www.bbtscurities.com). A written copy will be furnished upon request.

#### **(12) Stop Orders in Fast Moving Markets**

A stop order is an order to buy or sell a stock once the price of the stock reaches a specified price, known as the stop price. When the specified price is reached, the order becomes a market order. Buy stop orders are used when buying stock to limit a loss or protect a profit on short sales. The order is entered at a price that is always above the current market price. Sell stop orders are used to help avoid further losses or protect a profit that exists if a stock price continues to drop. A stop order to sell is always entered below the current market price. There are risks associated with stop orders. The disadvantage is that the stop price could be activated by a very short term fluctuation in a fast moving market that could result in an execution that is far away from the desired stop price.

#### **(13) What is EMMA?**

EMMA, the Electronic Municipal Market Access system, is a website ([www.emma.msrb.org](http://www.emma.msrb.org)) that provides free public access to information about individual municipal securities, including official statements, continuing disclosures and real-time trade data. Investors can access and download for free all documents and data on EMMA, and also obtain educational information geared toward retail investors. EMMA is operated by the Municipal Securities Rulemaking Board, the regulatory agency that protects investors and ensures a fair and efficient municipal bond market.

#### *Information Available on EMMA*

- Official statements and advance refunding documents (Investors can still obtain a printed copy of an official statement by requesting it from their brokerdealer).
- Continuing disclosures, including annual financial statements and notices of material events
- Real-time and historical trade data
- Interest rates and auction results for municipal auction rate securities
- Interest rates for variable rate demand obligations
- Daily market statistics and educational material about municipal bonds.

#### *How to Find Official Statements and Continuing Disclosures on EMMA*

The easiest way to search for an official statement or continuing disclosure document associated with a particular security on EMMA is to use the "Muni Search" tab and enter a CUSIP number—a unique 9-character identifier with numbers and letters, for example, "123456AAB." CUSIP numbers for an investor's security appear on a trade confirmation or brokerage statement. Investors can also search for a particular security by entering the name of the bond issuer into EMMA's "Muni Search" function or by entering other parameters such as issue description, state name, maturity date and date of issuance into EMMA's "Advanced Muni Search" function. However searching by a CUSIP number produces the best results.

#### *Learn More About EMMA*

Go to EMMA's home page and click on the video tutorial located in the lower-left corner of the page.

#### **(14) European Financial Transaction Taxes**

France introduced a financial transaction tax (FTT) on August 1, 2012. The French FTT includes a tax on the acquisition of shares in listed French companies with a market capitalization of over 1 billion Euros. In addition, Italy also enacted separate financial transaction tax that may affect some investors. The tax situation in Europe continues to develop and clients are invited to discuss what impact (if any) these developments have on their accounts with their broker.

#### **(15) Allocation Procedures for Securities Subject to Call or Redemption**

The lottery process for a partial call, pre-refund or defeasement is a random process designed to allocate called securities on a fair and impartial basis. The lottery process is based on a mathematical formula to randomly select accounts for allocation. For calls that are deemed favorable to the security-holder, firm accounts, as well as accounts of associated persons of broker-dealers are excluded until all client positions have been allocated. A favorable call occurs when the call price exceeds the current market price reflected in the back office application. If no price is available in the back office system, the call is presumed favorable. If a call is not deemed favorable to the security-holder, firm and associated persons' accounts are included in the lottery. Additional details concerning the lottery process will be provided upon request. ([www.bbtscurities.com/Disclosures#annualnotice](http://www.bbtscurities.com/Disclosures#annualnotice))