

# Lending Solutions from Fidelity

Fidelity offers access to both third-party bank-based and its own brokerage-based lending products. We designed these offerings to help you leverage your investment portfolios to obtain credit for personal, business, or securities purchases.

## A cornerstone for your customers' borrowing needs

With lending solutions that include Fidelity's margin loans and third-party non-purpose loans (NPL) through our strategic relationships with Goldman Sachs Private Bank Select and U.S. Bank Wealth Banking Services, you can help clients:

- Keep their investment strategy on track (and avoid triggering potentially taxable events from asset sales)
- Continue to trade and manage investments
- Use a broad range of assets as collateral
- Take advantage of competitive interest rates
- Arrange for flexible repayment of principal

## Benefits to you

In addition to the various benefits that end-investors can enjoy, you can take advantage of Fidelity's credit lending solutions to help deepen your client relationships by meeting their borrowing needs. Through Fidelity's credit-lending offering, you can:

- Provide your customers with a valuable service that consolidates assets and loans within your practice and assists you in growing your business
- Gain a broader view of your customers' goals, assets, and financial picture
- Reduce the chance of other firms cross-selling investment products to your customers

### CONSIDER THE FOLLOWING TO SELECT THE RIGHT LENDING OPTION

	MARGIN	THIRD-PARTY BANK NPL
Proceeds available for personal or business purposes	●	●
Proceeds available to purchase securities	●	
Proceeds needed immediately without application process	●	
No minimum loan amount	●	
Pledge accounts with different registrations		●
Applicable to discretionary account structures	●	●
Access to funds via checkwriting and debit cards	●	
Generally higher release rates		●

\*Clients should always consult a tax advisor.



# Helping your clients choose the right option

## Fidelity margin loans<sup>1</sup>

Our most flexible option, with limited paperwork. Proceeds are available for any purpose, including purchasing securities.

KEY BENEFITS	CONSIDERATIONS
<ul style="list-style-type: none"><li>• Competitive rates</li><li>• Funds are accessible via checkwriting or debit card</li><li>• Funds are generally available in one business day</li><li>• Limited paperwork</li><li>• No account setup fees</li><li>• No interest payments are required provided the client maintains a certain level of equity</li></ul>	<ul style="list-style-type: none"><li>• Accounts pledged to multiple margin loans must have the same registration</li><li>• Eligible clients must maintain sufficient collateral to support the loan amount, in accordance with regulatory and Fidelity's margin requirements</li></ul>

## Non-purpose loans from third-party banks

### Goldman Sachs Private Bank Select® (GS Select)®

KEY BENEFITS	CONSIDERATIONS
<ul style="list-style-type: none"><li>• Technology provides quick loan processing and easy access to liquidity with loan application executed electronically</li><li>• GS Select Advisor portal provides transparency into application, collateral, and loan status; GS Select Client portal facilitates client funding, payments, statement visibility, and transaction history</li><li>• Advisors supported by a dedicated team of field-based enders and a central team in Salt Lake City</li><li>• Loans offered from \$75,000 to \$25 million, and advances as low as \$2,500</li><li>• No financial statements, tax returns, or paper applications required</li><li>• GS Select supports borrowers who are different from the pledgors; and multiple registrations across individual, trust and entity accounts</li></ul>	<ul style="list-style-type: none"><li>• Eligible clients must be US residents, with a minimum loan requirement of \$75,000 Financial advisor must be on-boarded to the GS Select Advisor portal prior to assisting clients with loans</li><li>• Interest only, payable monthly; principal can be repaid at any time without penalty</li><li>• Proceeds cannot be used to purchase securities</li></ul>

### U.S. Bank Flexible Capital Line of Credit®

KEY BENEFITS	CONSIDERATIONS
<ul style="list-style-type: none"><li>• Dedicated Wealth Banking Services Relationship Managers and Private Bankers</li><li>• U.S. Bank Flexible Capital Platform® featuring single-sign-on from Wealthscape<sup>SM</sup> for instant collateral evaluation, online application, application status, in force loan and collateral monitoring, and service request submissions</li><li>• eSignature of loan documentation (including control agreement)</li><li>• Ability to link multiple registrations Direct access to a full suite of lending products offered by U.S. Bank:<ul style="list-style-type: none"><li>– Residential mortgages and construction financing</li><li>– Commercial and business banking</li><li>– Custom credit financing</li><li>– Insurance premium financing</li><li>– Fixed-rate options</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Minimum loan amount of \$100,000 (no minimum advance amount)</li><li>• Interest payments billed monthly; principal can be repaid at any time without penalty</li><li>• Proceeds cannot be used to purchase securities</li></ul>

### Non-purpose loans from other third-party banks

Fidelity's collateral accounts program also allows clients having an existing banking relationship with a third-party bank to secure a loan, using eligible securities in their Fidelity brokerage account(s) as collateral.

For more information, please contact your Fidelity representative.

#### GS Select Marketing Content Disclosures:



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Securities based loans may not be suitable for all loan parties (e.g., borrowers, pledgors, and guarantors) and carry a number of risks, including but not limited to the risk of a market downturn, tax implications if pledged securities are liquidated, and the potential increase in interest rates. If the value of pledged securities drops below certain levels, loan parties may be required to pay down the loan and/or pledge additional securities. The risks are described in the Product Guide and FAQs available upon request. You should consider these risks and whether a securities based loan is suitable before proceeding.

This is not a commitment to lend. Credit qualification and collateral are subject to approval. Additional terms and conditions would apply. Products, rates, qualifications, and terms and conditions are subject to change in Goldman Sachs Bank USA's sole discretion and without notice.

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**U.S. Bank Flexible Capital Line of Credit®** Loan approval is subject to credit approval and program guidelines. Not all loan programs are available in all states for all loan amounts. Interest rate and program terms are subject to change without notice. Credit products are offered through U.S. Bank National Association. Equal Housing Lender.

U.S. Bank and its representatives do not provide tax or legal advice.

The U.S. Bank Flexible Capital Line of Credit® is a line of credit secured by a pledge of assets in a securities account. There are certain risks associated with securities backed demand lines of credit that would apply and there are certain limitations that would apply to the use and availability of the assets held in the account serving as collateral. As such, the Flexible Capital Line of Credit® may not be suitable for all applicants.

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1. Margin trading entails greater risk, including, but not limited to, risk of loss and incurrence of margin interest debt, and is not suitable for all investors. Please assess your clients' financial circumstances and risk tolerance before trading on margin. Margin credit is extended by National Financial Services LLC, Member NYSE, SIPC.

Pursuant to Federal Reserve Board Regulations, Non-purpose loan proceeds may not be used to purchase, carry, or trade securities—investors are required to provide a Non-purpose loan attestation acknowledging that the loan proceeds will be used for purposes other than to purchase, carry, or trade securities. Pursuant to Securities Exchange Act Regulations, certain new issues provided on a loanable basis for at least 30 days from the date these securities are fully owned and paid for (settlement date). New issues include:

- Mutual funds
- Equities, corporate bonds, corporate notes, and preferred stock where Fidelity Capital Markets participates as a syndicate or selling group member. This applies to initial PO allocations and purchases in the secondary market.
- Secondary offerings, if the size of the offering is greater than 50% of the outstanding shares of the company.
- Newly purchased shares of certain mutual funds, including money market funds and exchanges into new fund families; mutual fund purchases and sales must be within the same family of funds in order to be considered good collateral.
- UITs and certain ETFs

Municipal bonds, Treasury bills, Treasury notes, Treasury bonds, and agency securities are considered exempt securities and are not subject to any aging requirements. Because trading frequently in these securities could trigger a margin call, you and your client should consider the implications of trading frequently in these securities within accounts pledged as collateral.

Per the Margin Agreement, any and all Assets may be pledged, repledged, hypothecated, separately or in common with other securities or any other property as may be permitted by Rule 15c3-3 of the Securities Exchange Act of 1934 and any other Applicable Law, and without retaining in Fidelity's possession or control for delivery a like amount of similar Assets. The value of the Assets that Fidelity may pledge, re-pledge, hypothecate or re-hypothecate may be greater than the amount owed by you to Fidelity. In the event that Fidelity pledges, repledges, hypothecates or rehypothecates any Assets, Fidelity may receive and retain certain benefits to which you will not be entitled. Any dividend, interest payment or other distribution paid in respect of an Asset pledged, repledged, borrowed, hypothecated or rehypothecated by Fidelity may be re-classified as a "substitute payment" and credited to your Account. The tax consequences of receiving a substitute payment are different than the consequences realized from the receipt of a payment made by the underlying security. You will not be able to exercise voting rights in respect of Assets pledged, repledged, borrowed, hypothecated or rehypothecated by Fidelity.

#### Important Risks to Consider:

Borrowing against securities may not be suitable for everyone. You and your client should be aware that securities-based loans involve a high degree of risk and that market conditions can magnify any potential for loss. Most importantly, you and your client need to understand that (1) sufficient collateral must be maintained to support the loan(s) and to take future advances; (2) your client may have to deposit additional cash or eligible securities on short notice; and (3) some or all of the securities may be sold without prior notice in order to maintain account equity at required maintenance levels. Your client will not be entitled to choose the securities that will be sold. These actions may interrupt investment strategies and may result in adverse tax consequences or in additional fees being assessed.

A decline in the value of securities held in a collateral account may result in a reduction in the draw amount of your client's line of credit, a demand from the bank that your client deposit additional funds or securities in the client's collateral account, or a forced sale of securities in your client's collateral account.

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