



Answers Regarding Current Money Market Fund Developments

The following is in response to recent unprecedented issues consumers are facing regarding money market mutual funds including The Reserve Fund. These serious issues are evolving quickly. As we learn more we will keep you informed of changes that may affect you.

Q. What is the strength and stability of Securities America?

- ▶ Securities America is a wholly-owned subsidiary of Ameriprise Financial, Inc., a fortune 300 company with decades of experience, growth and success in financial services.
- ▶ Securities America with their parent company continues to operate from a position of strength and stability.

Q. How have money market funds with which Securities America has relationships been affected by recent market events? How have accounts been affected?

- ▶ Securities America does not have its own money market funds. We use third-party money market fund companies.
- ▶ Prior to Sept. 17, 2008, Securities America used a third-party firm called The Reserve Fund for its brokerage cash sweep accounts.
- ▶ The Reserve Fund has key client relationships with many of the nation's leading corporations, endowments, pensions, municipalities and hedge funds including over 400 financial services firms and over 30% of the Fortune 100 companies.
- ▶ The Reserve Fund's money market funds have been significantly affected by recent market events. Our relationship with The Reserve Fund was concentrated primarily to the use of one of The Reserve Fund's money market funds as a cash sweep option in brokerage accounts.
- ▶ Due to The Reserve Fund's circumstances, Securities America and Ameriprise no longer make their fund available as a brokerage sweep money market choice.
- ▶ Securities America worked with our clearing firm National Financial Services to establish a new core sweep money market option from Fidelity funds. We have also worked with our clearing firm Pershing to establish a new core sweep money market option from Federated funds.
- ▶ Fidelity and Federated are reviewing the proposed Federal Guaranty program announced by the U.S. Treasury. Until more information is available, we cannot comment as to their intent to participate in the program. Please see additional Fidelity information and Federated information for details on the strength and stability of these mutual fund companies.

Q. What does the Treasury Department's money market guaranty plan mean?

- ▶ On Friday, Sept. 19, the Treasury Department announced it would establish a temporary guaranty program for U.S. money market mutual funds. For the next year, the U.S. Treasury will insure the holdings of any publicly offered eligible money market mutual fund after Sept. 19th – both retail and institutional – that is currently trading at \$1.00 per share and pays a fee to participate in the program. Under this program, investors in money market mutual funds with a net asset value (NAV) that falls below \$1 would be notified that their fund triggered the insurance program. President Bush has approved the use of \$50 billion in assets from the Exchange Stabilization Fund, established by the Gold Reserve Act of 1934, to cover the cost of insuring these investments.

Q. What happened to The Reserve Fund?

- ▶ The Reserve Fund announced on Tuesday, Sept. 16, that they reduced the net asset value of their Primary Fund to less than one dollar (\$0.97) and subsequently to a lower price (\$0.95), although that price was not deemed official. The Reserve Fund has not released further information so we are unsure of this fund's current net asset value at this time.
- ▶ We were informed that the decline of the price of The Reserve Fund's Primary Fund to less than a \$1.00 was a direct result of the Lehman Brothers bankruptcy.
- ▶ On Wednesday, Sept. 17, the following actions were taken by The Reserve Fund:
 - They closed all of The Reserve Fund money market funds to new deposits.
 - All other funds offered by The Reserve to which clients may have access through Securities America's relationship with The Reserve Fund remain priced at \$1.00 NAV per the Reserve Fund website.
 - No redemption proceeds have been disbursed from The Reserve Fund to Securities America's clearing firms National Financial Services and Pershing since Tuesday, Sept. 16.

Q. Do Securities America clients have exposure to The Reserve Fund?

- ▶ Some of Securities America's clients held The Reserve Fund's Prime Fund as the sweep option for their brokerage accounts. The Reserve Fund has not honored any redemptions since Tuesday, Sept. 16. We are doing everything in our power to help clients gain access to their assets.

Q. Given the events surrounding The Reserve Fund, what actions have Securities America and Ameriprise taken on behalf of clients?

- ▶ On Wednesday, Sept. 17, Securities America worked with one of our clearing firms, National Financial Services, to establish a new money market account using Fidelity funds for clients with accounts at National Financial.
- ▶ On Thursday, Sept. 18, we worked with our other clearing firm, Pershing, to establish a new money market account using Federated funds for clients with accounts at Pershing.
- ▶ On Thursday, Sept. 18, in order to secure existing client assets, Securities America submitted a request to liquidate all client assets currently held in any of The Reserve Fund's money market funds available through Securities America's relationship with The Reserve Fund.
- ▶ Liquidation requests began processing on Thursday, Sept. 18, and completed early on Friday, Sept. 19. Only a very few liquidation requests carried into Friday for processing due to Thursday's processing cut-off time.
- ▶ Securities America and Ameriprise dissolved our relationship with The Reserve Fund. Their money market funds are no longer available as a sweep option.
- ▶ On Friday, Sept. 19, Ameriprise Financial, Inc. announced that its wholly-owned subsidiaries Ameriprise Financial Services, Inc. and Securities America Inc., had filed suit in the United States District Court, District of Minnesota, accusing Reserve Management Co. of misconduct in its administration of the Primary Fund. Ameriprise asked the court to require The Reserve Fund to liquidate the Primary Fund in a fair and equitable manner that treats all investors equally.
- ▶ On the afternoon of Friday, Sept. 19, the judge approved the temporary restraining order requested in our suit against The Reserve Management, Co.
- ▶ An additional hearing in the case is set for Tuesday morning, Sept. 23.
- ▶ No redemption proceeds have been disbursed from The Reserve Fund's money market funds to Securities America's clearing firms National Financial Services and Pershing since Tuesday, Sept. 16.

Q. How do I know if I have a money market account with The Reserve Fund?

- ▶ You can check your current Securities America account statement, call your financial advisor or call Securities America's customer service at (800) 747-6111, Option 1.

Q. Is The Reserve Fund honoring redemption requests?

- ▶ As of Sept. 16, The Reserve Fund announced that it is temporarily ceasing the payment of redemption proceeds from any of The Reserve Fund money market funds. We are working aggressively with The Reserve Fund's management and the SEC to ensure client assets are returned in a fair and orderly process. Redemption proceeds will be posted to your account as soon as they are distributed by The Reserve Fund to Securities America's clearing firms National Financial Services and Pershing.

Q. When will the money held in The Reserve Fund's money market funds be available to me?

- ▶ According to a statement on The Reserve Fund's website, they have asked the SEC for an extension beyond the 7-day holding period allowed for in money market fund prospectuses. We believe an extension should help facilitate a more orderly and equitable disposition of the funds. As we learn more, we will update this information.

Q. Will my advisor or Securities America help me access my cash, since The Reserve Fund is not honoring redemption requests?

- ▶ We know it is important that clients have access to their cash assets, so we have created a process for reviewing our clients' limited day-to-day liquidity needs by working with National Financial Services and Pershing (our clearing firms), and Ameriprise (our parent company). We will be evaluating this decision on a day-to-day basis based on client needs.
- ▶ Securities America is continuing to work with its clearing firms to allow you to use your ATM and Debit Cards to access new money in your newly established Fidelity funds or Federated funds sweep account.
- ▶ Any new money deposited to your account as of Wednesday, Sept. 17, will be accessible since it will be held in your new sweep account at Fidelity funds or Federated funds.

Q. Would a request to liquidate my holdings from The Primary Fund lock in the losses?

- ▶ Through our lawsuit against The Reserve Fund and our efforts with regulatory authorities, elected officials and industry organizations, Ameriprise and Securities America are working to ensure that any distribution of redemption proceeds is conducted in a fair and equitable manner for clients. While no one can predict or guarantee the outcome, we are working very aggressively to ensure that clients are treated fairly.

Q. I heard that Securities America along with its parent company, Ameriprise, has filed a lawsuit against The Reserve Fund. What does this mean to me?

- ▶ Ameriprise Financial and Securities America filed a suit against The Reserve Fund alleging that it tipped institutional investors of the potential to "break the buck" which we believe, in turn, has hurt retail investors. We obtained a restraining order to prevent the distribution of redemption proceeds until it is assured that the liquidation of assets in the fund is handled in an orderly fashion, equitable to all investors. The restraining order was issued on Sept. 19, and another hearing is scheduled for Sept. 23. We are also in close contact with regulatory authorities, elected officials and industry organizations to advocate on behalf of our clients.

Q. What happens to my assets with The Reserve Fund?

- ▶ Your assets with The Reserve Fund will show as an open order in the new Fidelity Fund Capital Reserves fund if your account is with National Financial, or the Federated Capital Reserves fund if your account is with Pershing. These assets cannot be used to purchase stocks and are not currently available for complete withdrawal.

Q. Is it safe to make new deposits into my Securities America brokerage account?

- ▶ Yes. Securities America is no longer offering The Reserve Fund as a sweep option. Instead, we are sweeping your new money into a new Fidelity money market fund if your accounts are with National Financial and a new Federated money market fund if your accounts are with Pershing.

Q. What changes will I see in my account?

- ▶ The Reserve Fund's Primary Fund was moved from a sweep position to a securities position in your brokerage account similar to the way other securities are held in your account.
- ▶ As a result of these changes, your brokerage cash position will indicate an open order.
- ▶ These steps were taken to enable the set up of a new sweep account since The Reserve Fund can no longer operate as a sweep account.

Q. Will my checking account number change?

- ▶ No. If you already had check-writing established with your money market account, there will be no impact to the checking account number because of the change to your sweep account.

Q. Can I make trades in my brokerage account?

- ▶ You can continue to sell any position in your brokerage account. These transactions are not affected by The Reserve Fund issue. For new purchases, you can purchase securities in your account as long as you have a source of funds other than your shares in The Reserve Fund. Your funds could come from a deposit of new money, proceeds from other transactions or your margin account.

An investment in a money market fund is not guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund. Investment products are not federally or FDIC insured, are not deposits or obligations of, or guaranteed by, any financial institution, and involve investment risks including possible loss of principal and fluctuation in value.