

## PERSHING Bulletin

December 12, 2008

**BULLETIN #2008-96 REPLACING  
BULLETINS  
#2003-74 AND #2003-101**

Pershing to Provide Excess Account  
Protection

### CATEGORY

Client Accounts

### EFFECTIVE DATE

Currently in Effect

### KEY TOPICS

SIPC Protection for Client Accounts  
Excess Account Protection From  
Pershing Through Lloyd's of London

### RELATED MATERIALS

FAQs for Investment Professionals  
Sample Client Communication

### FOR MORE INFORMATION

Your Account Manager or the General  
Customer Service Team

## Your Greatest Protection—Pershing's Strength, Stability, and Focus

At Pershing, we take great pride to support your business and make every effort to ensure your clients' assets are protected.

As you know, Pershing has been a leading provider of financial business solutions for 70 years and serves many of the world's most respected financial organizations, remaining focused on the segregation, safekeeping, servicing, and reporting of client assets in our custody. Pershing is well capitalized and our capital ratios exceed those required by regulators. You may refer to [Pershing's Statement of Financial Condition](#) for additional information.

Pershing's parent company, [The Bank of New York Mellon](#), is one of the world's strongest global financial institutions. The Bank of New York Mellon ranks among the top financial services companies with a market capitalization of approximately \$32 billion as of December 10, 2008, and holds \$22.4 trillion in assets under custody and administration. Please refer to [The Bank of New York Mellon's Third Quarter 2008 Financial Results](#) for additional information.

Pershing is a member of the Securities Investor Protection Corporation (SIPC<sup>®</sup>). As a result, your clients' assets are protected by SIPC, up to \$500,000 in value, including \$100,000 in cash awaiting reinvestment. SIPC provides protection for brokerage firms against losses should a SIPC member firm fail financially and become unable to meet obligations of its securities clients. For more information about the protection of your clients' assets, you may visit SIPC's web site at [www.sipc.org](http://www.sipc.org).

For additional security, Pershing also provides coverage in excess of SIPC limits for your clients. We have been providing excess account protection through Customer Asset Protection Company (CAPCO) but have been advised that as of February 16, 2009, CAPCO will not renew its excess account protection policies with any of its members. As a result, Pershing has obtained excess account protection for client accounts through Lloyd's of London, effective immediately. This excess account protection offers the highest level of coverage available in the industry.

In addition to Pershing's strength and SIPC coverage, our policy through Lloyd's of London provides excess account protection for assets held in custody with Pershing and its London affiliate, Pershing Securities Limited, up to an aggregate limit of \$1 billion, of which \$1.9 million may cover cash awaiting reinvestment at the individual account level. This account protection will be supplemented by the coverage provided by CAPCO, until its expiration on February 16, 2009. The Lloyd's of London policy will then be in place to enhance SIPC coverage thereafter. For more information about Lloyd's of London, please visit their web site at [www.lloyds.com](http://www.lloyds.com).

We will communicate Pershing's excess account protection to your clients through the below message, to appear on their December 2008 brokerage account statements. **NOTE:** Your firm must update any references to CAPCO that may be included in your proprietary materials, systems, or web sites with similar language.

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### Important Message from Pershing LLC

The Securities Investor Protection Corporation (SIPC) protects your covered account assets up to \$500,000 in value, including \$100,000 in cash awaiting reinvestment. To offer you greater protection and security, Pershing LLC provides coverage in excess of SIPC limits to qualifying accounts through Customer Asset Protection Company (CAPCO). In anticipation of CAPCO's coverage expiring in February 2009, Pershing has secured additional excess account protection through Lloyd's of London effective immediately.

The coverage provided through Lloyd's of London will protect your assets up to an overall aggregate level of \$1 billion for assets in custody at Pershing and its London affiliate, Pershing Securities Limited, including \$1.9 million in cash awaiting reinvestment for your individual account.

For more information about the protection of your account assets, please visit [www.sipc.org](http://www.sipc.org). You may also visit CAPCO at [www.capcoexcess.com](http://www.capcoexcess.com) and Lloyd's of London at [www.lloyds.com](http://www.lloyds.com).

Please note that excess account protection does not protect against loss due to market fluctuation.

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## Additional Information

Please link to a copy of our [Frequently Asked Questions](#) for your investment professionals regarding SIPC coverage and the terms of the excess account protection that Pershing provides through CAPCO and Lloyd's of London.

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## Sample Client Communication

The attached **Exhibit 1** provides a sample letter that your firm may choose to deliver to your clients regarding the protection and security that is offered to accounts held in custody at Pershing.

**Bulletin #2008-96—Exhibit 1**

<Your Firm's Letterhead>

Dear <Client Name>:

In response to elevated pressures on financial markets over the past few months and the volume of calls we have received from many of our clients, we want to assure you that the safety and security of your assets are of paramount importance to <Your Firm's Name>.

The assets in your account are protected in a number of important ways, both by us, your financial organization, and our clearing agent, Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation. Like <Your Firm's Name>, The Bank of New York Mellon is one of the most respected financial organizations in the world.

As your financial organization, <Your Firm's Name> provides you with a brokerage account, advises you regarding your investments, and accepts your orders to buy and sell securities, while Pershing executes transactions our firm sends to them on your behalf and holds your assets in custody, or safekeeping, on our behalf.

This type of clearing relationship is typical throughout the industry and extremely advantageous to you. By allowing a clearing agent to settle trades and custody assets, <Your Firm's Name> can devote its focus and capital into helping you achieve your investment goals. Pershing, like other clearing agents, additionally has a number of safeguards in place to protect your assets, so our relationship with Pershing serves as added security for you.

The financial strength of <Your Firm's Name> and Pershing provides the first, and perhaps most important, measure of protection for your assets. Your brokerage account assets are protected, regardless of any negative impact current conditions have on either of our firms.

<Your Firm's Name> and Pershing are each registered broker-dealers with the Securities Exchange Commission (SEC) and members of the Financial Industry Regulatory Authority (FINRA). Both the SEC and FINRA require us to comply with various rules intended to minimize the chance of financial failure and maximize the protection of your assets.

One of those rules, the SEC Customer Protection Rule, requires Pershing to segregate investor assets, which means that even if Pershing fails, your assets will be separate from Pershing's own assets and safe. <Your Firm's Name> and Pershing are also subject to the SEC Net Capital Rule, which requires each of us to maintain enough liquid assets, net of any liabilities, to assure the return of your assets in the event of firm failure and liquidation. Because Pershing has custody of your assets, it must maintain an even higher level of net capital than <Your Firm's Name>, which further increases the security of your assets.

<Your Firm's Name> and Pershing are also members of the Securities Investor Protection Corporation (SIPC<sup>®</sup>), a non-profit organization that provides coverage to investors if their brokerage firm becomes insolvent. It covers the replacement of missing securities and cash up to \$500,000, with a limit of \$100,000 for cash. We also provide additional coverage in excess of SIPC limits through account protection that Pershing has purchased from Lloyd's of London, one

of the world's best known insurance brands. This coverage will protect your assets up to an overall aggregate level of \$1 billion for assets in custody at Pershing and its London affiliate, Pershing Securities Limited, including up to \$1.9 million in cash awaiting reinvestment in your individual account. This provides the highest level of protection available in the industry today.

Overall, we wanted to reach out to you during this challenging time to assure you that both <Your Firm's Name> and Pershing are financially strong and in compliance with the safeguards required by the SEC, FINRA, and SIPC to protect your assets.

For more detail on the protection and security of assets held in your account with <Your Firm's Name>, you may visit SIPC's web site at [www.sipc.org](http://www.sipc.org). You may also visit the Lloyd's of London web site at [www.lloyds.com](http://www.lloyds.com).

If you have any questions, please do not hesitate to contact your <Firm Name> investment professional.

Regards,