

# Answers to Commonly Asked Questions

While certain details are still being resolved, below is information regarding what is changing and what is not changing with the transition to Axos Advisor Services. You can use the links below to navigate to the various sections of these FAQs.

- [Latest updates \(as of 7/22/21\)](#)
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## Latest updates (as of 7/22)

### What changes will investors see in regard to their statements?

In early August, investors will receive E\*TRADE Advisor Services' final statement in typical format covering July 1 – July 31. (Note: RIAs will review this statement in early August per usual procedures.) For the August statement and beyond, investors will receive ongoing monthly statements from Axos Advisor Services. (Note: RIAs will not be reviewing these prior to distribution.)

The Axos Advisor Services statement will have a new format akin to a traditional brokerage statement reflecting holdings and transactions and being sent to all account holders monthly. For a sample copy of the new statement, please contact your Client Service Advocate.

Additional information that your clients are accustomed to seeing in their statement will be available in a new, optional Supplemental Report from Axos Advisor Services. All statements will continue to carry any customized branding options that you have in place today.

### Is training available on completing the new account application?

Yes. We are developing a video that will be available shortly. The link to the video will be available from your Client Service Advocate and will also be available in the weekly RIA Connection. As always, you can contact your Client Service Advocate if you have any questions about the new application and related forms.

### What is the grace period for accepting the former E\*TRADE Advisor Services applications?

We encourage you to use the new forms immediately but will accept the former applications and related forms through September 30, 2021. If you submit an old application, you will also need to complete a supplemental form that captures additional Know Your Customer information.

### What additional information will the RIA be required to collect when opening client accounts?

As we are transitioning to a brokerage structure, we are required by regulations to collect additional Know Your Customer information along with any application. The new fields on the application require the account holder to disclose his or her occupation and employer information. The application also requires the account holder (or an immediate family member who resides in the same household) to disclose whether he or she is employed by or a

member of a registered broker-dealer, securities or future exchange, futures commission merchant, retail foreign exchange dealer, or securities or futures industry regulatory body (e.g., FINRA, NFA), whether he or she is a director or policy maker of a publicly held company, and whether he or she is a 10% shareholder of a publicly owned company.

**Can the RIA or an affiliated advisor provide this Know Your Customer information on their clients' behalf?**

Yes. If you want to provide this information for all or some of your clients, ask your Client Service Advocate for the related spreadsheet.

**If the client used a former application to open an account, will they be required to provide a supplemental form for the Know Your Customer info?**

Yes. This information must be submitted by October 30, 2021.

**Will I or my clients be required to provide this additional Know Your Customer information on accounts that have already been established at E\*TRADE Advisor Services?**

Yes.

**Will clients be issued a new account number? How will this affect my client's experience and my business?**

Yes, we will be issuing all accounts a new eight-digit account number. However, we will also continue to use the six-digit account number assigned today. Your clients will continue to see their six-digit account number along with their new eight-digit account number on Liberty, quarterly reports, and monthly statements. Further, any data feeds you've established for third-party technology solutions will persist, as the current six-digit account number will be sent as it is today.

After close, existing Liberty accounts will start displaying an Axos ID number in the banners in Liberty. This number will display right before the current existing account numbers. It will not be listed in the Account lists yet, and will not be searchable in Liberty just yet. The ID will also not populate any of our forms from Liberty or DocuSign, which will continue to use the existing account number. After close, new accounts will begin to receive this number once an account is opened, and will also receive a legacy account number in the same way they do today.

Here are examples of how this ID will display:

The screenshot displays the Liberty client portal interface. At the top, the 'LIBERTY' logo is visible. Below it, a search bar contains the text 'Account number or name or tax ID' and 'Search'. A dropdown menu shows 'Professional Mode'. The main account information is 'Sample Client - Individual - 87654321 (123456)'. Callouts point to 'Axos ID' and 'Legacy Account Number' in the account ID. The 'Overview+' section shows 'Net Assets \$0' and 'Pending' status. The 'Holdings' section shows 'Securities 0%' and 'Cash 0%'. The 'Trading' section has a 'Trade from positions or models' button. A 'Notifications & Announcements' section shows a notice from '2,088 days ago: General Notice All'. Below this are navigation tabs for 'Analytics', 'Trading', 'Client Management', and 'Prospecting Tools'. A secondary navigation bar includes 'Accounts', 'Representatives', 'Statement Families', 'Households', 'Users', 'Fee Families', and 'Cash Demand'. The 'Registration Steps' section is active, showing 'You are now editing Sample Client's Individual account 87654321 (123456)'. A table lists account details: 'Opened n/a', 'Axos ID 87654321', 'Account Number 123456', and 'Status Pending'. The 'Account Type' is set to 'Individual'. A 'Legacy Account Number' callout points to the 'Account Number' field. The 'Account Holder Identity' section is partially visible at the bottom.

### **Who should clients make checks out to?**

Checks should be made out to “Axos Advisor Services,” but we do accept and will continue to accept other variants.

### **Will cost basis and unrealized gain/loss information be available on monthly statements?**

No, but this information will be added at a future date. In the meantime, investors and advisors will be able to see this information on Liberty and on a supplemental report if you elect this option.

### **Are my clients tax reports changing? Will they get two tax forms for 2021?**

Clients will receive one tax mailing with two tax forms for 2021. They will receive one tax form from Axos Advisor Services and one tax form from E\*TRADE Advisor Services delivered in the same envelope. The 2021 tax reports will be under Axos’ tax ID and logo.

### **Will the transition to Axos Advisor Services affect my data exports to third parties?**

No, there should be no impact to your data exports.

### **Will I continue to trade my Nationwide accounts on Liberty?**

Yes, trading your Nationwide accounts on Liberty will remain unchanged.

### **Will contact phone numbers or email addresses for my service team change?**

The phone numbers for your individual contacts at E\*TRADE Advisor Services will not change. The email address for your contacts at E\*TRADE Advisor Services will change, and we’ll let you know when we have the new email address. Emails will be automatically forwarded for a period of time, but we encourage you to start using the new email address after close.

### **Will Liberty have a new website address (url) for access?**

Yes. The url address for Liberty will be [axosadvisorservices.com/Liberty](https://axosadvisorservices.com/Liberty) after close. To access Liberty, you will need to navigate to that address. We encourage you to update your bookmarks and, if you have embedded a log in to Liberty on your website, to update that link as well.

### **Will any communication on the transition to Axos Advisor Services be sent directly to my affiliated advisors?**

No, but we encourage you to continue to share all communication with your affiliated advisors as appropriate.

## **What is not changing?**

Importantly, here is what will *not* change with our transition to Axos Advisor Services:

- Our commitment to the Liberty platform, which will be a focus for future investment and enhancements.
- Our unique service model, including your current Client Service Advocates.
- The terms of your existing contract and service agreement.
- The client experience, including their user credentials on Liberty and their standing account instructions.
- Our commitment to making this transition as seamless as possible for your team and your clients.
- Our commitment to helping you successfully manage and build your business.

## **What is changing from the investors’ (your clients’) perspective?**

### **How will investors see the additional account information they have been accustomed to seeing on statements?**

Axos Advisor Services will offer the option to provide investors with a comprehensive supplemental report that includes information beyond that which is available on the new Axos Advisor Services statement. This supplemental report will, by default, include all information from current E\*TRADE Advisor Services statement options (performance, asset allocations, fee calculations, etc.). At any time, you can contact your Client Service Advocate to change the settings on this report as needed.

You may choose whether to send this report on a monthly or quarterly basis. The default frequency will be

the frequency in which your clients have historically received statements from E\*TRADE Advisor Services. All Supplemental Reports will carry over any customized branding options you have in place today.

**Will clients continue to receive EFT statements after close?**

No. After the conversion to Axos Advisor Services, EFT statements are no longer required. The final EFT statement will go out in August reflecting any transactions that occurred in July.

Are investors required to consent to the change in the custody of their accounts?

No. E\*TRADE Advisor Services mailed all investors a Notice of Custodian Change letter that advised them of the change of their account custodian to Axos Clearing and explained that they are not required to take any action unless they object to the change. If an investor does object to this change, they were instructed to contact you as their advisor, or E\*TRADE Advisor Services, with alternate instructions.

**What else did this investor mailing include?**

The mailing also included an advance copy of Axos Clearing's account terms and conditions in the form of a Customer Account Agreement and Privacy Notice. The letter highlights some updates for client accounts as a result of the custodian change (including specifics around Axos Clearing's account protection by SIPC and the excess SIPC coverage provided by Lloyd's of London) and outlines aspects of the client accounts that will not change—including you as their financial advisor.

**Will clients need to open new accounts?**

No. Investor accounts will be transferred to Axos Clearing in their current form.

**My client has a checkbook on their account. Will their checkbook change as a result of acquisition or brand change?**

No, we will continue to use UMB for checking and no new checkbooks will be issued.

**I've heard that my clients will be issued a new eight-digit account number. How will this affect my client's experience and my business?**

Yes, we will be issuing all accounts a new eight-digit account number. However, we will also continue to use the six-digit account number assigned today. Your clients will continue to see their six-digit account number along with their new eight-digit account number on Liberty, quarterly reports, and monthly statements. Further, any data feeds you've established for third-party technology solutions will persist, as the current six-digit account number will be sent as it is today.

**What is changing related to operating under a broker dealer instead of a bank?**

**What is the entity change being made?**

E\*TRADE Advisor Services is currently part of E\*TRADE Savings Bank and is doing business as "E\*TRADE Advisor Services." We will be transitioning the business from the E\*TRADE bank entity to the Axos brokerage entity, and will become part of Axos Clearing LLC, doing business as "Axos Advisor Services." As Axos Advisor Services, we will have a new look, a new logo, and a new website.

**What are the benefits of moving the E\*TRADE Advisor Services business to a broker dealer under Axos Clearing?**

This new structure will provide us with greater industry conformity, which we believe is important for easing advisor and investor transitions. We will also be able to accelerate our ability to provide additional solutions for our advisors and their clients. For instance, the brokerage structure will enable us to provide advisors and their clients with additional products in the future, including margin, options, and additional account types.

**How will this change affect insurance coverage on investment accounts?**

The transition to the broker dealer also means that accounts will be protected under SIPC, as is the case with most other custodians. Axos Clearing offers additional coverage, beyond the standard SIPC protection, through Lloyd's of London for all client accounts. The first \$500,000 of coverage (including up to \$250,000 for cash balances) per customer is provided by SIPC as defined by SIPC rules. The Axos Clearing policy with

Lloyd's of London provides additional account coverage totaling \$100 million per customer, including up to \$1.15 million for cash balances with an aggregate limit of \$100 million. This coverage does not include losses or declines in the value of securities as a result of trading or market movement.

### **How will this change impact my business?**

Aside from certain operational changes, the day-to-day experience will remain the same for advisors, home office personnel, and investors. For example, clients are not required to open new accounts—existing accounts will be automatically converted. We will continue to communicate any expected changes to our current processes.

### **Will RIAs need to sign new contracts with Axos Clearing LLC?**

No new contracts need to be signed for the transition. Existing contracts and service agreements will be assigned to Axos Clearing at closing.

### **How will new accounts be handled through the transition?**

The new account form will change as part of this transition. That said, the former E\*TRADE Advisor Services account opening forms utilized today will be accepted through September 30, 2021, after this transition to accommodate new accounts already in flight. There will not be any blackout dates for opening new accounts or for transfers in.

## **What day-to-day operations will be changing?**

### **Will my clients' statements change?**

Under broker dealer regulations, Axos is required to send all investors with assets held at Axos Advisor Services a monthly statement if there is activity within the account. As is the case today, the statement will be branded with your logo, if you have elected to do so, and will show all transactions that occurred in the account for the month.

If your clients' statements are house held (i.e., today we send multiple reports in one package with a consolidated summary page), the logic will apply to your clients' monthly statements as well.

We will continue to offer the ability to show clients' advisor fees, performance, and model details in a supplemental report if you elect to do so.

### **Will anything change as far as trading and trade confirmations being sent?**

We will begin to provide daily trade confirmations to the RIA electronically. Please note that your clients will not be receiving these trade confirmations. To start, these confirmations will be pushed electronically to a website that you can access should you or your client need to see the confirm. As always, the same transaction information will be available in real-time via Liberty for everyone who has access today.

### **Will the trade execution sources change?**

No. Trade execution sources will remain the same, and we will continue to support algorithmic trading.

### **Will new account applications be updated?**

Yes, the new account application will be rebranded to Axos Advisor Services and will be updated as a result of moving under the broker dealer. Due to regulations under this structure, Axos is required to collect additional Know Your Customer information from your clients as required by regulators.

### **Will other forms be rebranded as well?**

Yes, we will be rebranding all forms and applications. The former E\*TRADE Advisor Services account opening forms under the E\*TRADE Savings Bank entity will be accepted through September 30, 2021. Further, there will not be any blackout dates for opening new accounts or for transfers in.

### **Will my clients continue to receive Electronic Fund Transfer (ETF) notifications?**

These monthly notification letters will no longer be sent to your clients as a result of moving to the broker dealer.

## **How will this change impact advisors' businesses?**

### **What does this transition mean for the Liberty platform?**

Axos Clearing is committed to investing in and enhancing the Liberty platform for existing and new RIA custody clients.

### **Will Axos compete with my business in any way?**

Axos Clearing does not offer any proprietary funds or investments. Additionally, Axos Clearing does not have any financial advisors and will remain a non-competitive partner. Rather, we help build your brand by providing capabilities such as private labeling of the Liberty platform. We are committed to helping you grow and retain your client base.

### **What are the benefits of this acquisition to my business and my clients?**

Axos recognizes that the RIA channel is one of the fastest growing channels in wealth management and plans to invest in and grow its RIA custody business. Axos is committed to maintaining a service-oriented approach and growing the Liberty platform to help advisors succeed. With more than 100 software engineers and expertise across a variety of technologies, Axos will help accelerate our product and systems development roadmap and implement automation and other initiatives to help make working with advisors more seamless. We see tremendous opportunities to help existing RIAs and advisors become more successful and expand market-share by offering a broader set of services that advisors and their end clients want and need. Collectively, we are big believers that a technology- and relationship-based service model is a key differentiator that will help us grow.

### **What additional products and services will be available to help me service my clients and grow my business?**

We are excited to explore additional capabilities from Axos that may be integrated into your experience to support your firm's growth, including new broker-dealer and banking products and services. At the same time, we are continuing to enhance the Liberty platform with new features to help you grow your business and serve your clients.

## **If you have any additional question or concerns, please contact your Client Service Advocate or call us at 303-705-6400.**

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