Schwab Trust Bank Collective Trust Funds

Notice of Compliance Obligations

On behalf of the Charles Schwab Trust Bank (the “Bank”) Collective Trust Funds (each series of which is a “Fund”, collectively the “Funds”), we are providing this notice to remind you of your compliance obligations under the agreement pursuant to which you provide services for the Funds (the “Agreement”). To ensure that all parties continue to meet their contractual obligations we wish to remind you of certain responsibilities outlined in the Agreement.

Pursuant to the terms of your Agreement, you are obligated to: 1) develop, maintain and enforce internal policies, procedures and controls with all applicable laws, rules and regulations; and 2) collect basic eligibility documentation, including a Participation Agreement, to help ensure only eligible Plans (the “Plans”) invest in the Funds. The following sections provide a general guideline for compliance.

Policies, procedures and internal controls

Below is a list of terms that are outlined in the Funds' form of agreement. Please note that the language may differ slightly from your executed Agreement, as specific terms may have been negotiated on a case-by-case basis. In the event that there are inconsistencies, you should rely on the language in your Agreement.

Please confirm your firm’s policies, procedures and internal controls to confirm your continued compliance with the following requirements:

1. You are in continued compliance with all laws, rules and regulations applicable to your activities under the Agreement, including applicable provisions of the federal banking laws, the Employee Retirement Income Security Act of 1974 (“ERISA”), federal and state securities laws and the regulations of any self-regulatory organizations of which you are a member. Specifically, for purposes of delivering Fund regulatory documents to plan fiduciaries (including the Fund’s financial statements and other disclosure documents and any supplements and ERISA 408b-2 Fee Disclosure reports), it is your responsibility to ensure that you have access to an adequate supply of these documents. In order to meet this obligation, you may request that the Fund provide the documents directly to you, or you may notify the Fund that you have retained a service provider to fulfill these delivery obligations. Additionally, Fund disclosure documents can be accessed at schwabbankfunds.com. You agree to continue to pass through any information necessary for Bank and the Plans to comply with regulatory obligations.

2. You collect and provide us documentary evidence of eligibility of each Plan to invest (or participate) in the Funds (e.g., IRS determination letters, IRS Form W-9, trust documents). This is critical to ensure the Funds comply with bank, tax and securities laws. You continue to provide services related to and remain eligible to collect Revenue Sharing for services provided to the Plan, and such arrangements have been fully disclosed to the authorizing plan fiduciary prior to investment in the Funds.

3. You have adopted and implemented an internal control structure and currently maintain written internal control procedures over the processing and transmission of orders for Fund transactions (“Order Procedures”). You have evaluated your Order Procedures as of December 31, 2018, for their continued adequacy and have changed or modified your Order Procedures as necessary to maintain their adequacy. The Order Procedures should be reasonably designed to prevent or detect on a timely basis orders received after the Fund’s order cut-off time (the “Fund’s Pricing Time”) from being aggregated with orders received before the Fund’s Pricing Time, as well as to minimize errors that
could result in late transmission of orders to the Funds. This is intended to ensure that your firm monitors and blocks any abusive trading practices. Also, large orders must be preceded by advance notification to help ensure full investment.

4. You are in compliance with and will continue to comply with the USA PATRIOT Act of 2001, the Bank Secrecy Act, and Office of Foreign Asset Controls (OFAC) and all applicable rules thereunder. As a financial institution, you are required, among other things, to adopt compliance programs to guard against money laundering and dealing with prohibited parties.

5. You have complied with Regulation S-P, Regulation P or other equivalent privacy regulations applicable to your firm and have not disclosed any non-public personal information received in connection with the Agreement to any other party, except to the extent required to carry out the services set forth in the Agreement or as otherwise permitted by law.

In addition to your obligation to maintain the above referenced policies, procedures and internal controls, we remind you of your compliance obligations as an intermediary regarding the Funds’ transaction and account minimums and/or redemption fee policy. Pursuant to the terms of your Agreement, you must at all times comply with the terms of the Fund’s Declaration of Trust and Participation Agreement.

We would like to specifically highlight and remind you of the requirement to monitor and enforce any investment minimums for each Plan as outlined in the Declaration of Trust and/or the Fund’s Participation Agreement.

If you believe that your firm is in compliance with the terms of the Agreement and the Fund’s Declaration of Trust and disclosures, you do not need to take any action at this time. If for some reason you are no longer in compliance with the terms of the Agreement and applicable Fund documents or you are unable to fulfill your obligations, please contact SchwabTrustBankCollectives@schwab.com.

Contact us:
SchwabTrustBankCollectives@schwab.com
www.schwabtrustbankcollectives.com

The values of the funds will fluctuate up to and after the target dates. Past performance is no guarantee of future results. There is no guarantee the funds will provide adequate income at or through retirement.

The Schwab Managed Retirement Trust Funds™, Schwab Indexed Retirement Trust Funds® and Schwab Institutional Trust Funds® (each a “Trust”, collectively the “Trusts” or “Collective Investment Trusts” (CITs)) are collective investment trusts maintained by Charles Schwab Trust Bank (CSTB), as trustee. They are available for investment only by eligible retirement plans and entities. Charles Schwab Trust Bank’s Collective Investment Trusts are not insured by FDIC or any other type of deposit insurance; are not deposits or other obligations of, and are not guaranteed by CSTB or any of its affiliates; and involve investment risks, including possible loss of principal invested. The Trusts are not mutual funds and are exempt from registration and regulation under the Investment Company Act of 1940 (the “1940 Act”), and their units are not registered under the Securities Act of 1933, or applicable securities laws of any state or other jurisdiction. Unit holders of the Trusts are not entitled to the protections of the 1940 Act. The decision to invest in the Trusts should be carefully considered. The Trusts’ unit values will fluctuate and may be worth more or less when redeemed, so unit holders may lose money. The Trusts are not sold by prospectus and are not available for investment by the public. The Trusts’ prices are not quoted in newspapers.

Effective January 1, 2019, Charles Schwab Bank transferred its Collective Investment Trusts to CSTB, a subsidiary of The Charles Schwab Corporation. CSTB serves as successor trustee of the Trusts and succeeds to the rights and obligations of Charles Schwab Bank under the Trusts’ Participation Agreement. This transfer resulted in no material change to the investment management, operations or structure of the Trusts.

The Charles Schwab Corporation provides services to retirement and other employee benefit plans and participants through its separate but affiliated companies and subsidiaries: Charles Schwab Bank (CSB); Charles Schwab Trust Bank (CSTB); Charles Schwab & Co., Inc.; Charles Schwab
Investment Management, Inc. (CSIM); and Schwab Retirement Plan Services, Inc. Trust, custody and deposit products and service are available through CSB and CSTB, Members of FDIC. Brokerage products and services are offered by Charles Schwab & Co., Inc. (Member SIPC). Schwab Retirement Plan Services, Inc. provides recordkeeping and related services to retirement plans. CSIM provides investment research, advisory and fund administration services to CSTB and the Trusts. CSIM is an investment advisers registered with the Securities and Exchange Commission.

The Schwab Trust Bank Collective Trust Funds select investments based on advice received from or products offered by industry-recognized investment management firms (sub-advisors). The Funds access strategies through various investment vehicles including, but not limited to, collective trust funds, separate accounts, mutual funds, and exchange-traded funds. Exposure to some strategies may be indirect through the investment in other Schwab Trust Bank Collective Trust Funds. See the Funds’ Financial Statements for additional information.

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