



TOTAL MERRILL®

# Why Your Accounts Are Safe at Merrill Lynch

*The assets you entrust to Merrill Lynch  
are protected by several safeguards:*

- Merrill Lynch's financial strength
- Safe securities-holding practices
- Securities-account protection through SIPC
- FDIC protection for bank deposits
- Stringent regulatory compliance systems
- Client security features

We want you to feel confident that your assets are safe  
when you do business with Merrill Lynch.

# Merrill Lynch's Financial Strength

*All Merrill Lynch clients benefit from the financial strength of Merrill Lynch & Co., Inc., a financial services organization with a proven record of fiscal stability and integrity in all economic climates.*

Merrill Lynch & Co., Inc., is a holding company for subsidiaries that provide a broad array of financial services, including investment, trust, banking, custodial, financing, advisory, insurance and other related products and services.

Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S), a U.S.-registered broker-dealer, is the principal securities subsidiary that does business with the public and holds client assets in custody. MLPF&S is one of the largest and most respected securities firms in the U.S.

## Safe Securities-Holding Practices

*Together with the financial strength of Merrill Lynch and regulatory compliance requirements, our system of securities holding enables Merrill Lynch to provide you with the assurance that your securities are safe. In fact, whether your Merrill Lynch account value is \$50,000, \$50 million or more, there is no safer way for you to hold U.S. market-traded securities than in your Merrill Lynch account.*

Merrill Lynch does not hold any depository-eligible client securities on its premises. Instead, all U.S. depository-eligible securities are held for Merrill Lynch clients with the federally regulated Depository Trust Company (DTC) or through the Federal Reserve Bank System.

Non-U.S.-issued securities are held at major foreign securities depositories or local foreign banks that are approved as custodians by the U.S. Securities and Exchange Commission (SEC).

When you send us physical securities certificates previously held in a safe deposit box or with another custodian, we immediately forward your certificates directly to DTC in New York. DTC then cancels your certificates, and the shares become part of the segregated securities that DTC holds for Merrill Lynch clients. Merrill Lynch, in turn, provides you with periodic account statements that reflect your holdings.

The modern U.S. system of depository book-entry securities holding has proved to be safe, efficient and cost-effective for holders of U.S.-issued securities.

*Merrill Lynch is confident that client assets are protected by virtue of the Firm's long record of prudent business management and its reputation for integrity. In addition, the assets in securities accounts are protected by SIPC and bank deposit balances by FDIC.*

## Securities-account protection through SIPC

MLPF&S is a member of the Securities Investor Protection Corporation (SIPC), a nonprofit membership corporation established by the U.S. Congress in 1970. Client accounts are protected by the SIPC in the event of MLPF&S's financial failure. If a U.S. broker-dealer fails, SIPC funds are available to clients to make up for any shortfall in client assets that the broker-dealer was required to maintain—up to a maximum of \$500,000 per client for securities, and inclusive of up to \$100,000 per client for cash. Information about SIPC can be viewed at [www.sipc.org](http://www.sipc.org).

Merrill Lynch has obtained private insurance coverage from Lloyd's of London to provide additional protection for MLPF&S client accounts in excess of SIPC limits. For customers who have received the full SIPC limits, further protection (including up to \$1.9 million for cash) is provided by the Lloyd's policy, subject to an aggregate limit of \$600 million.

Client accounts at Merrill Lynch Bank & Trust Co., FSB receive the same SIPC and excess-SIPC protection as client accounts at MLPF&S.

## FDIC protection for bank deposits

Under the Merrill Lynch Bank Deposit Program (the "MLBD Program") and the Retirement Asset Savings Program (the "RASP Program"), balances held at Merrill Lynch Bank USA and Merrill Lynch Bank & Trust Co. are insured by the Federal Deposit Insurance Corporation (FDIC), an independent agency established by the U.S. Congress in 1933 to help provide stability to our nation's financial system. In the unlikely event of a bank's insolvency, interest and principal are fully protected, up to the \$100,000 FDIC insurance limit, for all deposits held in the same legal ownership category at each depository institution.

When a financial depository institution fails, the FDIC, in the event of any shortfall, makes payment of insured deposits to all of the failed institution's depositors as soon as possible in amounts up to \$100,000 per customer per institution. Those depositors who have funds in excess of the insurance limits receive the insured portion of their funds and may also receive a portion of their uninsured funds. Because the MLBD and RASP programs each use two banks, each individual depositor receives up to \$200,000 of FDIC insurance. For additional information about FDIC, visit [www.fdic.gov](http://www.fdic.gov).

*Since 1915, Merrill Lynch has focused on the needs of private investors. Today, our clients trust us with \$1.6 trillion dollars in assets. We are deeply aware of our responsibility to ensure the security of those assets.*

*SIPC and excess-SIPC protection do not protect against investment losses from market action. SIPC and the excess-SIPC bond do not protect assets that are unregistered securities (as defined under the SIPC rules) and assets that are not securities, such as life insurance, annuities, precious metals, foreign exchange and futures contracts. Also not covered are assets not held in your account, such as non-listed limited partnership interests and money market and mutual fund shares held at the fund's transfer agent.*

# Stringent Regulatory Compliance Systems

*As a registered broker-dealer, MLPF&S is subject to the comprehensive and stringent rules and regulations of the SEC. The rules mandate customer protection, financial responsibility and recordkeeping.*

## Customer protection

The SEC's **Customer Protection Rule** is the primary regulatory safeguard of client assets in custody with U.S.-registered broker-dealers. The rule requires MLPF&S to safeguard client securities and cash and to protect them from any risks involving the non-customer business activities of the Firm. MLPF&S accomplishes this, in part, through the use of segregated client securities accounts at the major depositories, ensuring that fully paid (i.e., non-margin) client securities are not used in the Firm's business in any way.

## Recordkeeping

SEC rules require MLPF&S to maintain comprehensive and accurate records, including those necessary to demonstrate its compliance with the Customer Protection and Net Capital rules. Merrill Lynch is diligent in fulfilling the SEC's recordkeeping requirements in order to protect client assets. In order to ensure maximum availability of information about clients, their assets and their transactions, MLPF&S, through its information systems, maintains multiple copies of records and transactions of all clients. These copies are safeguarded in various sites throughout the U.S. Whether you contact us through your Financial Advisor, one of our geographically dispersed service centers or one of our Internet sites, we assure you that your account information will be safe and available.

## Financial responsibility

The cornerstone of the SEC's broker-dealer financial responsibility program is its **Net Capital Rule**. This rule is designed to ensure that MLPF&S keeps on hand at all times sufficient cash and other readily marketable assets to meet all of its financial obligations to customers. With its ample capital resources and prudent business management, MLPF&S has always met this strict regulatory capital requirement with substantial excess capital to spare.

## Oversight of regulatory compliance

MLPF&S is subject to continuing oversight and annual examination by the New York Stock Exchange (NYSE), MLPF&S's primary examining authority. In addition, MLPF&S is subject to inspection and review by NASD.

SEC rules also require that MLPF&S's financial statements and operational systems and procedures undergo an annual audit by our independent accounting firm, Deloitte & Touche.

In addition, Merrill Lynch maintains internal audit, compliance, and credit and risk management staffs that continually monitor regulatory compliance and assist the Firm in meeting all SEC and other regulatory requirements. Although U.S. regulatory requirements apply only to MLPF&S, and different regulatory requirements may apply to local account-carrying affiliates in various countries, Merrill Lynch strives to maintain the same high standards of customer protection and financial responsibility throughout its global organization.

# Client Security Features

*At Merrill Lynch, we consider both the security of your personal and financial information and the protection of your identity to be critical priorities. That is why we have committed ourselves to maintaining strong security standards, including firewalls, encryption and other technological safeguards. We also maintain other advanced forms of protection regarding client authentication and account access controls.*

*In addition to the underlying protections that Merrill Lynch already has in place, we have available optional security features to further safeguard your accounts with us. These services are intended to provide you with an extra level of security against identity theft and unauthorized or fraudulent account activity. They include:*

- A personal Telephonic Security Code that helps us further validate your identity when you contact the Merrill Lynch Client Service Center at (800) MERRILL (637-7455).
- The option of receiving monthly statements and trade confirmations electronically via *Merrill Lynch OnLine*<sup>®</sup>. A number of studies suggest that intercepted mail remains a more likely avenue to identity theft than Internet fraud.

*For our Merrill Lynch Visa<sup>®</sup> cardholders, we offer a number of security features for your peace of mind, including:*

- A sophisticated system that allows us to look at every transaction in real time to assess the risk of fraud.
- A fraud monitoring system that continually examines credit card transactions and notifies clients by telephone if fraudulent or suspicious activity is suspected; in the event that the client does not respond to the alert, either a temporary block is placed on the account or the Financial Advisor is contacted.
- Immediate resolution of disputes relating to unauthorized transactions, including timely reversal of disputed charges, pending a review by our fraud team.
- A three-digit cardholder verification code to provide an extra layer of Internet- and telephone-based fraud security by ensuring that the client is in possession of the card at the time a transaction is made, as well as a toll-free number—(866) ID-HOTLINE—to call if you suspect your identity has been stolen.
- A Zero Liability policy that gives you 100% protection against unauthorized purchases, as well as a Verified by Visa<sup>®</sup> program that protects your card with a personal password when shopping online. (Cardholders remain responsible for reviewing their statements and reporting unauthorized transactions.)

For the latest information on identity theft and fraud, please visit our Web site, [www.ml.com](http://www.ml.com), and click on the Privacy & Security link at the bottom of the home page. If you need to report identity theft or fraud or if you have questions, please call 24 hours a day, 7 days a week at (800) MERRILL (637-7455) or contact your Financial Advisor.

For additional information on the security protections provided to you as a Merrill Lynch cardholder, please visit [www.card.ml.com](http://www.card.ml.com).



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