

**Frequently Asked Questions:
Transition of Equity, ETF, and Option Securities to
Schwab's New Enterprise Security Master Platform**

During the second quarter, Schwab transitioned all listed Equity, ETF, and Option securities to our new Enterprise Security Master platform. The new platform now provides our client trading and service channels with information for the securities of these three asset classes in addition to Fixed Income and Preferred securities which began using the new system in 2013.

Along with this transition, we've also recently changed our price reporting methodology for Treasury Inflation-Protected Securities (TIPS) and other non-Mortgage-Backed Securities that trade with factors.

Listed below are answers to frequently asked questions related to the transition.

What is the new Security Master platform and why has Schwab developed it?

As part of a larger initiative to continuously improve data quality, in 2013 we upgraded our platform that supports descriptive information for securities. Our mission was to develop a new platform – the Enterprise Security Master – that could standardize securities description data across all asset classes, and provide new classification and taxonomy capabilities to regularly improve our presentation of securities data to our clients.

Fixed Income and Preferred securities were the first asset classes to transition to the new platform, in late 2013. Our latest work phase addressed all listed Equity, ETF, and Option securities.

When did the transition take place?

The transition took place in two major phases. Equities and ETFs transitioned on Thursday, April 16. Options transitioned in multiple stages: Thursday, May 21; Thursday, June 4; Thursday, June 11; and Saturday, June 20.

Where is securities information from the new platform presented?

Information from the new platform is presented through all channels where securities descriptions are shown today including online, web trading applications, statements, downloads, and reports.

While the transition hasn't resulted in major noticeable changes to securities description information, there are minor differences with some descriptions and the order in which holdings are alphabetized in position listings.

Are there before-and-after examples that show how descriptions appear as a result of the transition?

The following examples illustrate how some Equity and ETF descriptions are displayed:

Asset Type	CUSIP	Symbol	Before		After	
			Description	Listing Order	Description	Listing Order
Equity	00206R-10-2	T	AT&T INC NEW	A	AT&T INC	A
Equity	254687-10-6	DIS	DISNEY WALT CO	D	WALT DISNEY CO	W
Equity	30231G-10-2	XOM	EXXON MOBIL CORPORATION	E	EXXON MOBIL CORP	E
Equity	532457-10-8	LLY	LILLY ELI & COMPANY	L	ELI LILLY & COMPANY	E
ETF	73935A-10-4	QQQ	POWERSHS QQQ TRUST SER 1	P	POWERSHARES QQQ TRUST SRS 1 ETF	P
ETF	74347R-81-8	SAA	PROSHS ULTRA SMALLCAP600	P	PROSHARES ULTRA SMALLCAP 600 ETF	P
ETF	464287-20-0	IVV	ISHARES CORE S&P ETF S&P 500 INDEX	I	ISHARES CORE S&P 500 ETF	I

The following examples illustrate how some Options contracts are displayed:

Options Description		Equity Description
Before	After	
CALL/PUT DISNEY WALT CO	CALL/PUT WALT DISNEY CO	WALT DISNEY CO
CALL/PUT LILLY ELI & COMPANY	CALL/PUT ELI LILLY & COMPANY	ELI LILLY & COMPANY
CALL/PUT BERKSHIRE HATHAWAY B NEW CLASS B	CALL/PUT BERKSHIRE HATHAWAY CLASS B	BERKSHIRE HATHAWAY CLASS B
CALL/PUT SCHWAB CHARLES CORP	CALL/PUT CHARLES SCHWAB CORP	CHARLES SCHWAB CORP

What is the source of security-level price information on the new platform?

Security prices come from the same industry-recognized sources that provided Schwab with price data before the transition, but are now furnished to our client-facing channels through the Enterprise Security Master along with description data. Position and portfolio valuations are now calculated with security prices from the new platform.

Are abbreviations still used in Schwab’s security descriptions now that these changes are in place?

Abbreviations continue to be used in our security descriptions in some places. For example, space limitations online and on statements require us to apply standardized abbreviations when displaying security descriptions. Such abbreviations are intended to be intuitive and in line with industry best practices.

What if a new description doesn’t meet a client’s specific needs or preferences – can clients provide feedback?

Clients are welcome to provide feedback through normal trading and service channels. We’ll evaluate all feedback that we receive and determine whether we’re able to make additional changes to best support our clients’ needs.

What changes were made to TIPS inflation factors?

With this transition, we’ve also recently changed our price reporting methodology for Treasury Inflation-Protected Securities (TIPS) and other non-Mortgage-Backed Securities that trade with factors. Our new pricing method for factored securities displays non-factored prices and applies the factor separately to calculate the value of position holdings. This change was introduced in March 2015.

What’s next for the Enterprise Security Master?

Future work phases will transition the Mutual Fund and Alternative asset classes to the new platform. We’ll communicate at a later date when those assets are nearing transition.