

**THE CHARLES SCHWAB CORPORATION**

**CODE OF BUSINESS CONDUCT AND ETHICS**

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## **Introduction**

The Charles Schwab Corporation is committed to the highest standards of ethical conduct. This Code of Business Conduct and Ethics (“Code”) applies to your service as a director, officer or employee of The Charles Schwab Corporation and its subsidiaries and affiliates (the “company”). The Code outlines ethical conduct in several key areas:

- Ethical behavior and legal compliance
- Conflicts of interest
- Confidentiality of information
- Employment practices
- Business practices
- Compliance and reporting

While the Code outlines key areas of ethical conduct, more detailed information is set forth throughout the Charles Schwab Compliance Manual, policies and procedures for individual business units, and policies with which you must comply as a condition of your employment with the company (collectively referred to as “company policies”). You are responsible for reviewing the Code and company policies that apply to you and your business unit and are expected to act in compliance with the Code and company policies in your daily activities. You are also required to report promptly any violations of the Code of which you become aware. You can be subject to discipline up to and including termination of employment if you violate the Code or fail to report violations that come to your attention.

Because the Code does not address every possible situation that may arise, you are responsible for exercising good judgment, applying ethical principles, and raising questions when in doubt.

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## **Ethical Behavior and Legal Compliance**

The trust we earn from our clients and communities in which we operate depends on our reputation for integrity and obeying the law.

### **Ethical Behavior**

Your decisions and behavior have far-reaching implications: reflecting on your individual credibility, the Schwab brand, and the financial services industry as a whole. A strong personal sense of ethics should always play a significant role in guiding you towards a proper course of action. Your conduct should reflect positively on the company.

The appearance of impropriety can be as harmful to the company's reputation as improper conduct. If you have questions about whether certain actions are improper, or will reflect inappropriately on yourself or the company, you should seek guidance. Following instructions from a supervisor, ignoring improper conduct, or failing to seek guidance when in doubt will not relieve you of your responsibility to behave ethically.

### **Compliance with Laws, Rules, Regulations and Policies**

The company's business is subject to various laws, rules and regulations, including securities, banking, and other federal, state and local laws. Although you are not expected to know the details of the myriad of laws governing our business, you are expected to be familiar with and comply with policies and procedures that apply to your business unit and complete any required training that applies to you. When in doubt about applicable laws or regulations, seek advice from supervisors, Corporate Legal Services, the Compliance department or other appropriate personnel.

### **Consequences for Failure to Comply and Reporting Certain Conduct**

If you know of, or reasonably believe there is, a violation of this Code, you must report that information immediately to the Corporate Responsibility Officer or the Ombudsperson. You should not conduct preliminary investigations, unless authorized to do so by the Compliance department. Anyone who in good faith raises an issue regarding a possible violation of law, regulation or company policy or any suspected illegal or unethical behavior will be protected from retaliation. If you have violated the Code, however, making a report will not protect you from the consequences of your actions. You can be subject to discipline up to and including termination of employment if you violate the Code or fail to report violations that come to your attention.

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## **Conflicts of Interest**

You must not engage in outside business or other activities that would interfere with your independent exercise of good judgment in carrying out the business affairs of the company. A "conflict of interest" occurs when your private interest interferes in any way – or even appears to interfere – with the interests of the company. You have a duty to report any material transaction or relationship that reasonably could be expected to create a conflict of interest with the company. If you have any questions regarding what might constitute a conflict of interest, or to report any transaction or relationship that you believe has occurred or may occur that might constitute a conflict of interest, contact the Corporate Responsibility Officer or the Ombudsperson.

### **Duty of Loyalty**

Your employment with the company must be your primary business association and take precedence over any other employment or business affiliation you may have. You may

not hold any position, whether paid or unpaid, with any other organization, whether for-profit or charitable, that would put you in competition with the company or conflict with the performance of your duties at the company. You should not discuss the affairs of the company with anyone (including family members) unless there is a legitimate business reason for that person to know.

### **Corporate Opportunities**

A “corporate opportunity” is a business opportunity that comes to your attention because of your connection with the company. Examples include situations in which a business opportunity has been offered to the company; the company has been pursuing a business opportunity; the company’s funds, facilities, or personnel have been used in pursuing a business opportunity; or the opportunity involves investment in an asset or a business that would be advantageous to the company’s business. Employees, officers and directors are prohibited from taking advantage of corporate opportunities for themselves personally, unless they have presented the opportunity to the company and the company has declined the opportunity. You may not use company property, information or position for improper personal gain, and you may not compete with the company directly or indirectly.

### **Inside Information**

It is unlawful to trade in any security on the basis of material nonpublic (or inside) information or to disclose such information to others who may profit from it. This applies to all types of securities, including equities, options, debt, and mutual funds. Generally, material information is any information that an investor would likely consider important in deciding whether to buy, sell or hold securities or that could affect the market price of the securities. Examples pertaining to securities of a company could include actual or estimated financial results or change in dividends; significant discoveries or product developments; possible mergers; acquisitions or divestitures; major changes in business strategies; obtaining or losing significant contracts; and threatened major litigation or related developments. Examples pertaining to a mutual fund could include trade or valuation errors that will impact the NAV or the closing of a fund. You are prohibited from disclosing inside information to anyone except those who have a need to know it in order to fulfill their responsibilities to the company and in accordance with company policy. You are also required to take steps to protect the confidentiality of inside information. If you have or receive information and are unsure whether it is within the definition of inside information or whether its release might be contrary to a fiduciary or other obligation, contact Corporate Legal Services prior to disclosing any such information. You should also consult the inside information section of the Compliance Manual, which provides additional information about protecting the confidentiality of inside information.

## **Outside Employment and Other Outside Activities**

Officers and employees may not engage in outside employment or other outside activity that conflicts or otherwise interferes with their duties and responsibilities at the company. This includes outside activities that may be misconstrued to be activities of the company and any activity that competes with the company. As outlined in the Compliance Manual, you must obtain prior written approval before participating in outside employment activities.

## **Outside Directorships**

Officers and employees may be asked by non-profit organizations and commercial firms to serve as a director or on an advisory committee. Your service as an advisor to, or member of, the board of directors of another company, or a non-profit charitable, civic, social service, religious, professional or trade organization, must be consistent with the provisions of the Code and not create a conflict of interest with your responsibilities to the company. As outlined in the Compliance Manual, you must obtain prior written approval before accepting certain positions.

## **Financial Interests or Ownership in Other Businesses**

Acquiring an ownership or other business interest in competitors or company vendors require prior written approval from the Compliance department. Examples include making significant investments in or loans to companies that compete with the company or in entities that do business with the company.

## **Acceptance of Gifts or Entertainment**

You may not accept gifts or entertainment from clients, vendors, suppliers, competitors or representatives of clients other than in limited circumstances as specified in company policies that place conditions on acceptance, including dollar amounts and officer approval. Generally, nominal gifts and business meals may be accepted if in compliance with the policies outlined in the Compliance Manual and other company policies and only if a reasonable person would be satisfied that the gift or entertainment did not influence your judgment or the performance of your duties. Under no circumstances may you accept any gifts or entertainment that could create a conflict of interest or the appearance of impropriety. If you have any questions regarding the appropriateness of a gift, you must contact the Compliance department before accepting it.

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## **Confidentiality of Information**

As a financial services company, we have particular responsibilities for safeguarding the information of our clients and the proprietary information of the company. You should be mindful of this obligation when you use the telephone, fax, electronic mail, mobile

devices and other electronic means of storing and transmitting information. You should not discuss confidential information in public areas where it can be overheard, read confidential documents in public places, nor leave or discard confidential documents where they can be retrieved by others.

### **Confidentiality of Client Information**

Information concerning the identity of clients and their transactions and accounts is confidential. Such information may not be disclosed to persons within the company except as they may need to know it in order to fulfill their responsibilities to the company. You may not disclose such information to anyone or any firm outside the company except: (i) in the event an outside firm needs to know the information in order to perform services for the company and is bound to maintain its confidentiality, (ii) when a client has consented to the disclosure after having been given an opportunity to request that the information not be shared, (iii) as required by law, or (iv) as authorized by the Compliance department or Corporate Legal Services.

Information regarding client orders must be kept confidential and may not be used for the benefit of other clients, the company or other accounts, including those of any employee, officer or director. Trading ahead of a client's imminent order is known as *frontrunning* and is prohibited. Misusing confidential customer trade information for possible personal benefit, known as *shadowing*, is likewise prohibited.

### **Privacy**

To safeguard clients' privacy, the company limits sharing customer information with others. As set out in the Privacy Policy, the company does not sell personally identifiable customer information to anyone. Customer information may be shared with third parties only in certain limited circumstances, such as for processing transactions and servicing accounts, joint marketing arrangements, and other specific purposes permitted by applicable federal and state privacy laws. Information may be shared with affiliated companies (subsidiaries under common control of The Charles Schwab Corporation) as allowed by applicable laws and, where required, only after giving customers the opportunity to opt out of such sharing.

You should be familiar with the company's Privacy Policy and the limitations on how customer information can be used and shared. You should also be familiar with the procedural and systemic safeguards we maintain to protect the security of customer information. If you have any questions about whether any particular use or disclosure of customer information is permitted, you should direct them to the Privacy Office.

### **Proprietary Information of the Company**

You have the responsibility to safeguard proprietary information of the company and comply with the company's Confidentiality, Non-solicitation and Intellectual Property Ownership Agreement, the terms of which are a condition of your employment. Proprietary information includes intellectual property (copyrights, trademarks or patents



or trade secrets), particular know-how (business or organizational designs, or business, marketing or service plans or ideas) and sensitive information about the company (databases, records, salary information or unpublished financial reports). If you have any questions about what constitutes proprietary information, or if you believe such information has been compromised, contact Corporate Legal Services.

### **Protection and Use of Company Assets**

You are obligated to protect the company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the company. Company equipment should not be used for non-company business, though incidental personal use may be permitted.

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## **Employment Practices**

Our employment policies reflect the high standards of our business practices and our respect for fellow employees.

### **Equal Employment Opportunity, and Preventing Harassment and Discrimination**

It is our policy to hire, retain, promote, train, terminate, and otherwise treat employees and job applicants on the basis of merit, qualifications, performance, competence, and the company's business needs. We believe in respecting the dignity of every employee and expect every employee to show respect for all of our colleagues, clients, contingent workers, and vendors. Respectful, professional conduct promotes productivity and minimizes disputes.

We apply our employment practices without regard to race, color, sex (including pregnancy, childbirth, breastfeeding, or related medical conditions), gender identity or expression, religion, age, national origin, ancestry, citizenship status, disability, legally protected medical condition, genetic information, marital status, sexual orientation, protected veteran status, military status, or any other status protected by federal, state, or local law. We do not tolerate discrimination or harassment of any kind, including any verbal, physical, or written (including email, instant messaging, and other forms of written communication) harassment based on an individual's protected status. The company will make reasonable accommodations to a qualified individual with a disability or for an employee's sincerely held religious beliefs in accordance with applicable law. Managers are expected to implement these employment policies and to create a working environment supportive of optimal performance and opportunities for professional growth and advancement. All employees are expected to read, understand, and comply with the company's Equal Employment Opportunity Policy and Preventing Harassment and Discrimination Policy, which are available to all employees. Acts of discrimination or harassment on the basis of the categories set forth above are subject to disciplinary action, up to and including termination of employment. If you reasonably believe acts of

discrimination or harassment have occurred, you must report such conduct to the Human Resources Department or to the Ombudsperson.

### **Health and Safety**

The company is committed to providing a healthful and safe working environment. You are responsible for learning the safety procedures applicable to your job and area and for reporting accidents, injuries, and unsafe practices, conditions or equipment to your supervisor, the Human Resources Department, the Facilities Department or the Ombudsperson.

### **Drug and Alcohol Free Workplace**

The company intends to maintain a workplace that is free of drugs and alcohol and to discourage drug and alcohol abuse by our employees. Substance abuse threatens your safety and well-being as well as the company's ability to provide high quality service and compete effectively in the marketplace. Employees are expected to report to work fit to do their jobs. Anyone who may be under the influence of alcohol, illegal drugs or prescription drugs that endanger safety and good business judgment or are otherwise being misused, will be sent home and subject to discipline, up to and including termination of employment.

Employees who manufacture, sell, distribute, dispense, possess, buy or use illegal drugs or sell, distribute or dispense prescription drugs on company premises, company time or while engaged in company business will be terminated. Such conduct is also prohibited during nonworking time to the extent that in the opinion of the company, it impairs an employee's ability to perform on the job or threatens the reputation or integrity of the company. Employees who offer to buy, sell or transfer in any way illegal or prescription drugs or offer to buy, sell, transfer or possess items commonly recognized by the law enforcement community to be drug paraphernalia on company premises, company time, or while engaged in company business will be terminated. Employees who sell, distribute, possess, buy or use alcohol without authorization on company premises or company time will be subject to disciplinary action, up to and including termination.

### **Non-Retaliation**

You must report issues regarding possible violations of this Code when you have reason to suspect that a violation may have occurred or might occur. No employee or applicant will be retaliated against for making a good faith complaint or bringing inappropriate conduct to the company's attention, for assisting another employee or applicant in making a good faith report, for cooperating in an investigation, or for filing an administrative claim with a state or federal governmental agency. Any employee who engages in retaliatory conduct in violation of our policies will be subject to disciplinary action, up to and including termination of employment. If you reasonably believe retaliatory conduct has occurred, you must report such conduct to the Human Resources Department, Corporate Responsibility Officer, or the Ombudsperson.

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## **Business Practices**

In our business operations, we deal fairly with our clients, colleagues and shareholders. We maintain accurate business records and comply with laws and regulations regarding financial disclosures and audits.

## **Financial Disclosures**

The company is committed to providing full, fair, accurate, timely and understandable disclosure in reports and documents that the company files with, or submits to, the Securities and Exchange Commission and other regulatory agencies and in other public communications made by the company. You are required to comply with company policies and procedures for compiling such disclosures and ensuring that they are full, fair, accurate, timely and understandable. The company may from time to time receive inquiries regarding its financial disclosures from the investment community (i.e., equity analysts and representatives from securities and investment firms). The Investor Relations Department acts as a liaison between the company and the investment community and is responsible for responding to their inquiries. You should direct all inquiries from members of the investment community to the Investor Relations Department. If you have any questions regarding the company's disclosure obligations, please contact Corporate Legal Services.

## **Conduct of Audits**

Neither you nor any other person acting under your direction shall directly or indirectly take any action fraudulently to influence, coerce, manipulate, or mislead any independent or certified public accountant engaged in the performance of an audit or review of the company's financial statements. You may not offer future employment or contracts for non-audit services, provide an auditor with inaccurate or misleading information, threaten to cancel or cancel existing non-audit or audit engagements if the auditor objects to the accounting, seek to have a partner removed from the audit engagement because the partner objects to the company's accounting, or engage in any other coercive activity.

## **Record-Keeping**

We require honest and accurate recording and reporting of information to maintain the integrity of our business records and to make responsible business decisions. The company's books, records and accounts must (i) accurately reflect all transactions of the company and all other events that are the subject of a specific regulatory record-keeping requirement; (ii) be maintained in reasonable detail; and (iii) conform both to applicable legal requirements and to the company's system of internal controls. Unrecorded or "off the books" funds or assets are prohibited unless permitted by applicable law or regulation. Business records must not contain exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies. This applies equally to e-mail, internal memoranda, formal reports, and all other forms of business

records. You must be familiar with the company's record retention policies and always retain or destroy records according to them. In the event of litigation, governmental investigation or the threat of such action, you should consult Corporate Legal Services regarding record retention.

### **Competition and Fair Dealing**

We operate our business fairly and honestly. We seek competitive advantage through superior performance and dedication to serving our clients and never through unethical or illegal business practices. It is our policy to comply with anti-trust laws. These laws are complex and not easily summarized but at a minimum require that there be no agreement or understanding between the company and its competitors that affect prices, terms or conditions of sale or that unreasonably restrain full and fair competition. You must always respect the rights of and deal fairly with the company's clients, competitors and employees. You must never take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice. If you have any question about what constitutes an unfair business practice, you should consult Corporate Legal Services.

### **Prohibition of Bribery and Kickbacks**

Our policies prohibit bribery or kickbacks of any kind and to anyone in the conduct of our business. The U.S. government has a number of laws and regulations applicable specifically to business gratuities that may be accepted by U.S. and foreign government personnel. The promise, offer or delivery to an official or employee of the U.S. government or an official employee or candidate of a foreign government of a gift, favor, payment or other gratuity in violation of these rules would not only violate company policy but also could be a criminal offense. Similarly, federal law, as well as the laws of many states, prohibits engaging in "commercial bribery." Commercial bribery involves soliciting, demanding or accepting anything of value from any person with the intention to influence or be rewarded in connection with any business or transaction, such as with vendors, competitors, clients, or government employees. If you have any questions or need any guidance, you should contact Corporate Legal Services.

### **Anti-Money Laundering**

As a financial services company that provides securities and banking services to its customers, the company is committed to supporting the efforts of governmental authorities to reduce the threat posed by money laundering and terrorist financing and complying with the laws and regulations governing money laundering. The laws require the company to know its customers, monitor customer activity to prevent money laundering, and report suspicious activities to the government. Our policies and programs are designed to protect the company from being used to launder money and manage associated risks.

Money laundering is the process of converting illegal proceeds (e.g., money received from illegal drug trafficking, terrorist organizations, securities fraud or embezzlement) so that the money appears to be legitimate. You are required to know and comply with the company's anti-money laundering policies and applicable procedures. If you have any questions regarding the company's anti-money laundering policies and customer information program, or suspect any suspicious activity has occurred involving potential money laundering, you must contact the Corporate BSA/AML Department.

### **U.S. Embargoes**

Federal laws and regulations prohibit U.S. persons and corporations from transacting with persons and entities from countries on lists provided by the Office of Foreign Assets Control (OFAC) of the U.S. Treasury Department. Prohibited activities include opening accounts, sending or receiving money, transferring securities, or engaging in any transaction with persons or entities from OFAC prohibited countries. You are required to know and comply with the company's OFAC policies. If you have any questions about the company's OFAC policies, or suspect any activity has occurred that may be prohibited under OFAC policies, you must contact the Corporate BSA/AML Department immediately.

### **Vendor Management**

The company has adopted a comprehensive vendor management program for all vendor engagements. If you transact business with vendors (such as consultants, contractors, suppliers and licensors), you are required to know and observe the company's policies and procedures for these transactions, such as marketing policies, procedures for performing due diligence on third parties, and obtaining proper authorizations for any agreements. All vendor contracts must be initiated and processed through the company's Vendor Management Office. You must seek advice from your supervisor or the Vendor Management Office if you have any questions.

### **Media Coverage**

Media coverage can have a significant impact on the company's brand and reputation. The company's media contacts policy is designed to ensure accurate and coordinated communication of information about the company and its business. In addition, legal and regulatory requirements restrict information that may be provided to the media. Our Public Relations Department acts as a liaison between the company and the press and is responsible for responding to press inquiries. You should direct all inquiries from the press to the Public Relations Department prior to responding directly.

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## Compliance and Reporting Procedures

You must comply with the Code and take prompt action to report actual or suspected violations of the Code. You may not engage in any conduct to circumvent the Code (e.g., by asking family members to accept gifts on your behalf that you would be prohibited from accepting under the Code).

### Seeking Guidance

If you are unsure of what to do in any situation, seek guidance before you act. Use the company resources, including your supervisor, the Compliance department, or other company departments as outlined in the Code. If you feel that it is not appropriate to discuss a matter with your supervisor, you may contact the Corporate Responsibility Officer or the Ombudsperson. Remember that you must report all incidents of misconduct, and you may do so without fear of retaliation. If you have violated the Code, however, making a report will not protect you from the consequences of your actions.

### Reporting Conduct that May be in Violation of the Code

Reports should be escalated in the following manner:

1. If you have a reasonable belief that a violation has occurred, or may occur, you must report the conduct as follows:

<b>Conduct:</b>	<b>Report to:</b>
All conduct in violation of the Code unless otherwise provided	Corporate Responsibility Officer
Employment practices	Human Resources Department
Money laundering and OFAC policies	Corporate BSA/AML Department
Privacy	Privacy Department
Confidentiality of information, proprietary information, and recordkeeping	Corporate Legal Services
Violation of laws, rules or regulations	Corporate Legal Services
Vendor management	Vendor Management Office

2. If you prefer to make a report confidentially or anonymously, you should contact the company's Ombudsperson.

The internal department to whom you made the report or Ombudsperson will determine the appropriate action to take, including conducting any investigation of the matter, recommending appropriate discipline, and making further reports to senior management or directors.

## **Additional Responsibilities**

### *Role of Managers*

- Establish, communicate and promote compliance with business conduct standards personally and within your organization(s).
- Provide employees with information about standards, policies, procedures and rules.
- Address any behavior that indicates an employee may not understand or may not be complying with expectations.
- Answer employee questions about business conduct and seek advice from senior management, the Compliance department, and other company departments as outlined in this Code when in doubt.
- Make certain that conduct that may be a violation of policies, regulations or rules is reported timely and appropriately.
- Make certain that decisions and actions aimed at addressing misconduct are free of discriminatory influence or favoritism.

### *Role of Directors*

- Review the Code periodically and recommend any changes.
- Ensure that management establishes procedures for implementing the Code.
- Ensure that management carries out the operations of the company in accordance with the law and company policies.
- Ensure that management has established appropriate procedures for handling reports of misconduct.
- Review management's reports of compliance with the Code.

## **Waivers of the Code**

Any waiver of the Code for executive officers, senior financial officers or directors may be made only by the Board or a Board committee and will be promptly disclosed publicly as required by law or stock exchange regulations.

Last amended: December 9, 2015