

MOTIF Investing, Inc.
Motif Direct Index Account
Terms and Conditions

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Motif Direct Index Account, Terms and Conditions

Introduction. Motif Direct Index portfolios are designed to provide an entry point for self-directed investors to buy the underlying stocks of a Motif index.

Application and Onboarding. If you wish to establish a Motif Direct Index account, you will be required to submit an application and fulfill funding requirements.

You can apply for Motif Direct Index accounts with registrations as sole ownership, joint tenancy with rights of survivorship, and Individual Retirement Accounts (IRAs). IRA contribution limits may be below the required account minimum for a Direct Index account, so you may need to contribute up to the yearly limit for multiple years before funds will be invested, or consider rollover or ACAT funding.

All Direct Index accounts are cash accounts – margin accounts are not available.

Direct Index Account Investments.

Each Direct Index account includes a single Direct Index Portfolio. You can access detailed information about the portfolio, including its underlying securities, weightings, and prevailing share price. Direct Index Portfolio holdings are comprised of stocks that are selected and weighted based on the index that it tracks. The portfolios do not include positions for cash or cash equivalents. You can customize the composition of the Direct Index portfolio by changing the weights or by adding or deleting the underlying stocks.

Initial Deposit and Subsequent Contributions. The minimum initial deposit and account balance for a Direct Index account is \$10,000. You will not incur a penalty if the total market value of your positions drops below the required minimum balance.

You can also set a recurring schedule to automate your deposits. The minimum amount for recurring deposit is \$250 and you can set these deposits to occur bi-weekly (every two weeks), monthly, or quarterly. Recurring deposits are funded through ACH transfers from linked bank accounts. You can change the frequency of your automated deposits or their dollar amount from the Transfers page of your account. You are not required to commit to a recurring contribution schedule.

Auto-Invest Cash. Direct Index accounts can be designed for you to invest your available cash rather than to accrue large cash balances. Cash deposits, dividend distributions, or other cash disbursements all contribute to your available cash balance. When Auto-Invest Cash is enabled and your cash balance exceeds \$250, orders to purchase additional shares of securities will be created based on the weightings of the stocks in your Direct Index portfolio.

An email message summarizing the pending orders will be sent for your review at the close of the market. Those orders will be placed as market orders pending execution at the open of the

next business day. During the period of time you receive the notice and prior to the next market open, you are responsible for reviewing the orders, and either taking action to cancel or make adjustments to those pending orders, or to allow the orders to stand as pending market orders. Your inaction to cancel these orders is tantamount to your authorization to execute the orders. You are responsible for closely monitoring your account, the status of transactions pending on your account, notifications generated from your account, and the outcomes of the activities that occur in your account.

At any time, you can disable Auto-Invest Cash from your dashboard. Any changes made after 4:30pm ET on a trading day will go into effect the next trading day. If you would like to make changes to any next-day orders, you must first cancel these orders from your Orders page.

[Automated Portfolio Rebalancing.](#)

Direct Index portfolios are subject to annual rebalancing. Motif will send you an email notification before this event occurs. A day before the scheduled rebalance, you can either accept or cancel the rebalance. In all cases, you are responsible for monitoring your account for the rebalancing notifications and for making any desired changes in a timely manner ahead of the scheduled transaction(s).

You may cancel or adjust any pending orders prior to the next market open. Your inaction to cancel these orders is tantamount to your authorization to execute these orders. You are responsible for closely monitoring your account, the status of transactions pending on your account, notifications generated from your account, and the outcomes of the activities that occur in your account.

You may disable Automated Portfolio Rebalancing at any time from your positions page. Any changes made after 4:30pm ET on a trading day will go into effect the next trading day. If you would like to make changes to any next-day orders, you must first cancel these orders from your Orders page.

[Direct Index Account Trades.](#) As part of automated cash investing or account rebalancing, all buy and sell orders for Direct Index accounts are treated as market orders to be executed the following business day at the market open. Automated orders can be canceled, ahead of the next market open from your Orders page. A cancel instruction is only a request and, as such, cancellation of your order is not guaranteed. MOTIF Investing processes requests to cancel on a best efforts basis and your order will be canceled only if your cancellation request is received in the marketplace and matched up with the existing order before the order is executed.

When Auto-Invest Cash is enabled, buy orders are automatically initiated when the cash balance in your Direct Index account exceeds \$250. A buy order is executed at the next market open for the full cash balance minus any reserves.

When Auto-Invest cash is disabled, you may place buy or sell orders of the Direct Index portfolio or of any of its individual holdings. All trades will be executed at the next market open. Keep in mind that cash proceeds from sells will remain as cash if “Auto-Invest Cash” remains disabled.

Direct Index orders can also be manually entered by Motif Customer Service Representatives. Orders can either be entered as market orders for execution at the prevailing market price at the time the order is entered, or you may request your orders to be set as market orders good for the next market’s open. A broker-assist fee may be applied to orders entered by Motif Customer Service Representatives at the request of customers. See our [Fees and Commissions page](#) for more details.

Stop or limit orders cannot be placed from a Direct Index account.

Motif Investing will require an excess cash reserve equivalent to two (2) percent of the value of your purchase order as protection against market fluctuation on opening prices the next trading day. You may not rely on Motif Investing’s system controls to reject such orders, and you have an obligation to refrain from placing any transactions that suggest over-purchase or excess equity requirement. The reserve requirement allows for multiple transactions on one portfolio to be executed with dollar-denominated, fractional share purchases. The execution of your orders may result in slightly more or fewer shares than specified on the Orders page due to market fluctuations occurring at the next market open.

Trade Notifications. Motif will notify you by email one trading day in advance of when a trade will occur. The notification will contain the following information:

- Date on which the pending trade is expected to be executed
- Your specified investment value
- Expected day and time of execution

You are responsible for monitoring your account for notifications and for taking action to either cancel or adjust your pending orders within the required timeframes. By taking no action within the required timeframe, you are confirming your agreement for the orders to execute as described in the notifications.

Tax Events. As a reminder, the sale of any security position will result in taxable events. With a Direct Index account, the sale of your holdings can involve many individual transactions (e.g. 500 transactions with a Motif 500 portfolio). A rebalancing event may also result in adjustments to Direct Index Portfolio, including full and/or partial sales of securities. Motif will make available to you the necessary tax forms and statements to report taxable events; however, Motif does not provide investment or tax advice. As a self-directed investor, you are responsible for the tax consequences that can uniquely impact a Direct Index investment.

Incremental transactions such as rebalances, corporate actions, and minimum investments, can generate micro-transaction activity. You may wish to consult with your tax or estate planning advisor regarding the tax consequences of these transactions prior to making an investment decision.

[Modifications and Termination of Direct Index Account](#). You can find the ability to customize your portfolio from your Positions page. Any customizations made after 4:30 pm ET on a trading day will go into effect on the next trading day. You may cancel any automated transactions at any time before 9:20 am ET on the scheduled recurring trade date from your Orders page. If notices are sent on a day that is not a trading day, your modifications will go into effect on the next trading day after Motif receives your modifications.

Motif reserves the right to modify or terminate your Direct Index Account at any time and for any reason. You will remain liable for all items that have not been settled at the time your Direct Index account terminates.

[Service fees.](#)

Motif Investing specifies the annual fee rate (if any) it charges you and posts the licensing fee on the pricing page on our website. Fees due shall be calculated by multiplying the licensing fee by the net market value of Direct Index positions as of the close of trading on such day, or as of the close of markets on the immediately preceding trading day for any day when the markets are closed, and then by dividing by 365 (except in any leap year, during which year the amount shall be divided by 366). Except as provided below, the fees due for each calendar month (consisting of the aggregate of the daily fee for each day in that calendar month) shall be due and payable in arrears no later than the tenth business day of the immediately following calendar month. Motif will promptly notify you of any increase or decrease in the licensing fee. An increase in the licensing fee will be effective for your account starting in the next month that begins at least 30 days after Motif sends or posts such notice. A reduction in the licensing fee will be effective for the Motif account starting in the next month following its reduction.

If you close your Direct Index Account, withdraw the entire balance of the Direct Index Account, or otherwise terminate this Agreement on any date other than the last business day of the month, you shall pay any outstanding aggregate daily fees for the period from the day immediately following the last day of the last calendar month for which you have paid, through the effective date of such withdrawal or termination, as of such effective date.

If, for any reason, Motif shall close and liquidate all the positions held in your Direct Index Account, you may receive the proceeds of the liquidated portion of the Account, and this Agreement shall terminate.

If for any reason there is insufficient cash available in the Account to cover Motif's fees at the time they are charged and deducted from the Account, Motif, in its sole discretion, may cause securities in your Direct Index Account to be liquidated to cover its fees. Motif reserves the

right, in its sole discretion, to reduce or waive the licensing fee for certain Accounts for any period of time determined by Motif. In addition, you agree that Motif may waive its fees for accounts other than yours, without notice to you and without waiving your fees.

[Customer Acknowledgements; Terms and Conditions](#). These Terms and Conditions are in addition to, and do not replace, the terms as outlined in: (1) the Motif Investing, Inc. Customer Agreement (including the description in the Customer Agreement of Order Entry, Market Volatility and Market Orders); and (2) the Motif Investing, Inc., Terms of Use, and the Auto-Invest and Auto-Rebalance Terms and Conditions as published on our website.

You agree that Motif will not be liable for any loss incurred by you in connection with your investments in the Direct Index account. You will indemnify us and our officers, employees, agents, successors, and assigns against any and all claims or liabilities by virtue of us acting on your investment instructions. This indemnity is unlimited and will be binding upon your heirs, successors, and assigns. Motif will have no liability for costs or damages resulting from any inaccurate information that you provide us, or from any failure on your part to update any information that you have provided us.

You acknowledge and agree that the investment products and services described and made available throughout the Motif Investing, Inc. website, including all motif portfolios, as well as the Direct Index Account, are provided for general informational purposes only and do not constitute investment recommendations, nor tax or legal advice. Under no circumstance is any of the information contained on the website to be used or considered as an offer to sell, or a solicitation of an offer to buy, any particular security or securities or a recommendation to pursue, or an opinion as to the suitability of, any investment strategy.

You understand that you are solely responsible for all investment decisions you make regarding your Direct Index account, including all transactions and instructions you direct to Motif, and any subsequent transactions that occur within the account. Any order properly entered in your Direct Index account will be executed based on instructions deemed to be at your direction. Consequently, you are responsible for the outcome of such transactions, including the possible loss of principal invested. You understand the risks involved with transacting in securities, including fluctuations in the value of your holdings.

You are solely responsible for providing the investment direction and instructions for your Direct Index account. You bear responsibility for knowing the frequency of the transactions, including recurring transactions, based on the instructions you have provided. While Motif intends to provide you with courtesy reminders of upcoming transactions to your Direct Index account, you are responsible for notifying Motif of any changes, or cancellation instructions that you wish to apply to your Direct Index account. Any transactions processed are therefore considered instructions directed by you for Motif to process.

By providing market and account information available to you through the Motif website and mobile app, and by facilitating your investment through the Direct Index account, Motif Investing is not advising you to invest in any particular security or securities, or to pursue any particular investment strategy. Motif Investing does not have verifiable access to information related to your financial standing or risk tolerance. You are responsible for the data you provided about your financial standing, risk tolerance, time horizon, and values, as well as making any changes or updates to that information, which may modify the results of your portfolios; thus, as a self-directed investor, you are responsible for your inputs that helped create your unique portfolios, as well as the providing the authorization for any resulting transactions. Although our website may provide various educational resources, including tools that help you assess your risk tolerance, Motif Investing does not determine whether published resources, which are designed to help you review your investments, will result in investments suitable for your investment needs. All investments entail risks, and you are responsible for determining whether you can take on the risks of using the tools to aid your investing decisions or of investing in any security offered by Motif Investing.