

E*TRADE SECURITIES LLC AND E*TRADE CAPITAL MANAGEMENT, LLC

Relationship Summary, effective December 30, 2022



E*TRADE Securities LLC (**ETS**) is registered with the Securities and Exchange Commission (**SEC**) as a broker-dealer and is a member of the Financial Industry Regulatory Authority (**FINRA**) and the Securities Investor Protection Corporation (**SIPC**). ETS was founded in 1982 and conducted its first online trade in 1983. E*TRADE Capital Management, LLC (**ETCM**), an affiliate of ETS, is registered with the SEC as an investment adviser.¹ ETCM began offering investment advisory services under its current name in 2008. ETS and ETCM provide online brokerage, investment advisory services, and related products and services primarily to retail investors. ETS and ETCM are indirect subsidiaries of Morgan Stanley, a leading global financial services firm providing a wide range of investment banking, securities, wealth management, and investment management services. For more information, please refer to morganstanley.com/about-us-newsroom. The brokerage services offered by ETS, and the fees for those services, are different from the investment advisory services provided by ETCM, and it's important for you to understand the differences. You should consider these differences when deciding what type or combination of services and accounts are right for you.

Throughout 2023, ETS and ETCM will be transitioning clients to Morgan Stanley Smith Barney LLC, an affiliated broker-dealer and investment adviser (**MSSB**). Clients will be given advanced notice of their transition date along with detailed information regarding the transition. Learn more about this transition at etrade.com/mssb.

We are required to share this summary to help you understand the different services ETS and ETCM provide, allowing you to make more informed decisions. Please do not hesitate to call us at 800-387-2331 with any questions. Free and simple tools are available to research firms and financial professionals at investor.gov/crs, which also provides educational materials about broker-dealers, investment advisers, and investing.


WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

	E*TRADE Securities (ETS)	E*TRADE Capital Management (ETCM)
Description of Services	<p>ETS offers brokerage services to retail investors and participants in equity compensation programs of employers who are clients of E*TRADE Financial Corporate Services, Inc. and MSSB (through its Morgan Stanley at Work division), affiliates of ETS. Our primary business is helping customers with orders to buy and sell stocks, exchange-traded funds (ETFs), mutual funds, fixed income investments, and other securities or investment strategies such as trading options and margin. To assist and educate customers, ETS also offers investor education, research, and financial tools, free of charge. ETS may also refer you to Morgan Stanley affiliates providing a variety of services and its educational tools can include Morgan Stanley branded products.</p> <p>As of January 3, 2023, ETS makes no investment recommendations. ETS also no longer makes recommendations regarding opening an investment advisory account with ETCM.</p>	<p>ETCM offers discretionary investment advisory services. <i>Discretionary</i> means that we or an unaffiliated money manager make trades for you based on your selected portfolio strategy without consulting you in advance of making trades. Depending on the program selected, your account may be invested in mutual funds, ETFs, stocks, and/or fixed income securities.</p> <p>Some types of E*TRADE accounts are not eligible for all ETCM offerings. Customers accessing Core Portfolios (available online or through mobile) do not receive advice about whether or not to open a Core Portfolios advisory account.</p> <p>As of January 3, 2023, ETCM is only offering the advisory program called Core Portfolios. All other offerings are closed to new accounts. In addition, sometime in the latter half of the second quarter of 2023, Core Portfolios will only be available to existing E*TRADE customers.</p>
Monitoring	<p>ETS does not provide agreed-upon monitoring for your account. As mentioned above, this means that ETS does not check your asset allocation or fluctuations in your investments on an ongoing basis.</p>	<p>On a daily basis, ETCM monitors your ETCM account activity, the investments in your ETCM accounts, and how well your ETCM account aligns with your investment strategy, but we do not try to time the market (i.e., make trades for you at the "perfect time"). Account rebalancing depends on the product and is based on how much the asset allocation moves away from your investment strategy and/or calendar rebalancing. ETCM monitors only ETCM accounts.</p>
Investment Authority	<p>ETS has no authority to make investments in your account without your instruction. Accordingly, you make all investment decisions.</p>	<p>ETCM's authority to act on your behalf is limited to managing your portfolio (onboarding, monitoring, rebalancing) and lasts until your ETCM account is closed.</p>
Account Minimums and Other Requirements	<p>There is no minimum required to open an account. Funding and documentation requirements to start investing at ETS will be provided at account opening. However, to maintain an account, funding is required.</p>	<p>There are minimum deposit amounts and documentation for each ETCM offering, which can be found at etrade.com/managed.</p>
Limited Investment Offerings	<p>For brokerage accounts, ETS makes available mutual funds, ETFs, equities, bonds, futures (through an affiliate), and options (for eligible clients). The use of margin is also permitted for eligible ETS accounts.</p>	<p>ETCM accounts, depending on the product, invest in mutual funds, ETFs, equities, and bonds. Futures, options, and the use of margin are not available for ETCM accounts. We may also limit the offerings available to you based on eligibility requirements or account type.</p>
Additional Information	<p>You may review the E*TRADE Relationship Guide at etrade.com/relationshipguide and the E*TRADE Customer Agreement at etrade.com/custagree.</p>	<p>You can see additional information about how we select investments as well as how we provide investment advisory services by reviewing ETCM's Wrap Fee Programs Brochure at etrade.com/programsbrochure or the ETCM Advisory Agreement at etrade.com/etcmadvisoryagreement.</p>

	Can ETS recommend to me?	Can ETCM advise me?
Brokerage versus Advisory Account	X	✔ (only as to existing ETCM accounts)
Type of Brokerage or Advisory Account to Open (e.g., joint or individual, retirement or retail, Roth or Traditional IRA)	X	X
Asset Allocation	X	✔ (only as to your existing ETCM accounts)
ETFs	X	✔ (only as to your existing ETCM accounts)
Equities (stocks)	X	✔ (only for existing Dedicated Portfolios accounts*)
Fixed Income (bonds)	X	✔ (only for existing Fixed Income Portfolios accounts**)
Distribution from Retirement Plan (or subsequent rollover)	X	X
Futures (via an affiliate)	X	X
Mutual Funds	X	✔ (only for existing non-Core Portfolios accounts)
Options	X	X
Use of Margin	X	X
Fully Paid Securities Lending	X	X
Alternative Investments	X	X
Bank Products and Cash Management (through affiliates and ETS, as applicable)	X	X
Tax or Legal Advice	X	X
Initial Public Offerings (IPOs) and Follow-on Offerings	X	X

*New accounts in Dedicated Portfolios are no longer offered as of October 1, 2021.

** New accounts in Fixed Income Portfolios are no longer offered as of January 3, 2023.

-  **Questions to ask**
- Given my financial situation, should I choose a brokerage service? Why or why not?
 - Given my financial situation, should I choose an investment advisory service? Why or why not?
 - How will you choose investments to recommend to me?
 - What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

WHAT FEES WILL I PAY?

For a detailed list of fees and pricing, visit etrade.com/fees. Below is a summary of the types of fees charged by E*TRADE Securities and E*TRADE Capital Management. Fees are negotiable and depend on such considerations as the following: the aggregate assets contained in all of your ETS and ETCM accounts; the amount of time you have had the aforementioned accounts; the total amount of business that you conduct with ETS, ETCM, and their affiliates; and other factors.

E*TRADE Securities (ETS)	E*TRADE Capital Management (ETCM)
<p>In many cases, ETS will not charge you a fee to buy or sell US-listed stocks, mutual funds, ETFs, or options when you use our online platforms. There are exceptions, such as over-the-counter (OTC) stock trades, options contracts, foreign stock trades, large block trades requiring special handling, futures trades, fixed income trades, trades placed through a representative, and stock plan account trades. In addition, ETS will charge a fee for online secondary trades of bonds (other than US Treasuries). <i>Secondary</i> means any trade that occurs after a security is issued and sold for the first time. Additional regulatory and exchange fees also apply depending on the transaction as noted at etrade.com/fees.</p> <p>Some mutual funds offered by E*TRADE will charge you if you sell or exchange your shares before a certain amount of time has passed. With some mutual funds, you pay a sales fee called a load, which you may pay when you buy the fund or when you sell it. ETS may retain a portion of the load when a load is applied. If a fund has a load, it is indicated on the fund's information page on our website in the Fund Details section under the "Sales Charge" category.</p>	<p>ETCM will charge you a single fee for investment advice and the brokerage, custodial, administrative, and technological services ETS provides on behalf of ETCM. In the industry, this is referred to as a "wrap fee," and ETCM's Advisory Programs offering is a wrap fee program. The wrap fee is assessed based on the market value of all assets, including cash balances, in the account. The wrap fee could cost more or less than paying for these services individually, depending on how often you trade, the types of securities you trade, and other factors. Each Advisory Program offering has its own wrap fee schedule and is listed at etrade.com/fees. Please also see our Wrap Fee Programs Brochure at etrade.com/programsbrochure.</p>

E*TRADE Securities (ETS)	E*TRADE Capital Management (ETCM)
<p>ETS will also charge interest for the use of margin (borrowing from us). Margin rates depend on how much you borrow—see more at etrade.com/fees.</p> <p>ETS also charges a variety of fees for certain account activities such as outgoing wire and account transfers, paper and duplicate statements, overnight mail, or changes to a position that result from a corporate reorganization. For a list of ETS fees, see etrade.com/fees and etrade.com/408b2.</p> <p>In addition to the above fees charged by ETS, investors will pay indirect fees and costs for their mutual fund investments, and these benefit ETS and/or affiliates. These fees include Rule 12b-1 distribution fees, shareholder servicing fees, and other types of revenue sharing. You can see these types of fees in the Fees and Expenses tab on the fund's information page and also in the E*TRADE Relationship Guide. ETS will also receive payments from third parties based on customer trading activity. For more information, see us.etrade.com/l/quarterly-order-routing-report.</p>	<p>The wrap fee does not cover every cost or fee that you may pay for your investments. For example, a mutual fund or ETF that you hold in your ETCM account will charge its own management and advisory fees, which are represented in the fund's <i>expense ratio</i>. Neither ETCM nor ETS receives payments from Rule 12b-1 fees, shareholder servicing fees, cash sweeps, or other types of revenue sharing for funds held in ETCM accounts; however, its affiliates who offer proprietary products used as ETCM investments will benefit and receive certain fees, such as investment advisory fees.</p> <p>Certain administrative costs are not covered by the wrap fee. These include fees for such account activities as outgoing wire and account transfers, paper and duplicate statements, and overnight mail as noted at etrade.com/fees. For a complete list of fees, see etrade.com/fees and etrade.com/408b2.</p>

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Questions to ask

- Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN PROVIDING RECOMMENDATIONS?

How else does your firm make money and what conflicts of interest do you have?

What are your legal obligations to me when acting as my investment adviser?

How else does your firm make money, and what conflicts of interest do you have?

The obligations described below concerning when we provide you a recommendation as a broker-dealer apply only to Retail Customers, as defined in regulations issued by the SEC. A *Retail Customer* is a natural person, or the legal representative of such natural person, who (A) receives a recommendation of any securities transaction or investment strategy involving securities from a broker, dealer or a natural person who is an associated person of a broker or dealer; and (B) uses the recommendation primarily for personal, family or household purposes. In addition, our legal obligations and standard of conduct may vary under state laws or regulations, the Employee Retirement Income Security Act of 1974, as amended, or "ERISA," and any professional conduct standards, as applicable.

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have a legal obligation to act in your best interests and not put our interests ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice that we provide you. The following are some examples to help you understand what this means.

E*TRADE Securities (ETS)	E*TRADE Capital Management (ETCM)
<p>Generally, if you invest in mutual funds, trade options, use margin, and maintain cash, ETS will make more money than if you engage in an equivalent amount of investing activity in stocks and ETFs. ETS can receive revenue share (as mentioned above) from your investments in mutual funds. When you purchase a proprietary product issued by one of our affiliates, our affiliate earns more money as a result of being the sponsor of that product. As a result, we have an interest in your trading more often in options, using margin, purchasing proprietary products, and even maintaining cash. ETS is not providing trade recommendations.</p> <p>ETS may act as principal or agent on any bond transaction. All principal transactions are riskless principal, and ETS holds no fixed income inventory. When acting as principal, ETS adds a markup to any purchase and subtracts a markdown from every sale. ETS can make or lose money on a transaction where it acts as principal, depending on a variety of factors. The markup or markdown is included in the price that ETS quotes on the bond transaction, and no commission or transaction fee is charged. For more information about the money ETS can make from trading activity, see us.etrade.com/l/quarterly-order-routing-report.</p> <p>Subject to the terms of an order and consistent with best execution obligations, ETS also makes money from routing order flow to certain market centers. For more information related to ETS order handling visit us.etrade.com/l/f/disclosure-library/order-handling.</p>	<p>Asset-based fees associated with wrap fee programs like our Advisory Programs cover not only investment advisory services but also most transaction costs and fees. Because of this, the wrap fees are higher than a typical asset-based fee that covers only investment advisory services. With an asset-based fee, the more assets you have in your account, the more you will pay, so ETCM has a financial incentive to encourage you to increase the amount of assets in your account. With an asset-based fee, however, ETCM's interests are aligned with yours because if your account performs well and grows, ETCM will make more money.</p> <p>Beyond the wrap fee, ETCM does not make money from the underlying investments in ETCM accounts or by using cash in those accounts. ETCM does invest client assets in proprietary products from time to time (i.e., products, such as funds, issued by us or our affiliates) but will not bill its advisory fee for assets invested in such products. Model managers for Dedicated and Fixed Income Portfolios may select investments offered by affiliates or in which affiliates have an interest or relationship. ETS does not make money from the cash or underlying investments except that it can make money on trading activity from an ETCM account. The use of proprietary products will benefit ETCM's and ETS' affiliates who sponsor those products and indirectly ETCM and ETS. For more information, see us.etrade.com/l/quarterly-order-routing-report.</p>

E*TRADE Securities (ETS)	E*TRADE Capital Management (ETCM)
ETS and/or its affiliates also make money from the use of cash in your account, and ETS makes more money from certain cash management options. ETS gives customers a choice among the cash management options offered. ETS or its affiliates can make a spread between the rate paid to customers for the cash and compensation paid to it by third parties for use of the cash. For more information about cash management options, see etrade.com/rates and us.etrade.com/l/options-uninvested-cash .	

Questions to ask

- How might your conflicts of interest affect me, and how will you address them?

For additional information about ETS conflicts of interest, see etrade.com/relationshipguide.

For additional information about ETCM conflicts of interest, see our Wrap Fee Programs Brochure at etrade.com/programsbrochure.

HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?

Depending on their role, our financial professionals receive different levels and types of compensation for new assets and retention of existing assets at both ETCM and ETS, and for successful referrals to Morgan Stanley affiliates.

Some of the compensation is paid in consideration of the additional time and complexity required to sell certain products and work with customers on an ongoing basis but also because ETCM, ETS, and their affiliates make more money from those product offerings. Some financial professionals are paid for successful referrals to Morgan Stanley affiliates and likewise have a financial incentive to make those referrals.

In addition, because some clients generate higher amounts of revenue for ETCM, ETS, and their affiliates, there is a greater desire to negotiate discounts or provide favorable offers to those clients so that they expand their relationships and activities with ETCM, ETS, and their affiliates. See etrade.com/relationshipguide for more information about financial professional compensation.

DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?

Yes. Please visit investor.gov/crs for a free and simple search tool to research ETS and/or ETCM and our financial professionals. You can also find information (such as background and qualifications) about our financial professionals and the firms at brokercheck.com and adviserinfo.sec.gov. ETS's Central Registration Depository (CRD) number is 29106; ETCM's is 42159.

Questions to ask

- As a financial professional, do you have any disciplinary history? For what type of conduct?

For additional information about brokerage or investment advisory services, please see etrade.com/forms or call 800-387-2331 for up-to-date information and to request a copy of our current Relationship Summary.

Questions to ask

- Who is my primary contact person?
- Are they a representative of an investment adviser or a broker-dealer, or both?
- Who can I talk to if I have concerns about how this person is treating me?

1. Registration of a broker-dealer or investment adviser does not imply a certain level of skill or training.

This Relationship Summary is not an offer to sell or a solicitation of an offer to buy securities, products, or services by any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. The products and services described in this Relationship Summary are not marketed to residents outside the United States and may not be available to persons or entities in foreign jurisdictions where prohibited.

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