

CERTIFICATE OF DEPOSIT DISCLOSURE STATEMENT

Primary Financial Co LLC (the “Firm”) is making the certificates of deposit (the “CDs”) described below available to its customers. The CDs are made available pursuant to an arrangement between the Firm and another broker-dealer. Each CD is a deposit obligation of a depository institution domiciled in the United States or one of its territories (an “Issuer”), the deposits and accounts of which are insured by the Federal Deposit Insurance Corporation (the “FDIC”) within the limits described below. Each CD constitutes a direct obligation of the Issuer and is not, either directly or indirectly, an obligation of the Firm. CDs may be purchased both upon issuance (the “primary market”) and in the secondary market. The CDs are evidenced by master certificates of deposit held by the Depository Trust Company, as further described below.

The Firm will advise you of the names of Issuers currently making CDs available and, if your CD is purchased in the primary market, the date on which your CD will be established with the Issuer (the “Settlement Date”). Upon request, you will be provided with financial information concerning the Issuer of a CD that you would receive upon request if you established a deposit account directly with the Issuer. The Firm does not guarantee in any way the financial condition of any Issuer or the accuracy of any financial information provided by the Issuer.

The Issuer may use proceeds from the sale of the CDs for any purpose permitted by law and its charter, including making loans to eligible borrowers and investing in permissible financial products.

The CDs of any one Issuer that you may purchase will be eligible for FDIC insurance up to \$250,000 (including principal and accrued interest) for each insurable capacity (e.g., individual, joint, IRA, etc.).¹ For purposes of the \$250,000 federal deposit insurance limit, you must aggregate all deposits that you maintain with the Issuer in the same insurable capacity, including deposits you hold directly with an Issuer and deposits you hold through the Firm and other intermediaries.

The extent of, and limitations on, federal deposit insurance are discussed below in the sections headed “Deposit Insurance: General.”

Terms of CDs

The maturities, rates of interest and interest payment terms of CDs available through the Firm will vary. Both interest-bearing and zero-coupon CDs may be available. You should review carefully the trade confirmation and any supplement to this Disclosure Statement for a description of the terms of the CD. You should also review the investment considerations discussed below in the section headed “Important Investment Considerations.”

The CDs will mature on the date indicated on the trade confirmation. The CDs will not be automatically renewed or rolled over and interest on the CDs will not continue to accrue or (in the case of zero-coupon CDs) accrete after maturity. At maturity the CD balances will be remitted by the Issuer to the Firm and credited to your account with the Firm. If the maturity date is not a business day, the CD balances will be paid on the next succeeding business day. A

¹ The Dodd-Frank Wall Street Reform and Consumer Protection Act, which was signed into law on July 21, 2010, increased deposit insurance coverage for each insurable capacity to \$250,000.

“business day” shall be a day on which the Firm and the banks in both the Issuer’s domicile and New York are open for business.

Interest-Bearing CDs. Interest-bearing CDs pay interest at either a fixed-rate or at a variable rate. A fixed-rate CD will pay the same interest rate throughout the life of the CD. The interest rate on variable rate CDs may increase or decrease from the initial rate at pre-determined time periods (“step-rates”) or may be re-set at specified times based upon the change in a specific index or indices (“floating rates”). The dates on which the rates on step-rate CDs will change or the rates on floating rate CDs will re-set, as well as a description of the basis on which the rate will be re-set, will be set forth on the trade confirmation or a supplement to this Disclosure Statement.

Some interest-bearing CDs may be subject to redemption on a specified date or dates at the discretion of the Issuer (a “call”). If the CD is called, you will be paid all principal and interest accrued up to, but not including, the call date. The dates on which the CD may be called will be specified in the trade confirmation or a supplement to this Disclosure Statement.

Interest-bearing CDs are offered in a wide range of maturities and are made available in minimum denominations and increments of \$1,000.

Unless otherwise specified in the trade confirmation or any supplement to this Disclosure Statement, interest earned on interest-bearing CDs with original maturities of one year or less will be paid at the maturity of such CDs and interest earned on interest-bearing CDs with original maturities of more than one year will be paid monthly, quarterly, semiannually or annually and at maturity. Interest on variable rate CDs will be re-set periodically and interest will be paid monthly, quarterly, semiannually or annually and at maturity as specified on the trade confirmation or a supplement to this Disclosure Statement.

Interest payments on interest-bearing CDs are automatically credited to your account with the Firm. Interest will accrue up to, but not including, the interest payment date, the maturity date, or any call date. If an interest payment date falls on a day that is not a business day, interest will be paid on the first business day following the interest payment date. For specific rate information for any interest period, please contact the Firm.

Interest on CDs is not compounded. Interest on CDs in the primary market is calculated on the basis of the actual number of days elapsed over a 365-day year. However, the amount of interest on CDs that are purchased in the secondary market may be based on other interest rate calculations. Please contact the Firm with questions concerning the interest rate calculation on a secondary market CD.

Zero-Coupon CDs. Zero-coupon CDs do not bear interest, but rather are issued at a substantial discount from the face or par amount, the minimum amount of which is \$1,000. Interest on the CD will “accrete” at an established rate and the holder will be paid the par amount at maturity.

Call Feature. Some CDs may be subject to redemption on a specified date or dates at the sole discretion of the Issuer (a “call”). If the CD is called, you will be paid the outstanding principal amount and interest accrued or accreted up to, but not including, the call date, and no interest will be earned after the call date. The dates on which the CD may be called will be specified in the trade confirmation or a supplement to this Disclosure Statement. In general, a call is most likely to be exercised when prevailing interest rates are lower than the interest rate

payable on the CD. The Issuer is required to notify the Firm of its intent to call the CD prior to exercising the call. The Firm will use reasonable efforts to notify you of the Issuer's intent to call the CD, but the Firm's failure to notify you will not affect the validity of the call.

Your Relationship with the Firm and the Issuer

You will not receive a passbook, certificate or other evidence of ownership of the CD from the Issuer. The CDs are evidenced by one or more master certificates issued by the Issuer, each representing a number of individual CDs. These master certificates are held by The Depository Trust Company ("DTC"), a sub-custodian that is in the business of performing such custodial services. The Firm, as custodian, keeps records of the ownership of each CD and will provide you with a written confirmation of your purchase. You also will be provided with a periodic account statement from the Firm that will reflect your CD ownership. You should retain the trade confirmation and the account statement(s) for your records. The purchase of a CD is not recommended for persons who wish to take actual possession of a certificate.

Your deposit insurance coverage and, if your CD is callable, the amount you would receive if your CD is called will be determined based on the outstanding principal amount of your CD, or the accreted value in the case of a zero-coupon CD, not the estimated price. See the sections headed "Deposit Insurance: General" and "Secondary Market."

Each CD constitutes a direct obligation of the Issuer and is not, either directly or indirectly, an obligation of the Firm. No deposit relationship shall be deemed to exist prior to the receipt and acceptance of your funds by the Issuer.

If you choose to remove the Firm as your agent with respect to your CD, you may (i) transfer your CD to another agent, provided that the agent is a member of DTC (most major brokerage firms are members; many banks and savings institutions are not); or (ii) request that your ownership of the CD be evidenced directly on the books of the Issuer, subject to applicable law and the Issuer's terms and conditions, including those related to the manner of evidencing CD ownership. If you choose to remove the Firm as your agent, the Firm will have no further responsibility for payments made with respect to your CD. If you establish your CD directly on the books of the Issuer, you will have the ability to enforce your rights in the CD directly against the Issuer.

Important Investment Considerations

Buy and Hold. CDs are most suitable for purchasing and holding to maturity. If your CD is callable by the Issuer, you should be prepared to hold your CD according to its terms. Though not obligated to do so, the Firm may maintain a secondary market in the CDs after their Settlement Date. If you are able to sell your CD, the price you receive will reflect prevailing market conditions and your sales proceeds may be less than the amount you paid for your CD. If you wish to dispose of your CD prior to maturity, you should read with special care the sections headed "Additions or Withdrawals" and "Secondary Market."

Compare Features. You should compare the rates of return and other features of the CDs to other available investments before deciding to purchase a CD. The rates paid with respect to the CDs may be higher or lower than the rates on deposits or other instruments available directly from the Issuer or through the Firm.

Callable CDs. Callable CDs present different investment considerations than CDs not subject to call by the Issuer. You may face the risk that: (i) the CD may be paid off prior to maturity as a result of a call by the Issuer and your return would be less than the yield that the CD would have earned had it been held to maturity; (ii) if the CD is called, you may be unable to reinvest the funds at the same rate as the original CD; and/or (iii) the CD is never called and you may be required to hold the CD until maturity. You should carefully review any supplement to this Disclosure Statement or your trade confirmation for the terms of your CD, including the time periods when the Issuer may call your CD.

Variable Rate CDs. Variable rate CDs present different investment considerations than fixed-rate CDs and may not be appropriate for every investor. Depending upon the type of variable rate CD (step-rate or floating rate) and the interest rate environment, the CD may pay substantially more or substantially less interest over the term of the CD than would be paid on a fixed-rate CD of the same maturity. Furthermore, if the CD is subject to call by the Issuer, (i) you may not receive the benefits of any anticipated increase in rates paid on a variable rate CD if the CD is called or (ii) you may be required to hold the CD at a lower rate than prevailing market interest rates if the CD is not called. You should carefully review any supplement to this Disclosure Statement that describes the step-rate or the basis for re-setting a floating rate and, if the CD is subject to call by the Issuer, the time periods when the Issuer may call the CD.

Insolvency of the Issuer. In the event the Issuer approaches insolvency or becomes insolvent, the Issuer may be placed in regulatory conservatorship or receivership with the FDIC typically appointed the conservator or receiver. The FDIC may thereafter pay off the CDs prior to maturity or transfer the CDs to another depository institution. If the CDs are transferred to another institution, you may be offered a choice of retaining the CDs at a lower interest rate or having the CDs paid off. See the sections headed “Deposit Insurance: General” and “Payments Under Adverse Circumstances.”

Reinvestment Risk. If your CD is paid off prior to maturity as a result of the Issuer’s insolvency, exercise by the Issuer of any right to call the CD or a voluntary early withdrawal (see the section headed “Additions or Withdrawals”), you may be unable to reinvest your funds at the same rate as the original CD. The Firm is not responsible to you for any losses you may incur as a result of a lower interest rate on an investment replacing your CD.

SEC Investor Tips. The Securities and Exchange Commission periodically publishes tips for investors in various financial products, including CDs, on its website. You may access these investor tips at www.sec.gov.

Deposit Insurance: General

Your CDs are insured by the FDIC, an independent agency of the United States Government, up to \$250,000 (including principal and accrued interest) for all deposits held in the same insurable capacity at any one Issuer. Generally, any accounts or deposits that you may maintain directly with a particular Issuer, or through any other intermediary in the same insurable capacity in which the CDs are maintained, would be aggregated with the CDs for purposes of the \$250,000 federal deposit insurance limit. In the event an Issuer fails, interest-bearing CDs are insured, up to \$250,000, for principal and interest accrued to the date the Issuer is closed. Zero-coupon CDs are insured to the extent of the original offering price plus interest at the rate quoted to the depositor on the original offering, accreted to the date of the closing of the Issuer. Interest is determined for insurance purposes in accordance with federal law and regulations. The

original offering price of a zero-coupon CD plus accreted interest is hereinafter called the “accreted value.”

You are responsible for monitoring the total amount of deposits that you hold with any one Issuer, directly or through an intermediary, in order for you to determine the extent of deposit insurance coverage available to you on your deposits, including the CDs. The Firm is not responsible for any insured or uninsured portion of the CDs or any other deposits.

BY YOUR PURCHASE OF A CD YOU ARE DEEMED TO REPRESENT TO THE ISSUER AND THE FIRM THAT YOUR DEPOSITS WITH THE ISSUER (OR IF YOU ARE ACTING AS A CUSTODIAN, THE DEPOSITS OF THE BENEFICIARIES), INCLUDING THE CD, WHEN AGGREGATED IN ACCORDANCE WITH FDIC REGULATIONS, ARE WITHIN THE \$250,000 FEDERAL DEPOSIT INSURANCE LIMIT.

If your CDs or other deposits at the Issuer are assumed by another depository institution pursuant to a merger or consolidation, such CDs or deposits will continue to be separately insured from the deposits that you might have established with the acquiror until (i) the maturity date of the CDs or other time deposits that were assumed, or (ii) with respect to deposits that are not time deposits, the expiration of a six month period from the date of the acquisition. Thereafter, any assumed deposits will be aggregated with your existing deposits with the acquiror held in the same insurable capacity for purposes of federal deposit insurance. Any deposit opened at the Issuer after the acquisition will be aggregated with deposits established with the acquiror for purposes of federal deposit insurance.

In the event that you purchase a CD in the secondary market at a premium over the par amount (or accreted value in the case of a zero-coupon CD), that premium is not insured. If deposit insurance payments become necessary for the Issuer, you can lose the premium paid for your CD. See the section headed “Secondary Market.”

Questions About FDIC Deposit Insurance Coverage

If you have questions about basic FDIC insurance coverage, please contact the Firm. You may wish to seek advice from your own attorney concerning FDIC insurance coverage of deposits held in more than one insurable capacity. You may also obtain information by contacting the FDIC, Deposit Insurance Outreach, Division of Supervision and Consumer Affairs, by letter (550 17th Street, N.W., Washington, D.C. 20429), by phone (877-275-3342 or 800-925-4618 (TDD)), by visiting the FDIC website at www.fdic.gov/deposit/index.html, or by e-mail using the FDIC’s On-line Customer Assistance Form available on its website.

Payments Under Adverse Circumstances

As with all deposits, if it becomes necessary for federal deposit insurance payments to be made on the CDs, there is no specific time period during which the FDIC must make insurance payments available. Accordingly, you should be prepared for the possibility of an indeterminate delay in obtaining insurance payments.

As explained above, the \$250,000 federal deposit insurance limit applies to the principal and accrued interest on all CDs and other deposit accounts maintained by you at the Issuer in the same insurable capacity. The records maintained by the Issuer and the Firm regarding ownership

of CDs would be used to establish your eligibility for federal deposit insurance payments. In addition, you may be required to provide certain documentation to the FDIC and to the Firm before insurance payments are released to you.

In the event that deposit insurance payments become necessary for your CDs, the FDIC is required to pay the original par amount plus accrued interest (or the accreted value in the case of zero-coupon CDs) to the date of the closing of the relevant Issuer, as prescribed by law, and subject to the \$250,000 federal deposit insurance limit. No interest or accreted value is earned on deposits from the time an Issuer is closed until insurance payments are received.

As an alternative to a direct deposit insurance payment from the FDIC, the FDIC may transfer the insured deposits of an insolvent institution to a healthy institution. Subject to insurance verification requirements and the limits on deposit insurance coverage, the healthy institution may assume the CDs under the original terms or offer you a choice between paying the CD off and maintaining the deposit at a different rate. There may be a delay in receiving notification from the healthy institution, and the healthy institution may lower the rate on the CDs prior to providing notice. The Firm will advise you of your options in the event of a deposit transfer as information becomes available.

The Firm will not be obligated to you for amounts not covered by deposit insurance nor will the Firm be obligated to make any payments to you in satisfaction of a loss you might incur as a result of (i) a delay in insurance payouts applicable to your CD, (ii) your receipt of a decreased interest rate on an investment replacing your CD as a result of the payment of the principal and accrued interest or the accreted value of a CD prior to its scheduled maturity or (iii) payment in cash of the principal and accrued interest or the accreted value of your CDs prior to maturity in connection with the liquidation of an Issuer or the assumption of all or a portion of its deposit liabilities. In connection with the latter, the amount of a payment on a CD that had been purchased at a premium in the secondary market is based on the original par amount (or, in the case of a zero-coupon CD, its accreted value) and not on any premium amount. Therefore, you can lose up to the full amount of the premium as a result of such a payment. Also, the Firm will not be obligated to credit your account with funds in advance of payments received from the FDIC.

Additions or Withdrawals

No additions are permitted to be made to any CD. When you purchase a CD, you agree with the Issuer to keep your funds on deposit for the term of the CD. Accordingly, except as set forth below, no early withdrawals of interest-bearing CDs will be available. The early withdrawal provisions, if any, applicable to your CD may be more or less advantageous than the provisions applicable to other deposits available from the Issuer.

In the event that a customer wishes to make an early withdrawal, and such withdrawal is permitted, the Firm endeavors to obtain funds for the customer as soon as possible. However, the Firm will not advance funds in connection with early withdrawals and can give no assurances that payment pursuant to early withdrawals will be made by a specified date.

Secondary Market

If you wish to sell your CD prior to maturity, the Firm may attempt to sell your CD in a secondary market maintained by another broker-dealer. The Firm cannot provide assurance that you will be able to sell your CDs prior to their maturity. In addition, a secondary market for the

CDs may be discontinued at any time without notice. Therefore, you should not rely on any such ability to sell your CDs for any benefits, including achieving trading profits, limiting trading or other losses, realizing income prior to maturity, or having access to proceeds prior to maturity.

In the event that a buyer is available at a time you attempt to sell your CD prior to its maturity, the price at which your CD is sold may result in a return to you that may differ from the yield that the CD would have earned had it been held to maturity, since the selling price for a CD in such circumstances will likely be based on a number of factors such as interest rate movements, time remaining until maturity, and other market conditions. Also, the price at which a CD may be sold if a secondary market is available will reflect a mark-down retained by the Firm. Similarly, the price you may pay for any CD purchased in the secondary market will include a mark-up established by the broker dealer making the market. In the event you choose to sell a CD in the secondary market, you may receive less in sale proceeds than the original principal (par) amount of the CD.

In the event that a CD is purchased in the secondary market at a premium over the par amount (or accreted value in the case of a zero-coupon CD), the premium is not insured. Therefore, if deposit insurance payments become necessary for the Issuer, the owner of a CD purchased in the secondary market can incur a loss of up to the amount of the premium paid for the CD. (Also see the section headed "Deposit Insurance: General.")

If you purchase a callable CD in the secondary market at a premium, you will receive only the par amount if the CD is called.

Fees

The Firm and the broker-dealer arranging for the CD to be offered will receive a placement fee from the Issuer in connection with your purchase of a CD. In addition, other service providers may receive fees from the broker-dealer arranging for the CD to be offered, the Firm, or the Issuer in connection with your purchase of a CD. Except for the mark-up or mark-down discussed above in connection with secondary market transactions and a handling fee, if any, disclosed on your trade confirmation, you will not be charged any commissions in connection with your purchase of a CD.

Federal Income Tax Consequences

The federal income tax consequences of owning CDs will vary depending upon the terms of your CD and the type of account in which you hold your CD. In addition, there may be tax consequences upon the sale, early withdrawal or other disposition of your CD. These tax consequences may differ for non-U.S. persons. You should consult your own tax advisor to determine the federal, state, local and other income and estate tax consequences of your CD purchase.