



WHO IS ICD SECURITIES, INC.?

ICD Securities Inc. is a registered FINRA broker-dealer, established in 2004 to provide DTC funding services to our banking relationships. Additionally we have expanded our services by offering fixed income products to our institutional and governmental entity clientele. The key to our success lies in the unwavering commitment to provide a high level of service and attention to our valued clients. Every one of our clients is treated with the utmost care according to their needs and regardless of the size of their investment portfolio.

INVESTORS COMMITMENT

Our goal is to offer portfolio managers and investors access to competitively priced fixed income securities. We assist you in achieving your projected annual earning targets throughout the year and institute a “hands-on” approach. Your ICD rep will take the time to understand your investment objectives while operating within the guidelines of your investment policy. We offer investment grade securities with an attractive rate of return on your investment dollars. Through carefully maintaining a laddered maturity schedule, we try to avoid the guesswork commonly associated with the ever-changing interest rate cycle. Our market experience and insight make ICD Securities the financial broker of choice for hundreds of investors seeking clear investment information in a complex marketplace

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EXPERIENCE AND QUALIFICATIONS



Investment Experience:

With over 75 years of combined experience, the Principals of ICD are dedicated to understanding your portfolio needs so that we can effectively respond to your investment demands.

Knowledge of the Market:

ICD provides you with the latest market data and informs you of economic releases and other factors that influence interest rates so that you can make informed decisions when investing.

Market Relationships:

We have developed and maintained relationships with major dealers to ensure our customers are receiving a competitive price on each of their transactions executed through ICD.

Fixed Income Securities:

- ▶ Negotiable certificates of deposit
- ▶ Commercial paper
- ▶ Banker's acceptances
- ▶ Preferred stocks
- ▶ Corporate bonds
- ▶ Treasuries
- ▶ Government Agencies

Cash Management Referral Services:

ICD provides cash management referral services through some of the country's largest banking institutions who offer professionally managed money market funds providing competitive returns on your cash balances.

Clearing Services:

All ICD trades are cleared through Sterne Agee Inc., headquartered in Birmingham, AL. You can visit Sterne Agee at www.sterneagee.com. The company has been providing clearing services since 1964, and is a registered member of FINRA as well as SIPC protected. Together we are dedicated to delivering effective trade execution, back office support and real-time account updates to track and monitor transactions.

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WHAT YOU SHOULD KNOW ABOUT PURCHASING DTC CDS



This is a brief overview on the mechanics of investing through ICD.

Step One: Your ICD registered representative will locate an investment that meets your investment portfolio request.

Step Two: You will receive a security description offering sheet that will provide all the pertinent information regarding the offering

Step Three: You confirm the purchase of the offering.

Step Four: A licensed ICD representative will execute the trade.

Step Five: You can elect to have the investment delivered to your account or establish an account with Sterne Agee, our clearing firm.

Step Six: to open an account with our clearing firm the process is simple:

Your representative will forward you a New Account Form to establish a cash or DVP account. You will return the signed documents to us along with a corporate resolution and W-9 form.

Cash accounts: Funds are wired to your account prior to or on the settlement day. All interest payments, open positions and maturing principal will be held on your behalf. Detailed statements will be provided by Sterne Agee online or via mail. The account could be set up to pay interest monthly or twice a month by check or ACH.

DVP ACCOUNT: Delivery vs. Payment, our clearing firm will deliver the security to your account and your clearing agent will only release the funds upon delivery. Please contact your ICD representative for more details.

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www.icdsecurities.com

DTC FUNDING PROGRAM



The founders of ICD Securities Inc. have spent the last three decades working closely with thousands of banking institutions nationwide, assisting them in meeting current and future liquidity demands. Through the effective use of our funding relationships, ICD is able to use the DTC market to raise funds quickly and effectively.

Key characteristics of DTC Certificates of Deposit:

- ▶ **Principle Amounts:** *DTC offerings* range from 500K and greater. Larger deposits satisfy liquidity needs with less paperwork. There is generally one account opened per term offered.
- ▶ **Maturity Flexibility:** When issuing CDs through the DTC market, maturity schedules are set up to meet your cash flow demands. We can offer maturities ranging from 30 days up to 30 years.
- ▶ **Patriot Act/CIP Reporting:** ICD will provide the necessary due diligence associated with these transactions.
- ▶ **Pre-Negotiated rates:** All interest rate costs are negotiated up front. This allows for excellent cost analysis when pricing your cost of funds and eliminates the guesswork associated with local advertising which can affect current deposits. Running ads allows current customers to move funds in from other low interest bearing accounts into these higher promotional rates thus providing limited results.
- ▶ **Available Structures:**
Coupon options associated with DTC CDs are:
 - ▶ Bullets (Fixed)
 - ▶ Callable
 - ▶ Step-ups or Step-Downs
 - ▶ Adjustable (Variable)

Please note if interest rate swaps are needed, ICD can refer a contra swap party. Go to www.icdsecurities.com to learn the simple process to attract DTC issued CDs.

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KEY DEFINITIONS AND DOCUMENTS ASSOCIATED WITH THE DTC PROCESS



Brokerage Agreement: Agreement between the issuer and the individual Brokerage Firm.

Terms Agreement: The details of the CD terms agreed to by ICD and you, the issuer. You will need to execute a terms letter for each DTC CD issued. The details outlined in this document are as follows:

- ▶ **Dollar Amount:** Amount to be funded.
- ▶ **Settlement date:** The day the CD will settle and the day you will receive the funds.
- ▶ **All-in rate:** The total cost to your institution.
- ▶ **Coupon:** The rate you will pay on the CD. This rate is determined by subtracting the brokerage fee from the All-in rate.
- ▶ **Maturity Date:** The date the CD will mature .
- ▶ **Payment Frequency:** The interest can be paid out monthly, quarterly or semi-annually. For issues with maturities of 1 year or less, the payment frequency can be set up to be paid at maturity.
Please note that once this document is received back signed, the offering is then put into motion. Once confirmed, your institution must accept the funds.
- ▶ **Best Efforts:** A best efforts offering means that no specific dollar amount is assured to be delivered by ICD. Only the amount sold will be settled. This type of offering is most commonly used and it is the most cost effective for the issuing bank which can result typically in a savings between 5 to 10 basis points.

Letter of Representation: A one time document that is signed by your institution and forwarded directly to DTC. This document must be executed prior to your first DTC issuance and is a DTC standard agreement. For more information please visit www.dtcc.com.

Negotiable Master Certificate: The actual negotiable certificate of deposit that your institution will set up on its books. All the Certificates that are issued through the DTC market are set up under “Cede & Co., as nominee of the Depository Trust Corporation.” There is one Master Certificate per each issued CUSIP ID number. The CUSIP ID number is issued by Standard & Poors to identify each individual offering.

Certificate of Deposit Disclosure Agreement: This document is presented to the beneficiary owner from the selling dealer.

Selling Group Agreement: This document is executed between the underwriter and its selling group members.

For more information please feel free to contact your ICD Representative at 1-800-533-9891.

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WHAT'S HAPPENING BEHIND THE SCENES?



When an institution looks to attract funds through the DTC market, it is the responsibility of ICD to make the process as painless as possible. Your responsibility is simply to sign a series of documents. ICD is responsible for providing the documents and handles all communications with the selling agents. The following is a brief outline of each step so that you can understand the time and fees that are associated with this process.

Step One – rates and terms are negotiated by ICD Securities and your financial institution to accommodate your liquidity needs.

Step Two – a brokerage agreement and terms agreement are sent to you to be signed and returned to ICD Securities. We will file the executed brokerage agreement to satisfy our regulatory responsibility. The terms agreement is forwarded to Standard and Poor's to obtain a CUSIP number that identifies each individual issue. The cost to ICD is anywhere between \$65 and \$135 depending on the term of the issue. This charge applies to each individual CUSIP number.

Step Three – ICD will prepare and forward the DTC eligibility form to DTC. The cost of this is approximately \$200 per issue which is absorbed by ICD.

Step Four – Offering Period – at this time ICD will be marketing the CDs with its selling agents. ICD's trading desk will be executing orders through the use of its marketing tools.

Step Five – ICD's trading desk will close out the issue(s) by having its clearing firm confirm all final purchases with each of the firms that executed the transactions.

Step Six – ICD will prepare a Negotiable Master Certificate for each issue and forward it to you. You will receive the CD via email and you are responsible for overnighting an original copy to DTC. ICD will confirm delivery through the tracking number you provide.

Step Seven – Settlement Day – our clearing firm will communicate with DTC as funds are collected and CDs are delivered. Once the funds are collected, our clearing firm will deduct the selling concession and release the funds to you to pay for the CD.

Step Eight – Interest payments – All interest payments can be made through ACH. You will only release one payment per issue and DTC will disburse those payments to the appropriate parties.

Step Nine – Maturity – At maturity the funds will be wired back as per the instructions that are provided to you. You will release one wire for each maturity and DTC will forward the maturities to the appropriate parties.

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