

# Brex Treasury FDIC-Insured Deposit Sweep Program Disclosure Statement

Effective June 25, 2020

In this Disclosure Statement, “**Brex Treasury**,” “**we**,” and “**us**” refer to Brex Treasury LLC. “**You**” refers to the Company that has elected to sweep part or all of its Brex Cash Account balance into the Brex Cash FDIC Sweep Program (the “**Brex Cash FDIC Sweep Program**”). Capitalized terms that are not defined in this document have the definitions provided in the Brex Cash Customer Agreement (“**Brex Cash Agreement**”).

## 1. Overview

Under the Brex Cash FDIC Sweep Program, Uninvested Balances (as defined in the Brex Cash Agreement) in your core Brex Cash Account (“**Core Account**”) are automatically swept into and out of deposit accounts at one or more banks. This Disclosure Statement describes the mechanics of the Brex Cash FDIC Sweep Program, FDIC insurance coverage, and how to opt out of the program.

## 2. Deposits and Brex Cash FDIC Sweep Program Customer Accounts.

Uninvested Balances in your Brex Cash Account will initially be aggregated with Uninvested Balances from other Brex Treasury customers and deposited in a single account at Radius Bank (the “**Clearing Bank**”), an FDIC-insured federal savings bank. No later than two business days after deposit in the Clearing Bank (or sooner depending on the time and type of deposit), the funds will be transferred to a disbursement account at a Brex Treasury Third-Party Service Provider (the “**Settlement Account**”), and then swept automatically into omnibus deposit accounts established by Brex Treasury in its name on behalf of Brex Treasury customers at the banks listed below (the “**Program Banks**”).

We will establish two omnibus program accounts at each Program Bank. One omnibus account will be a transaction account (“**Transaction Account**”). The other will be a separate but linked money market deposit account (“**MMDA**”), which is a type of savings account. For ease of reference in this Disclosure, we will refer to these omnibus accounts and your interest therein as your “**Program Customer Account**,” and your deposits at the Program Banks as “**Program Customer Deposits**.”

The Federal Reserve may require banks to hold and manage reserves against certain types of deposit accounts. In order to manage this requirement, each Program Bank will employ a legally separate, but linked Transaction Account and MMDA. Deposits to Program Customer Accounts will always be made to the Transaction Account rather than to the MMDA. To manage the allocation of your funds between the Transaction Account and the MMDA, we have retained a Third-Party Service Provider to help administer the Brex Cash FDIC Sweep Program (the “**Program Administrator**”).

The Program Administrator or the relevant Program Bank may from time to time establish a target balance or percentage (which may be 100%) for the amount of your funds to be held in the Transaction Account. To the extent your Transaction Account funds exceed any such target balance, the excess will be transferred to the MMDA. The Program Administrator or the relevant Program Bank may change or vary Transaction Account target balances at any time and from time to time. This allocation of your funds between the Transaction Account and the MMDA is made to help Program Banks manage the reserve requirements that the Federal Reserve Board may require them to maintain against certain types of deposit accounts. The allocations occur automatically as part of the administration of the Brex Cash FDIC Sweep Program and have no impact on the interest rate you receive on your Program Customer Deposits, the amount of FDIC

insurance coverage for which you are eligible, the movement of funds between your Program Customer Accounts, or the number of withdrawals you can make from your Brex Cash Account.

Federal Reserve Board regulations allow an unlimited number of transfers of funds from a Transaction Account. However, the only withdrawals that may be made from your Transaction Account under the Brex Cash FDIC Sweep Program are: (1) transfers to your MMDA (to the extent funds in your Transaction Account exceed any target balance set by the Program Administrator and/or Program Bank); and (2) transfers from the Transaction Account back to your Core Account, as needed to pay for transactions in your Brex Cash account.

If your funds held in Program Customer Accounts are needed to cover your obligations under the Brex Cash Agreement, we will sweep Program Customer Deposits from Program Customer Accounts (up to the full amount of your funds held in Program Customer Accounts) back to your Core Account. Sweeps from Program Customer Accounts to your Core Account will always be made from a Transaction Account. If the amount to be swept exceeds the available balance of your funds held in that Transaction Account, funds in the MMDA will automatically be transferred to the Transaction Account (up to the full balance of your available funds held in that MMDA) to cover the shortfall and to replenish any Transaction Account target balance that the Program Administrator or the Program Bank may have established for you. Your Brex Cash Account Statement will not reflect any of these transfers between the MMDA and the Transaction Account. During any period in which federal banking regulations limit the number of these automatic transfers from an MMDA, if the maximum number of such transfers is reached, the last such transfer will be for the full balance of your available funds held in the MMDA and none of your funds will be held in the MMDA for the remainder of the applicable period. Any such limits will be applied to transfers of your funds (and those of each other Brex Treasury customer) on a customer-by-customer or “subaccount” basis. In addition, in order to more clearly comply with federal banking regulations, any such limits may also be applied on an “omnibus” basis to aggregated, net transfers from the MMDA to the Transaction Account at a Program Bank. Moreover, under federal banking regulations, Program Banks may reserve the right to require seven days’ notice before permitting a transfer of funds out of the MMDA. While the Program Banks have not indicated their intention to implement such a requirement, they may choose to do so at any time.

Withdrawals from Program Customer Accounts will be deemed paid by a Program Bank when such funds are transmitted by that Program Bank to the Settlement Account. The Program Bank will be released from all liability for withdrawn funds once the Program Bank delivers those funds to the Settlement Account. We will, in turn, transfer such amounts through the Clearing Bank to your Core Account.

**3. Evidence of Ownership**

You will not receive any passbook, certificate, or other evidence of ownership related to Program Customer Deposits or Program Customer Accounts. Program Banks will each maintain book-entry records of account reflecting an omnibus account in the name of Brex Treasury LLC, acting as agent for the exclusive benefit of its customers, who are acting for themselves and for others. We will also maintain book-entry records on a customer-by-customer basis reflecting deposits to and withdrawals from Program Customer Accounts.

**4. Accessing Your Funds**

You may only access your funds through your Brex Cash Account. You may not access or withdraw Program Customer Deposits by contacting a Program Bank. All Program Customer Deposits are subject to legal process (such as levy or garnishment) to the same extent as if those funds were

in your Core Account.

Your Program Customer Deposits are obligations of the Program Bank and are not obligations of Brex Treasury or any of its affiliates. We do not guarantee in any way the financial condition of the Program Banks. Your interest in a Program Deposit Account is not transferable.

## **5. Withdrawals from Program Banks**

To the extent required to cover any debits to your Brex Cash Account, at the end of each business day, funds will be swept out of the Program Banks, through the Settlement Account and the Clearing Bank, and back into your Core Account. Funds will generally be withdrawn from Program Banks in accordance with the Deposit Allocation Formula (defined below).

## **6. Standard Maximum Deposit Limit**

The “**Standard Maximum Deposit Limit**” equals the applicable standard maximum FDIC deposit insurance amount for a nonretirement single ownership deposit account, which is currently \$250,000. Your monthly statement will list your aggregate Program Customer Deposits at each Program Bank. The maximum FDIC insurable amount at each Program Bank is the sum of your Program Customer Deposits at such bank plus any other cash deposits, certificates of deposit, money market deposit accounts, and other assets eligible for FDIC coverage you have at such Program Bank in the same account ownership category (e.g., single account, joint account, etc.) (collectively, “**FDIC Eligible Assets**”). You are solely responsible for monitoring the value of all FDIC Eligible Assets you have any Program Bank. The value of FDIC Eligible Assets in the same ownership category at any Program Bank in excess of the applicable Standard Maximum Deposit Limit are not eligible for FDIC coverage. None of Brex Treasury, the Program Administrator nor any of the Program Banks is responsible for any uninsured portion of your Program Customer Deposits.

## **7. Program Banks; Limits and Transfers by Brex Treasury**

Radius Bank is currently the only Program Bank participating in the Brex Cash FDIC Sweep Program. As additional Program Banks become available, they will be reflected on Brex Treasury’s website. We will provide a Notice to you describing any changes to the list of Program Banks. If we end our relationship with a Program Bank, we will remove it from the list and will transfer your Program Customer Deposits to other Program Banks based on the Deposit Allocation Formula (as defined below). Your continued participation in the Brex Cash FDIC Sweep Program after receiving Notice of changes to the Program Bank list constitutes your acceptance of such changes and transfers.

We reserve the right, in our sole discretion, to limit the amount of your Program Customer Deposits at a given Program Bank or to transfer your Program Customer Deposits from one Program Bank to another, including, without limitation: (i) if we deem such action appropriate to protect your funds; (ii) if a Program Bank has reached its Program Bank Deposit Limit and will not accept further Program Customer Deposits; (iii) if the Program Bank will not continue to participate in the Brex Cash FDIC Sweep Program; or (iv) if we have become aware of other reasons to terminate the relationship with any Program Bank.

### *7.1 Program Bank List*

Your Uninvested Balances will be deposited into the Program Banks, in the order determined using a nondiscriminatory formula developed by Brex Treasury which can be changed at any time (the “**Deposit Allocation Formula**”). If there is only one Program Bank in the program, your full

Uninvested Balance will be deposited with that Program Bank.

### *7.2 Option to Deselect Program Banks*

You may opt out of having Program Customer Deposits swept to one or more of the Program Banks or you may change a previous decision to opt out of deposits to a specific Program Bank. If only one Program Bank is being offered, the only opt-out option you will have is choosing not to allocate your funds to the Brex Cash FDIC Sweep Program. However, if you would like to participate in the Brex Cash FDIC Sweep Program you must always have opted to make deposits to at least one Program Bank. If you have deselected all Program Banks (whether due to inadvertence, removal or opt-out), we will contact you to designate one or more Program Banks. If we are unable to contact you after making reasonable efforts to do so, we will either move all of your funds to one of Brex Treasury's other cash management offerings, or instead we will suspend or close your Brex Cash Account in accordance with the procedures set forth in the Brex Cash Agreement.

To opt out of deposits to one or more Program Banks or change your opt-out elections, please provide written notice to Brex Treasury at [support@brex.com](mailto:support@brex.com).

If you opt out of deposits to one or more Program Banks where you already have Program Customer Deposits, or if we remove a Program Bank from the Brex Cash FDIC Sweep Program, those Program Customer Deposits will be transferred to another Program Bank if another Program Bank is available. The reallocation will be based on the Deposit Allocation Formula, subject to the Standard Maximum Deposit Limit and the Program Bank Deposit Limit (each as defined below).

Note that opting out of multiple Program Banks increases the chance that you may have FDIC Eligible Assets in excess of the Standard Maximum Deposit Limit at one or more of the remaining Program Banks. The value of those excess assets will not be covered by FDIC insurance. Please see the Brex Cash Agreement and the section below titled "FDIC Insurance Coverage; No SIPC Protection," for important information regarding Uninvested Balances.

### *7.3 Program Deposit Waterfall*

With respect to each Program Bank, there is a maximum amount of deposits each Program Bank has agreed to accept through the Brex Cash FDIC Sweep Program (the "**Program Bank Deposit Limit**"). This means that each Program Bank's ability to accept deposits may change daily.

- Except as described below, deposits will be made to each Program Bank until your Program Customer Deposits have reached the Standard Maximum Deposit Limit or the Program Bank has reached its Program Bank Deposit Limit.
- Once your Program Customer Deposits at any Program Bank reach the Standard Maximum Deposit Limit, additional Program Customer Deposits may be swept to other Program Banks in the order determined by the Deposit Allocation Formula until your Program Customer Deposits at each Program Bank reach the Standard Maximum Deposit Limit or all Program Banks have reached their Program Bank Deposit Limits.
- Once your Program Customer Deposits at each available Program Bank equal the Standard Maximum Deposit Limit, if all of the Program Banks have not reached their Program Bank Deposit Limit, additional Program Customer Deposits will continue to be swept to Program Banks in the order determined by the Deposit Allocation Formula.

NOTE: This step in the sweep process may result in Program Customer Deposits at one

or more Program Banks in excess of the Standard Maximum Deposit Limit, and such excess deposits will not be covered by FDIC insurance.

- This process will repeat itself until either: (a) there are no remaining Uninvested Balances to be invested; or (b) aggregate Program Customer Deposits at each Program Bank reach the Program Bank Deposit Limit for each such bank.
- Once each Program Bank has reached its Program Bank Deposit Limit, no additional Program Customer Deposits will be accepted into the Brex Cash FDIC Sweep Program. Thereafter, all such funds will be held by Brex Treasury as Uninvested Balances.

## 8. Account Statements

Your monthly account statement will include: (a) the balance in your Brex Cash Account as of the date of the account statement; (b) the aggregate interest accrued, if any, on your Program Customer Deposits in the Brex Cash FDIC Sweep Program during the period covered by the account statement; and (c) the amount of any Program Customer Deposits you have at each Program Bank as of the last day of the statement period. You will not receive individual confirmations for each sweep into and from a Program Deposit Account, or transfers between MMDAs and Transaction Accounts, nor will your account statement separately reflect the interest paid by each Program Bank on your Program Customer Deposits.

## 9. Interest

We may establish eligibility or interest rate tiering criteria to determine the interest rate you earn on your Program Customer Deposits. Interest rates may be as low as 0.00% depending upon the interest rate environment and related macroeconomic factors. If you meet the eligibility or interest rate tiering criteria established by Brex Treasury (an “**Eligible Account**”), you will earn interest on your Program Customer Deposits at the interest rate shown on the Brex Rate Sheet ([located here](#)).

If the available interest rate for the Brex Cash FDIC Sweep Program exceeds 0.00%, interest will begin to accrue on Program Customer Deposits in Eligible Accounts beginning on the calendar day that funds are posted to your Program Customer Accounts, which will be no later than the second business day after the deposit is made (and in some cases earlier depending on the timing and type of deposit made). For more information on the posting times for various deposit types, see the Brex Funds Availability Notice. Interest on eligible Program Customer Deposits will accrue daily based on your end-of-day balance in the Brex Cash FDIC Sweep Program. Interest is compounded monthly. The Program Banks will credit your Program Customer Accounts with accrued interest as applicable on a monthly basis, on or before the first business day of the following calendar month.

Interest rates paid on Program Customer Deposits in the Brex Cash FDIC Sweep Program are variable rates, which will be established from time to time by Brex Treasury, in its sole discretion. Such interest rates are subject to change at any time without prior Notice to you. Interest rate changes will change the annual percentage yield earned on your Program Customer Deposits.

Interest rate changes will be posted [here](#) and reflected in your Brex Cash Account. Your continued participation in the Brex Cash FDIC Sweep Program after we post changes to the interest rate(s) will constitute your consent to any such changes.

The interest rate paid by a Program Bank will not change if your funds are on deposit in the Transaction Account or the MMDA at that Program Bank. If you have Uninvested Balances as a result of interest credited to your Program Customer Deposits, these additional Uninvested Balances will be swept to Program Banks as described herein.

The interest rate paid to you through the Brex Cash FDIC Sweep Program may be lower than the interest rate you might receive if you deposited your money directly with one of the Program Banks, in similar non-FDIC-insured investments, or in accounts with other banks or financial institutions. The interest rates paid by the Program Banks under the Brex Cash FDIC Sweep Program are variable. If the interest rate paid by the Program Banks is less than the rates offered to you under the Brex Cash FDIC Sweep Program (or any promotional or other offered rate paid under the Brex Cash FDIC Sweep Program), the interest rate offered under the Brex Cash FDIC Sweep Program will be reduced to a rate which does not exceed the rate paid by the Program Banks under the Brex Cash FDIC Sweep Program. In certain cases, such reduction may be made retroactive to the date the interest rate paid by the Program Banks was reduced. This reduction in interest rates can occur at any time.

If you receive interest on any deposit which did not clear, or which is later invalidated or reversed, the interest paid or credited will be deducted from your Brex Cash Account or you will be asked to repay such amounts.

## **10. Other Relationships; Multiple Program Roles**

Under the Brex Cash FDIC Sweep Program, we serve as your securities broker-dealer, maintain your Brex Cash Account, and provide certain services to you in connection therewith. We act as your agent in establishing omnibus Program Deposit Accounts at Program Bank(s), sweeping Uninvested Balances to Program Deposit Accounts, and sweeping funds from your Program Deposit Accounts back to the Core Account. The Program Administrator provides certain recordkeeping, technology, and consulting services to us and to the Program Banks as to the allocation of funds between your Transaction Account and MMDA. We will provide you with a 1099 INT for interest earned on your Program Customer Deposits, if any, at year-end.

We may be a customer of the Program Administrator, any Clearing Bank or intermediary bank, or any Program Bank and we may have other financial interactions with these parties.

In addition, a bank may play multiple roles in the Brex Cash FDIC Sweep Program. For example, the Settlement Account may be at the Clearing Bank, which may also serve as a Program Bank.

## **11. Fees and Benefits to Brex and Others**

We receive a fee from each Program Bank in connection with the Brex Cash FDIC Sweep Program. The fee may vary between Program Banks and is typically based on the average aggregate daily Program Customer Deposits held by such Program Bank.

For services rendered in connection with the Brex Cash FDIC Sweep Program, including technology and accounting services and assistance with compliance with regulatory requirements, the Program Administrator will receive a monthly service fee from us, which will be based on the average aggregate daily balance of all Program Customer Deposits in the Brex Cash FDIC Sweep Program. The Program Banks use Program Customer Deposits to fund current and new lending and investment activities. The Program Banks earn net income from the difference between the income they earn on loans, investments, and other assets, and the interest they pay on Program Customer Deposits and the fees paid to us.

## **12. FDIC Insurance; No SIPC Protection**

### *12.1 FDIC Insurance Coverage*

Your Program Customer Deposits (principal and accrued interest), together with all other FDIC

Eligible Assets you may have at any Program Bank are insured by the FDIC, an independent agency of the U.S. government, up to the Standard Maximum Deposit Limit in accordance with the FDIC's rules. The applicable FDIC insurance limit depends upon the ownership capacity in which you hold your Program Customer Deposits and any other FDIC Eligible Assets (e.g., single account, joint account, etc.), and the relevant limit will be applied to all FDIC Eligible Assets held in the same ownership capacity by you at the same Program Bank. FDIC Eligible Assets held in different ownership capacities, as provided in FDIC rules, are insured separately. Single ownership Accounts and each co-owner's share of joint Accounts are insured up to \$250,000. Special rules apply to insurance of trust deposits.

If federal deposit insurance payments become necessary, payments of FDIC-insured principal plus unpaid and accrued interest will be made to you by the FDIC through Brex Treasury. There is no specific time period during which the FDIC must make insurance payments, and you may experience a significant delay in accessing your funds if it is necessary for the FDIC to make such payments. You may be required to provide certain documentation to us and to the FDIC before insurance payments are made.

Because only the first \$250,000 in *aggregate* deposits at the Clearing Bank will be subject to FDIC coverage, you should operate under the assumption that your Uninvested Balances will not benefit from FDIC coverage while at the Clearing Bank or any account at an intermediary depository institution. Deposits that are in the Settlement Account while in the process of being swept to or from a Program Bank will be subject to FDIC coverage of up to \$250,000 per Customer (aggregated together with other deposits, if any, of the Customer at the bank holding the Settlement Account).

If you have Program Customer Deposits and other FDIC Eligible Assets at the same Program Bank and in the same ownership capacity, you must aggregate your Program Customer Deposits and your FDIC Eligible Assets for purposes of determining the amount of available FDIC coverage. If your total FDIC Eligible Assets at a Program Bank exceed the applicable FDIC insurance limit for any ownership category, the value of any funds or assets in excess of the FDIC limit will not be insured. You are solely responsible for monitoring the total amount of your FDIC Eligible Assets (including your Program Customer Deposits), held in the same ownership capacity at each Program Bank. If you are a trustee, you are responsible for determining the application of the insurance rules for you and your beneficiaries. These same rules apply to any deposits of yours that are held in the Settlement Account. None of Brex Treasury or its affiliates, the Program Administrator, nor any of the Program Banks is responsible for: (a) monitoring your total FDIC Eligible Assets at any Program Bank; (b) preventing the value of such FDIC Eligible Assets from exceeding the limit of the available FDIC insurance; or (c) any losses incurred because the value of your FDIC Eligible Assets exceeds the maximum FDIC insurable amount.

For more information, please visit [fdic.gov](https://www.fdic.gov) or call 877-ASK-FDIC (877-275-3342).

## 12.2 *Changes to FDIC Insurance Limits*

If the standard maximum FDIC deposit insurance amount for a nonretirement single ownership deposit account increases or decreases, we will determine a new Standard Maximum Deposit Limit as of the effective date of the change. If the amount decreases and you have Program Customer Deposits at a Program Bank in excess of the new Standard Maximum Deposit Limit, then we will, to the extent practicable, sweep the excess funds to another Program Bank based on the Deposit Allocation Formula until the total of your Program Customer Deposits at each Program Bank is equal to or less than the Standard Maximum Deposit Limit. We will repeat this process until either: (a) your Program Customer Deposits at each Program Bank do not exceed the new Standard Maximum Deposit Limit; or (b) your Program Customer Deposits at all Program Banks equal the Standard Maximum Deposit Limit, after which additional or excess Program Customer Deposits

will be swept to Program Banks based on the Deposit Allocation Formula. If your Program Customer Deposits and any other FDIC Eligible Assets exceed the Standard Maximum Deposit Limit at any Program Bank, the excess deposits or assets will not be covered by FDIC insurance.

### **12.3 No SIPC Coverage**

Uninvested Balances at Brex Treasury will not be eligible for SIPC coverage at any time, including: (a) while they are on deposit at the Clearing Bank, the Settlement Account, or one or more intermediary banks while in transit to or from the Program Banks; and (b) while on deposit at any Program Bank. SIPC coverage is generally limited to: (x) cash on deposit with a broker-dealer for the purpose of purchasing securities; (y) cash that arises out of sales or conversions of securities; or (z) cash that is received, acquired, or held in certain portfolio margin accounts carried as securities accounts. Cash deposits that are not intended to be used to purchase securities or that do not arise from any of the other transactions or circumstances described above are ineligible for SIPC coverage.

SIPC does not cover funds that have been swept to the Program Banks. These amounts are subject to FDIC coverage as described above. You may obtain further information about SIPC, including the SIPC brochure, at [www.sipc.org](http://www.sipc.org) or by calling SIPC at 202-371-8300.

### **13. Opt-Out Procedures.**

You may at any time opt out of participation in, or modify your allocation to, the Brex Cash FDIC Sweep Program by changing your preferences in the Brex app or by emailing [support@brex.com](mailto:support@brex.com) at least two business days in advance of the date you would like your election to take effect. When you opt out, we will close your Program Customer Accounts and withdraw and reallocate or remit to you any Uninvested Balances on deposit with the Program Banks.

Please note that you must select at least one of the money market fund sweep or the Brex Cash FDIC Sweep Program. We will treat any request to opt out of participation in the Brex Cash FDIC Sweep Program that is not accompanied by a request to reallocate those funds to a money market fund sweep option as a request to close your Program Customer Account and your Brex Cash Account. Please see the Brex Cash Agreement for Brex Cash Account closing provisions.