

UPDATE ON CASH SWEEPS: RAYMOND JAMES BANK DEPOSIT PROGRAM

THE CURRENT CASH ENVIRONMENT

In the aftermath of the bumpy past two years, consumers are saving at an increasingly high rate. According to Market Rates Insight, a company that provides research on financial market rate data, U.S. bank deposits have increased by more than \$1 trillion over the last 36 months.

At the same time, due to a combination of excess cash reserves and regulations limiting the amount of brokered deposits a bank can maintain, the industry is currently experiencing issues in finding banks available to take on clients' cash balances.

The Raymond James Bank Deposit Program (RJBDP), a deposit option for the transfer, or "sweep," of available cash balances in clients' brokerage accounts, is currently experiencing capacity issues as a result of this situation. Although three banks were added to the program in 2010, recent contract expirations and renewals for reduced amounts are limiting the amount of cash on which Raymond James can guarantee FDIC coverage. This has the potential to cause a portion of any new cash deposit that brings a client's balance in RJBDP over \$250,000 to be uninsured.

Raymond James is actively working to increase capacity within the program and hopes to have the issue resolved by mid-February.

BY DESIGN: HOW RJBDP WORKS

With the Raymond James Bank Deposit Program, available cash in your Raymond James account is deposited into interest-bearing deposit accounts at up to 12 banks, providing eligibility for up to \$2.5 million in deposit insurance coverage by the FDIC (\$5 million for joint accounts of two or more), subject to applicable limitations. Raymond James will deposit up to \$245,000 (\$490,000 for joint ac-

counts of two or more) in each bank. Once \$2.5 million (\$5 million for joint accounts of two or more) in total has been deposited in all banks on the priority list, additional funds will be directed to a designated "excess bank" without limit and without regard to maximum-available FDIC coverage.

OTHER ALTERNATIVES FOR YOUR CASH

If you have concerns about the current status of your cash balance in RJBDP or are considering changing your cash sweep option, please consult with your financial advisor to discuss what alternative is best for your account(s). Other options that may be available to you include:

Client Interest Program (CIP) – A short-term alternative for funds that are awaiting investment. CIP funds are, by regulation, required to be placed in overnight repurchase agreements that are fully collateralized by U.S. Treasury securities and/or deposited in qualifying trust accounts with major U.S. banks. CIP balances are included in the coverage provided by the Securities Investor Protection Corporation (SIPC) and excess SIPC.* The current yield as of January 6, 2011, is 0.12% for balances over \$5,000.

Eagle Class – JPMorgan Prime Money Market Fund (MTX) – Taxable money market mutual fund that aims to provide the highest possible level of current income, while still maintaining liquidity and preserving capital. MTX balances are included in the coverage provided by SIPC and excess SIPC.* The 7 day current yield as of January 5, 2011, is 0.01%.

Eagle Class – JPMorgan Tax Free Money Market Fund (MTF) – Money market mutual fund that aims to provide the highest possible level of current income, which is excluded from gross income, while still maintaining li-

quidity and preserving capital. MTF balances are included in the coverage provided by SIPC and excess SIPC.*The 7 day current yield as of January 5, 2011, is 0.01%.

Other Money Market Funds** – You may also work with your financial advisor to select other money market fund(s) for purchase with any excess cash balance. Although not a cash “sweep” option that would automatically transfer your available cash in or out of the fund, this option would allow you to earn interest while your balance is protected by the coverage provided by SIPC and excess SIPC.*

You can find more about Raymond James’ cash sweep programs, including current rates, at RAYMONDJAMES.COM/RATES.HTM.

*Raymond James & Associates is a member of the Securities Investor Protection Corporation (SIPC), which protects securities customers of its members up to \$500,000 (including \$250,000 for claims for cash). An explanatory brochure is available upon request, at SIPC.ORG or by calling 202-371-8300.

Raymond James has purchased excess SIPC coverage through various syndicates of Lloyd’s, a London-based firm. Excess SIPC is fully protected by the Lloyd’s trust funds and Lloyd’s Central Fund. The additional protection currently provided has an aggregate firm limit of \$750 million, including a sub-limit of \$1.9 million per customer for cash above basic SIPC for the wrongful abstraction of customer funds.

Account protection applies when a SIPC-member firm fails financially and is unable to meet obligations to securities clients, but it does not protect against market fluctuations.

Rates subject to change without notice.

*** The performance data quoted represents past performance and does not guarantee future results. The investment return will vary. An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in money market funds.*

Investors should carefully consider the investment objectives, risks, charges and expenses of money market funds before investing. The prospectus contains this and other information about the funds. The prospectus is available from your financial advisor and should be read carefully before investing.