
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934

Date of Report (date of earliest event reported): February 10, 2025

The Charles Schwab Corporation
(Exact name of registrant as specified in its charter)

Commission File Number: 1-9700

Delaware
(State or other jurisdiction
of incorporation or organization)

94-3025021
(I.R.S. Employer
Identification No.)

3000 Schwab Way, Westlake, TX 76262
(Address of principal executive offices, including zip code)

(817) 859-5000
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock - \$.01 par value per share	SCHW	New York Stock Exchange
Depository Shares, each representing a 1/40th ownership interest in a share of 5.95% Non-Cumulative Preferred Stock, Series D	SCHW PrD	New York Stock Exchange
Depository Shares, each representing a 1/40th ownership interest in a share of 4.450% Non-Cumulative Preferred Stock, Series J	SCHW PrJ	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

The information being furnished pursuant to this Item 7.01 shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities under that section. Further, the information being furnished pursuant to this Item 7.01 shall not be deemed to be incorporated by reference into the filings of The Charles Schwab Corporation (“CSC” or “the Company”) under the Securities Act of 1933 (“the Securities Act”) or the Exchange Act.

Secondary Offering

On February 10, 2025, the Company issued a press release announcing the commencement of a secondary offering of its common stock through which TD Group US Holdings LLC (the “selling stockholder”), an affiliate of The Toronto-Dominion Bank, intends to exit its full investment in the Company (the “offering”). A copy of the press release is furnished as Exhibit 99.1 to this report.

Share Repurchase

On February 9, 2025, the Company entered into a stock repurchase agreement with the selling stockholder pursuant to which the Company agreed to repurchase \$1.5 billion of the Company’s nonvoting common stock directly from the selling stockholder, in a private transaction, at the price per share at which the shares of common stock are sold to the public in the offering, less the underwriting discount per share (the “repurchase”). Closing of the repurchase is conditioned on, and is expected to occur immediately after, the completion of the offering. Any shares bought in the repurchase will be retained as treasury shares or canceled.

Estimated Tier 1 Leverage and Adjusted Tier 1 Leverage Ratios

In conjunction with the offering, the Company provided the following preliminary estimates of the effect of the repurchase on its Tier 1 Leverage and Adjusted Tier 1 Leverage Ratios. This information is, by necessity, preliminary in nature and based only upon preliminary information available to the Company as of the date of this report. The Company cannot assure you that this information will not change. Additional adjustments relevant to these metrics may be identified, and any such adjustments may be material.

(In millions)	December 31, 2024	Repurchase Amount ⁽¹⁾	Pro Forma Estimates after impact of the Repurchase
Tier 1 Capital	\$ 45,186	\$ (1,500)	\$ 43,686
Average assets with regulatory adjustments	\$ 458,119	\$ -	\$ 458,119
Tier 1 Leverage Ratio (GAAP)	9.9%		9.5%

(In millions)	December 31, 2024	Repurchase Amount ⁽¹⁾	Pro Forma Estimates after impact of the Repurchase
Adjusted Tier 1 Capital ⁽²⁾	\$ 30,347	\$ (1,500)	\$ 28,847
Adjusted Average assets with regulatory adjustments ⁽²⁾	\$ 443,288	\$ -	\$ 443,288
Adjusted Tier 1 Leverage Ratio (non-GAAP) ⁽²⁾	6.8%		6.5%

(1) Assumes the repurchase occurs on December 31, 2024 and has no impact on average assets. Also excludes the impact of any excise tax on the repurchase, which is not expected to change the ratios shown above.

(2) See information about the Company’s use of the non-GAAP measure Adjusted Tier 1 Leverage Ratio and a reconciliation to GAAP below.

	December 31, 2024
Tier 1 Leverage Ratio (GAAP)	9.9%
Tier 1 Capital	\$ 45,186
Plus: AOCI adjustment	(14,839)
Adjusted Tier 1 Capital	30,347
Average assets with regulatory adjustments	458,119
Plus: AOCI adjustment	(14,831)
Adjusted average assets with regulatory adjustments	<u>\$ 443,288</u>
Adjusted Tier 1 Leverage Ratio (non-GAAP)	<u>6.8%</u>

The Company uses Adjusted Tier 1 Leverage Ratio in managing capital, including its use of the measure as its long-term operating objective. Adjusted Tier 1 Leverage Ratio represents the Tier 1 Leverage Ratio as prescribed by bank regulatory guidance for the consolidated company, adjusted to reflect the inclusion of accumulated other comprehensive income (AOCI) in the ratio. Inclusion of the impacts of AOCI in the Company's Tier 1 Leverage Ratio provides additional information regarding the Company's current capital position. We believe Adjusted Tier 1 Leverage Ratio may be useful to investors as a supplemental measure of the Company's capital levels.

Preliminary Estimates of January 2025 Monthly Metrics

In conjunction with the offering, the Company is providing preliminary estimates regarding certain January 2025 business and financial metrics. This information is, by necessity, preliminary in nature and based only upon preliminary information available to the Company as of the date of this report. The Company cannot assure you that this information will not change. In finalizing these business and financial metrics, additional adjustments to the preliminary estimated business and financial metrics presented below may be identified, and any such adjustments may be material:

- January core net new assets increased by approximately 75% versus the prior year period to approximately \$30 billion for the month.
- New brokerage accounts opened during the month were approximately 430 thousand.
- Daily average trades in January equaled approximately 7.3 million.
- Client transactional sweep cash balances ended January at approximately \$400 billion.
- Bank supplemental funding balances were further reduced by about \$4 billion to finish January with approximately \$46 billion outstanding.

For more information regarding core net new assets, client sweep cash balances and bank supplemental funding, see Management's Discussion and Analysis of Financial Condition and Results of Operations - Overview, Results of Operations, and Risk Management - Liquidity Risk in Part I - Item 2 of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2024. See also the Company's Annual Report on Form 10-K for the year ended December 31, 2023 for additional information.

The Company currently expects to make available its January 2025 Monthly Activity Report on Friday, February 14, 2025.

Forward-Looking Statements

This report contains “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements are identified by words such as “believe,” “anticipate,” “expect,” “intend,” “plan,” “prioritize,” “will,” “may,” “estimate,” “appear,” “could,” “would,” “maintain,” “continue,” “seek,” and other similar expressions. In addition, any statements that refer to expectations, strategy, objectives, projections, or other characterizations of future events or circumstances are forward-looking statements. These statements, which may be expressed in a variety of ways, including the use of future or present tense language, refer to future events.

These forward-looking statements, which reflect management’s beliefs, objectives, and expectations as of the date hereof, or in the case of any documents incorporated by reference, as of the date of those documents, are estimates based on the best judgment of the Company’s senior management. These statements relate to, among other things:

- Maximizing our market valuation and stockholder returns over time; and our belief that developing trusted relationships will translate into more client assets which drives revenue and, along with expense discipline and thoughtful capital management, generates earnings growth and builds stockholder value;
- Capital expenditures and expense management;
- Net interest revenue, the adjustment of rates paid on client-related liabilities, and client cash realignment activity;
- Utilization of bank supplemental funding and expectations for repayment of outstanding balances;
- Management of interest rate risk, modeling and assumptions, the impact of changes in interest rates on net interest margin and revenue, bank deposit account fee revenue, economic value of equity, and liability and asset duration;
- Sources and uses of liquidity;
- Capital management; potential migration of insured deposit account balances (IDA balances) to our balance sheet; capital accretion; expectations about capital requirements, including accumulated other comprehensive income; long-term operating objective; and uses of capital and return of excess capital to stockholders;
- The expected impact of proposed and final rules;
- The expected impact of new accounting standards not yet adopted;
- The likelihood of indemnification and guarantee payment obligations and clients failing to fulfill contractual obligations;
- The outcome and impact of legal proceedings and regulatory matters; and
- The consummation of the offering and repurchase; and
- The estimated Tier 1 Leverage and Adjusted Tier 1 Leverage Ratios and the preliminary estimates of January 2025 monthly metrics.

Achievement of the expressed beliefs, objectives, and expectations described in these statements is subject to certain risks and uncertainties that could cause actual results to differ materially from the expressed beliefs, objectives, and expectations. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Form 8-K or, in the case of documents incorporated by reference, as of the date of those documents.

Important factors that may cause actual results to differ include, but are not limited to:

- General market conditions, including the level of interest rates, equity market valuations and volatility;
- Our ability to attract and retain clients, develop trusted relationships, and grow client assets;
- Client use of our advisory and lending solutions and other products and services;
- The level of client assets, including cash balances;
- Client cash allocations and sensitivity to deposit rates;
- Competitive pressure on pricing, including deposit rates;
- The level and mix of client trading activity, including daily average trades, margin balances, and balance sheet cash;
- Regulatory guidance and adverse impacts from new or changed legislation, rulemaking or regulatory expectations;
- Capital and liquidity needs and management;
- Our ability to manage expenses;
- Our ability to attract and retain talent;
- Our ability to develop and launch new and enhanced products, services, and capabilities, as well as enhance our infrastructure, in a timely and successful manner;
- Our ability to monetize client assets;
- Our ability to support client activity levels;
- Increased compensation and other costs;
- Real estate and workforce decisions;
- The timing and scope of technology projects;
- Balance sheet positioning relative to changes in interest rates;
- Interest-earning asset mix and growth;
- Our ability to access supplemental funding sources;
- Prepayment levels for mortgage-backed securities;
- Migrations of bank deposit account balances (BDA balances);
- Regulatory and legislative developments;
- Adverse developments in litigation or regulatory matters and any related charges; and

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- Potential breaches of contractual terms for which we have indemnification and guarantee obligations.

You should refer to the “Risk Factors” section of the Company’s periodic and current reports filed with the SEC for specific risks which could cause actual results to be significantly different from those expressed or implied by these forward-looking statements. In particular, certain of these factors, as well as general risk factors affecting the Company and its subsidiaries, are discussed in greater detail in “Item 1A.-Risk Factors” in the Annual Report on Form 10-K for the year ended December 31, 2023, as such discussion may be amended or updated in other reports filed by the Company with the SEC.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Launch Press Release dated February 10, 2025
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

Signature(s)

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE CHARLES SCHWAB CORPORATION

Date: February 10, 2025

By: /s/ Michael Verdeschi

Michael Verdeschi

Managing Director and Chief Financial Officer

**The Charles Schwab Corporation Announces Secondary Offering of its Common Stock
held by an affiliate of The Toronto-Dominion Bank;
Plans \$1.5 Billion Stock Repurchase**

WESTLAKE, Texas, New York, February 10, 2025—The Charles Schwab Corporation (NYSE: SCHW) (the “Company” or “Charles Schwab”) today announced the commencement of a secondary offering of its common stock through which TD Group US Holdings LLC, an affiliate of The Toronto-Dominion Bank (“TD”), intends to exit its full investment in the Company. The shares being offered by TD will be sold in an underwritten public offering.

TD currently holds 184.7 million shares of the Company’s common stock, representing a 10.1% economic ownership.

Charles Schwab also announced today that it entered into a share repurchase agreement with TD, conditioned on the secondary offering, pursuant to which the Company agreed to repurchase \$1.5 billion of its nonvoting common stock directly from TD, in a private transaction, at the price per share at which the shares of common stock are sold to the public in the secondary offering less the underwriting discount (the “Repurchase”). Closing of the Repurchase is expected to occur immediately following the completion of the public offering. The Repurchase will be made under the Company’s existing share repurchase program and will be funded by cash on hand. Following the completion of the Repurchase, the Company expects to have \$7.2 billion remaining under its authorized program. Over the course of 2025, the Company expects to continue to pursue opportunistic repurchases where consistent with its expected progress on its key financial objectives.

Following the secondary offering and the Repurchase, TD will have disposed of all of its shares. Charles Schwab will not receive any of the proceeds from the sale of shares of its common stock.

The secondary offering will be led by TD Securities and Goldman Sachs & Co. LLC.

Charles Schwab has filed a registration statement (including a prospectus) and a preliminary prospectus supplement with the Securities and Exchange Commission (the “SEC”) for the secondary offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents Charles Schwab has filed with the SEC, including the preliminary prospectus supplement dated February 10, 2025, for more complete information about Charles Schwab and this secondary offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, any underwriter or any dealer participating in the offering will arrange to send you the prospectus and the preliminary prospectus supplement if you request them by contacting: (i) TD Securities (USA) LLC, 1 Vanderbilt Avenue, New York, NY 10017, telephone: 1 (855) 495-9846 or by email at TD.ECM_Prospectus@tdsecurities.com; or (ii) Goldman Sachs & Co. LLC, Attn: Prospectus Department, 200 West Street, New York, NY 10282, telephone: 1 (866) 471-2526, facsimile: (212) 902-9316 or by email at Prospectus-ny@ny.email.gs.com.

This announcement shall not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

Forward-Looking Statements

This press release contains forward-looking statements that involve substantial risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed or implied by such statements. These forward-looking statements include statements regarding the offering and the Repurchase, the Company's plans, objectives, expectations and intentions and the financial condition, results of operations and business of the Company. These forward-looking statements are subject to risks and uncertainties, including, among other things, risks related to the ability of the Company to consummate the offering and the Repurchase and the risks described in the Company's most recent reports on Form 10-K and Form 10-Q, which have been filed with the SEC and are available on the Company's website (www.aboutschwab.com/financial-reports) and on the SEC's website (www.sec.gov). The Company makes no commitment to update any forward-looking statements.

About Charles Schwab

The Charles Schwab Corporation (NYSE: SCHW) is a leading provider of financial services, with 36.5 million active brokerage accounts, 5.4 million workplace plan participant accounts, 2.0 million banking accounts, and \$10.10 trillion in client assets. Through its operating subsidiaries, the Company provides a full range of wealth management, securities brokerage, banking, asset management, custody, and financial advisory services to individual investors and independent investment advisors. Its broker-dealer subsidiary, Charles Schwab & Co., Inc. (member SIPC, <https://www.sipc.org>), and its affiliates offer a complete range of investment services and products including an extensive selection of mutual funds; financial planning and investment advice; retirement plan and equity compensation plan services; referrals to independent, fee-based investment advisors; and custodial, operational and trading support for independent, fee-based investment advisors through Schwab Advisor Services. Its primary banking subsidiary, Charles Schwab Bank, SSB (member FDIC and an Equal Housing Lender), provides banking and lending services and products.

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