

Security and Technology

[Personal Trading](#) | [Affirmations, Certifications, and Disclosures](#) | [Case Management](#) | [Gifts, Entertainment, and Contributions](#)

Protecting your firm’s data is a primary concern. Schwab Compliance Technologies, Inc., a subsidiary of The Charles Schwab Corporation, uses industry standards to protect your data. Schwab Compliance Technologies, Inc. production servers are hosted in an SSAE 16–compliant environment by Rackspace® (NYSE: RAX). The Schwab Compliance Technologies® platform is tested and certified on a regular basis by an independent third-party firm.

Rackspace physical security and production environment.

- **Security badges:** Card-reader access is required to enter the facility.
- **Biometric scanning:** Biometric scanning is required for access to the data-center floor.
- **Proximity readers:** Proximity readers track all movement between areas.
- **Security cameras:** Cameras are located throughout the facility to monitor and record activity.
- **Security personnel:** 24/7 on-site staff provides additional protection against unauthorized entry.
- **Unmarked building:** The facility is unmarked to help maintain a low profile.
- **Physical security:** Physical security measures are audited by an independent firm and are SSAE 16–certified.
- **UPS:** Upon power loss, uninterruptible power supply (UPS) systems can provide 30 minutes of battery life under peak load.
- **Generators:** Two sets of diesel generators have enough fuel stored to provide up to 48 hours of power under full load.

Schwab Compliance Technologies network security.

- **Firewalls:** Access is limited to certain ports by a series of firewalls.
- **Intrusion detection:** Systems proactively monitor for malicious connection activity.
- **Antivirus software:** Antivirus software is active on all servers.
- **Patches:** Security patches are reviewed and applied as necessary.
- **SSL encryption:** Data transferred between the user’s browser and Schwab Compliance Technologies is protected using Secure Socket Layer (SSL) encryption.
- **FTP data transmission:** Back-end file transfers use secure File Transfer Protocol (FTP) transmission, such as PGP encryption.
- **Administrative access:** Administrator access to the production infrastructure requires two-factor (hardware token) authentication.

Schwab Compliance Technologies application security.

- **Database encryption:** Sensitive personal information is encrypted in the database.
- **Application architecture:** The Schwab Compliance Technologies application is built using J2EE and an Oracle database.
- **Penetration testing:** Internal and external penetration tests are conducted periodically by an independent third party.
- **IP login restrictions:** Access can be limited by source IP addresses.
- **Single sign-on:** Access to the application can be granted via your firm’s corporate directory.
- **Password expiration:** User passwords can be set to expire on a periodic basis.
- **Password reuse:** Reusing user passwords can be disallowed.

Schwab Compliance Technologies® employee security.

- **Background check:** All employees are subject to a background check.
- **Information security policy:** All employees periodically certify that they have read and comply with our information security policy.
- **Schwab Compliance Technologies offices:** Our offices are operated and monitored in accordance with a comprehensive physical security policy.
- **Asset management program:** All equipment and assets are monitored in accordance with company standards for our asset management program.

Schwab Compliance Technologies Production Environment.

- **Redundant servers:** The Schwab Compliance Technologies application tier has load-balanced, redundant servers. If an application server fails, users are able to log in to another server with no data loss. The Schwab Compliance Technologies database tier has a redundant server and uses shared disk space. If the database server fails, users are able to log in again with no data loss.
- **RAID storage:** RAID storage is RAID 5 and RAID 10 with a hot spare. If a hard drive fails, service will continue across storage devices.
- **Disaster recovery:** In the event of a major disaster at the primary hosting site, users will have access to a duplicate secondary site hosted in a separate location. Our disaster recovery site offers 100% capacity.
- **Network availability:** The network's configuration was co-developed with Cisco and includes six separate fiber conduits into the facility from different communication providers.
- **Backups:** Database backups are scheduled for every 20 minutes and immediately sent electronically to the disaster recovery site.

Upholding SSAE 16 standards.

SSAE 16: Statement on Standards for Attestation Engagements No. 16 (SSAE 16) is an internationally recognized auditing standard used to assess the controls in place at a third-party service organization. An SSAE audit, along with the completed audit report, provides us, as a customer of Rackspace®, with externally validated and unbiased information about the nature and effectiveness of the controls in place at our operations. This report contains a description of the controls we have in place and the auditor's informed opinion of how effective the controls were during the audit period.

Get started. | Call 1-877-589-4276. | Get details at schwab.com/compliancesolutions.

Taking ownership of compliance means staying ahead of the regulatory landscape, seeing the big picture, and maintaining control. But it doesn't mean doing it on your own. Compliance Solutions' employee-monitoring offer includes Schwab Designated Brokerage Services, Schwab Compliance Technologies cloud-based employee-monitoring software, and a wide range of financial products and services for employees. These solutions can help you proactively manage compliance, promote a positive employee experience, build long-term value across your business, and instill trust with clients.

Neither Schwab nor Schwab Compliance Technologies, Inc. provides specific individualized legal or compliance advice. Where such advice is necessary or appropriate, please consult your own legal and/or compliance counsel.

Compliance Solutions is comprised of Schwab Designated Brokerage Services (DBS), a division of Charles Schwab & Co., Inc. ("Schwab"); and Schwab Compliance Technologies, Inc. ("SchwabCT"), formerly Compliance11, Inc. Schwab Designated Brokerage Services provides brokerage solutions for corporate clients who monitor their employees' securities activity. SchwabCT provides technology solutions for corporate clients to help facilitate their compliance technology program implementation. Schwab Compliance Technologies, Inc. and Charles Schwab & Co., Inc. are separate but affiliated entities and each is a subsidiary of The Charles Schwab Corporation.

Brokerage Products: Not FDIC-Insured • No Bank Guarantee • May Lose Value

The Charles Schwab Corporation provides a full range of securities brokerage, banking, money management, and financial advisory services through its operating subsidiaries. Its broker-dealer subsidiary, Charles Schwab & Co., Inc. (Member SIPC), offers investment services and products. Its banking subsidiary, Charles Schwab Bank (Member FDIC and an Equal Housing Lender), provides deposit and lending services and products.

Charles Schwab & Co., Inc., 211 Main Street, San Francisco, CA 94105

©2016 Charles Schwab & Co., Inc. All rights reserved. Member SIPC. CC0581489 (0516-FS7T) SLS76528-03 (06/16) 00168574



COMPLIANCE TECHNOLOGIES