



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

JUL 7 2009

Ridge Clearing & Outsourcing Solutions, Inc.
1981 Marcus Avenue
Lake Success, NY 11042

EIN: 13-2967453

Ladies and Gentlemen:

In a letter dated May 9, 2008, your authorized representative requested a written notice of approval that Ridge Clearing & Outsourcing Solutions, Inc. may act as a passive or non-passive nonbank trustee or custodian of medical savings accounts established under section 220 of the Internal Revenue Code and health savings accounts described in section 223, passive or non-passive nonbank custodian of plans qualified under section 401 or accounts described in section 403(b)(7), passive or non-passive nonbank trustee or custodian for individual retirement accounts (IRAs) established under sections 408, and 408A (dealing with Roth IRAs), passive or non-passive nonbank custodian of Coverdell education savings accounts established under section 530, and as a passive nonbank custodian of eligible deferred compensation plans described in section 457(b).

Section 220(d)(1)(B) of the Code (dealing with Archer MSAs (medical savings accounts)) provides, in pertinent part, that the trustee of a medical savings account must be a bank (as defined in section 408(n)), an insurance company (as defined in section 816), or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section. Q & A-10 of Notice 96-53, 1996-2 C.B. 219 provides, in pertinent part, that persons other than banks, insurance companies, or previously approved IRA trustees or custodians may request approval to be a trustee or custodian in accordance with the procedures set forth in section 1.408-2(e) of the Income Tax Regulations.

Section 223(d)(1)(B) of the Code provides, in pertinent part, that the trustee of a health savings account must be a bank (as defined in section 408(n)), an insurance company (as defined in section 816), or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section. Section 223(d)(4)(E) provides, in general, that rules similar to section 408(h) (dealing with custodial accounts) also apply to health savings accounts.

Ridge Clearing & Outsourcing Solutions, Inc.

Section 401(f)(1) of the Code provides that a custodial account shall be treated as a qualified trust under this section if such custodial account would, except for the fact it is not a trust, constitute a qualified trust under this section. Section 401(f)(2) provides that the custodian must be a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will hold the assets will be consistent with the requirements of section 401 of the Code. Section 401(f) also provides that in the case of a custodial account treated as a qualified trust, the person holding the assets of such account shall be treated as the trustee thereof.

Section 403(b)(7)(A) of the Code requires, in part, that for amounts paid by an employer to a custodial account to be treated as amounts contributed to an annuity contract for his employee, the custodial account must satisfy the requirements of section 401(f)(2). That section also requires, in order for the amounts paid by an employer to be treated as amounts contributed to an annuity contract for his employee, that the amounts are to be invested in regulated investment company stock to be held in the custodial account, and under the custodial account no such amounts may be paid or made available to any distributee before the employee dies, attains age 59 1/2, has a severance from employment, becomes disabled (within the meaning of section 72(m)(7)), or in the case of contributions made pursuant to a salary reduction agreement (within the meaning of section 3121(a)(5)(D)), encounters financial hardship.

Section 408(a)(2) of the Code requires that the trustee of an IRA be a bank (as defined in section 408(n) of the Code) or such other person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will administer the IRA will be consistent with the requirements of section 408.

Section 408(h) of the Code provides that a custodial account shall be treated as a trust under this section if the assets of such account are held by a bank (as defined in subsection (n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will administer the account will be consistent with the requirements of this section, and if the custodial account would, except for the fact that it is not a trust, constitute an IRA described in subsection (a). Section 408(h) also provides that, in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

Section 408A of the Code provides, in general, that a Roth IRA shall be treated in the same manner as an individual retirement plan. Section 7701(a)(37)(A) defines an individual retirement plan as an individual retirement account described in section 408.

Ridge Clearing & Outsourcing Solutions, Inc.

Section 530(b)(1)(B) of the Code (dealing with Coverdell education savings accounts) requires that the trustee of such an account be a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which that person will administer the trust will be consistent with the requirements of this section or who has so demonstrated with respect to any individual retirement plan.

Section 530(g) of the Code (dealing with Coverdell education savings accounts) provides that a custodial account shall be treated as a trust if the assets of such account are held by a bank (as defined in section 408(n)) or another person who demonstrates, to the satisfaction of the Secretary, that the manner in which he will administer the account will be consistent with the requirements of this section, and if the custodial account would, except for the fact that it is not a trust, constitute an account described in subsection (b)(1). For purposes of title 26 [the Internal Revenue Code], in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

Section VII of Notice 98-8, 1998-1 C.B. 355 (guidance relating to the requirements applicable to eligible deferred compensation plans described in section 457(b) of the Code), provides, in pertinent part, that for purposes of the trust requirements of section 457(g)(1), a custodial account will be treated as a trust if the custodian is a bank, as described in section 408(n), or a person who meets the nonbank trustee requirements of section VIII of this notice, and the account meets the requirements of section VI of this notice, other than the requirement that it be a trust. Section VIII provides that the custodian of a custodial account may be a person other than a bank only if the person demonstrates to the satisfaction of the Commissioner that the manner in which the person will administer the custodial account will be consistent with the requirements of sections 457(g)(1) and (g)(3) of the Code. To do so, the person must demonstrate that the requirements of paragraphs (2)-(6) of section 1.408-2(e) of the regulations relating to nonbank trustees will be met.

The Income Tax Regulations at section 1.408-2(e) contain the requirements that such other person must comply with in order to act as trustee or custodian for purposes of sections 220, 223, 401(f), 403(b)(7), 408(a)(2), 408(h), 408A, 457(b) and 530 of the Code. One of the requirements of section 1.408-2(e) states that such person must file a written application with the Commissioner demonstrating, as set forth in that section, its ability to act as a trustee or custodian.

Ridge Clearing & Outsourcing Solutions, Inc.

Based on all the information submitted to this office and all the representations made in the application, we have concluded that Ridge Clearing & Outsourcing Solutions, Inc. meets the requirements of section 1.408-2(e) of the regulations and, therefore, is approved to act as a passive or non-passive nonbank trustee or custodian of medical savings accounts established under section 220 of the Code and health savings accounts described in section 223, passive or non-passive nonbank custodian of plans qualified under section 401 or accounts described in section 403(b)(7), passive or non-passive nonbank trustee or custodian for individual retirement accounts (IRAs) established under sections 408, and 408A (dealing with Roth IRAs), passive or non-passive nonbank custodian of Coverdell education savings accounts established under section 530, and as a passive nonbank custodian of eligible deferred compensation plans described in section 457(b).

This letter authorizes Ridge Clearing & Outsourcing Solutions, Inc. to act as a passive or non-passive nonbank trustee or custodian. When Ridge Clearing & Outsourcing Solutions, Inc. acts as a passive nonbank trustee or custodian (within the meaning of section 1.408-2(e)(6)(i)(A) of the regulations), it is authorized only to acquire and hold particular investments specified by the trust instrument or custodial agreement. It may not act as a passive trustee or custodian if under the written trust instrument or custodial agreement it has discretion to direct investments of the trust (or custodial) funds.

Ridge Clearing & Outsourcing Solutions, Inc. may not act as a trustee or custodian unless it undertakes to act only under trust instruments or custodial agreements that contain a provision to the effect that the grantor is to substitute another trustee or custodian upon notification by the Commissioner that such substitution is required because Ridge Clearing & Outsourcing Solutions, Inc. has failed to comply with the requirements of section 1.408-2(e) of the regulations or is not keeping such records, or making such returns or rendering such statements as are required by forms or regulations. For example, one such form is Form 990-T for IRAs that have \$1000 or more of unrelated business taxable income that is subject to tax by section 511(b)(1) of the Code.

Ridge Clearing & Outsourcing Solutions, Inc. is required to notify the Commissioner of Internal Revenue, Attn: SE:T:EP:RA, Internal Revenue Service, Washington, D.C. 20224, in writing, of any change which affects the continuing accuracy of any representations made in its application. Further, the continued approval of Ridge Clearing & Outsourcing Solutions, Inc. to act as a passive or non-passive nonbank trustee or custodian of medical savings accounts established under section 220 of the Internal Revenue Code and health savings

Ridge Clearing & Outsourcing Solutions, Inc.

accounts described in section 223, passive or non-passive nonbank custodian of plans qualified under section 401 or accounts described in section 403(b)(7), passive or non-passive nonbank trustee or custodian for individual retirement accounts (IRAs) established under sections 408, and 408A (dealing with Roth IRAs), passive or non-passive nonbank custodian of Coverdell education savings accounts established under section 530, and as a passive nonbank custodian of eligible deferred compensation plans described in section 457(b) is contingent upon the continued satisfaction of the criteria set forth in section 1.408-2(e) of the regulations.

This approval letter is not transferable to any other entity. An entity that is a member of a controlled group of corporations, within the meaning of section 1563(a) of the Code, may not rely on an approval letter issued to another member of the same controlled group. Furthermore, any entity that goes through an acquisition, merger, consolidation or other type of reorganization may not necessarily be able to rely on the approval letter issued to such entity prior to the acquisition, merger, consolidation, or other type of reorganization. Such entity may have to apply for a new notice of approval in accordance with section 1.408-2(e) of the regulations.

This letter constitutes a notice that Ridge Clearing & Outsourcing Solutions, Inc. may act as a passive or non-passive nonbank trustee or custodian of medical savings accounts established under section 220 of the Internal Revenue Code and health savings accounts described in section 223, passive or non-passive nonbank custodian of plans qualified under section 401 or accounts described in section 403(b)(7), passive or non-passive nonbank trustee or custodian for individual retirement accounts (IRAs) established under sections 408, and 408A (dealing with Roth IRAs), passive or non-passive nonbank custodian of Coverdell education savings accounts established under section 530, and as a passive nonbank custodian of eligible deferred compensation plans described in section 457(b) and does not bear upon its capacity to act as a trustee or custodian under any other applicable law. This is not an endorsement of any investment or retirement plan. The Internal Revenue Service does not review or approve investments nor recommend retirement plans.

This notice of approval is effective as of the date of this letter and will remain in effect until withdrawn by Ridge Clearing & Outsourcing Solutions, Inc. or revoked by the Service. This notice of approval does not authorize Ridge Clearing & Outsourcing Solutions, Inc. to accept any fiduciary account before this notice becomes effective.

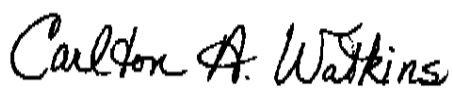
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Ridge Clearing & Outsourcing Solutions, Inc.

In accordance with the power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

If you have any questions, please contact Robert C. Brambilla (I.D. # 1000221472) at (202) 283-9610.

Sincerely,

A handwritten signature in cursive script that reads "Carlton A. Watkins".

Carlton A. Watkins, Manager
Employee Plans Technical Group 1



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DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

NOV 14 2013

Mr. Joseph M. Manicki
Sidley Austin LLP
One South Dearborn Street
Chicago, IL 60603

EIN: 13-2967453

Re: Ridge Clearing and Outsourcing Solutions, Inc. — Nonbank Custodian Status

Mr. Manicki:

This is in response to your correspondence dated May 31, 2012, concerning a change to Ridge Clearing and Outsourcing Solutions, Inc.'s nonbank custodian application, which was approved on May 3, 1983, pursuant to section 1.408-2(e) of the Income Tax Regulations (regulations).

Pursuant to section 1.408-2(e)(6)(iv) of the regulations, you informed this office that Ridge Clearing and Outsourcing Solutions, Inc. changed its name to Apex Clearing Corporation and that its current address is c/o PEAK6 Investments, L.P., 141 West Jackson Boulevard, Suite 500, Chicago, IL 60604.

You also informed this office that as of May 31, 2012, Ridge Clearing and Outsourcing Solutions, Inc. (now Apex Clearing Corporation), has been acquired by Apex Clearing Holdings, LLC.

Your letter did not reveal any other changes that would materially affect the continuing accuracy of your nonbank trustee application.

Accordingly, we have updated your nonbank trustee application to reflect the information contained in your correspondence dated May 31, 2012.

Thank you for writing to us about this matter. No further action will be taken by this office.

This letter is not a new determination, nor a determination as to whether Apex Clearing Corporation continues to meet the requirements of section 1.408-2(e) of the regulations.

If you have any questions, please contact Mr. Darrell Hardy (Identification No. 1001492668) at (202) 283-9647.

Sincerely,

A handwritten signature in black ink that reads "Carlton A. Watkins".

Carlton A. Watkins, Manager
Employee Plans Technical Group 1



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JAN 16 2014

Mr. Joseph M. Manicki
Sidley Austin LLP
One South Dearborn Street
Chicago, IL 60603

EIN: 13-2967453

Re: Ridge Clearing and Outsourcing Solutions, Inc. - Nonbank Custodian Status

Mr. Manicki:

Please find the updated notification of change letter addressed to Ridge Clearing and Outsourcing Solutions, Inc. which is being sent to you as power of attorney as noted on Form 2848 included in your original submission.

If you have any questions, please contact Darnell C. Hardy (Identification No. 1001492668) at (202) 317-8725.

Sincerely,

A handwritten signature in black ink, reading "Carlton A. Watkins". The signature is fluid and cursive, with the first name "Carlton" being more prominent.

Carlton A. Watkins, Manager
Employee Plans Technical Group 1



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Your letter did not reveal any other changes that would materially affect the continuing accuracy of your nonbank trustee application.

Accordingly, we have updated your nonbank trustee application to reflect the information contained in your correspondence dated May 31, 2012.

Thank you for writing to us about this matter. No further action will be taken by this office.

This letter is not a new determination, nor a determination as to whether Apex Clearing Corporation continues to meet the requirements of section 1.408-2(e) of the regulations.

If you have any questions, please contact Mr. Darnell Hardy (Identification No. 1001492668) at (202) 283-9647.

Sincerely,

Carlton A. Watkins, Manager
Employee Plans Technical Group 1