Selling bonds online – User guide

Introducing Selling bond online at Schwab

Schwab provides you with the ability to sell most fixed income securities online via Schwab.com if there are sufficient existing market bids available. If current bids cannot be found, or do not meet the quantity for which you want to trade, you may also request that Schwab look for bids to sell your bonds or CDs.

The new selling functionality on Schwab.com allows you to:
- See all existing bid (and ask) prices for a bond on the Market Depth tab
- If you choose, sell your bonds right on Schwab.com
- Request that Schwab look for more bids if there are insufficient bids for your position
- Receive an email alert when your bid is ready

This guide will help you understand the various ways to sell fixed income positions, how to view the existing bid side of the fixed income markets, and how and when to enter bid requests for bonds.

Selecting your position

To sell one of your fixed income positions, find the position you want to sell from the Positions page on Schwab.com and open the menu on the right side of the table.

Selecting a position to sell:

1. Select the Buy/Sell Bonds link to see available bid and ask prices for your position
2. You can also choose the Trade History link to review previous trading activity for this bond before selecting to Buy or Sell.
If you click the Buy/Sell Bonds link, you will be taken to the Market Depth tab to review bid and ask prices.

Viewing available quotes

The Market Depth table is found on the Bond Description pop-up and reflects existing quotes and associated quantities for a fixed income security. These are the prices and at which other market participants are willing to either buy (bid) or sell (ask) this security.

On the Market Depth pop-up, you can review all active bids for your position. If there are sufficient bids available, you may select the Sell link in the Action column and enter your order. When there are insufficient bids (either too few in number, the quantity of bonds for each bid, or priced too far from the last trade), you will be able to enter a bid request, and Schwab will send you the best sell price that we obtain for your order.

Note: When there are insufficient or no bids for your security, you must submit a Bid Request to sell your bond.

If you select a Sell link in the Action column from Market Depth, you will be taken to Order Entry Step 1 to complete your order. If you choose to submit a Bid Request, see the next section for using the Bid Request page.

Market Depth tab:
1. Use the Buy or Sell links to begin your order.
2. When the Request a bid button is active, you can also request Schwab find you a custom bid.

Note: You must hold the position in your account to sell a fixed income security. We are unable to process a sell order for any securities held outside of Schwab.

About selling fixed income
Schwab will make a determination as to whether sufficient bids exist to execute your request to sell. If sufficient bids are not available (or there are bids available), you may use the Request a New Bid button to request a custom bid price. You may also have the choice to sell part of your security rather than place a current market bid or request a custom bid. This may happen when the highest priced bid quantity is less than the quantity entered in the Quantity box. There may also be...
instances where we are unable to process an online order for a certain security and require you to call Schwab to complete your order.

**Note:** You are always able to request a custom bid for your security by calling a Fixed Income Specialist at 800-626-4600, Monday–Friday, 8:30 a.m.–6 p.m. ET.

**Using the Bid Request page**

The Bid Request page is used to send a request to the Schwab Fixed Income Trading desk in an effort to provide you with the best price available to Schwab to sell your security.

**How to request a bid**

Begin by selecting the position you want to sell from the Position drop-down. If you come to the Bid Request page via the Market Depth tab, your position and quantity will already be selected. Verify the quantity or face value is correct (the entire quantity of your position will be populated to start). You may only request a bid for positions currently held in your account.

If there are sufficient market bids for the security you have selected, you will be prompted to either sell your position or select another security. The system will only accept a bid request when insufficient current bids exist. Should you choose not to utilize the live bids to sell your position, a bid request may still be placed by calling a Fixed Income Specialist at 800-626-4600, Monday–Friday, 8:30 a.m.–6 p.m. ET.

Once your position and quantity are ready, you may either add them to the Bid Request List or send them to Schwab now. Use the Bid Request List if you wish to set up multiple bids at one time and review them before sending. All sent bids can now be viewed in the Bid Request Status table below. Once a Bid or Bid Request List is submitted, the requests appear near the bottom of the page in the Bid Request Status table. Once Schwab receives your request, it will take between 15 minutes and 1 hour (as a general rule) to return your bid quote to you to review.

The system is set up to send you an email notification when your bid is ready. If you wish to opt out of this email, you may select the “Do not notify me” option on the Bid Request page indicating you will monitor your bid requests on your own. Note: bids are time sensitive and subject to change. If you don’t have an email address on file with Schwab, you may add one using the link provided.

**About bids**

Unlike equities within the stock market, many fixed income securities don’t always have a standing two-sided market quotes available. When you need to sell your bond or CD, a counter party willing
to buy your bond or CD must be found. To complete the sale, there must either be existing market bids available or one must be obtained for you. Each bid request requires a quantity; changing the quantity can result in a different bid price. For some fixed income types that are more frequently traded, like Treasury bonds, Agency bonds, and some Corporate bonds, there will typically be an active, two-sided market where you can review the current bid prices and place a sell order at the best price. For other fixed income types, such as CDs and municipal bonds, there may not be an active market, in which case a bid request would be required in order to sell your position.

How to request a bid:

1. Select your position.
2. Verify the quantity.
3. Set email notification preferences.
4. Send your bid request directly to Schwab now.
5. Or, add your bid request to the Bid list for review later.

Bid Request Page:
Bid Request status

Bid Requests sent to Schwab can be viewed in the Bid Request Status table. Bids are displayed for the previous five business days unless you act on a request by entering a sell order. Once acted upon and a sell order is placed, any bid requests are removed from the Bid Request Status table.

Bid Status table highlights:

1. When your bid is ready, there will be an active sell link in the action column. This is the price at which you can sell your bond. To begin an order click on the buy or sell link.
There are four possible bid status states that show you where your bid request is in the process:

<table>
<thead>
<tr>
<th>Bid Status</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ready</td>
<td>The bid is ready, and you can now place a sell order.</td>
</tr>
<tr>
<td>Pending</td>
<td>The request is received and we are gathering bid prices for you.</td>
</tr>
<tr>
<td>Expired</td>
<td>The market has closed, and this bid request is no longer active.</td>
</tr>
<tr>
<td>Resent</td>
<td>We have received the second request for a bid quote.</td>
</tr>
</tbody>
</table>

Information in the Bid Request Status table:

The bid status table provides summary information to help you evaluate whether or not to accept the bid.

- **Action**: When your bid is ready, the Sell link will display, which can be used to enter your sell order.
- **Ratings**: Displays the Moody’s and S&P ratings for your security.
- **Descriptive information**: View the bond name, coupon, maturity date, and callable status.
- **Price and Yields**: The best bid price found for your request will be displayed in the Quote column. You will see the corresponding Yield to Maturity and Yield to Worst based on your bid price.
• **Next Best Bid/# of Bids:** Shows the next highest bid price obtained for your request along with the total number of bids Schwab received for your request.

• **Estimated Proceeds:** This is the total dollar amount including accrued interest you would receive for selling the full quantity of your request at the quote price.

• **Bid Requested/Returned Time (ET):** This displays the time at which you entered your bid request and the time it was returned to you.

**Important information about bid requests**

**Number of bid requests you can submit**
To provide the best possible price to clients and limit demands on our system, Schwab restricts bid requests to two bid requests per security per account in a five-business-day period, assuming a quote is returned and no sell order is placed. When attempting a second bid request for a security, you will be notified this is your second request within the five-day period. If you attempt a third, you will be asked to call a Fixed Income Representative to sell your position. Also, the system allows you to have one active bid request per security at a time. This is because each request is manually handled and is specific to your security and quantity.

**Note:** If you enter a sell order or your requests are five days apart, the aforementioned notifications don’t apply. Bidding the same security on consecutive days can result in lower bid prices. To prevent this, we ask you to speak with a Fixed Income Representative after submitting two bid requests over a five-day period.

**When to submit a bid request**
The system makes a determination if there are sufficient market bids available and whether you may request a bid for your security. For Treasury, Agency, and some Corporate bonds, there will generally be a deep, active market and you will be prompted to sell your bond using the best price. For other securities like CDs, Municipals, Mortgage-backed securities, some Corporate bonds, and structured products, there generally are fewer active market bids and you will need to submit a bid request to sell your bond.

**Note:** You are always able to call a Fixed Income Specialist during market hours and request they enter a bid request for your position.

**How to cancel or change a bid request**
To change or cancel an active bid request, you must call a Fixed Income Specialist at 800-626-4600.

The system allows you to have one active bid request per security at a time. This is because each request is manually handled and is specific to your security and quantity.

**Note:** Each bid request price is based off of the requested quantity and comes from a single contra-dealer or Schwab. Therefore, changing the quantity of the request can result in a change in the returned bid price for the security you wish to trade.