



Ameriprise Financial Services, Inc. 70100 Ameriprise Financial Center Minneapolis, MN 55474

# Ameriprise Financial Services, Inc.

## Structured Notes Risk Acknowledgement Disclosures



### Acknowledgments

You understand that an investment in a Principal Protected Note, Principal at Risk Note, or Reverse Convertible Note (collectively referred to as "Structured Notes") is more complex than the purchase of a traditional debt security, and involves a degree of risk. Such risks include, but are not limited to the following:

- **Potential Loss of Principal.** You may lose your entire investment.
- **Issuer Creditworthiness.** Protection of your principal is subject to the creditworthiness of the issuer. Structured Notes holders may lose up to 100% of their investment upon the bankruptcy of the issuer, even if the value of the referenced asset is favorable. Because Structured Notes are treated as the senior unsecured debt of the issuer, payment of any amount at maturity is subject to the issuer's ability to pay its obligations as they become due. Creditworthiness of the issuer may change at any time during the term of the note. Even if you become aware that the creditworthiness of the issuer has declined, you may not be able to sell your investment, or the sale of your investment may result in a significant loss to you. Credit ratings of the issuer may not represent the potential performance of the Structured Note.
- **No FDIC Insurance.** Structured Notes are not FDIC insured.
- **How Your Return Is Determined. Your return is determined by a formula disclosed in the offering documents, and is paid only on a specified date(s).** Your payment at maturity may be lower than your payment on a comparable traditional debt security. You may be sacrificing higher returns in exchange for principal protection. Principal at risk notes may return less than your original investment at maturity. Please see "Costs" section for additional information on potential impacts to your performance.
- **Lack of Liquidity.** Generally, Structured Notes are not listed on an exchange, do not trade and are not liquid. The price is provided by the issuer, or an affiliate of the issuer. In addition, broker-dealers affiliated with the issuers often make a market in the Structured Notes, but may not be able to offer liquidity, or the price may be substantially less than your original payment. You should be able and willing to hold your Structured Note until maturity.
- **Be aware of call risk.** Call risk refers to the possibility that the issuer could call or redeem your note before maturity. This generally happens when it is in the issuer's - rather than your - best interest to do so, such as when interest rates fall. While the bond's principal is repaid early, you might be unable to find a similar investment with as attractive a yield.
- **Tax Treatment:** You should consult each Structured Note's prospectus or offering documents and your tax advisor to discuss the tax implications unique to structured products. There is wide variation in the taxation of Structured Notes. The taxation of a Structured Note may be uncertain, and depends on the specific application of various tax rules. Some structured products may require you to pay taxes even though you will not receive payment until maturity. Structured Notes in a qualified account will not be affected by these tax considerations, though your yield may be affected if you sell the product prior to maturity. Here is a general description of the three common tax treatments for Structured Notes.
  1. For structured products with full principal protection:
    - Typically, fully principal-protected products in a non-qualified, taxable account will receive a Form 1099 - OID, Original Issue Discount. You may accrue original issue discount (OID) income at a rate equal to the issuer's "comparable yield." This may be referred to as "phantom income" which is income that you have not yet actually received, but that you must declare and upon which you must pay income tax. Accrual in excess of the actual amounts you receive at maturity will likely be treated as ordinary loss. The comparable yield and OID accrual schedule may be in the final Term Sheet that you receive for this investment.
  2. For structured notes with principal at risk:
    - Typically, OID tax reporting and liability does not apply to structured products where principal is at risk. The issuer will likely characterize any gain or loss on partially-protected notes as long-term capital gains or losses upon disposition or maturity if you hold the notes for more than a year. However, the IRS has not offered guidance that this characterization is accurate. In the event the IRS does not respect this characterization, the timing and character of any income or loss on the notes could be significantly and adversely affected, including tax penalties.
  3. For reverse convertible notes:
    - Typically, the issuer will characterize a reverse convertible note as consisting of two components : (1) a non-contingent interest-bearing debt instrument, and (2) a put option written by you, exercisable by the issuer. The issuer will often allocate periodic payments between interest income and put premium. At maturity, capital gain or loss may be realized on the put option, and potentially also on the debt instrument. The IRS has not offered guidance that this characterization is accurate. In the event the IRS does not respect this characterization, the timing and character of any income or loss on the notes could be significantly and adversely affected, including tax penalties.



- **Costs.** The initial issue price of your purchase includes the underwriter's commissions, the issuer's cost of hedging its obligations for the investment, and possibly other costs and expenses. Not all of your investment will be used to purchase principal protection and the performance component. The issuer will use part of your investment to fund hedging activity, which means less of your investment is working for a performance return and your performance return may be adversely impacted. To the extent the issuer generates proceeds from hedging activity, the proceeds are retained by the issuer.
- **No Obligation To Fill Orders.** The issuer is not obligated to fill your order. Financial or other circumstances of the issuer may result in an order not being executed on its scheduled date, or at all.
- **Potential Conflicts of Interest.** In exchange for certain services, (such as distribution, marketing and customer service), distributors pay Ameriprise Financial a portion of the proceeds generated from the sale of Structured Notes. The fee Ameriprise Financial may receive consists of selling commissions, selected dealer fees and/or marketing support fees at the time of sale. In addition, distributors also pay for sales and training seminars for clients and Ameriprise financial advisors, and reimburse the cost of technology and other expenses associated with the offering. In addition, the issuer may pay certain fixed amounts as agreed by issuer and Ameriprise Financial in connection with the cost of implementing systems to support the sale and distribution of the Structured Notes by Ameriprise Financial. Specific arrangements vary from distributor to distributor and may be subject to change at any time and will be provided to you upon request. To the extent that fees paid to a financial advisor in connection with the sale of Structured Notes are more than the fees paid for the sale of other investments or products, an advisor may have an incentive to recommend Structured Notes, which may pay a higher fee.
- **General Market Risk. General market and economic factors, some of which may be unpredictable, will affect the underlying instruments or the value of the Structured Note.**
- **Review of Issuers of financial products.** Ameriprise Financial, Inc. and its affiliates ("Ameriprise Financial") have policies and procedures in place to review the issuers of financial products such as Structured Notes that Ameriprise Financial Services permits its financial advisors to offer to some or all of its clients. This review includes publicly available information and reports issued by third party rating agencies, and may in some cases include certain nonpublic information provided by the issuer. Ameriprise Financial has no obligation to provide such information to you, and you are relying solely on the information in the applicable disclosure documents. Ameriprise Financial periodically reassesses, but does not continuously monitor, the creditworthiness or financial solvency of third party issuers. These policies and procedures are reasonably designed to mitigate your exposure to credit and default risks resulting from an inability of the issuer to repay the principal on a note or fulfill an insurance obligation. However, you should be advised that credit markets can be volatile and the creditworthiness of an issuer may change rapidly. Ameriprise Financial, as a seller of these products, is prohibited by regulation from guaranteeing or providing any assurance that an issuer of financial products will be able to fulfill the issuer's obligation to any purchaser of such a product through Ameriprise Financial.

**Additional Representation for Certain Qualified Accounts.** If the structured note is being purchased in an Individual Retirement Account or an account maintained under an employer sponsored retirement plan qualified under Internal Revenue Code of 1986 (the "Code") section 401(a) or 403(b) (collectively referred to as a "Qualified Account"), then you make the following additional representation:

- **No Prohibited Transaction.** You represent that the issuer of each Structured note purchased in your Qualified Account is not a party in interest or disqualified person to your Qualified Account as those terms are defined under the Employee Retirement Income Security Act of 1974 ("ERISA") or the Code. In general, a service provider, fiduciary, or an entity affiliated with either would be considered to be a party in interest or disqualified person.

**Additional Risks Pertaining to Reverse Convertible Notes**

- The value of the Reverse Convertible at maturity will not exceed the value of the original amount invested. If the value of the underlying equity or index increases, you will not benefit from the increase in price that you may receive from a direct investment in the underlying equity or index.
- If the value of the underlying equity or index declines below the exchange value and closes at a price below its protection level, the issuer has the right to deliver the underlying asset to you. In exchange for a higher coupon, you must be prepared to accept the risk of losing some or all of your investment amount, and you must be willing to receive a depressed asset at maturity.
- Regarding Reverse Convertible Notes whose reference assets are individual equities: Ameriprise Financial will only consider for retail distribution if the individual equity is included on the firms Focus List or is supported by Morningstar or Standard & Poor's with 4 or more stars.

**Clients who have acknowledged the risks of these products have made the following representations:**

- You have been offered an opportunity, alone and with your advisor, to consult with Ameriprise Financial regarding the purchase of Structured Notes generally, and all of your questions have been answered to your full satisfaction.
- You have determined that Structured Notes, generally, are appropriate for you and your account, and are suitable for your investment needs and portfolio, notwithstanding the risks presented by the purchase.
- When received, you will carefully read the issuer's prospectus or disclosure document, supplements, and term sheet, including the "Risk Factors" described therein.
- You acknowledge that you have sufficient investment experience and the level of sophistication to be capable of evaluating the relative merits and risks of owning Structured Notes.
- You acknowledge that you have the ability to bear the economic risk of owning Structured Notes.

Structured Notes are distributed by Ameriprise Financial Services, Inc., but are issued by third party sponsors. Brokerage, investment, and financial advisory services made available through Ameriprise Financial Services, Inc. Member FINRA and SIPC.