SCHWAB CHARLES CORP
Form 424B5
October 30, 2018
Table of Contents

Filed Pursuant to 424(b)(5)
Registration No. 333-222063

Calculation of registration fee

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee[(1)]
3.550% Senior Notes due 2024	$500,000,000	$60,600
4.000% Senior Notes due 2029	$600,000,000	$72,720
Total	$1,100,000,000	$133,320

(1) The filing fee is calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended.

Table of Contents

PROSPECTUS SUPPLEMENT

(to Prospectus Dated December 14, 2017)

$1,100,000

The Charles Schwab Corporation

$500,000,000 3.550% Senior Notes due 2024

$600,000,000 4.000% Senior Notes due 2029

This is an offering of $500,000,000 aggregate principal amount of 3.550% Senior Notes due 2024 (the 2024 notes) and $600,000,000 aggregate principal amount of 4.000% Senior Notes due 2029 (the 2029 notes) to be issued by The Charles Schwab Corporation (CSC).

We refer in this prospectus supplement to the 2024 notes and 2029 notes as the notes. The 2024 notes will mature on February 1, 2024. The 2029 notes will mature on February 1, 2029. The 2024 notes will pay interest at 3.550% per annum and the 2029 notes will pay interest at 4.000% per annum. Interest on the notes will be paid each February 1 and August 1, commencing on February 1, 2019. The notes will be our senior unsecured obligations, ranking equally with all of our other unsecured senior indebtedness.

At our option, we may redeem the notes on terms described under the caption Description of the Notes Optional Redemption.

We do not intend to apply for listing of the notes on any securities exchange or for inclusion of the notes in any automated dealer quotation system. Currently, there is no public market for the notes.

Investing in the notes involves risk. See Risk Factors beginning on page S-7.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

These notes are not insured by the Federal Deposit Insurance Corporation or any other governmental agency. These notes are not savings accounts, deposits or other obligations of any bank.

	Price to Public[1]		Underwriting Discount		Proceeds to CSC	
	Per Note	Total	Per Note	Total	Per Note	Total
2024 Notes	99.861%	$ 499,305,000	0.600%	$ 3,000,000	99.261%	496,305,000
2029 Notes	99.597%	$ 597,582,000	0.650%	$ 3,900,000	98.947%	593,682,000
Combined Total		$ 1,096,887,000		$ 6,900,000		1,089,987,000

(1) Plus accrued interest, if any, from October 31, 2018 if settlement occurs after that date.

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank, S.A./N.V. and Clearstream Banking, *société anonyme*, and its indirect participants, against payment in New York, New York on or about October 31, 2018.

Joint Book-Running Managers

BofA Merrill Lynch **Citigroup** **Credit Suisse** **J.P. Morgan** **Morgan Stanley**

Senior Co-Managers

Goldman Sachs & Co. LLC **US Bancorp** **Wells Fargo Securities**

Co-Managers

BNY Mellon Capital Markets, LLC **HSBC** **Lloyds Securities** **PNC Capital Markets LLC**

October 29, 2018

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

	Page
About this Prospectus Supplement	S-i
Where You Can Find More Information	S-i
Forward-Looking Statements	S-iii
Summary	S-1
Risk Factors	S-7
Ratio of Earnings to Fixed Charges and Ratio of Earnings to Fixed Charges and Preferred Stock Dividends and Other	S-9
Use of Proceeds	S-10
Capitalization	S-11
Description of the Notes	S-12
United States Federal Income Tax Consequences	S-16
Certain ERISA Considerations	S-21
Underwriting (Conflicts of Interest)	S-23
Notice to Investors	S-26
Legal Matters	S-30
Experts	S-30

Prospectus

	Page
About this Prospectus	1
Forward-Looking Statements	2
Where You Can Find More Information	3
The Charles Schwab Corporation	4
Ratio of Earnings to Fixed Charges and Ratio of Earnings to Fixed Charges and Preferred Stock Dividends and Other	5
Use of Proceeds	6
ERISA Matters	7
Description of Debt Securities	8
Description of Preferred Stock	18
Description of Depositary Shares	22
Description of Common Stock	24
Description of Purchase Contracts	26
Description of Warrants	27
Description of Units	30
Global Securities	31
Plan of Distribution (Conflicts of Interest)	35
Validity of Securities	37
Experts	37

Neither we nor the underwriters have authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. Neither we nor the underwriters take responsibility for, and

can provide no assurance as to the reliability of, any other information that others may give you.

We are not, and the underwriters are not, offering to sell these notes in any jurisdiction where the offer or sale is not permitted.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, utilizing a shelf registration process. In this prospectus supplement, we provide you with specific information about the notes that we are selling in this offering and about the offering itself. Both this prospectus supplement and the accompanying prospectus include or incorporate by reference important information about us, our notes and other information you should know before investing in our notes. This prospectus supplement also adds, updates and changes information contained or incorporated by reference in the accompanying prospectus. To the extent that any statement that we make in this prospectus supplement is inconsistent with the statements made in the accompanying prospectus, the statements made in the accompanying prospectus are deemed modified or superseded by the statements made in this prospectus supplement. You should read both this prospectus supplement and the accompanying prospectus as well as additional information described in Where You Can Find More Information before investing in our notes.

References in this prospectus supplement to we, us, our and CSC mean The Charles Schwab Corporation. References in this prospectus supplement to the Company mean CSC and its subsidiaries.

Currency amounts in this prospectus supplement and the accompanying prospectus are stated in U.S. dollars.

The representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference in this prospectus supplement and the accompanying prospectus were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs. You should assume that the information contained or incorporated by reference in this prospectus supplement and any document incorporated by reference herein and in the accompanying prospectus is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC s website at www.sec.gov. Copies of certain information filed by us with the SEC are also available on our corporate website at www.aboutschwab.com. The website addresses of the SEC and us are included as inactive textual references only, and the information contained on those websites is not a part of this prospectus supplement or the accompanying prospectus. You may also read and copy any document that we file at the SEC s Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

The SEC allows us to incorporate by reference information we have filed with the SEC, which means that we can disclose important information to you by referring you to other documents. The information incorporated by reference is considered to be a part of this prospectus supplement and accompanying prospectus.

This prospectus supplement and accompanying prospectus incorporates by reference the documents listed below:

Annual Report on Form 10-K for the fiscal year ended December 31, 2017;

Quarterly Reports on Form 10-Q for the quarters ended March 31, 2018 and June 30, 2018; and

Table of Contents

Current Reports on Form 8-K filed on January 29, 2018, February 23, 2018, March 29, 2018, May 16, 2018, May 22, 2018 and September 26, 2018. In addition, we also incorporate by reference additional documents that we file with the SEC under Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), between the date of this prospectus supplement and the date of the termination of this offering.

Any statement contained in a document incorporated by reference, or deemed to be incorporated by reference, in this prospectus supplement or the accompanying prospectus shall be deemed to be modified or superseded for purposes of this prospectus supplement or the accompanying prospectus to the extent that a statement contained in this prospectus supplement or the accompanying prospectus or in any other subsequently filed document which also is incorporated by reference in this prospectus supplement or the accompanying prospectus modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the accompanying prospectus.

Statements contained in this prospectus supplement or the accompanying prospectus as to the contents of any contract or other document referred to in this prospectus supplement or the accompanying prospectus do not purport to be complete, and where reference is made to the particular provisions of such contract or other document, such provisions are qualified in all respects by reference to all of the provisions of such contract or other document. In reviewing any agreements incorporated by reference, please remember they are included to provide you with information regarding the terms of such agreements and are not intended to provide any other factual or disclosure information about us. The agreements may contain representations and warranties by us or other parties, which should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate. The representations and warranties were made only as of the date of the relevant agreement or such other date or dates as may be specified in such agreement and are subject to more recent developments. Accordingly, these representations and warranties alone may not describe the actual state of affairs as of the date they were made or at any other time.

You may request a copy of these filings at no cost, by writing, telephoning or sending an email to the following address:

The Charles Schwab Corporation

211 Main Street

San Francisco, California 94105

Attention: Corporate Secretary

Telephone: (415) 667-7000

Email: investor.relations@schwab.com

Table of Contents

FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including the documents incorporated by reference, contain not only historical information but also forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Exchange Act. Forward-looking statements are identified by words such as believe, anticipate, expect, intend, p will, may, estimate, appear, aim, target, seek, could, would, continue and other similar expressions. These statements, which in a variety of ways, including the use of future or present tense language, refer to future events. In addition, any statements that refer to expectations, projections, or other characterizations of future events or circumstances are forward-looking statements.

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 necessarily estimates based on the best judgment of our senior management. These statements relate to, among other things:

the use of proceeds from this debt offering;

the ratings for the notes;

trading markets for the notes;

the Company seeking to maximize its market valuation and stockholder returns over time; our belief that developing trusted relationships will translate into more client assets which drives revenue and, along with expense discipline, generates earnings growth and builds stockholder value; and the Company s ability to pursue its business strategy and maintain its market leadership position;

ongoing investments to fuel growth;

the impact of legal proceedings and regulatory matters;

the adjustment of rates paid on client-related liabilities; the stability, rate sensitivity, and duration of client-related liabilities; the opportunity to migrate non-rate sensitive cash in sweep money market funds to banking subsidiaries; increasing the duration of interest-earning assets; and the Company s positioning to benefit from an increase in interest rates and limit its exposure to falling rates;

the estimated net reduction in the Company s effective income tax rate for 2018;

sources of liquidity, capital, and level of dividends;

capital ratios;

the impact of changes in management s estimates on the Company s results of operations;

consolidated balance sheet assets remaining above $250 billion;

the expected impact of new accounting standards not yet adopted;

the impact of changes in the likelihood of indemnification and guarantee payment obligations on the Company s results of operations;

capital expenditures in 2018; and

the other risks and uncertainties described in this prospectus supplement, including the documents incorporated by reference herein.

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 prospectus supplement or, in the case of documents incorporated by reference, as of the date of those documents.

Table of Contents

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

- general market conditions, including level of interest rates, equity valuations and trading activity;
- the Company s ability to attract and retain clients, develop trusted relationships and grow client assets;
- client use of the Company s investment advisory services and other products or services;
- the level of client assets, including cash balances;
- competitive pressure on pricing, including deposit rates;
- client sensitivity to interest rates;
- regulatory guidance;
- timing, amount, and impact of the migration of certain balances from sweep money market funds into bank sweep deposits;
- changes to tax deductions;
- capital and liquidity needs and management;
- the Company s ability to manage expenses;
- the Company s ability to develop and launch new products, services and capabilities in a timely and successful manner;
- the effect of adverse developments in litigation or regulatory matters and the extent of any related charges;
- the availability and terms of external financing;
- potential breaches of contractual terms for which the Company has indemnification and guarantee obligations; and
- our ability to maintain favorable ratings from rating agencies.

You should refer to the Risk Factors section of this prospectus supplement and to our 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 us and our subsidiaries, are discussed in greater detail in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2017, as such discussion may be amended or updated in other reports filed by us with the SEC, which reports are incorporated by reference into this prospectus supplement and accompanying prospectus.

Table of Contents

SUMMARY

This summary highlights selected information contained elsewhere, or incorporated by reference, in this prospectus supplement. As a result, it does not contain all of the information that may be important to you or that you should consider before investing in the notes. You should read this entire prospectus supplement and accompanying prospectus, including the documents incorporated by reference, especially the risks relevant to investing in the notes discussed under Risk Factors contained herein and under Item 1A. Risk Factors beginning on page 9 of our Annual Report on Form 10-K for the year ended December 31, 2017, as such discussion may be amended or updated in other reports filed by us with the SEC, as well as the consolidated financial statements and notes to those consolidated financial statements incorporated by reference herein. In addition, certain statements include forward-looking information that involves risks and uncertainties. See Forward-Looking Statements.

The Charles Schwab Corporation

CSC is a savings and loan holding company, headquartered in San Francisco, California. CSC was incorporated in 1986 and engages, through its subsidiaries (collectively referred to as the Company), in wealth management, securities brokerage, banking, asset management, custody, and financial advisory services. At June 30, 2018, the Company had $3.40 trillion in client assets, 11.2 million active brokerage accounts, 1.6 million corporate retirement plan participants, and 1.3 million banking accounts.

Significant business subsidiaries of CSC include the following:

- Charles Schwab & Co., Inc. (CS&Co.), a securities broker-dealer;
- Charles Schwab Bank (Schwab Bank), a federal savings bank; and
- Charles Schwab Investment Management, Inc. (CSIM), the investment advisor for the Company s proprietary mutual funds, which are referred to as the Schwab Funds®, and for the Company s exchange-traded funds (ETFs), which are referred to as the Schwab ETFs

The Company offers a broad range of products to address its clients varying investment and financial needs. Examples of these product offerings include:

- Brokerage an array of full-feature brokerage accounts with margin lending, options trading, cash management capabilities;
- Mutual funds third-party mutual funds through Mutual Fund Marketplace®, including no-transaction fee mutual funds through the Mutual Fund OneSource® service, which also includes proprietary mutual funds, plus mutual fund trading and clearing services to broker-dealers;

Exchange-traded funds an extensive offering of ETFs, including many proprietary and third-party ETFs available without a commission through Schwab ETF OneSource;

Advice solutions managed portfolios of both proprietary and third-party mutual funds and ETFs, separately managed accounts, customized personal advice for tailored portfolios, specialized planning, and full-time portfolio management;

Banking checking and savings accounts, first lien residential real estate mortgage loans, home equity lines of credit and pledged asset lines; and

Trust trust custody services, personal trust reporting services, and administrative trustee services.

These products, and the Company s full array of investing services, are made available through its two segments Investor Services and Advisor Services.

Table of Contents

Recent Developments

In accordance with our normal schedule, we are currently performing, and have not yet completed, the closing procedures in connection with the preparation and filing of our unaudited consolidated condensed financial statements, which will be included in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2018. Accordingly, while we currently estimate our financial results for the quarter ended September 30, 2018 as set forth in the tables below and our capital ratios as described in the narrative below, this information is, by necessity, preliminary in nature and based only upon preliminary information available to us as of the date of this prospectus supplement. We cannot assure you that this information will not change.

THE CHARLES SCHWAB CORPORATION

Financial and Operating Highlights

(Unaudited)

(in millions, except per share amounts and as noted)	Q3-18 % change vs. Q3-17	Q3-18 % change vs. Q2-18	2018 Third Quarter	2018 Second Quarter	2018 First Quarter	2017 Fourth Quarter	2017 Third Quarter
Net Revenues							
Net interest revenue	41%	9%	$ 1,527	$ 1,407	$ 1,263	$ 1,147	$ 1,082
Asset management and administration fees	(6)%	(1)%	809	814	851	863	861
Trading revenue	17%	(2)%	176	180	201	154	151
Other	(6)%	(21)%	67	85	83	78	71
Total net revenues	19%	4%	2,579	2,486	2,398	2,242	2,165
Expenses Excluding Interest							
Compensation and benefits	11%	(1)%	737	745	770	711	662
Professional services	8%	5%	164	156	156	151	152
Occupancy and equipment	12%	2%	124	122	122	113	111
Advertising and market development	11%	(9)%	70	77	73	63	63
Communications	5%	2%	59	58	62	60	56
Depreciation and amortization	13%	4%	78	75	73	69	69
Regulatory fees and assessments	33%	14%	57	50	51	46	43
Other	11%	(1)%	71	72	89	76	64
Total expenses excluding interest	11%		1,360	1,355	1,396	1,289	1,220
Income before taxes on income	29%	8%	1,219	1,131	1,002	953	945
Taxes on income	(9)%	12%	296	265	219	356	327
Net Income	49%	7%	$ 923	$ 866	$ 783	$ 597	$ 618
Preferred stock dividends and other	(12)%	(28)%	38	53	37	47	43
Net Income Available to Common Stockholders	54%	9%	$ 885	$ 813	$ 746	$ 550	$ 575
Earnings per common share:							
Basic	53%	10%	$ .66	$ .60	$ .55	$ .41	$ .43
Diluted	55%	8%	$ .65	$ .60	$ .55	$ .41	$ .42
Dividends declared per common share	63%	30%	$ .13	$ .10	$ .10	$ .08	$ .08
Weighted-average common shares outstanding:							

Basic	1%	1,351	1,350	1,347	1,343	1,339
Diluted	1%	1,364	1,364	1,362	1,358	1,353
Performance Measures						
Pre-tax profit margin		47.3%	45.5%	41.8%	42.5%	43.6%
Return on average common stockholders equity (annualized)[(1)]		20%	19%	18%	14%	15%

Table of Contents

(in millions, except per share amounts and as noted)	Q3-18 % change vs. Q3-17	Q3-18 % change vs. Q2-18	2018 Third Quarter	2018 Second Quarter	2018 First Quarter	2017 Fourth Quarter	2017 Third Quarter
Financial Condition (at quarter end, in billions)							
Cash and investments segregated	(47)%	(23)%	$ 8.5	$ 11.0	$ 12.8	$ 15.1	$ 15.9
Receivables from brokerage clients net	21%		22.4	22.4	21.2	20.6	18.5
Bank loans net	2%		16.6	16.6	16.4	16.5	16.2
Total assets	18%	4%	272.1	261.9	248.3	243.3	230.7
Bank deposits	29%	7%	213.4	199.9	190.2	169.7	165.3
Payables to brokerage clients	(11)%	(8)%	27.9	30.3	31.1	31.2	31.5
Short-term borrowings	(100)%					15.0	5.0
Long-term debt	76%		5.8	5.8	4.1	4.8	3.3
Stockholders equity	16%	3%	20.8	20.1	19.3	18.5	18.0
Other							
Full-time equivalent employees (at quarter end, in thousands)	10%	2%	19.1	18.7	18.2	17.6	17.3
Capital expenditures purchases of equipment, office facilities, and property, net (in millions)	32%	24%	$ 156	$ 126	$ 135	$ 141	$ 118
Expenses excluding interest as a percentage of average client assets (annualized)			0.15%	0.16%	0.17%	0.16%	0.16%
Clients Daily Average Trades (in thousands)							
Revenue trades[2]	22%	2%	382	376	462	345	312
Asset-based trades[3]	(6)%	(13)%	129	149	139	120	137
Other trades[4]	(7)%	(4)%	172	179	211	163	184
Total	8%	(3)%	683	704	812	628	633
Average Revenue Per Revenue Trade[2]	(6)%		$ 7.27	$ 7.30	$ 7.24	$ 7.33	$ 7.74

(1) Return on average common stockholders equity is calculated using net income available to common stockholders divided by average common stockholders equity.

(2) Includes all client trades that generate trading revenue (i.e., commission revenue or principal transaction revenue); also known as DART.

(3) Includes eligible trades executed by clients who participate in one or more of the Company s asset-based pricing relationships.

(4) Includes all commission-free trades, including Schwab Mutual Fund OneSource® funds and ETFs, and other proprietary products.

On October 25, 2018, CSC announced that its Board of Directors authorized additional repurchases of its common stock. The share repurchase program previously had $596 million of share repurchases remaining under two prior authorizations. The Board of Directors decision replaced those authorizations with approval to repurchase a total of $1 billion of its common stock.

Our common stock is listed and traded on The New York Stock Exchange under the symbol SCHW.

Our principal executive office is located at 211 Main Street, San Francisco, California 94105, and our telephone number is (415) 667-7000. Our corporate Internet website is www.aboutschwab.com. Our website address is included as an inactive textual reference only, and the information contained on our website is not incorporated by reference and does not form a part of this prospectus supplement or the accompanying prospectus.

Table of Contents

The Offering

Issuer	The Charles Schwab Corporation, a Delaware corporation.
Securities Offered	3.550% Senior Notes due 2024 and 4.000% Senior Notes due 2029
Aggregate Principal Amount	$500,000,000 for the 2024 notes and $600,000,000 for the 2029 notes
Ranking	The notes will be our senior unsecured obligations.
Issue Price	99.861% for the 2024 notes and 99.597% for the 2029 notes
Interest Rate	The 2024 notes will bear interest at a fixed rate of 3.550% per annum, and the 2029 notes will bear interest at a fixed rate of 4.000% per annum.
Interest Payments	Interest on the notes will be paid each February 1 and August 1, commencing on February 1, 2019.
Maturity Date	The 2024 notes will mature on February 1, 2024. The 2029 notes will mature on February 1, 2029.
Original Issue Date	October 31, 2018
Use of Proceeds	The net proceeds from this offering, after deducting underwriting discounts and estimated offering expenses payable by us, are expected to be approximately $1,088 million. We intend to use the net proceeds from the sale of the notes for general corporate purposes, including without limitation, the repurchase of common stock pursuant to our share repurchase program. See Use of Proceeds.

Optional Redemption	On or after May 1, 2019 and prior to January 1, 2024 (one month prior to the maturity date), we may redeem some or all of the 2024 notes at any time at the applicable make-whole redemption price, as described under Description of the Notes Optional Redemption.
	On or after January 1, 2024 (one month prior to the maturity date), we may redeem some or all of the 2024 notes at any time at a redemption price equal to 100% of the principal amount of the 2024 notes to be redeemed plus accrued and unpaid interest to, but not including, the redemption date, as described under Description of the Notes Optional Redemption.
	On or after May 1, 2019 and prior to November 1, 2028 (three months prior to the maturity date), we may redeem some or all of the 2029 notes at any time at the applicable make-whole redemption price, as described under Description of the Notes Optional Redemption.

Table of Contents

	On or after November 1, 2028 (three months prior to the maturity date), we may redeem some or all of the 2029 notes at any time at a redemption price equal to 100% of the principal amount of the 2029 notes to be redeemed plus accrued and unpaid interest to, but not including, the redemption date, as described under Description of the Notes Optional Redemption.
Certain Covenants	The indenture governing the notes will limit our ability to merge, consolidate, sell or otherwise dispose of all or substantially all of our assets. In addition, it will limit the ability of us and our subsidiaries to incur liens. See Description of Debt Securities Merger, Consolidation, Sale, Lease or Conveyance in the accompanying prospectus and Description of the Notes Limitations on Liens in this prospectus supplement. The indenture governing the notes will not limit the ability of us or any of our subsidiaries to incur additional debt or other liabilities.
Listing	The notes will not be listed on any securities exchange or included in any automated dealer quotation system.
No Prior Markets	The notes will be new securities for which there are no existing trading markets. Although the underwriters have informed us that they currently intend to make markets in the notes, they are not obligated to do so, and they may discontinue market-making activities at any time without notice. We cannot assure you that active or liquid markets for the notes will develop or be maintained.
Denominations	$2,000 and any integral multiple of $1,000 in excess thereof.
Forms of Notes	Each series of notes will be issued in fully registered form and will each be represented by one or more global securities registered in the name of a nominee of The Depository Trust Company, as depositary (DTC).
Additional Notes	We may in the future create and issue additional notes having the same terms and conditions as any series of notes offered by this prospectus supplement, except for any differences in the issue date, price to public, the initial interest payment date (if applicable) and interest accrued prior to the issue date of the additional notes, as described under Description of the Notes Additional Notes.

Trustee and Paying Agent	The Bank of New York Mellon Trust Company, N.A.
Governing Law	California
Risk Factors	Investment in the notes involves risks. You should carefully consider the information set forth in the section of this prospectus supplement entitled Risk Factors beginning on page S-7, as well as other information included in or incorporated by reference into this prospectus supplement and the accompanying prospectus before deciding whether to invest in the notes.

Table of Contents

Conflicts of Interest

Our subsidiary, CS&Co., is a member of the Financial Industry Regulatory Authority, Inc. (FINRA) and is participating as a dealer in this offering and, therefore, will be deemed to have a conflict of interest within the meaning of FINRA Rule 5121. Consequently, this offering is being made in compliance with the provisions of Rule 5121. CS&Co. will not confirm sales to discretionary accounts without the prior written approval of the customer.

Table of Contents

RISK FACTORS

Your investment in the notes involves certain risks. You should consult with your own financial and legal advisers as to the risks involved in an investment in the notes and to determine whether the notes are a suitable investment for you. The notes may not be a suitable investment for you if you are unsophisticated about debt securities. Before investing in the notes, you should carefully consider, among other matters, the risk factors below and information set forth under the heading Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as such discussion may be amended or updated in other reports filed by us with the SEC, and which are incorporated by reference into this prospectus supplement and accompanying prospectus.

Risks Relating to the Notes

The notes will not be insured by the Federal Deposit Insurance Corporation or guaranteed by any of our subsidiaries. The notes will be structurally subordinated to the debt and other liabilities of our subsidiaries, which means that creditors of our subsidiaries will be paid from their assets before holders of the notes would have any claims to those assets.

The notes are not insured by the Federal Deposit Insurance Corporation or any other governmental agency or instrumentality. The notes will be our obligations only and will not be guaranteed by any of our subsidiaries. The notes will be structurally subordinated to all debt and other liabilities of our subsidiaries (including liabilities to trade creditors), which means that creditors of our subsidiaries will be paid from their assets before holders of the notes would have any claims to those assets.

The price at which you will be able to sell your notes prior to maturity will depend on a number of factors and may be substantially less than the amount you originally invest.

We believe that the value of the notes in any secondary markets will be affected by the supply and demand of the notes, the interest rate and a number of other factors. Some of these factors are interrelated in complex ways. As a result, the effect of any one factor may be offset or magnified by the effect of another factor. The following paragraphs describe what we expect to be the impact on the market value of the notes of a change in a specific factor, assuming all other conditions remain constant.

United States Interest Rates. We expect that the market value of the notes will be affected by changes in United States interest rates. In general, if United States interest rates increase, the market value of the notes may decrease.

Our Credit Ratings, Financial Condition and Results. Actual or anticipated changes in our credit ratings or financial condition may affect the market value of the notes.

We want you to understand that the impact of one of the factors above, such as an increase in United States interest rates, may offset some or all of any change in the market value of the notes attributable to another factor, such as an improvement in our credit ratings.

You may not be able to sell your notes if active trading markets for the notes do not develop.

The notes constitute new issues of securities, for which there are no existing trading markets. In addition, we do not intend to apply to list the notes on any securities exchange. We cannot provide you with any assurance regarding whether trading markets for the notes will develop, the ability of holders of the notes to sell their notes or the price at which holders may be able to sell their notes. The underwriters have advised us that they currently intend to make

markets in the notes. The underwriters, however, are not obligated to do so, and any market-making activity with respect to the notes may be discontinued at any time without notice. If no active trading markets develop, you may be unable to resell the notes at any price or at their fair market value or at all.

Table of Contents

In addition to our creditworthiness, many factors affect the trading market for, and trading value of, your notes. These factors include:

- the method of calculating the principal and interest in respect of your notes;
- the time remaining to the maturity of your notes;
- the outstanding amount of notes relative to your notes; and
- the level, direction and volatility of market interest rates generally.

There may be a limited number of buyers when you decide to sell your notes. This may affect the price you receive for your notes or your ability to sell your notes at all. You should not purchase any notes unless you understand and are able to bear the risk that the notes may not be readily saleable, that the value of the notes will fluctuate over time and that these fluctuations may be significant.

In addition, if your investment activities are subject to laws and regulations governing investments, you may not be able to invest in certain types of notes or your investment in them may be limited. You should review and consider any applicable restrictions before investing in the notes.

Our credit ratings may not reflect all risks of an investment in the notes.

The credit ratings assigned to the notes may not reflect the potential impact of all risks related to structure and other factors on any trading market, if any, for, or trading value of, your notes. In addition, real or anticipated changes in our credit ratings will generally affect any trading market, if any, for, or trading value of, your notes. Accordingly, you should consult your own financial and legal advisors as to the risks entailed by an investment in the notes and the suitability of investing in the notes in light of your particular circumstances.

There are limited covenants in the senior debt indenture.

Neither we nor any of our subsidiaries is restricted from incurring additional debt or other liabilities, including additional senior debt, under the senior debt indenture. If we incur additional debt or liabilities, our ability to pay our obligations on the notes could be adversely affected. We expect that we will from time to time incur additional debt and other liabilities. In addition, we are not restricted under the senior debt indenture from granting security interests over our assets, except to the extent described under Description of the Notes Limitations on Liens in this prospectus supplement, or from paying dividends or issuing or repurchasing our securities.

In addition, there are no financial covenants in the senior debt indenture. You are not protected under the senior debt indenture in the event of a highly leveraged transaction, reorganization, a default under our existing indebtedness, restructuring, merger or similar transaction that may adversely affect you, except to the extent described under Description of Debt Securities Merger, Consolidation, Sale, Lease or Conveyance included in the accompanying prospectus.

Redemption may adversely affect your return on the notes.

We have the right to redeem some or all of the notes prior to maturity, as described under Description of the Notes Optional Redemption in this prospectus supplement. We may redeem the notes at times when prevailing interest rates may be relatively low. Accordingly, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the notes.

Table of Contents

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS AND OTHER

The following table sets forth our consolidated ratio of earnings to fixed charges and ratio of earnings to fixed charges and preferred stock dividends for the periods indicated.

	Six Months Ended	Years Ended December 31,				
	June 30, 2018	2017	2016	2015	2014	2013
Ratio of earnings to fixed charges[1]	6.4	9.3	12.6	11.9	13.2	10.8
Ratio of earnings to fixed charges, excluding bank deposits and payables to brokerage clients interest expense[2]	11.9	14.2	14.7	13.8	16.0	13.2
Ratio of earnings to fixed charges and preferred stock dividends and other[1][3]	4.9	5.8	6.7	7.3	8.5	6.9
Ratio of earnings to fixed charges and preferred stock dividends and other, excluding bank deposits and payables to brokerage clients interest expense[2][3]	7.5	7.2	7.2	8.0	9.5	7.8

(1) The ratios of earnings to fixed charges and earnings to fixed charges and preferred stock dividends and other are calculated in accordance with SEC requirements. For such purposes, earnings consist of earnings before taxes on earnings and fixed charges. Fixed charges consist of interest expense and one-third of property, equipment and software rental expense, which is estimated to be representative of the interest factor.

(2) Because interest expense incurred in connection with both bank deposits and payables to brokerage clients is completely offset by interest revenue on related investments and loans, the Company considers such interest to be an operating expense. Accordingly, the ratio of earnings to fixed charges, excluding bank deposits and payables to brokerage clients interest expense, and the ratio of earnings to fixed charges and preferred stock dividends and other, excluding bank deposits and payables to brokerage clients interest expense, reflect the elimination of such interest expense as a fixed charge.

(3) The preferred stock dividend and other amounts represent the pre-tax earnings that would be required to pay the dividends on outstanding preferred stock and undistributed earnings and dividends allocated to non-vested restricted stock units.

Table of Contents

USE OF PROCEEDS

The net proceeds from this offering, after deducting underwriting discounts and estimated offering expenses payable by us, are expected to be approximately $1,088 million.

We intend to use the net proceeds from the sale of the notes for general corporate purposes, including without limitation, the repurchase of common stock pursuant to our share repurchase program.

Table of Contents

CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents and capitalization at June 30, 2018:

- on an actual basis; and
- on an as adjusted basis to reflect the issuance of $500 million of 2024 notes and $600 million of the 2029 notes offered hereby.

You should read the following table together with our consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2017 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, both of which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of June 30, 2018	
(In millions, except share and per share amounts)	**Actual**	**As Adjusted**
Cash and cash equivalents	$ 13,250	$ 14,338
Long-term debt	$ 5,789	$ 5,789
2024 notes offered hereby		495
2029 notes offered hereby	$	$ 593
Total debt	$ 5,789	$ 6,877
Stockholders equity:		
Preferred stock	$ 2,793	$ 2,793
Common stock	15	15
Additional paid-in capital	4,447	4,447
Retained earnings	15,903	15,903
Treasury stock	(2,783)	(2,783)
Accumulated other comprehensive income (loss)	(278)	(278)
Total stockholders equity	$ 20,097	$ 20,097
Total capitalization	$ 25,886	$ 26,974

Table of Contents

DESCRIPTION OF THE NOTES

The notes offered by this prospectus supplement will be issued by us under a base indenture dated as of June 5, 2009 and a Twelfth Supplemental Indenture to be dated as of October 31, 2018, between us and The Bank of New York Mellon Trust Company, N.A., as trustee (collectively, the senior debt indenture). The accompanying prospectus provides a more complete description of the senior debt indenture. The notes will be senior debt securities, as such term is understood in the accompanying prospectus. The following description of the notes supplements, and to the extent inconsistent therewith replaces, the descriptions of the general terms and provisions of the notes set forth under Description of Debt Securities included in the accompanying prospectus.

General

The notes issued in this offering initially will be limited to $500,000,000 aggregate principal amount for the 2024 notes and $600,000,000 aggregate principal amount for the 2029 notes.

Ranking

The notes will be senior unsecured obligations and will rank equally with all of our other unsecured senior debt, subject to statutory exceptions in the event of liquidation upon insolvency.

Payment at Maturity

The 2024 notes will mature on February 1, 2024. The 2029 notes will mature on February 1, 2029. At maturity, you will receive an amount in cash equal to $1,000 per $1,000 principal amount of the notes you then hold, plus any accrued and unpaid interest. If the maturity date falls on a day that is not a business day, we will postpone the payment of principal and interest to the next succeeding business day, but the payment made on such date will be treated as being made on the date that the payment was first due and the holders of the notes will not be entitled to any further interest or other payments with respect to such postponement

A business day means any day other than (i) a Saturday or Sunday or (ii) a day on which banking institutions in Los Angeles, California or New York, New York are authorized or obligated by law or executive order to close.

Interest

The 2024 notes will bear interest at a fixed rate of 3.550% per annum, and the 2029 notes will bear interest at a fixed rate of 4.000% per annum. Interest on the notes will accrue from and including October 31, 2018 or the most recent date to which interest has been paid or duly provided for. Interest will be payable semi-annually in arrears on February 1 and August 1 of each year, commencing on February 1, 2019. Interest will be calculated on the basis of a 360-day year of twelve 30-day months.

If an interest payment date falls on a day that is not a business day, we will postpone the interest payment to the next succeeding business day, but the payment made on such date will be treated as being made on the date that the payment was first due and the holders of the notes will not be entitled to any further interest or other payments with respect to such postponement.

The interest payable on the notes on any interest payment date, subject to certain exceptions, will be paid to the person in whose name the notes are registered at the close of business on January 15 and July 15, whether or not a business day, next preceding the applicable interest payment date. Interest that we pay on the maturity date will be paid to the

person to whom the principal will be payable.

Table of Contents

Optional Redemption

On or after May 1, 2019 and prior to January 1, 2024 (one month prior to the maturity date), the 2024 notes are redeemable at any time and from time to time, in whole or in part, at our option, at a redemption price equal to the greater of:

- 100% of the principal amount of the 2024 notes to be redeemed; or
- as determined by the Quotation Agent (as defined below), the sum of the present values of the remaining scheduled payments of interest and principal thereon (exclusive of interest accrued and unpaid to, but not including, the redemption date) discounted to the redemption date on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below) plus 10 basis points,

plus, in either case, accrued and unpaid interest to, but not including, the redemption date. However, if the redemption date is after a record date and on or prior to a corresponding interest payment date, the interest will be paid on the redemption date to the holder of record on the record date.

On or after January 1, 2024 (one month prior to the maturity date), the 2024 notes are redeemable at any time and from time to time, in whole or in part, at our option, at a redemption price equal to 100% of the principal amount of the 2024 notes to be redeemed plus accrued and unpaid interest to, but not including, the redemption date.

On or after May 1, 2019 and prior to November 1, 2028 (three months prior to the maturity date), the 2029 notes are redeemable at any time and from time to time, in whole or in part, at our option, at a redemption price equal to the greater of:

- 100% of the principal amount of the 2029 notes to be redeemed; or
- as determined by the Quotation Agent (as defined below), the sum of the present values of the remaining scheduled payments of interest and principal thereon (exclusive of interest accrued and unpaid to, but not including, the redemption date) discounted to the redemption date on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below) plus 15 basis points,

plus, in either case, accrued and unpaid interest to, but not including, the redemption date. However, if the redemption date is after a record date and on or prior to a corresponding interest payment date, the interest will be paid on the redemption date to the holder of record on the record date.

On or after November 1, 2028 (three months prior to the maturity date), the 2029 notes are redeemable at any time and from time to time, in whole or in part, at our option, at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest to, but not including, the redemption date.

On and after the redemption date for any series of notes (or any portions thereof called for redemption), interest will cease to accrue on such series of notes or any portions thereof called for redemption, unless we default in the payment of the applicable redemption price for such series of notes and accrued interest, if any. On or before the redemption date for any series of notes (or any portions thereof called for redemption), we will deposit with a paying agent, or the

trustee, funds sufficient to pay the applicable redemption price for such series of notes and accrued and unpaid interest on such notes to be redeemed on such date.

If less than all of any series of notes are to be redeemed, the notes to be redeemed will be selected in accordance with the procedures of the depositary; provided, however, that no notes of a principal amount of $2,000 or less shall be redeemed in part.

Table of Contents

Notice of any redemption will be mailed (or otherwise electronically delivered) at least 10 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed. Once notice of redemption is mailed (or otherwise electronically delivered), the notes called for redemption will become due and payable on the redemption date and at the applicable redemption price, plus accrued and unpaid interest to, but not including, the redemption date.

We are not required to make mandatory redemption or sinking fund payments with respect to the notes. We may at any time and from time to time purchase notes in the open market or otherwise.

Comparable Treasury Issue means the U.S. Treasury security or securities selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such notes.

Comparable Treasury Price means, with respect to any redemption date, (A) the arithmetic average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Quotation Agent obtains fewer than five such Reference Treasury Dealer Quotations, the arithmetic average of all such quotations for such redemption date.

Primary Treasury Dealer means a primary U.S. Government securities dealer in the United States of America.

Quotation Agent means the Reference Treasury Dealer that is selected by us to act as Quotation Agent in connection with an optional redemption, in addition to acting as a Reference Treasury Dealer; provided, however, that if such Reference Treasury Dealer ceases to be a Primary Treasury Dealer, we will substitute another Primary Treasury Dealer.

Reference Treasury Dealer means each of (i) Citigroup Global Markets Inc. (or its successor) or any affiliate that is a Primary Treasury Dealer, (ii) Credit Suisse Securities (USA) LLC (or its successor) or any affiliate that is a Primary Treasury Dealer, (iii) J.P. Morgan Securities LLC (or its successor) or any affiliate that is a Primary Treasury Dealer, (iv) Merrill Lynch, Pierce, Fenner & Smith Incorporated (or its successor) or any affiliate that is a Primary Treasury Dealer, (v) Morgan Stanley & Co. LLC (or its successor) or any affiliate that is a Primary Treasury Dealer, and (vi) one other Primary Treasury Dealer that is selected by us; provided, however, that if any of the foregoing or their affiliates cease to be a Primary Treasury Dealer, we will substitute therefor another Primary Treasury Dealer.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the arithmetic average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding such redemption date.

Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Limitations on Liens

As long as any of the notes are outstanding, we will not, and will not permit any of our subsidiaries to, create, assume, incur or guarantee any indebtedness for borrowed money secured by a pledge, lien or other encumbrance on the voting securities of CS&Co., Schwab Bank, CSIM, or Schwab Holdings, Inc., without

Table of Contents

securing the notes to the same extent. Schwab Holdings, Inc. is our wholly owned subsidiary that owns all of the common stock of CS&Co. However, the senior debt indenture permits liens on the voting stock of CS&Co., Schwab Bank, CSIM, or Schwab Holdings, Inc. without securing the notes if the liens arise because of:

- claims against us for taxes or assessments or other governmental charges or levies that are not then due and delinquent, that we are contesting in good faith, or that are for less than $1 million;
- litigation or legal proceedings that we are contesting in good faith or that involve claims against us for less than $1 million;
- deposits to secure, or in place of, any surety, stay, appeal or customs bonds; or
- any other reason if our Board of Directors determines that the lien will not materially detract from or interfere with the present value or control by us of the voting stock subject to the lien.

Delivery and Form

Each series of notes will be represented by one or more permanent global certificates (each, a global note) deposited with, or on behalf of, DTC and registered in the name of Cede & Co. (DTC s nominee). The notes will be issued in registered form in denominations of $2,000 and any integral multiple of $1,000 in excess thereof. Investors may elect to hold interests in the global notes through either DTC (in the United States) or through Clearstream Banking, *société anonyme*, or Euroclear Bank S.A./N.V., as operator of the Euroclear System, if they are participants in such systems, or indirectly through organizations that are participants in such systems.

Trustee and Paying Agent

The trustee under the senior debt indenture is The Bank of New York Mellon Trust Company, N.A. On the date of this prospectus supplement, the agent for the payment, transfer and exchange of the notes is The Bank of New York Mellon Trust Company, N.A., acting through its corporate trust office at 400 South Hope Street, Suite 500, Los Angeles, CA 90071, Attention: Corporate Unit. The Bank of New York Mellon Trust Company, N.A., acting in this capacity, is referred to as the paying agent.

Additional Notes

We may in the future from time to time, without notice to or consent of the holders of the notes, create and issue additional notes having the same terms and conditions as any series of notes offered by this prospectus supplement in all respects, except for any differences in the issue date, price to public, the initial interest payment date (if applicable) and interest accrued prior to the issue date of the additional notes; provided that no such additional notes may be issued unless they will be fungible with the notes offered hereby for U.S. federal income tax and securities law purposes; and provided, further, that the additional notes have the same CUSIP number as the notes offered hereby. The notes of any series offered hereby and any additional notes would rank equally and ratably and would be treated as a single class for all purposes under the senior debt indenture. No additional notes may be issued if any event of default has occurred and is continuing with respect to the notes.

Table of Contents

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of the material U.S. federal income tax considerations that may be relevant to you if you purchase notes in this offering at the initial offering price. The summary is based on the U.S. Internal Revenue Code of 1986, as amended (the Code), its legislative history, existing and proposed regulations promulgated thereunder by the U.S. Department of the Treasury (Treasury Regulations), published rulings and court decisions, all as in effect on the date of this prospectus supplement. All of these laws and authorities are subject to change at any time, perhaps with retroactive effect. No assurances can be given that any changes in these laws or authorities will not affect the accuracy of the discussions set forth in this summary.

We have not sought any ruling from the U.S. Internal Revenue Service (the IRS) with respect to the statements made and the conclusions reached in this summary, and there can be no assurance that the IRS will agree with all of such statements and conclusions. A different treatment from that described below could adversely affect the amount, timing, and character of income, gain or loss in respect of an investment in the notes.

This summary deals only with beneficial owners that hold the notes as capital assets for U.S. federal income tax purposes (generally, property held for investment). This summary does not purport to deal with all aspects of U.S. federal income taxation that may be relevant to a particular holder in light of such holder s circumstances (for example, persons subject to the alternative minimum tax provisions of the Code). In addition, this summary does not address all tax considerations applicable to special classes of holders, such as dealers in securities or currencies, banks, tax-exempt organizations, insurance companies, traders in securities that elect to mark to market their securities holdings, persons that hold notes as part of a hedging transaction or a position in a straddle or conversion transaction, persons that purchase or sell notes as part of a wash sale for U.S. federal income tax purposes, persons subject to special tax accounting rules under Section 451(b) of the Code, partnerships or other pass-through entities and investors therein, and U.S. Holders (as defined below) whose functional currency is not the U.S. dollar. Furthermore, this summary does not address U.S. estate and gift tax consequences or any tax consequences arising out of the laws of any U.S. state or local, or non-U.S. jurisdiction.

In December 2017, the United States enacted U.S. federal income tax reform, which significantly changes the U.S. federal income tax system. Although this summary takes into account this new U.S. federal income tax law, its provisions are complex and there is very little administrative guidance about its application. You should consult your own tax advisors regarding the potential impact of this new U.S. federal income tax law on the U.S. federal income tax consequences to you in light of your particular circumstances.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of a note, the U.S. federal income tax treatment of a partner in that partnership generally will depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding notes, you should consult your own tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of notes.

In certain circumstances (see Description of the Notes Optional Redemption), we may be obligated to pay additional amounts to optionally redeem the notes. These potential payments may implicate the provisions of the Treasury Regulations relating to contingent payment debt instruments (CPDIs). Under these Treasury Regulations, however, a contingency should not cause a debt instrument to be treated as a CPDI if, as of the issue date, such contingency is considered remote or incidental or, in certain circumstances, it is significantly more likely than not that the contingency will not occur. We intend to take the position that the foregoing potential obligation to pay certain additional amounts should not cause the notes to be treated as CPDIs for U.S. federal income tax purposes. Our position is binding on a holder unless such holder discloses its contrary position in the manner required by the

applicable Treasury Regulations. It is possible that the IRS may take a different position, in which case, if such position is sustained, the timing and amount of income included and the character of the income recognized with respect to the notes may be materially and adversely different from the consequences

Table of Contents

discussed herein. The remainder of this summary assumes that the notes will not be treated as CPDIs. You should consult your own tax advisors regarding the possible application of the CPDI rules to the notes.

We expect, and the remainder of this summary assumes, that the notes will be issued at par or at a discount that is de minimis for U.S. federal income tax purposes.

Prospective purchasers of the notes should consult their own tax advisors concerning the U.S. federal income tax consequences of the purchase, ownership and disposition of notes in light of their particular circumstances, as well as the effect of any relevant U.S. state or local, non-U.S. or other tax laws.

U.S. Holders

The following discussion applies to you if you are a U.S. Holder. As used herein, the term U.S. Holder means a beneficial owner of notes who or that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity classified as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax without regard to its source; or
- a trust (A) if a court within the United States is able to exercise primary supervision over the administration of that trust and one or more United States persons as defined in the Code and Treasury Regulations (each, a U.S. Person) have the authority to control all substantial decisions of the trust, or (B) that was in existence on August 20, 1996 and that has made a valid election under applicable Treasury Regulations to be treated as a domestic trust.

If you are not a U.S. Holder, this discussion does not apply to you and you should refer to Non-U.S. Holders below.

Interest on the Notes

Payments or accruals of stated interest on a note generally will be taxable to you as ordinary income from sources within the United States at the time they are received or accrued, depending on your regular method of accounting for U.S. federal income tax purposes.

Disposition of the Notes

You generally will recognize gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of a note equal to the difference between the amount realized (not including any amount equal to any accrued but unpaid interest, which will be taxed as ordinary income to the extent not previously included in income) and your adjusted tax basis in the note. Your amount realized is the sum of cash plus the fair market value of any property received upon the sale, exchange, redemption, retirement or other taxable disposition of a note. Your adjusted tax basis in a note generally will equal your initial investment in the note.

Gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of a note generally will be capital, and will be long-term capital gain or loss if the note was held for more than one year. Under current, U.S. federal income tax law, long-term capital gains of non-corporate U.S. Holders (including individuals) may be taxed at lower rates than items of ordinary income. Your ability to offset capital losses against ordinary income is limited.

Medicare Tax

If you are an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, you are subject to a 3.8% Medicare tax on the lesser of (i) your net investment income for the

Table of Contents

relevant taxable year (or, in the case of an estate or trust, the undistributed net investment income) and (ii) the excess of your modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between US$125,000 and US$250,000, depending on the individual s circumstances). Your net investment income generally includes your interest income and your net gains from the disposition of notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a U.S. Holder that is an individual, estate or trust, we urge you to consult your tax advisors regarding the applicability of the Medicare tax to your specific circumstances.

Non-U.S. Holders

The following discussion applies to you if you are a Non-U.S. Holder. As used herein, the term Non-U.S. Holder means a beneficial owner of notes who or that is not (1) a U.S. Holder as defined above or (2) a partnership (or any entity classified as a partnership for U.S. federal income tax purposes).

Interest on the Notes

Subject to the discussion of FATCA and backup withholding below, if you are a Non-U.S. Holder, you generally will not be subject to U.S. federal income tax, including withholding tax, on payments of interest with respect to the notes provided that (1) the payment of interest is not effectively connected with the conduct by you of a trade or business within the United States, (2) (A) you do not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote, (B) you are not a controlled foreign corporation that is related directly or constructively to us through stock ownership and (C) you are not a bank whose receipt of interest on the notes is described in Section 881(c)(3)(A) of the Code, and (3) you have furnished an IRS Form W-8BEN or W-8BEN-E or an acceptable substitute or successor form upon which you certify, under penalties of perjury, that you are not a U.S. Person, or you hold the notes through certain non-U.S. intermediaries or certain non-U.S. partnerships, and you and the non-U.S. intermediary or non-U.S. partnership satisfy the certification requirements of applicable Treasury Regulations.

If interest on the notes is not effectively connected with the conduct by you of a trade or business within the United States or, if an income tax treaty applies, such interest is not attributable to a permanent establishment or fixed base in the United States, but you cannot satisfy the other requirements outlined above, interest on the notes generally will be subject to U.S. federal withholding tax (currently imposed at a 30% rate, or a lower rate if an applicable income tax treaty so provides and you satisfy the relevant certification requirements). We will not pay any additional amounts to you in respect of any amounts so withheld.

If interest on the notes is effectively connected with the conduct by you of a trade or business within the United States and, if an income tax treaty applies, is attributable to a permanent establishment or fixed base in the United States, you generally will be subject to U.S. federal income tax on such interest in the same manner as if you were a U.S. Holder and, if you are a non-U.S. corporation, you may also be subject to the branch profits tax (currently imposed at a rate of 30% or a lower rate if an applicable income tax treaty so provides). Any such interest will not also be subject to U.S. federal withholding tax, however, if you deliver a properly executed IRS Form W-8ECI or acceptable substitute or successor form claiming an exemption from U.S. federal withholding tax.

Disposition of the Notes

Subject to the discussion of FATCA and backup withholding below, upon the sale, exchange, redemption, retirement or other taxable disposition of a note, you generally will not be subject to U.S. federal income or withholding tax on any gain recognized unless (1) the gain is effectively connected with the conduct by you of a trade or business within

the United States and, if an income tax treaty applies, such gain is attributable to a permanent establishment or fixed base in the United States, or (2) you are a nonresident alien individual who is

Table of Contents

present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met. A Non-U.S. Holder who is described in (1) above generally will be subject to U.S. federal income tax on such gain in the same manner as a U.S. Holder and, if a non-U.S. corporation, may also be subject to the branch profits tax as described above. A Non-U.S. Holder who is described in (2) above generally will be subject to a 30% U.S. federal income tax (or a lower rate if an applicable income tax treaty so provides) on the gain derived from the sale, exchange, redemption, retirement or other taxable disposition of the note, which may be able to be offset by certain U.S. source capital losses (notwithstanding the fact that such Non-U.S. Holder is not considered a U.S. resident for U.S. federal income tax purposes). Any amount attributable to accrued but unpaid interest on the notes generally will be treated in the same manner as payments of interest made to you, as described above under Interest on the Notes.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (commonly known as FATCA) imposes, under certain circumstances, a withholding tax of 30% on payments of U.S. source interest on, and, after December 31, 2018, the gross proceeds from a disposition of, debt securities, including the notes, made to certain non-U.S. entities (whether such non-U.S. entities are beneficial owners or intermediaries) unless various information reporting requirements are satisfied. Among other requirements, foreign financial institutions generally must provide information about their U.S. account holders and non-financial foreign entities must provide information about their substantial U.S. owners. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States with respect to FATCA may be subject to different rules. In addition, under certain circumstances, a Non-U.S. Holder might be eligible for refunds or credits of any taxes imposed pursuant to FATCA. We will not pay any additional amounts to you in respect of any amounts so withheld. Prospective purchasers of the notes should consult their own tax advisors regarding these withholding and reporting provisions.

Backup Withholding and Information Reporting

If you are a U.S. Holder (other than certain exempt recipients), information reporting requirements generally will apply to payments of principal and interest on the notes, and the proceeds from a sale, exchange, retirement or other taxable disposition of the notes. Backup withholding (currently at a rate of 24%) generally will apply to such payments if you are a U.S. Holder (other than an exempt recipient) that (i) fails to provide an accurate taxpayer identification number or (ii) in the case of interest payments, fails to certify that you are not subject to backup withholding or is notified by the IRS that you have failed to report all interest and dividends required to be shown on your U.S. federal income tax returns. We will not pay any additional amounts to you in respect of any amounts so withheld.

Generally, we must report annually to the IRS and to Non-U.S. Holders the amount of interest paid to Non-U.S. Holders and the amount of tax, if any, withheld with respect to those payments. Copies of the information returns reporting such interest and withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty. In general, a Non-U.S. Holder will not be subject to backup withholding with respect to payments of interest that we make, provided the IRS Form W-8BEN or W-8BEN-E or substitute or successor form described above under Non-U.S. Holders Interest on the Notes has been received or the Non-U.S. Holder otherwise establishes an exemption, and the applicable withholding agent does not have actual knowledge or reason to know that the holder is a U.S. Person that is not an exempt recipient. The payment of proceeds of a sale of notes effected at the U.S. office of a broker generally will be subject to information reporting and backup withholding unless the Non-U.S. Holder provides the form referred to above or otherwise establishes an exemption, and the broker does not have actual knowledge or reason to know that the holder is a U.S. Person that is not an exempt recipient. In addition, the information reporting rules will apply to payments of proceeds of a sale effected at a non-U.S. office of a broker that is a U.S. Controlled Person, as defined below, unless the broker

has documentary evidence that you are not a U.S. Person (and has no actual knowledge or reason to know to the contrary) or you

Table of Contents

otherwise establish an exemption. The backup withholding rules will apply to such payments if the broker has actual knowledge that you are a U.S. Person.

A U.S. Controlled Person is:

- a U.S. Person;
- a controlled foreign corporation for U.S. federal income tax purposes;
- a non-U.S. person 50% or more of whose gross income is derived for tax purposes from a U.S. trade or business for a specified three-year period; or
- a non-U.S. partnership in which U.S. Persons hold, at any time during its tax year, more than 50% of the income or capital interests or which is engaged in a U.S. trade or business.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to you as to a note generally will be allowed as a refund or a credit against your U.S. federal income tax liability as long as you provide the required information to the IRS in a timely manner.

Table of Contents

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the notes by employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (ERISA), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any other U.S. or non-U.S. federal, state, local or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, Similar Laws), and entities whose underlying assets are considered to include plan assets of any such plan, account or arrangement (each, a Plan).

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (a Covered Plan) and prohibit certain transactions involving the assets of a Covered Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Covered Plan or the management or disposition of the assets of such a Covered Plan, or who renders investment advice for a fee or other compensation to such a Covered Plan, is generally considered to be a fiduciary of the Covered Plan.

In considering an investment in the notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary s duties to the Plan including, without limitation, the indicia of ownership, prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit Covered Plans from engaging in specified transactions involving plan assets with persons or entities who are parties in interest, within the meaning of ERISA, or disqualified persons, within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engaged in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the Covered Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code.

The acquisition and/or holding of notes by a Covered Plan with respect to which we or an underwriter is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, or PTCEs, that may apply to the acquisition and holding of the notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions, provided that neither the issuer of the securities nor any of its affiliates (directly or indirectly) has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any Covered Plan involved in the transaction and provided further that the Covered Plan receives no less, nor pays no more, than adequate consideration in connection with the transaction. Each of the above-noted exemptions contains conditions and limitations on its application. Fiduciaries of

Covered Plans considering acquiring and/or holding the notes in reliance on these or any other exemption should carefully review the exemption to assure it is applicable. There can be no assurance that any of these exemptions will be available with respect to the acquisition or holding of the notes.

Table of Contents

As a general rule, governmental plans (as defined in section 3(32) of ERISA) (Governmental Plans), church plans (as defined in section 3(33) of ERISA) that have not made an election under section 410(d) of the Code (Church Plans) and non-U.S. plans are not subject to the requirements of ERISA or section 4975 of the Code, including the prohibited transaction requirements of section 406 of ERISA or section 4975(c) of the Code, but may be subject to Similar Laws that include similar requirements. A fiduciary of a Governmental Plan, a Church Plan or a non-U.S. plan should make its own determination as to the requirements, if any, under any Similar Law applicable to the acquisition of the notes.

Because of the foregoing, the notes should not be purchased or held by any person investing plan assets of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or a similar violation of any applicable Similar Laws.

Representation

Accordingly, by acceptance of a note, each purchaser and subsequent transferee will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or subsequent transferee to acquire or hold the note constitutes assets of any Plan or (ii) the purchase or holding of the note by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable Similar Laws.

The foregoing discussion is general in nature, is not intended to be all-inclusive, and is based on laws as in effect on the date of this prospectus supplement. Such discussion should not be construed as legal advice. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing or holding the notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of the notes.

Purchasers and holders of the notes have the exclusive responsibility for ensuring that their purchase and holding of the notes complies with the fiduciary responsibility rules of ERISA, if applicable, and does not violate the prohibited transaction rules of ERISA, the Code or applicable Similar Laws. We make no representation as to whether an investment in the notes is appropriate for Plans in general or for any particular Plan or arrangement.

Table of Contents

UNDERWRITING (CONFLICTS OF INTEREST)

We and the underwriters named below have entered into an underwriting agreement with respect to the notes being offered. Subject to the terms and conditions set forth in the underwriting agreement, each of the underwriters has severally agreed to purchase, and we have agreed to sell, the respective principal amount of notes set forth opposite its name in the following table. Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. LLC are joint book-running managers and the representatives of the underwriters.

Underwriter	Principal Amount of 2024 Notes	Principal Amount of 2029 Notes
Citigroup Global Markets Inc.	$ 85,000,000	$ 102,000,000
Credit Suisse Securities (USA) LLC	85,000,000	102,000,000
J.P. Morgan Securities LLC	85,000,000	102,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	85,000,000	102,000,000
Morgan Stanley & Co. LLC	85,000,000	102,000,000
Goldman Sachs & Co. LLC	16,667,000	20,000,000
U.S. Bancorp Investment, Inc.	16,667,000	20,000,000
Wells Fargo Securities, LLC	16,666,000	20,000,000
BNY Mellon Capital Markets, LLC	6,250,000	7,500,000
HSBC Securities (USA) Inc.	6,250,000	7,500,000
Lloyds Securities Inc.	6,250,000	7,500,000
PNC Capital Markets LLC	6,250,000	7,500,000
Total	$ 500,000,000	$ 600,000,000

The underwriting agreement provides that, subject to certain conditions, the underwriters are obligated to purchase all of the notes in the offering if they purchase any notes. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

The following table summarizes the underwriting discounts to be received by the underwriters in connection with the sale of the notes:

	Underwriting Discount Per Note
2024 notes	0.600%
2029 notes	0.650%

Notes sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any notes sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price of up to 0.400% per 2024 note and up to 0.250% per 2029 note from the initial public offering price. Any such securities dealers may resell any notes purchased from the underwriters to certain other brokers or dealers at a discount from the initial public offering price of up to 0.350% per 2024 note and up to

0.210% per 2029 note from the initial public offering price. After the initial offering of the notes, the underwriters may, from time to time, vary the offering price and the other selling terms. The offering of the notes by the underwriters is subject to receipt and acceptance and subject to the underwriters right to reject any order in whole or in part.

The underwriters intend to offer the notes for sale, either directly or through affiliates or other dealers acting as selling agents.

Table of Contents

The notes constitute new issues of securities, for which there are no existing trading markets. We do not intend to apply to list the notes on any securities exchange. Although we have been advised that the underwriters currently intend to make markets in the notes, those underwriters are not obligated to do so and may discontinue market making at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the notes.

In connection with the offering, the underwriters may purchase and sell the notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids for or purchases of the notes made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in process. The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representative has repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

These activities by the underwriters, as well as other purchases by the underwriters for their own account, may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected in the over-the-counter market or otherwise.

Certain of the underwriters and their affiliates have in the past provided, are currently providing and may in the future from time to time provide, financial advisory, commercial banking, investment banking, research, trading and trustee, escrow, transfer agent and custody services to us or our subsidiaries, for which they have in the past received, and may currently or in the future receive, customary fees and expenses. In particular, certain of the underwriters and their affiliates are lenders under our unsecured credit facility.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the underwriters or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. A typical such hedging strategy would include these underwriters or their affiliates hedging such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

We have agreed for a period from the date of this prospectus supplement to and including the closing date of this offering, not to offer, sell, contract to sell or otherwise dispose of, directly or indirectly, any notes (except for the notes offered hereby), any securities that are substantially similar to the notes, or any securities that are convertible into or exchangeable for or that represent the right to receive any such substantially similar securities of ours, except with the prior written consent of the representatives.

We estimate that our total expenses of this offering, excluding underwriting discounts, will be approximately $2.5 million.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make for these liabilities.

Table of Contents

Conflicts of Interest

Our subsidiary, CS&Co., is a member of FINRA and is participating as a dealer in this offering and, therefore, will be deemed to have a conflict of interest within the meaning of FINRA Rule 5121. Consequently, this offering is being made in compliance with the provisions of Rule 5121. CS&Co. will not confirm sales to discretionary accounts without the prior written approval of the customer.

Table of Contents

NOTICE TO INVESTORS

Prohibition of Sales to European Economic Area Retail Investors

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, *MiFID II*); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the *Insurance Mediation Directive*), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the *Prospectus Directive*). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the *PRIIPs Regulation*) for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This prospectus supplement has been prepared on the basis that any offer of the notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of the notes. This prospectus supplement is not a prospectus for the purposes of the Prospectus Directive.

United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are qualified investors (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the Order) and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Canada

The notes may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and that are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable Canadian securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Table of Contents

Hong Kong

This prospectus supplement has not been delivered to the Hong Kong Companies Registry for registration and its contents have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in doubt about the content of this prospectus supplement, you should obtain professional advice.

The notes have not been offered or sold and will not be offered or sold in Hong Kong by means of any document other than (i) to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the SFO) and any rules made under the SFO, or (ii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the CO). No advertisement, invitation or document relating to the notes has been or may be issued or has been or may be in the possession of any person for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the SFO and any rules made under the SFO.

Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the FIEL) and, accordingly, have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan or any corporation or other entity organized under the laws of Japan), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and governmental guidelines in Japan.

Singapore

This prospectus supplement and the accompanying prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A(1)(c) of the Securities and Futures Act (Cap. 289) of Singapore (the SFA)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person who acquires the notes as principal pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the notes are acquired under Section 275 of the SFA:

(a) by a corporation (which is not an accredited investor (as defined in Section 4A(1)(a) of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more

individuals, each of whom is an accredited investor; or

(b) for a trust (where the trustee is not an accredited investor) which sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;

(c) subject to Section 276(7) of the SFA, securities (as defined in Section 2(1) of the SFA) or securities-based derivatives contracts (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries rights and interest (howsoever described) in that trust shall not be transferred within

Table of Contents

six months after the notes have been acquired by that corporation or for that trust pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or in relation to the corporation, to any person arising from an offer referred to in Section 275(1A) or in relation to that trust, under Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law.

Singapore Securities and Futures Act Product Classification Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, CSC has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the notes are prescribed capital markets products (as defined in Section 309B(10) of the SFA) and excluded investment products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

People s Republic of China (excluding Hong Kong, Macau and Taiwan)

The underwriters will be required to represent and agree that the notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the People s Republic of China, or the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by all relevant laws and regulations of the PRC.

This prospectus supplement and the accompanying prospectus (i) have not been filed with or approved by the PRC authorities and (ii) do not constitute an offer to sell, or the solicitation of an offer to buy, any notes in the PRC to any person to whom it is unlawful to make the offer of solicitation in the PRC.

The notes may not be offered, sold or delivered, or offered, sold or delivered to any person for reoffering or resale or redelivery, in any such case directly or indirectly (i) by means of any advertisement, invitation, document or activity which is directed at, or the contents of which are likely to be accessed or read by, the public in the PRC, or (ii) to any person within the PRC, other than in full compliance with the relevant laws and regulations of the PRC.

Investors in the PRC are responsible for obtaining all relevant government regulatory approvals/licenses, verification and/or registrations themselves, including, but not limited to, those which may be required by the China Securities Regulatory Commission, the State Administration of Foreign Exchange and/or the China Banking Regulatory Commission, and complying with all relevant PRC laws and regulations, including, but not limited to, all relevant foreign exchange regulations and/or securities investment regulations.

Republic of Korea

The notes have not been and will not be registered under the Financial Investment Services and Capital Markets Act and the decrees and regulations thereunder (the FSCMA) and the notes have been and will be offered in Korea as a private placement under the FSCMA. None of the notes may be offered, sold and delivered directly or indirectly, or offered or sold to any person for reoffering or resale, directly or indirectly, in Korea or to any resident of Korea except as otherwise permitted under the applicable laws and regulations of Korea, including the FSCMA and the Foreign

Exchange Transaction Law of Korea and the decrees and regulations thereunder (the FETL). For a period of one year from the issue date of the notes, any acquirer of the notes who was solicited to buy the notes in Korea is prohibited from transferring any of the notes to another person in any way other than as a whole to one transferee. Furthermore, the purchaser of the notes shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the notes.

Table of Contents

Switzerland

This prospectus supplement is not intended to constitute an offer or solicitation to purchase or invest in the notes described herein. The notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this prospectus supplement nor any other offering or marketing material relating to the notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this prospectus supplement nor any other offering or marketing material relating to the notes may be publicly distributed or otherwise made publicly available in Switzerland.

Taiwan

The notes have not been, and will not be, registered with the Financial Supervisory Commission of Taiwan, the Republic of China (Taiwan) pursuant to applicable securities laws and regulations. No person or entity in Taiwan is authorized to distribute or otherwise intermediate the offering of the notes or the provision of information relating to this prospectus supplement and the accompanying prospectus. The notes may be made available for purchase outside Taiwan by investors residing in Taiwan (either directly or through properly licensed Taiwan intermediaries acting on behalf of such investors), but may not be issued, offered or sold in Taiwan. No subscription or other offer to purchase the notes shall be binding on us until received and accepted by us or any underwriter outside of Taiwan (the Place of Acceptance), and the purchase/sale contract arising therefrom shall be deemed a contract entered into in the Place of Acceptance.

Table of Contents

LEGAL MATTERS

Arnold & Porter Kaye Scholer LLP, San Francisco, California will pass on the validity of the notes. Certain attorneys of Arnold & Porter Kaye Scholer LLP beneficially own an aggregate of less than 1% of our common stock. Simpson Thacher & Bartlett LLP, New York, New York will pass upon certain legal matters relating to the offering for the underwriters. Simpson Thacher & Bartlett LLP has represented and continues to represent us from time to time in other matters.

EXPERTS

The consolidated financial statements, and the related financial statement schedule, incorporated in this prospectus supplement by reference from our Annual Report on Form 10-K for the year ended December 31, 2017 and the effectiveness of our internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

Table of Contents

The Charles Schwab Corporation

Debt Securities

Preferred Stock

Depositary Shares

Common Stock

Purchase Contracts

Warrants

Units Consisting of Two or More Securities

The Charles Schwab Corporation from time to time may offer and sell debt securities, preferred stock, depositary shares, common stock, purchase contracts, warrants and units consisting of two or more of the securities being offered by this prospectus. Our debt securities, preferred stock, purchase contracts and warrants may be convertible into or exchangeable for shares of our common stock or other securities.

Our common stock is listed on the New York Stock Exchange and trades under the symbol SCHW.

We will provide the specific terms of any securities to be offered and the specific manner in which they may be offered in supplements to this prospectus. You should read this prospectus and the accompanying prospectus supplement or supplements carefully before you invest.

This prospectus may not be used to offer and sell any securities unless accompanied by a prospectus supplement for those securities.

These securities are not deposits or other obligations of any bank or savings association and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency or instrumentality.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Charles Schwab & Co., Inc. or any of our other affiliates may use this prospectus in a market-making transaction for any of the securities listed above or similar securities after their initial sale. Unless you are informed otherwise in the confirmation of sale, this prospectus is being used in a market-making transaction.

The date of this prospectus is December 14, 2017

Table of Contents

TABLE OF CONTENTS

	Page Number
ABOUT THIS PROSPECTUS	1
FORWARD-LOOKING STATEMENTS	2
WHERE YOU CAN FIND MORE INFORMATION	3
THE CHARLES SCHWAB CORPORATION	4
RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS AND OTHER	5
USE OF PROCEEDS	6
ERISA MATTERS	7
DESCRIPTION OF DEBT SECURITIES	8
DESCRIPTION OF PREFERRED STOCK	18
DESCRIPTION OF DEPOSITARY SHARES	22
DESCRIPTION OF COMMON STOCK	24
DESCRIPTION OF PURCHASE CONTRACTS	26
DESCRIPTION OF WARRANTS	27
DESCRIPTION OF UNITS	30
GLOBAL SECURITIES	31
PLAN OF DISTRIBUTION (Conflicts of Interest)	35
VALIDITY OF SECURITIES	37
EXPERTS	37

Table of Contents

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, which we refer to as the SEC, utilizing a shelf registration process. Under this shelf registration process, we may from time to time sell any combination of the securities described in this prospectus in one or more offerings. We may offer debt securities; preferred stock, depositary shares and common stock; and purchase contracts and units consisting of two or more securities. We may also offer warrants to purchase debt securities or warrants to purchase or sell, or whose cash value is determined by reference to the performance level, or value of, one or more of:

- securities of one or more issuers, including our common stock, preferred stock or depositary shares, other securities described in this prospectus or the debt or equity securities of third parties;
- one or more currencies, currency units or composite currencies;
- one or more commodities;
- any other financial, economic or other measure or instrument, including the occurrence or non-occurrence of any event or circumstance; and
- one or more indices or baskets of the items described in this paragraph.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of the securities being offered. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading Where You Can Find More Information. The prospectus supplement may also contain information about United States federal income tax considerations relating to the securities covered by the prospectus supplement.

References in this prospectus to we, us and our mean The Charles Schwab Corporation.

Table of Contents

FORWARD-LOOKING STATEMENTS

This prospectus and any accompanying prospectus supplements, including the documents incorporated by reference, contain not only historical information but also forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (referred to here as the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (referred to here as the Exchange Act). Forward-looking statements are identified by words such as believe, anticipate, expect, intend, plan, will, may, estimate, aim, target, appea contain, and other similar expressions. These statements, which may be expressed in a variety of ways, including the use of future or present tense language, refer to future events. In addition, any statements that refer to expectations, projections, or other characterizations of future events or circumstances are forward-looking statements.

These forward-looking statements, which reflect management s beliefs, objectives and expectations as of the date of this prospectus, the prospectus supplement, 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 our senior management. 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 prospectus, the prospectus supplement or, in the case of documents incorporated by reference, as of the date of those documents.

You should refer to our periodic and current reports filed with the SEC or to the applicable prospectus supplement for specific risks which could cause actual results to be significantly different from those expressed or implied by these forward-looking statements, including risks described in the Risk Factors section. See Where You Can Find More Information in this prospectus for information about how to obtain copies of our periodic and current reports.

Statements in this prospectus, any prospectus supplement, and any documents incorporated by reference speak only as of the date on which those statements are made, and we undertake no obligation to update any statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form S-3 with the SEC relating to the securities offered by this prospectus. This prospectus is a part of that registration statement and does not include all of the information in the registration statement.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC s website at http://www.sec.gov. Copies of certain information filed by us with the SEC are also available on our corporate website at http://www.aboutschwab.com. We have included the SEC s website address and our website address as inactive textual references only, and the information contained on those websites is not a part of this prospectus. You may also read and copy any document that we file at the SEC s Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

Our common stock is listed on the New York Stock Exchange. You may inspect reports, proxy statements and other information about us at the offices of the New York Stock Exchange, 20 Broad Street, New York, NY 10005.

The SEC allows us to incorporate by reference into this prospectus information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus and information that we file later with the SEC will automatically update and supersede this information. In all cases, you should rely on the later information over different information included in this prospectus.

We incorporate by reference the documents listed below and any future filings we make with the SEC after the date of this prospectus under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act until our offering is completed, other than, in each case, documents or portions of documents furnished and not filed:

Annual Report on Form 10-K for the fiscal year ended December 31, 2016;

Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2017, June 30, 2017 and September 30, 2017;

Current Reports on Form 8-K filed on February 1, 2017, March 2, 2017, April 25, 2017, May 19, 2017, September 20, 2017, October 20, 2017, October 24, 2017 October 31, 2017, November 30, 2017 and December 7, 2017;

The description of our common stock contained in our registration statement on Form 8-A filed on February 23, 2010 under Section 12 of the Exchange Act, and any amendment or report filed for the purpose of updating that description; and

Solely with regard to the securities covered by this prospectus that were initially offered and sold under our previously filed registration statement(s) and that from time to time may be reoffered and resold in

market-making transactions under this prospectus, the information in the prospectus supplements relating to those securities that were previously filed by us in connection with their initial offer and sale (except to the extent that any such information has been modified or superseded by other information included or incorporated by reference in this prospectus).

You may request a copy of these filings at no cost, by writing, telephoning or sending an email to us at the following address:

The Charles Schwab Corporation

211 Main Street

San Francisco, California 94105

Attention: Corporate Secretary

Telephone: (415) 667-7000

Email: investor.relations@schwab.com

Table of Contents

THE CHARLES SCHWAB CORPORATION

The Charles Schwab Corporation, headquartered in San Francisco, California, was incorporated in 1986, and we engage, through our subsidiaries, in wealth management, securities brokerage, banking, asset management, and financial advisory services. Our significant business subsidiaries include:

- Charles Schwab & Co., Inc. (Schwab), a securities broker-dealer;
- Charles Schwab Bank, a federal savings bank; and
- Charles Schwab Investment Management, Inc. (CSIM), the investment advisor for Schwab s proprietary mutual funds, which are referred to as the Schwab Funds, and for Schwab s exchange-traded funds, which are referred to as the Schwab ETFs .

We are a savings and loan holding company and are subject to supervision and regulation by the Board of Governors of the Federal Reserve System (the Federal Reserve). We are dependent upon the earnings and cash flow of our subsidiaries to meet our obligations. Our rights and the rights of our creditors, including the holders of debt securities, to participate in the assets of any of our subsidiaries upon the subsidiary s liquidation or reorganization will be subject to the prior claims of the subsidiary s creditors except to the extent that we may ourselves be a creditor with recognized claims against the subsidiary.

Our principal executive office is located at 211 Main Street, San Francisco, California 94105. Our telephone number is (415) 667-7000. Our corporate Internet website is http://www.aboutschwab.com. We have included our website address as an inactive textual reference only, and none of the information contained in or that can be accessed through our website is a part of this prospectus.

Table of Contents

RATIO OF EARNINGS TO FIXED CHARGES AND

RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS AND OTHER

The following table sets forth our consolidated ratio of earnings to fixed charges and ratio of earnings to fixed charges and preferred stock dividends for the periods indicated.

	Nine Months Ended September 30,	Years ended December				
	2017	2016	2015	2014	2013	2012
Ratio of earnings to fixed charges [1]	10.1	12.6	11.9	13.2	10.8	7.7
Ratio of earnings to fixed charges, excluding bank deposits and payables to brokerage clients interest expense [2]	15.4	14.7	13.8	16.0	13.2	9.4
Ratio of earnings to fixed charges and preferred stock dividends and other [1] [3]	6.1	6.7	7.3	8.5	6.9	5.8
Ratio of earnings to fixed charges and preferred stock dividends and other, excluding bank deposits and payables to brokerage clients interest expense [2] [3]	7.5	7.2	8.0	9.5	7.8	6.7

(1) The ratios of earnings to fixed charges and earnings to fixed charges and preferred stock dividends and other are calculated in accordance with SEC requirements. For such purposes, earnings consist of earnings before taxes on earnings and fixed charges. Fixed charges consist of interest expense and one-third of property, equipment and software rental expense, which is estimated to be representative of the interest factor.

(2) Because interest expense incurred in connection with both bank deposits and payables to brokerage clients is completely offset by interest revenue on related investments and loans, we consider such interest to be an operating expense. Accordingly, the ratio of earnings to fixed charges, excluding bank deposits and payables to brokerage clients interest expense, and the ratio of earnings to fixed charges and preferred stock dividends and other, excluding bank deposits and payables to brokerage clients interest expense, reflect the elimination of such interest expense as a fixed charge.

(3) The preferred stock dividend and other amounts represent the pre-tax earnings that would be required to pay the dividends on outstanding preferred stock and undistributed earnings and dividends allocated to non-vested restricted stock units.

Table of Contents

USE OF PROCEEDS

Unless otherwise described in the applicable prospectus supplement, we will use the net proceeds from the sale of the offered securities for general corporate purposes. General corporate purposes include working capital, capital expenditures, investments in or loans to our subsidiaries, refinancing or repayment of debt, including outstanding commercial paper and other short-term indebtedness, if any, redemption or repurchase of our outstanding securities, funding of possible acquisitions and satisfaction of other obligations.

Table of Contents

ERISA MATTERS

The Employee Retirement Income Security Act of 1974, as amended, referred to here as ERISA, imposes certain restrictions on employee benefit plans that are subject to ERISA, on entities deemed to hold the assets of such employee benefit plans and on persons who are fiduciaries with respect to those plans or entities. In accordance with ERISA s general fiduciary requirements, a fiduciary with respect to any such plan or entity who is considering the purchase of our securities on behalf of the plan or entity should determine whether the purchase is permitted under the governing plan documents and is consistent with ERISA s requirements regarding indicia of ownership, prudence, diversification and delegation of control.

We have subsidiaries and affiliates, including broker-dealer subsidiaries and affiliates, that provide services to many employee benefit plans and retirement accounts. We and any of our direct or indirect subsidiaries or affiliates may each be considered a party in interest within the meaning of ERISA and a disqualified person under corresponding provisions of the Internal Revenue Code of 1986, as amended, referred to here as the Code, with respect to many employee benefit plans and retirement accounts. Prohibited transactions within the meaning of ERISA and the Code may result, among other reasons, if any offered securities are acquired by an employee benefit plan or retirement account as to which we or any of our direct or indirect subsidiaries or affiliates is a party in interest or a disqualified person, unless the offered securities are acquired pursuant to an applicable statutory or administrative exemption.

In addition, certain governmental, church and non-U.S. plans are subject to federal, state, local or non-U.S. laws that are substantially similar to these requirements of ERISA and the Code (Similar Laws).

Any employee benefit plan, retirement account or other entity to which such provisions of ERISA, the Code or Similar Law apply that proposes to acquire or hold the offered securities should consult with its legal counsel. Purchasers and holders of our securities have the exclusive responsibility for ensuring that their purchase and holding of the securities complies with the fiduciary responsibility rules of ERISA, if applicable, and does not violate the prohibited transaction rules of ERISA, the Code or applicable Similar Laws. We make no representation as to whether an investment in our securities is appropriate for or meets all relevant legal requirements with respect to investments by such plans, accounts or entities generally or any particular such plan, account or entity. Please consult the applicable prospectus supplement for further information with respect to a particular offering of securities.

Table of Contents

DESCRIPTION OF DEBT SECURITIES

The debt securities will be either senior debt securities or subordinated debt securities and will be issued in one or more series under one or more separate indentures between us and a trustee. Senior debt securities will be issued under a senior indenture and subordinated debt securities will be issued under a subordinated indenture. Except as otherwise set forth in the applicable prospectus supplement, The Bank of New York Mellon Trust Company, N.A. will be the trustee under the indentures. The Bank of New York Mellon Trust Company, N.A. serves as trustee for the series of our indebtedness outstanding as of the date of this prospectus. The debt securities may provide that they may be convertible into or exchangeable for shares of our common stock or other securities. In the following discussion, we sometimes refer to the senior indenture and the subordinated indenture as the indentures. When we refer to the trustee, we mean both the senior trustee and the subordinated trustee unless we indicate otherwise. Each indenture is qualified under the Trust Indenture Act, and the terms of the debt securities will include those stated in the applicable indenture and those made part of the indenture by reference to the Trust Indenture Act.

This section of the prospectus summarizes the material terms of the senior indenture, the subordinated indenture, the senior debt securities and the subordinated debt securities to be offered by any prospectus supplement. It is not complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the respective indentures as may be amended or supplemented, including the definitions of terms, and the Trust Indenture Act. The particular terms of the debt securities offered by any prospectus supplement will be described in the prospectus supplement relating to the offered securities. The terms of any series of debt securities may differ from the terms described below. For additional information, you should look at the applicable indenture and certificates evidencing the applicable debt security that is filed (or incorporated by reference) as an exhibit to the registration statement that includes this prospectus. We encourage you to read these indentures. Instructions on how you can get copies of these documents is provided above under the heading Where You Can Find More Information.

General

We may issue the debt securities from time to time, without limitation as to aggregate principal amount, and in one or more series. We are not limited as to the amount of debt securities that we may issue under the indentures. Unless otherwise provided in a prospectus supplement, a series of debt securities may be reopened to issue additional debt securities of such series. This section summarizes the terms of the debt securities that are common to all series, whether senior or subordinated. The debt securities will not be secured by any of our property or assets. All of the discussions below are subject to, and qualified by, the information contained in the applicable prospectus supplement.

We may issue debt securities upon the satisfaction of conditions contained in the indentures. Most of the material financial and other specific terms of the debt securities of your series will be described in the prospectus supplement relating to your series, including:

- the title of your series of debt securities;
- any limit on the aggregate principal amount or initial offering price of your series of debt securities;
- the date or dates on which your series of debt securities will mature;

the price or prices at which your series of debt securities will be issued;

the annual rate or rates (which may be fixed or variable) at which your series of debt securities will bear interest, if any, and the date or dates from which the interest, if any, will accrue;

the dates on which interest, if any, on your series of debt securities will be payable and the regular record dates for those interest payment dates;

the place where the principal and interest are payable;

Table of Contents

the person to whom interest is payable if other than the registered holder on the record date;

any mandatory or optional sinking funds or analogous provisions or provisions for mandatory or optional redemption;

the date, if any, after which and the price or prices at which your series of debt securities may, in accordance with any optional or mandatory redemption provisions, be redeemed and the other detailed terms and provisions of any such optional or mandatory redemption provision;

if other than denominations of $1,000 and any integral multiple thereof, the denomination in which your series of debt securities will be issuable;

any events of default in addition to those in the indenture;

any other covenant or warranty in addition to those in the indenture;

if debt securities are sold for one or more foreign currencies or foreign currency units, or principal, interest or premium are payable in foreign currencies or foreign currency units, the restrictions, elections, tax consequences and other information regarding the issue and currency or currency units;

the currency of payment of principal, premium, if any, and interest on your series of debt securities if other than in United States dollars;

any index or formula used to determine the amount of payment of principal of, premium, if any, and interest on your series of debt securities;

the portion of the principal amount that will be payable upon acceleration of maturity, if other than the entire principal amount;

if the principal amount payable at a stated maturity will not be determinable as of any date prior to stated maturity, the amount or method of determining the amount which will be deemed to be the principal amount;

any paying agents, authenticating agents, security registrars or other agents for the debt;

the applicability of the provisions described below under Discharge; Defeasance and Covenant Defeasance ;

whether any debt securities will be certificated securities or will be issued in the form of one or more global securities and the depositary for the global security or securities;

whether your series of debt securities are subordinated debt securities or senior debt securities;

if your series of debt securities are subordinated debt securities, whether the subordination provisions summarized below or different subordination provisions will apply;

if debt securities are sold bearing no interest or below market interest, known as original issue discount securities, the amount payable upon acceleration and special tax, accounting and other considerations;

the convertibility or exchangeability, if any, of your series of debt securities into any other debt or equity securities; and

any other material terms of your series of debt securities.

The terms may vary from the terms described here. This summary is qualified by reference to the description of the terms of your series to be described in the prospectus supplement.

Prospective purchasers of debt securities should be aware that special federal income tax, accounting and other considerations may be applicable to instruments such as the debt securities. The prospectus supplement relating to an issue of debt securities will describe these considerations, if they apply.

Table of Contents

A debt security may be an original issue discount debt security. A debt security of this type is issued at a price lower than its principal amount and provides that, upon redemption or acceleration of its maturity, an amount less than its principal amount will be payable. An original issue discount debt security may be a zero coupon debt security. A debt security issued at a discount to its principal may, for U.S. federal income tax purposes, be considered to be issued with original issue discount. If we issue an original issue discount debt security, the prospectus supplement will contain a description of the U.S. federal income tax consequence related to the issuance.

Senior Debt

Our senior debt securities will be issued under the senior debt indenture and will rank equally with all of our other unsecured and unsubordinated debt.

Subordinated Debt

We may issue subordinated debt securities under a subordinated debt indenture. Subordinated debt securities will be subordinate and junior in right of payment to all of our senior indebtedness.

In some circumstances relating to our liquidation, dissolution, winding-up, reorganization, insolvency or similar proceedings, the holders of all senior indebtedness will be entitled to receive payment in full before the holders of the subordinated debt securities will be entitled to receive any payment on the subordinated debt securities.

In addition, we may make no payment on the subordinated debt securities in the event:

- there is a default in any payment or delivery on any senior indebtedness; or
- there is an event of default on any senior indebtedness which permits the holders of the senior indebtedness to accelerate the maturity of the senior indebtedness.

By reason of this subordination in favor of the holders of senior indebtedness, in the event of an insolvency, our creditors who are not holders of senior indebtedness may recover less, proportionately, than holders of senior indebtedness.

Unless otherwise specified in a prospectus supplement, senior indebtedness will include the principal of and premium, if any, and interest on our senior indebtedness, whether outstanding on the date of the subordinated debt indenture or later created, that is:

- for money that we borrowed, including capitalized lease obligations;
- for money borrowed by others and guaranteed, directly or indirectly, by us; or
- secured and unsecured purchase money indebtedness or indebtedness secured by property at the time of our acquisition of the property for the payment of which we are directly or contingently liable.

Senior indebtedness also includes all deferrals, renewals, extensions and refundings of and amendments, modifications and supplements to the senior indebtedness described in the preceding sentence.

Senior indebtedness does not include:

- our indebtedness to any of our subsidiaries for money borrowed or advances from any subsidiary;
- the subordinated debt securities; or
- any indebtedness if the terms creating or evidencing the indebtedness expressly provide that the indebtedness is not superior in right of payment to the subordinated debt securities and/or that the indebtedness is not superior in right of payment to any of our other indebtedness that is equal to or subordinated to the subordinated debt securities in right of payment.

Table of Contents

Indebtedness is obligations of, or guaranteed or assumed by, us for borrowed money or evidenced by bonds, debentures, notes or other similar instruments, including capitalized lease obligations.

At September 30, 2017, we owed a total of approximately $3,231 million in principal amount of senior notes, all of which was senior indebtedness, without counting any accrued interest on that debt. The indenture does not limit the amount of senior debt that we are permitted to have, and we may in the future incur additional senior debt. On December 7, 2017, we issued an additional $1,500 million in senior notes.

Restrictive Covenants

Neither indenture contains any significant financial or restrictive covenants, including covenants restricting either us or any of our subsidiaries from issuing, assuming or guaranteeing any indebtedness secured by a lien on any of our subsidiaries property or capital stock, or restricting us or any of our subsidiaries from entering into sale and leasehold transactions. The prospectus supplement relating to a series of debt securities may describe restrictive covenants, if any, to which we may be bound under the applicable indenture.

Merger, Consolidation, Sale, Lease or Conveyance

Unless otherwise indicated in the applicable prospectus supplement, as long as any debt securities are outstanding, we will not be permitted to merge or consolidate with any other entity and will not be permitted to sell, lease or convey all or substantially all of our assets to any person, unless:

- we are the continuing corporation or our successor or the person that acquires or leases all or substantially all of our assets is a corporation, association, company, limited liability company, joint-stock company or business trust organized under the laws of the United States or one of the states of the United States or the District of Columbia and the successor entity expressly assumes all of our obligations under the applicable indenture and the related debt securities; and

- immediately after any merger, consolidation, sale, lease or conveyance, we or our successor is not in default in the performance or observance of the covenants and conditions of the applicable indenture.

This covenant would not apply to a recapitalization transaction, a change of control of The Charles Schwab Corporation or a highly leveraged transaction unless the transaction or change of control is structured to include a merger or consolidation or a sale, lease or conveyance of all or substantially all of our assets. Except as may be described in the prospectus supplement applicable to a particular series of debt securities, there are no covenants or other provisions in the indentures requiring us to repurchase the debt securities or that would afford holders of debt securities additional protection or economic benefits in the event of a recapitalization or a change of control of The Charles Schwab Corporation or a highly leveraged transaction.

Events of Default

Senior debt securities events of default and acceleration

Unless otherwise specified in the prospectus supplement relating to a particular series of senior debt securities, an event of default will occur for any series of senior debt securities if:

we fail to pay when due any principal of that series of senior debt securities;

we fail to pay any interest on that series of senior debt securities within 30 days after the interest is due;

we fail to deposit when due any sinking fund payment required under the terms of that series of senior debt securities;

we fail to cure our default of any other covenant or agreement to which that series of senior debt securities is subject within 60 days after we receive written notice of the default;

Table of Contents

specified events of bankruptcy, insolvency or reorganization occur; or

any other default or event of default provided with respect to senior debt securities of that series occurs.

If an event of default, other than a default relating to our bankruptcy, insolvency or reorganization, occurs and continues, the trustee or the holders of 25% of the aggregate principal amount of all affected series of senior debt securities, voting together as a single class, may require us to repay immediately the entire principal of the senior debt securities of all affected series and any accrued interest. For example, if an event of default relates to our failure to pay interest on two series of senior debt securities and we have issued ten series of outstanding senior debt securities, the holders of 25% of the two affected series, voting together as a single class, would have the right to require us to immediately repay the senior debt securities that are part of those two series. However, if the event of default were to affect all ten series, then 25% of all senior debt securities outstanding under the senior debt indenture, voting together as a single class, would have the right to require us to immediately repay all outstanding series of senior debt securities. If an event of default relating to our bankruptcy, insolvency or reorganization occurs, the entire principal of the affected senior debt securities will automatically become payable.

Subordinated debt securities events of default and acceleration

Unless otherwise specified in the prospectus supplement, relating to a particular series of subordinated debt securities, an event of default will occur for any series of subordinated debt securities if:

specified events of bankruptcy, insolvency or reorganization occur; or

any other default or event of default provided with respect to subordinated debt securities of that series occurs.

If any event of default with respect to subordinated debt securities of any series, other than a default relating to our bankruptcy, insolvency or reorganization, occurs and continues, the trustee or the holders of 25% of the aggregate principal amount of all affected series of subordinated debt securities, voting together as a single class, may require us to repay immediately the entire principal of the subordinated debt securities and any accrued interest. If an event of default relating to our bankruptcy, insolvency or reorganization occurs, the entire principal of the affected debt securities will automatically become payable. Any payment by us on the subordinated debt securities following any acceleration will be subject to the subordination provisions applicable to the subordinated debt securities.

We will describe in the prospectus supplement any particular provisions relating to the acceleration of the maturity of a portion of the principal amount of original issue discount subordinated debt securities upon an event of default. In the event of our bankruptcy, liquidation, reorganization or insolvency, any right to enforce that payment in cash would be subject to the broad equity powers of a federal bankruptcy court and to its determination of the nature and status of the payment claims of the holders of the subordinated debt securities.

Unless otherwise provided in the prospectus supplement relating to a particular series of subordinated debt securities, there will be no right of acceleration of the payment of principal of the subordinated debt securities of that series upon a default in the payment of principal or interest or a default in the performance of any covenant or agreement in the subordinated debt securities or the subordinated indenture. In the event of a default in the payment of principal or interest or a default in the performance of any covenant or agreement in the subordinated debt securities or the subordinated indenture, the trustee may, subject to specified limitations and conditions, seek to enforce that payment

or the performance of that covenant or agreement.

Trustees duties in case of a default and actions by holders

The holders of a majority of the aggregate principal amount of the debt securities of all affected series, voting together as a single class, can rescind any acceleration or waive any past default or event of default.

Table of Contents

However, they cannot waive certain defaults in payment of principal of, premium, if any, or interest on, any of the senior debt securities or if such events of default are otherwise provided in a prospectus supplement relating to a particular series of subordinated debt or any right of a holder to have a debt security converted into our common stock.

Other than its duties in case of a default, the relevant trustee is not obligated to exercise any of its rights or powers under the indenture at the request, order or direction of any holders, unless the holders offer the trustee protection from expenses and liability reasonably satisfactory to it, called an indemnity. If they provide this indemnity, the holders of a majority in principal amount of all affected series of debt securities, voting together as a single class, may direct the time, method and place of conducting any proceeding or any remedy available to the trustee, or exercising any power conferred upon the trustee, for any series of debt securities.

A holder of a debt security may not institute any action against us under the indenture unless:

- the holder gives the trustee written notice that a default has occurred and is continuing;
- the holders of at least 25% of the outstanding aggregate principal amount of all affected series, voting together as a single class, request that the trustee institute the action while offering the trustee an indemnity reasonably satisfactory to it;
- the holders offer the trustee reasonable security or indemnity against the costs and liabilities to be incurred in complying with the request; and
- the trustee fails to institute the action within 60 days after receiving the request.

Even if these conditions are met, the holder may not institute an action if holders of a majority in aggregate principal amount of all affected series, voting together as a single class, direct the trustee to take action inconsistent with the request of the holder desiring to institute action against us. Holders may institute an action for payment of overdue principal or interest or to enforce their rights to convert securities into our other securities without complying with the preceding conditions.

We are required to file annually with the trustee a certificate stating whether we are in default under any of the provisions of either indenture, specifying any default that exists.

Discharge, Defeasance and Covenant Defeasance

We may be discharged from our obligations on the debt securities of any series if we deposit enough money with the trustee to pay the entire principal, interest and any premium due to the stated maturity date or redemption date of the debt securities.

Each indenture contains a provision that permits us to elect either or both of the following:

We may elect to be discharged from all of our obligations, subject to limited exceptions, with respect to any series of debt securities then outstanding. If we make this election, the holders of the debt securities of the series will not be entitled to the benefits of the indenture, except for the rights of holders to receive payments on debt securities or the registration of transfer and exchange of debt securities and replacement of lost, stolen or mutilated debt securities.

We may elect to be released from our obligations under some or all of any financial or restrictive covenants applicable to the series of debt securities to which the election relates and from the consequences of an event of default resulting from a breach of those covenants.

To make either of the above elections, we must deposit in trust with the trustee enough money to pay in full the principal, interest and premium on the debt securities. This amount may be made in cash and/or United States government obligations or, in the case of debt securities that are denominated in a currency other than United

Table of Contents

States dollars, cash in the currency in which the debt securities are denominated and/or foreign government obligations. As a condition to either of the above elections, we must deliver to the trustee an opinion of counsel that the holders of the debt securities will not recognize income, gain or loss for federal income tax purposes as a result of the action.

Foreign government obligations means, with respect to debt securities of any series that are denominated in a currency other than United States dollars:

- direct obligations of the government that issued or caused to be issued the currency in which such securities are denominated and for the payment of which obligations its full faith and credit is pledged, or, with respect to debt securities of any series which are denominated in euros, direct obligations of certain members of the European Union for the payment of which obligations the full faith and credit of the members is pledged, which in each case are not callable or redeemable at the option of the issuer; or

- obligations of a person controlled or supervised by or acting as an agency or instrumentality of that government the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by that government, which are not callable or redeemable at the option of the issuer.

Modification of the Indentures

Without the consent of the holders of debt securities, we and the trustee may enter into supplemental indentures to:

- document that a successor corporation has assumed our obligations;

- add covenants or events of default for the protection of the holders of debt securities;

- surrender any right or power conferred upon the Company pursuant to the applicable indenture;

- cure any ambiguity or correct any inconsistency in the indentures;

- permit the facilitation of the defeasance and discharge of the securities;

- establish the forms or terms of debt securities of any series;

- provide for conversion rights;

- provide for guarantees;

document the appointment of a successor trustee; or

other changes specified in the indenture.

If the holders of a majority in principal amount of all affected series, voting together as a single class, consent, we and the trustee may add to, change or eliminate any of the provisions of an indenture or modify in any way the rights of holders of the affected series. However, each affected holder must consent before we can:

change the stated maturity of the principal;

reduce the amount of the principal;

reduce the rate or extend the time of payment of interest;

if subordinated debt securities, make any change relating to the subordination of the debt securities in a materially adverse manner;

reduce any premium payable on redemption;

change the currency in which any debt security is payable;

adversely affect the right to convert any debt security if the debt security is a convertible debt security;

Table of Contents

reduce the percentage in principal amount required to consent to any of the foregoing actions; or

other changes specified in the indenture.

We may not amend the subordinated debt indenture to alter the subordination of any outstanding subordinated debt securities without the consent of each holder of senior indebtedness then outstanding that would be negatively affected.

Legal Ownership of Debt Securities

We refer to those who have debt securities registered in their own names, on the books that we or the trustee maintain for this purpose, as holders of those debt securities. These persons are the legal holders of the debt securities. We refer to those who, indirectly through others, own beneficial interests in the debt securities that are not registered in their own name as indirect holders. As discussed under the heading Global Securities, indirect holders are not legal holders, and investors in debt securities issued in book-entry form or in street name will be indirect holders.

Additional Mechanics

Form, Exchange and Transfer. Unless otherwise indicated in the prospectus supplement, the debt securities will be issued:

only in fully registered form;

without interest coupons; and

in denominations of $1,000 and any integral multiple of $1,000.

You may have your debt securities broken into more debt securities of permitted smaller denominations or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed. This is called an exchange.

The entity performing the role of maintaining the list of registered direct holders is called the security registrar. It will also perform exchanges and transfers. You may exchange or transfer debt securities at the office of the security registrar.

You will not be required to pay a service charge to transfer or exchange debt securities, but you may be required to pay for any tax or other governmental charge associated with the exchange or transfer. The transfer or exchange will only be made if the security registrar is satisfied with your proof of ownership.

In the event of any partial redemption of debt securities of any series, we will not be required to:

issue, register the transfer of, or exchange, any debt security of that series during a period beginning at the opening of business 15 days before the day of mailing of a notice of redemption and ending at the close of

business on the day of the mailing; or

register the transfer of or exchange any debt security of that series selected for redemption, in whole or in part, except the unredeemed portion being redeemed in part.

Unless otherwise indicated in a prospectus supplement, the trustee will act as the securities registrar and we will appoint an office or agency in New York City for you to transfer or exchange debt securities having New York as the place of payment.

Payment and Paying Agents. We will pay interest, principal and any other money due on the debt securities at payment offices that we designate. These offices are called paying agents. You must make arrangements to have your payment picked up at that office. We may also choose to pay interest by mailing checks to the address specified in the security register.

Table of Contents

We will pay interest to you if at the close of business on a particular day in advance of each due date for interest you are a direct holder, even if you no longer own the debt security on the interest due date. That particular day is called the regular record date and will be stated in the prospectus supplement. Holders buying and selling debt securities must work out between them how to compensate for the fact that we will pay all the interest for an interest period to the one who is the registered holder on the regular record date. The most common manner is to adjust the sales price of the debt securities to pro rate interest fairly between buyer and seller. This pro- rated interest is called accrued interest.

All moneys paid by us to a paying agent for payment on any debt security which remain unclaimed for a period ending the earlier of:

10 business days prior to the date the money would be turned over to the applicable state; or

at the end of two years after such payment was due, will be repaid to us. Thereafter, the holder may look only to us for payment.

Indirect holders should consult their banks or brokers for information on how they will receive payment.

Notices

Notices to be given to holders of a global security will be given only in accordance with the policies of the depositary, as described in part under Global Securities. Notices to be given to holders of debt securities not in global form will be sent by mail to the address of the holder appearing in the trustee s records. Indirect holders should consult their banks or brokers for information on how they will receive notice.

No Personal Liability of Directors, Officers, Employees and Stockholders

No incorporator, stockholder, employee, agent, officer, director or subsidiary of ours will have any liability for any obligations of ours, or because of the creation of any indebtedness under the debt securities, the indentures or supplemental indentures. The indentures provide that all such liability is expressly waived and released as a condition of, and as a consideration for, the execution of such indentures and the issuance of the debt securities.

Ranking

Unless otherwise provided in the prospectus supplement, the debt securities are not secured by any of our property or assets. Accordingly, your ownership of debt securities means you are one of our unsecured creditors. The senior debt securities are not subordinated to any of our other debt obligations, and therefore they rank equally with all of our other unsecured and unsubordinated indebtedness. The subordinated debt securities are subordinated to some of our existing and future debt and other liabilities.

Conversion or Exchange

If and to the extent indicated in the applicable prospectus supplement, a series of debt securities may be convertible or exchangeable into other debt securities or common stock, preferred stock or depositary shares. The specific terms on which any series may be so converted or exchanged will be described in the applicable prospectus supplement. These terms may include provisions for conversion or exchange, whether mandatory, at the holder s option or at our option,

in which case the amount or number of securities the debt security holders would receive would be calculated at the time and in the manner described in the applicable prospectus supplement.

Regarding the Trustees

The trustee under either indenture will be named in the prospectus supplement. We and some of our subsidiaries may conduct transactions with the trustees in the ordinary course of business and the trustees and their affiliates may conduct transactions with us and our subsidiaries.

Table of Contents

Governing Law

Both indentures are, and the senior and subordinated debt securities will be, governed by and construed in accordance with the laws of the State of California unless otherwise provided in any prospectus supplement.

Table of Contents

DESCRIPTION OF PREFERRED STOCK

This section of the prospectus contains a description of the general terms of the preferred stock that we may issue. Other terms of any series of preferred stock will be described in the prospectus supplement relating to that series of preferred stock. The terms of any series of preferred stock may differ from the terms described below.

The provisions of the preferred stock described below and in any prospectus supplement are not complete. You should also refer to our certificate of incorporation and the documents that will be filed with the SEC in connection with the offering of the series of preferred stock.

General

Our certificate of incorporation permits our board of directors to authorize the issuance of up to 9,940,000 shares of preferred stock, par value $0.01 per share, in one or more series. As of October 31, 2017, we have designated:

- 400,000 shares of our preferred stock for our Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A, our Series A Preferred Stock ;
- 488,750 shares of our preferred stock for our 6.00% Non-Cumulative Perpetual Preferred Stock, Series B, our Series B Preferred Stock ;
- 600,000 shares of our preferred stock for our 6.00% Non-Cumulative Perpetual Preferred Stock, Series C, our Series C Preferred Stock ;
- 750,000 shares of our preferred stock for our 5.95% Non-Cumulative Perpetual Preferred Stock, Series D, our Series D Preferred Stock ;
- 6,000 shares of our preferred stock for our 4.625% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series E, our Series E Preferred Stock ; and
- 5,000 shares of our preferred stock for our 5.00% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred, Series F, our Series F Preferred Stock .

As of October 31, 2017, 400,000 shares of our Series A Preferred Stock, 485,000 shares of our Series B Preferred Stock, 600,000 shares of our Series C Preferred Stock, 750,000 shares of our Series D Preferred Stock, 6,000 shares of our Series E Preferred Stock and 5,000 shares of our Series F Preferred Stock were outstanding. On December 1, 2017, we redeemed all 485,000 shares of our Series B Preferred Stock and no shares remain outstanding.

Our board of directors can divide the preferred stock into series and determine the designation and the rights and preferences of each series. Therefore, without stockholder approval, our board of directors can authorize the issuance of preferred stock with voting, conversion and other rights that could dilute the voting power and other rights of our common stockholders.

The preferred stock will have the terms described below unless otherwise provided in the prospectus supplement relating to a particular series of the preferred stock. You should read the prospectus supplement relating to the particular series of preferred stock being offered for specific terms, including:

the series designation of the preferred stock and the number of shares offered;

the amount of liquidation preference per share;

the dividend rate or method of determining that rate;

the date on which dividends will be paid;

voting rights;

Table of Contents

the price at which the preferred stock will be issued;

dividend rights (which may be cumulative or noncumulative);

any redemption or sinking fund provisions;

any provisions relating to convertibility or exchangeability of the preferred stock into shares of our common stock or other securities;

the relative seniority and rank of the series with respect to other series then or thereafter issued;

whether we have elected to offer depositary shares as described under Description of Depositary Shares ; and

any other rights, preferences, privileges, limitations, options and restrictions and special or relative rights, if any, on the preferred stock.

The preferred stock will, when issued, be fully paid and non-assessable. The rights of holders of shares of each series of preferred stock will be subordinate to those of our general creditors.

As described under Description of Depositary Shares, we may, at our option, with respect to any series of the preferred stock, elect to offer fractional interests in shares of preferred stock, and provide for the issuance of depositary receipts representing depositary shares, each of which will represent a fractional interest in a share of the series of the preferred stock. The fractional interest will be specified in the prospectus supplement relating to a particular series of the preferred stock.

Rank

Any series of the preferred stock will, with respect to the priority of the payment of dividends and the priority of payments upon liquidation, winding-up and dissolution, rank:

senior to all classes of common stock and all equity securities issued by us the terms of which specifically provide that the equity securities will rank junior to the preferred stock (the junior securities);

equally with all equity securities issued by us the terms of which specifically provide that the equity securities will rank equally with the preferred stock (the parity securities); and

junior to all equity securities issued by us the terms of which specifically provide that the equity securities will rank senior to the preferred stock.

Dividends

Holders of the preferred stock of each series will be entitled to receive, when, as and if declared by our board of directors, cash dividends at the rates and on the dates described in the prospectus supplement. Different series of preferred stock may be entitled to dividends at different rates or based on different methods of calculation. The dividend rate may be fixed or variable or both. Dividends will be payable to the holders of record as they appear on our stock books on record dates fixed by our board of directors, as specified in the applicable prospectus supplement.

Dividends on any series of the preferred stock may be cumulative or noncumulative, as described in the applicable prospectus supplement. If our board of directors does not declare a dividend payable on a dividend payment date on any series of noncumulative preferred stock, then the holders of that noncumulative preferred stock will have no right to receive a dividend for that dividend payment date, and we will have no obligation to pay the dividend accrued for that period, whether or not dividends on that series are declared payable on any future dividend payment dates. Dividends on any series of cumulative preferred stock will accrue from the date we initially issue shares of such series or such other date specified in the applicable prospectus supplement.

Table of Contents

Unless otherwise specified in the prospectus supplement, no full dividends may be declared or paid or funds set apart for the payment of any dividends on any parity securities unless dividends have been paid or set apart for payment on the preferred stock. If full dividends are not paid, the preferred stock will share dividends *pro rata* with the parity securities. No dividends may be declared or paid or funds set apart for the payment of dividends on any junior securities unless full cumulative dividends for all dividend periods terminating on or prior to the date of the declaration or payment will have been paid or declared and a sum sufficient for the payment set apart for payment on the preferred stock. The prospectus supplement for non-cumulative preferred stock may set forth certain restrictions on payments of dividends, or setting aside funds for payment of dividends on junior securities if dividends on the non-cumulative preferred stock are not paid. Our ability to pay dividends on our preferred stock is subject to policies established by our regulator and our meeting the requirements of Delaware corporate law with regard to the payment of dividends.

Rights Upon Liquidation

If we dissolve, liquidate or wind up our affairs, either voluntarily or involuntarily, the holders of each series of preferred stock will be entitled to receive, before any payment or distribution of assets is made to holders of junior securities, liquidating distributions in the amount described in the prospectus supplement relating to that series of preferred stock, plus an amount equal to accrued and unpaid dividends. If the amounts payable with respect to the preferred stock of any series and any other parity securities are not paid in full, the holders of the preferred stock of that series and of the parity securities will share proportionately in the distribution of our assets in proportion to the full liquidation preferences to which they are entitled. After the holders of preferred stock and the parity securities are paid in full, unless otherwise provided in the prospectus supplement, they will have no right or claim to any of our remaining assets.

Redemption

A series of the preferred stock may be redeemable, in whole or in part, at our option and subject to policies established by our regulator. In addition, a series of preferred stock may be subject to mandatory redemption pursuant to a sinking fund or otherwise. The redemption provisions that may apply to a series of preferred stock, including the redemption dates and the redemption prices for that series, will be described in the prospectus supplement.

In the event of partial redemptions of preferred stock, whether by mandatory or optional redemption, our board of directors will determine the method for selecting the shares to be redeemed, which may be by lot or *pro rata* or by any other method determined to be equitable.

On or after a redemption date, unless we default in the payment of the redemption price, dividends will cease to accrue on shares of preferred stock called for redemption. In addition, all rights of holders of the shares will terminate except for the right to receive the redemption price.

Voting Rights

Unless otherwise described in the applicable prospectus supplement, holders of the preferred stock will have no voting rights except as discussed below, set forth in the prospectus supplement or as otherwise required by law or in our certificate of incorporation.

Table of Contents

Under regulations adopted by the Federal Reserve, if the holders of any series of preferred stock are or become entitled to vote for the election of directors, such series will be deemed a class of voting securities and a company holding 25% or more of the series, or 10% or more if it otherwise exercises a controlling influence over us, may then be subject to regulation as a savings and loan holding company in accordance with the Home Owners Loan Act of 1933, as amended (the HOLA). In addition, at the time the series is deemed a class of voting securities,

- any other savings and loan holding company may be required to obtain the approval of the Federal Reserve to acquire or retain more than 5% of that series; and
- any other persons other than a savings and loan holding company may be required to obtain the non-objection of the Federal Reserve to acquire or retain 10% or more of that series.

In addition, as described under Description of Common Stock, the requirements of Delaware law and the provisions of our certificate of incorporation may have an effect of delaying or preventing a change of control of The Charles Schwab Corporation in some circumstances.

Exchangeability and Convertibility

The prospectus supplement relating to any series of preferred stock will state the terms, if any, on which shares of that series are convertible into or exchangeable for shares of our common stock or other securities.

Transfer Agent and Registrar

The transfer agent, dividend and redemption price disbursement agent and registrar for shares of each series of preferred stock will be named in the applicable prospectus supplement.

Table of Contents

DESCRIPTION OF DEPOSITARY SHARES

General

We may, at our option, elect to offer fractional shares of preferred stock, which we call depositary shares, rather than full shares of preferred stock. If we do, we will issue to the public receipts, called depositary receipts, for depositary shares, each of which will represent a fraction, to be described in the prospectus supplement, of a share of a particular series of preferred stock.

The shares of any series of preferred stock represented by depositary shares will be deposited with a depositary named in the prospectus supplement under a depositary agreement. Unless otherwise provided in the prospectus supplement, each owner of a depositary share will be entitled, in proportion to the applicable fractional interest in a share of preferred stock represented by the depositary share, to all the rights and preferences of the preferred stock represented by the depositary share. Those rights may include dividend, voting, redemption, conversion and liquidation rights.

Dividends and Other Distributions

The depositary will distribute all cash dividends or other cash distributions received in respect of the preferred stock to the record holders of depositary shares in proportion to the number of depositary shares owned by those holders.

If there is a distribution other than in cash, the depositary will distribute property received by it to the record holders of depositary shares, unless the depositary determines that it is not feasible to make the distribution. If this occurs, the depositary may, with our approval, sell the property and distribute the net proceeds from the sale to the holders.

Withdrawal of Stock

Unless the related depositary shares have been previously called for redemption, upon surrender of the depositary receipts at the office of the depositary and complying with any other requirement of the depositary agreement, the holder of the depositary shares will be entitled to delivery, at the office of the depositary to or upon his or her order, of the number of whole shares of the preferred stock and any money or other property represented by the depositary shares. If the depositary receipts delivered by the holder evidence a number of depositary shares in excess of the number of depositary shares representing the number of whole shares of preferred stock to be withdrawn, the depositary will deliver to the holder at the same time a new depositary receipt evidencing the excess number of depositary shares. In no event will the depositary deliver fractional shares of preferred stock upon surrender of depositary receipts.

Redemption of Depositary Shares

Whenever we redeem shares of preferred stock held by the depositary, the depositary will redeem as of the same redemption date the number of depositary shares representing shares of the preferred stock so redeemed, so long as we have paid in full to the depositary the redemption price of the preferred stock to be redeemed. The redemption price per depositary share will be equal to the redemption price and any other amounts per share payable on the preferred stock multiplied by the fraction of a share of preferred stock represented by one depositary share. If less than all the depositary shares are to be redeemed, the depositary shares to be redeemed will be selected by lot or *pro rata* or by any other equitable method as may be determined by the depositary.

After the date fixed for redemption, depositary shares called for redemption will no longer be deemed to be outstanding and all rights of the holders of depositary shares will cease, except the right to receive the moneys payable

upon redemption and any money or other property to which the holders of the depositary shares were entitled upon redemption, upon surrender to the depositary of the depositary receipts evidencing the depositary shares.

Table of Contents

Voting the Preferred Stock

Upon receipt of notice of any meeting at which the holders of the preferred stock are entitled to vote, the depositary will mail the information contained in the notice of meeting to the record holders of the depositary receipts relating to that preferred stock. The record date for the depositary receipts relating to the preferred stock will be the same date as the record date for the preferred stock. Each record holder of the depositary shares on the record date will be entitled to instruct the depositary as to the exercise of the voting rights pertaining to the number of shares of preferred stock represented by that holder s depositary shares. The depositary will endeavor, insofar as practicable, to vote the number of shares of preferred stock represented by the depositary shares in accordance with those instructions, and we will agree to take all action which may be deemed necessary by the depositary in order to enable the depositary to do so. The depositary will not vote any shares of preferred stock except to the extent it receives specific instructions from the holders of depositary shares representing that number of shares of preferred stock.

Charges of Depositary

We will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. We will pay charges of the depositary in connection with the initial deposit of the preferred stock and any redemption of the preferred stock. Holders of depositary receipts will pay other transfer and other taxes and governmental charges and any other charges as are expressly provided in the depositary agreement to be for their accounts.

Resignation and Removal of Depositary

The depositary may resign at any time by delivering to us a notice of its election to do so, and we may remove the depositary at any time. Any resignation or removal of the depositary will take effect upon our appointment of a successor depositary and its acceptance of the appointment. The successor depositary must be appointed within 60 days after delivery of the notice of resignation or removal and must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least $50,000,000.

Notices

The depositary will forward to holders of depositary receipts all reports and other communications from us that we deliver to the depositary and which we are required to furnish to the holders of the preferred stock.

Limitation of Liability

Neither we nor the depositary will be liable if either of us is prevented or delayed by law or any circumstance beyond our control in performing our obligations. Our obligations and those of the depositary will be limited to performance in good faith of our and its duties under the depositary agreement. We and the depositary will not be obligated to prosecute or defend any legal proceeding in respect of any depositary shares or preferred stock unless satisfactory indemnity is furnished. We and the depositary may rely upon written advice of counsel or accountants, on information provided by persons presenting preferred stock for deposit, holders of depositary receipts or other persons believed to be competent and on documents believed to be genuine.

Table of Contents

DESCRIPTION OF COMMON STOCK

General

We have 3,000,000,000 shares of authorized common stock, $0.01 par value per share, of which 1,340,576,376 shares were outstanding as of October 31, 2017. Holders of our common stock are entitled to receive dividends when, as and if declared by our board of directors out of any funds legally available for dividends. Holders of our common stock are also entitled, upon our liquidation, and after claims of creditors and any class or series of preferred stock outstanding at the time of liquidation, to receive a *pro rata* distribution of our net assets. We pay dividends on our common stock only if we have paid or provided for all dividends on any outstanding series of preferred stock, for the then current period and, in the case of any cumulative preferred stock, all prior periods.

Our preferred stock will have preference over our common stock with respect to the payment of dividends and the distribution of assets in the event of our liquidation or dissolution. Our preferred stock also will also have such other preferences as may be fixed by our board of directors.

Holders of our common stock are entitled to one vote for each share that they hold and are vested with all of the voting power of our capital stock, except as our board of directors may provide with respect to any class or series of preferred stock issued after the date of this prospectus. See Description of Preferred Stock. Our certificate of incorporation does not provide for cumulative voting. Shares of our common stock are not redeemable, and have no subscription, conversion or preemptive rights.

Our common stock is listed on the New York Stock Exchange. Outstanding shares of our common stock are fully paid and non-assessable.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Wells Fargo Bank, N.A.

Restrictions on Ownership

Under the HOLA, any savings and loan holding company, as defined in the HOLA, is required to obtain the approval of the Federal Reserve prior to the acquisition of more than 5% of our common stock. Any other person, other than a savings and loan holding company, is required to obtain prior non-objection of the Federal Reserve to acquire 10% or more of our common stock. Any company holding 25% or more of our common stock, or a company holding 10% or more if the company otherwise exercises a controlling influence over us, is subject to regulation as a savings and loan holding company under the HOLA.

Business Combination Statute

Under the Delaware General Corporations Law (DGCL), a corporation is prohibited from engaging in any business combination with an interested stockholder or any entity if the transaction is caused by the interested stockholder for a period of three years from the date on which any such stockholder first becomes an interested stockholder. There is an exception to the three-year waiting period requirement if:

prior to the stockholder becoming an interested stockholder, the board of directors approves the business combination or the transaction in which the stockholder became an interested stockholder;

upon the completion of the transaction in which the stockholder became an interested stockholder, the interested stockholder owns at least 85% of the voting stock of the corporation other than shares held by directors who are also officers and certain employee stock plans; or

the business combination is approved by the board of directors and by the affirmative vote of 66 2/3% of the outstanding voting stock not owned by the interested stockholder at a meeting.

Table of Contents

The DGCL defines the term business combination to include transactions such as mergers, consolidations or transfers of 10% or more of the assets of the corporation. The DGCL defines the term interested stockholder generally as any person who (together with affiliates and associates) owns (or in certain cases, within the past three years did own) 15% or more of the outstanding voting stock of the corporation. A corporation can expressly elect not to be governed by the DGCL s business combination provisions in its certificate of incorporation or bylaws, but we have not done so.

Supermajority Vote Requirement

Our certificate of incorporation provides that, notwithstanding any lesser percentage permitted by law, 80% of the voting power of our stockholders, voting together as a single class, must approve any of the following business combinations:

A merger or consolidation of us or any of our subsidiaries with (1) an interested stockholder or (2) any other corporation which after such merger or consolidation would be an affiliate or associate of an interested stockholder;

Any sale or other arrangement with or for the benefit of an interested stockholder or any affiliate or associate of an interested stockholder involving any of our assets, securities or commitments, any of our subsidiaries, any interested stockholder or any affiliate or associate of any interested stockholder, in each case having an aggregate fair market value of $5,000,000 or more;

The issuance or transfer by us or any of our subsidiaries of any of our securities or any of our subsidiaries securities to any interested stockholder or its affiliate or associate in exchange for cash, securities or other property having an aggregate fair market value of $5,000,000 or more;

The adoption of any plan or proposal for our liquidation or dissolution; or

Any reclassification of our securities (including any reverse stock split), or our merger or consolidation with any of our subsidiaries, or any other transaction which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of our voting stock or series thereof or any of our subsidiaries which is directly or indirectly owned by any interested stockholder or its affiliate or associate.

The 80% requirement does not apply to business combinations approved by a majority of the disinterested directors then in office. A disinterested director is defined as any member of our board who:

is not an interested stockholder;

is unaffiliated with and not a representative of an interested stockholder;

is not a party to an agreement or arrangement with an interested stockholder to act in concert with such interested stockholder to direct our management or policies; and

either was a member of our board prior to the time that the interested stockholder became an interested stockholder, or is a successor of a disinterested director and was nominated to succeed a disinterested director by a majority of the disinterested directors at the time of nomination; provided that, this requirement does not apply if the business combination involves a party that was an interested stockholder on July 30, 1987.

Table of Contents

DESCRIPTION OF PURCHASE CONTRACTS

We may issue purchase contracts, representing contracts obligating holders to purchase from or sell to us, or obligating us to purchase from or sell to the holders, a specified or variable number of shares of our common stock, preferred stock, depositary shares or other securities that may be sold under this prospectus, as applicable, at a future date or dates. The price per share of common stock or preferred stock or per depositary share or the price of the other securities, as applicable, may be fixed at the time the purchase contracts are entered into or may be determined by reference to a specific formula contained in the purchase contracts. We may issue purchase contracts in amounts and in as many distinct series as we wish, and the contracts may be put or call options, forward contracts, futures contracts or other types of contracts. The purchase contracts may be issued separately or as part of units. The purchase contracts may require us to make periodic payments to the holders of the purchase contracts, or vice versa, and these payments may be unsecured or prefunded and may be paid on a current or on a deferred basis. The purchase contracts may require holders to secure their obligations under those contracts in a specified manner. Any purchase contract may include anti-dilution provisions to adjust the number of shares issuable pursuant to the purchase contract upon the occurrence of specified events.

The applicable prospectus supplement may contain, where applicable, the following information about the purchase contracts issued under it:

- whether the purchase contracts obligate the holder to purchase or sell, or both purchase and sell, our common stock, preferred stock, depositary shares or other securities, as applicable, and the nature and amount of each of those securities, or the method of determining those amounts;
- whether the purchase contracts are to be prepaid or not;
- whether the purchase contracts are to be settled by delivery, or by reference or linkage to the value, performance or level of our common stock, preferred stock, depositary shares or other securities;
- any acceleration, cancellation, termination or other provisions relating to the settlement of the purchase contracts;
- whether the purchase contracts will be issued in fully registered or global form; and
- any other terms of the purchase contracts.

The description in the prospectus supplement will not necessarily be complete and will be qualified in its entirety by the purchase contracts, and, if applicable, collateral arrangements and depositary arrangements, relating to the purchase contracts.

Table of Contents

DESCRIPTION OF WARRANTS

We may issue warrants that are either debt warrants or universal warrants. We may offer warrants separately or together with one or more additional securities, including other warrants, or any combination of those securities in the form of units, as described in the applicable prospectus supplement. We may issue warrants in any amounts or in as many distinct series as we determine. Below is a description of some general terms and provisions of the warrants that we may offer. Further terms of the warrants will be described in the prospectus supplement.

Description of Debt Warrants

Debt warrants are rights for the purchase of debt securities. Debt warrants may be issued independently or together with our other securities and may be attached to, or separate from, our other securities. Any debt warrant agreement will be filed as an exhibit to or incorporated by reference in the registration statement. If debt warrants are offered, the prospectus supplement will describe the terms of the debt warrants, including:

- the offering price;
- the designation, aggregated stated principal amount and terms of the debt securities purchasable upon exercise of the warrants;
- the currency or currency units in which the offering price, if any, and the exercise price are payable;
- the date on which the right to exercise the warrants will begin and the date on which that right will expire or, if you may not continuously exercise the warrants throughout that period, the specific date or dates on which you may exercise the warrants;
- whether the warrants will be issued in global or certificated form;
- if applicable, a discussion of some of the United States federal income tax consequences;
- the identity of any warrant agent for the warrants and of any other depositaries, execution or paying agents, transfer agents, registrars or other agents;
- the proposed listing, if any, of the warrants or any securities purchasable upon exercise of the warrants on any securities exchange;
- the designation, aggregate principal amount, currency and terms of the debt securities that may be purchased upon exercise of the warrants;

if applicable, the designation and terms of the debt securities;

if applicable, the date after which the warrants and the related debt securities will be separately transferable;

if applicable, the minimum or maximum amount of the warrants that may be exercised at any one time;

information with respect to book-entry procedures, if any;

the anti-dilution provisions of the warrants, if any;

any redemption or call provisions;

whether the warrants are to be sold separately or with other securities as parts of units; and

any additional terms of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants.

Table of Contents

Description of Universal Warrants

Universal warrants are rights for the purchase or sale of, or whose cash value is determined by reference to the performance, level or value of, one or more of the following:

- securities of one or more issuers, including our common stock, preferred stock, depositary shares or other securities described in this prospectus or the debt or equity securities of third parties;
- one or more currencies or currency units;
- one or more commodities;
- any other financial, economic or other measure or instrument, including the occurrence or non-occurrence of any event or circumstance; and
- one or more of the indices or baskets of the items described above.

Universal warrants may be issued independently or together with other securities offered by any prospectus supplement and may be attached to or separate from the other securities. Any universal warrant agreement will be filed as an exhibit to or incorporated by reference in the registration statement.

If universal warrants are offered, the prospectus supplement will describe the terms of the universal warrants, including the following:

- the offering price;
- the title and aggregated number of the warrants;
- the nature and amount of the warrant property that the warrants represent the right to buy or sell;
- the currency or currency units in which the offering price, if any, and the exercise price are payable;
- whether the warrants are put warrants or call warrants, including in either case whether the warrants may be settled by means of net cash settlement or cashless exercise;

whether the exercise price may be paid in cash or by exchange of the warrant property or both, the method of exercising the warrants and whether settlement will occur on a net basis or a gross basis;

the date on which the right to exercise the warrants will begin and the date on which that right will expire or, if you may not continuously exercise the warrants throughout that period, the specific date or dates on which you may exercise the warrants;

if applicable, a discussion of certain of the United States federal income tax consequences;

whether the warrants and underlying securities will be listed on any securities exchange;

whether the warrants will be issued in global or certificated form;

a description of the terms of any warrant agreement to be entered into between us and a warrant agent that governs the warrants;

if applicable, the date after which the warrants and the related debt securities will be separately transferable;

if applicable, the minimum or maximum amount of the warrants that may be exercised at any one time;

information with respect to book-entry procedures, if any;

the anti-dilution provisions of the warrants, if any;

any redemption or call provisions;

whether the warrants are to be sold separately or with other securities as parts of units; and

Table of Contents

any additional terms of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants.

Modification

Except as set forth in the prospectus supplement, we and the warrant agent, if any, may amend the terms of any warrant agreement and the warrants without the consent of the holders of the warrants to cure any ambiguity, to correct any inconsistent provision or in any manner we deem necessary or desirable and which will not affect adversely the interests of the holders of the warrants. In addition, we may amend the warrant agreement, if any, and the terms of the warrants with the consent of the holders of a majority of the outstanding unexercised warrants affected; provided that, no modification to the warrants can change the exercise price, reduce the amounts receivable upon exercise, cancellation or expiration, shorten the time period during which the warrants may be exercised or otherwise materially and adversely affect the rights of the holders of the warrants or reduce the percentage of outstanding warrants required to modify or amend any warrant agreement or the terms of the warrants, without the consent of all of the affected holders.

Unsecured Obligations

Any warrants we issue will be our unsecured contractual obligations. No warrant agreement will be qualified as an indenture, and no warrant agent will be required to qualify as a trustee under the Trust Indenture Act. Holders of warrants issued under a warrant agreement will not have the protection of the Trust Indenture Act.

Table of Contents

DESCRIPTION OF UNITS

General

We may issue units consisting of one or more securities. Each unit will be issued so that the holder of the unit is also the holder of each security included in the unit. Thus, the holder of a unit will have the rights and obligations of a holder of each included security. Units may also include debt obligations of third parties, such as United States Treasury securities. The unit agreement under which a unit is issued may provide that the securities included in the unit may not be held or transferred separately at any time or at any time before a specified date.

If units are offered, the prospectus supplement will describe the terms of the units, including the following:

- the designation and terms of the units and of the securities comprising the units, including whether and under what circumstances the securities comprising the units may or may not be held or transferred separately;
- the name of any unit agent;
- a description of the terms of any unit agreement to be entered into between us and any unit agent that governs the units;
- whether the units are to be prepaid or not;
- whether the units will be listed on any securities exchange;
- whether the units will be issued in fully registered or global form; and
- a description of any provisions for the payment, settlement, transfer or exchange of the units or the securities comprising the units.

Modification

Except as described in the prospectus supplement, we and the unit agent, if any, may amend the terms of any unit agreement and the units without the consent of the holders of the units to cure any ambiguity, to correct any inconsistent provision or in any manner we deem necessary or desirable and which will not affect adversely the interests of the holders of the units. In addition, we may amend the unit agreement, if any, and the terms of the units with the consent of the holders of a majority of the outstanding unexpired units affected; provided that, no modification to the units can materially and adversely affect the rights of the holders of the units or reduce the percentage of outstanding units required to modify or amend any unit agreement or the terms of the units, without the consent of all of the affected holders.

Unsecured Obligations

Any units we issue will be our unsecured contractual obligations. No unit agreement will be qualified as an indenture, and no unit agent will be required to qualify as a trustee under the Trust Indenture Act. Holders of units issued under a unit agreement will not have the protection of the Trust Indenture Act.

The applicable prospectus supplement will describe the terms of any units. The preceding description and any description of units in the applicable prospectus supplement does not purport to be complete and is subject to and is qualified in its entirety by reference to the relevant unit agreement and, if applicable, collateral arrangements and depositary arrangements relating to such units that we will file with the SEC in connection with the offering of units.

Table of Contents

GLOBAL SECURITIES

Unless otherwise indicated in the applicable prospectus supplement, securities will be issued in the form of one or more global certificates, or global securities, registered in the name of a depositary or its nominee. Unless otherwise indicated in the applicable prospectus supplement, the depositary will be The Depository Trust Company, commonly referred to as DTC.

The following is a summary of the depositary arrangements applicable to the securities issued in global form and for which DTC acts as depositary. If there are any changes from this summary, they will appear in a prospectus supplement.

If any securities are to be issued in global form, you will not receive a paper certificate representing the securities you have purchased. Instead, we will deposit with DTC or its custodian one or more fully registered global certificates, a global certificate registered in the name of Cede & Co. (DTC s nominee) for the book-entry securities, representing in the aggregate the total number or aggregate principal balance of the securities.

Since the global certificate is registered in the name of DTC or its nominee, DTC or its nominee is said to have legal or record ownership of the global certificate. Persons who buy interests in the global security by purchasing securities are said to own a beneficial interest in the global security.

Only institutions (sometimes referred to as participants) that have accounts with DTC or its nominee or persons that may hold interests through participants, such as individual members of the public, may own beneficial interests in a global certificate. Ownership of beneficial interests in a global certificate by participants will be evidenced only by, and the transfer of that ownership interest will be effected only through, records maintained by DTC or its nominee.

Ownership of beneficial interests in a global certificate by persons that hold through participants will be evidenced only by, and the transfer of that ownership interest within that participant will be effected only through, records maintained by that participant.

DTC has no knowledge of the actual beneficial owners of the book-entry securities. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the participants through which the beneficial owners purchase the securities.

DTC alone is responsible for any aspect of its records, any nominee or any participant relating to, or payments made on account of, beneficial interests in a global certificate or for maintaining, supervising or reviewing any of the records of DTC, any nominee or any participant relating to such beneficial interests.

The laws of some jurisdictions require that certain purchasers of securities take physical delivery of the securities in definitive form. These laws may impair the ability to transfer beneficial interests in a global certificate.

We have been advised by DTC that upon the issuance of a global certificate and the deposit of that global certificate with DTC, DTC will immediately credit, on its book-entry registration and transfer system, the respective amounts represented by that global certificate to the accounts of its participants.

We will pay principal of, interest and premium (if any) on debt securities and payments to holders with respect to warrants, purchase contracts, units, stock and depositary shares represented by a global certificate registered in the name of or held by DTC or its nominee to the relevant trustee (or agent) who in turn will make payments to DTC or

its nominee, as the case may be, as the registered owner and holder of the global certificate representing those securities in immediately available funds. We have been advised by DTC that upon receipt of

Table of Contents

any payment of principal, interest, premium (if any) or other distribution of underlying securities or other property to holders on a global certificate, DTC will immediately credit, on its book-entry registration and transfer system, accounts of participants with payments in amounts proportionate to their respective beneficial interests in the principal or stated amount of that global certificate as shown in the records of DTC. Payments by participants to owners of beneficial interests in a global certificate held through those participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the sole responsibility of those participants, subject to any statutory or regulatory requirements as may be in effect from time to time.

A global certificate will be exchangeable for definitive securities (paper certificates) registered in the name of, and a transfer of a global certificate may be registered to, any person other than DTC or its nominee, only if:

- DTC notifies us that it is unwilling or unable to continue as depositary for that global certificate or if at any time DTC ceases to be registered under the Exchange Act;

- we determine in our discretion that the global certificate shall be exchangeable for definitive securities in registered form; or

- in the case of debt securities, there shall have occurred and be continuing an event of default or an event which, with notice or the lapse of time or both, would constitute an event of default with respect to the debt securities and certain other conditions have been met if and to the extent set forth in the applicable indenture.

Any global certificate representing a debt security that is exchangeable pursuant to the preceding paragraph will be exchangeable in whole for definitive debt securities in registered form, of like tenor and of an equal aggregate principal amount as the global certificate, in denominations specified in the applicable prospectus supplement (if other than $1,000 and integral multiples of $1,000). The definitive debt securities will be registered by the registrar in the name or names instructed by DTC. We expect that such instructions may be based upon directions received by DTC from its participants with respect to ownership of beneficial interests in the global certificate.

Any global certificate representing a warrant, purchase contract or unit that is exchangeable pursuant to either of the first two conditions listed above will be exchangeable in whole for definitive warrants, purchase contracts or units in registered form, of like tenor and of an equal aggregate stated amount as the global certificate, in denominations specified in the applicable prospectus supplement. The definitive warrants, purchase contracts or units will be registered by the registrar in the name or names instructed by DTC. We expect that such instructions may be based upon directions received by DTC from its participants with respect to ownership of beneficial interests in the global certificate.

DTC may discontinue providing its services as securities depositary with respect to any of the book-entry securities at any time by giving reasonable notice to the relevant trustee (or the relevant warrant agent, purchase contract agent or unit agent) and us. If a successor securities depositary is not obtained, definitive debt security (or definitive warrant, purchase contract or unit) certificates representing the debt securities (or warrant, purchase contract or unit) are required to be printed and delivered. We, at our option, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depositary).

Except as provided above, owners of the beneficial interests in a global certificate representing a debt security will not be entitled to receive physical delivery of debt securities in definitive form and will not be considered the holders of securities for any purpose under the indentures.

No global security shall be exchangeable except for another global certificate of like denomination and tenor to be registered in the name of DTC or its nominee. Accordingly, each person owning a beneficial interest in a global security must rely on the procedures of DTC and, if that person is not a participant, on the procedures of the participant through which that person owns its interest, to exercise any rights of a holder under the global security or the indentures.

Table of Contents

Redemption notices will be sent to Cede & Co. as the registered holder of the book-entry securities. If less than all of a series of the debt securities are being redeemed, DTC will determine the amount of the interest of each direct participant to be redeemed in accordance with its then current procedures.

Although voting with respect to the book-entry securities is limited to the holders of record of the book-entry securities, in those instances in which a vote is required, neither DTC nor Cede & Co. will itself consent or vote with respect to book-entry securities. Under its usual procedures, DTC would mail an omnibus proxy to the relevant trustee as soon as possible after the record date. The omnibus proxy assigns Cede & Co. s consenting or voting rights to those direct participants to whose accounts such book-entry securities are credited on the record date (identified in a listing attached to the omnibus proxy).

DTC has advised us that DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its direct participants deposit with DTC. DTC also facilitates the post-trade settlement among participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between participants accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both United States and non-United States securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation, which, in turn, is owned by a number of direct participants of DTC. Access to the DTC system is also available to others, referred to as indirect participants , such as both United States and non-United States securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a direct or indirect custodial relationship with a direct participant. The rules applicable to DTC and its participants are on file with the SEC.

The information in this section concerning DTC and DTC s book-entry system has been obtained from sources that we believe to be accurate, but assume no responsibility for the accuracy thereof. We do not have any responsibility for the performance by DTC or its participants of their respective obligations as described herein or under the rules and procedures governing their respective operations.

Clearstream Banking and Euroclear System

If specified in a prospectus supplement to this prospectus with respect to a particular series, investors may elect to hold interests in a particular series of securities outside the U.S. through Clearstream Banking, *société anonyme* (Clearstream) or the Euroclear System (Euroclear), if they are participants in those systems, or indirectly through organizations that are participants in those systems. Clearstream and Euroclear will hold interests on behalf of their participants through customers securities accounts in Clearstream s and Euroclear s names on the books of their respective depositaries. Those depositaries in turn hold those interests in customers securities accounts in the depositaries names on the books of DTC.

Clearstream has advised us that it is incorporated under the laws of Luxembourg as a professional depositary. Clearstream holds securities for its participants and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to Clearstream participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities, and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. Clearstream has established an electronic bridge with Euroclear to facilitate settlement of trades between Clearstream and Euroclear.

Distributions with respect to permanent global securities held beneficially through Clearstream will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures, to the extent received by the U.S. depositary for Clearstream.

Table of Contents

Euroclear holds securities for participants of Euroclear and clears and settles transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing, and interfaces with domestic markets in several countries. Euroclear participants include banks (including central banks), securities brokers and dealers, and other professional financial intermediaries and may include the underwriters for a particular offering of securities. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

Euroclear is operated by Euroclear Bank S.A./N.V. (the Euroclear Operator). Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable law (collectively, the Terms and Conditions). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. The Euroclear Operator holds all securities in Euroclear on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Distributions with respect to permanent global securities held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Terms and Conditions, to the extent received by the U.S. depositary for Euroclear.

Unless otherwise specified in a prospectus supplement with respect to a particular series of permanent global securities, initial settlement for permanent global securities will be made in immediately available funds. If the prospectus supplement specifies that interests in the permanent global securities may be held through Clearstream or Euroclear, Clearstream and/or Euroclear participants will conduct secondary market trading with other Clearstream and/or Euroclear participants in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear. Then secondary market trades will settle using the procedures applicable to conventional eurobonds in immediately available funds.

Investors should be aware that they will be able to make and receive deliveries, payments and other communications involving the securities through Clearstream and Euroclear only on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States. In addition, because of time zone differences, there may be problems with completing transactions involving Clearstream and Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the securities, or to receive or make a payment or delivery of the securities, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether Clearstream or Euroclear is used.

The information in this section concerning Euroclear and Clearstream has been obtained from sources that we believe to be accurate, but we assume no responsibility for the accuracy thereof. We do not have any responsibility for the performance by Euroclear or Clearstream or its participants of their respective obligations as described herein or under the rules and procedures governing their respective operations.

Although DTC, Clearstream, and Euroclear have agreed to the procedures described above in order to facilitate transfers of interests in permanent global securities among DTC participants, Clearstream, and Euroclear, they are under no obligation to perform those procedures, and those procedures may be discontinued at any time.

34

Table of Contents

PLAN OF DISTRIBUTION (CONFLICTS OF INTEREST)

We may sell the securities from time to time as follows:

- to or through underwriters or dealers, which may be affiliates;
- through agents, which may be affiliates;
- directly to purchasers; or
- through a combination of any of these methods.

We may also offer and sell, or agree to deliver, securities pursuant to, or in connection with, any put option agreement or other contractual arrangement, whether directly to investors or through one or more special purpose vehicles.

In addition, we may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with a transaction the third parties may, pursuant to this prospectus and the applicable prospectus supplement, sell securities covered by this prospectus and the applicable prospectus supplement. If so, the third party may use securities borrowed from us or others to settle such sales and may use securities received from us to close out any related short positions. We may also lend or pledge securities covered by this prospectus and the applicable prospectus supplement to third parties, who may sell the loaned securities or, in an event of default in the case of a pledge, sell the pledged securities pursuant to this prospectus and the applicable prospectus supplement.

The distribution of the securities may be effected from time to time in one or more transactions:

- at a fixed price, or prices, which may be changed from time to time;
- at market prices prevailing at the time of sale;
- at prices related to the prevailing market prices; or
- at negotiated prices.

Each prospectus supplement will describe the method of distribution of the securities and any applicable restrictions.

The prospectus supplement with respect to the securities of a particular series will describe the terms of the offering of the securities, including the following:

the name or names of any underwriters, dealers or agents and the amount of securities underwritten or purchased by each of them;

the public offering or purchase price;

any over-allotment options under which agents or underwriters may purchase additional securities from us;

any discounts, concessions and commissions to be allowed or paid to the agent or underwriters;

all other items constituting agent or underwriting compensation;

any discounts and commissions to be allowed or reallowed or paid to dealers; and

any securities exchanges on which the securities may be listed.

Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

Table of Contents

If underwriters are used in the sale of any securities, the securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions described above. Generally, the underwriters obligations to purchase the securities will be subject to specified conditions. The underwriters will be obligated to purchase all of the securities if they purchase any of the securities. If agents are used in the sale of any securities, they generally will be acting on a best efforts basis for the period of their appointment.

Only the agents, dealers or underwriters named in the prospectus supplement will be the agents, dealers or underwriters in connection with the securities being offered. Under agreements that we may enter into, underwriters, dealers or agents who participate in the distribution of securities by use of this prospectus and any prospectus supplements may be entitled to indemnification by us against certain liabilities, including liabilities under the Securities Act, or to contribution with respect to payments that those underwriters, dealers or agents may be required to make.

As one of the means of direct issuance of offered securities, we may utilize the services of an entity through which we may conduct an electronic dutch auction or similar offering of the offered securities among potential purchasers who are eligible to participate in the auction or offering of the offered securities, if so described in the applicable prospectus supplement.

If so indicated in the applicable prospectus supplement, we will authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase securities from us pursuant to delayed delivery contracts providing for payment and delivery on the future date stated in the prospectus supplement. Such contracts will be subject only to those conditions set forth in the prospectus supplement or supplements.

Some of the underwriters and their affiliates may have in the past provided, may be currently providing and may in the future from time to time provide, financial advisory, commercial banking, investment banking, research, trading, trustee, escrow, transfer agent and custody services to us or our subsidiaries (including as parties to our credit agreement), for which they have in the past received, and may currently or in the future receive, customary fees and expenses.

Any underwriter, agent or dealer that we use in the initial offering of debt securities will not confirm sales to any account over which it exercises discretionary authority without the prior specific written approval of its customer.

If Schwab or any other broker-dealer subsidiary that we may have participates in the distribution of our securities, we will conduct the offering in accordance with the applicable requirements of Rule 5121 of the Financial Industry Regulatory Authority s rules or any successor provisions.

Following the initial distribution of any of these securities, our affiliates, including Schwab, may offer and sell these securities (as well as securities initially offered and sold under previous registration statements) in market-making transactions as part of their business as broker-dealers. Schwab and our other affiliates may act as principals or agents in these transactions and may make any sales at varying prices related to prevailing market prices at the time of sale or otherwise. Schwab and our other affiliates may use this prospectus in connection with such transactions.

Unless we or our agent inform you in your confirmation of sale that the security is being purchased in its original offering and sale, you may assume that you are purchasing the security in a market-making transaction.

The securities may be new issues of securities and may have no established trading market. The securities may or may not be listed on a securities exchange. We can make no assurance as to the liquidity of or the existence of trading markets for any of the securities.

36

Table of Contents

VALIDITY OF SECURITIES

The validity of the securities to be issued under this prospectus, will be passed upon for us by Arnold & Porter Kaye Scholer LLP, counsel to The Charles Schwab Corporation. Partners of that firm beneficially own an aggregate of less than 1% of our common stock.

EXPERTS

The consolidated financial statements and the related financial statement schedule, incorporated in this prospectus by reference from our Annual Report on Form 10-K, and the effectiveness of our internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

Table of Contents