

Sanctioned debt will not enter BofAML bond indices

New debt of sanctioned Russia issuers will not enter indices

Debt of VEB, Gazprombank, Rosneft and Novatek, or of any entity in which they have a 50% or more ownership interest, issued on or after July 16, 2014 will not enter any of the BofA Merrill Lynch Bond Indices regardless of market of issue or currency of denomination.

Table 1: Sanctioned issuers

Ticker	Issuer
GPBRU	Gazprombank
NVTKRM	Novatek
ROSNRM	Rosneft
TMENRU	Rosneft Finance S.A.
VEBBNK	Vnesheconombank

Source: Office of Foreign Assets Control, BofA Merrill Lynch

Previously issued debt will remain in the indices

Debt of the sanctioned issuers that was issued prior to July 16, 2014 ("old debt") will be allowed to remain in the BofA Merrill Lynch Bond Indices provided it continues to meet all other qualifying criteria. Currently, \$37bn in debt of the sanctioned issuers is included in the BofA Merrill Lynch bond indices (Table 2). In addition, the new Gazprombank 4% 7/1/2019 bond, issued on July 1 before the sanctions took effect, will be allowed to enter the index at the July 31 rebalancing. Furthermore, going forward old debt will be allowed to transition into different sub-indices as it shifts between maturity buckets, rating categories, etc.

No impact on Russia sovereign debt

The sanctions do not affect Russia sovereign debt and, therefore, new local currency and external debt issued by the Russian Federation on or after July 16, 2014 will continue to qualify for inclusion in the indices.

We will continue to monitor the situation

We will continue to monitor this situation and, in the event new sanctions are imposed or the current sanctions are lifted, any necessary changes in index selection criteria will be announced in advance of the affected rebalancing.

Bond Indices | Global
24 July 2014

Bank of America Merrill Lynch

Phil Galdi +1 646 556 2908
Research Analyst
MLPF&S
phil.galdi@baml.com

Tolu Alamutu, CFA +44 20 7995 0167
Research Analyst
MLI (UK)
tolu.alamutu@baml.com

Vladimir Osakovskiy +7 495 662 6168
Russia, CIS Economist
Merrill Lynch (Russia)
vladimir.osakovskiy@baml.com

Preston Peacock +1 646 556 2949
Research Analyst
MLPF&S
preston.peacock@baml.com

Access to BofA Merrill Lynch Bond Indices

On Bloomberg:

IND<GO>

On Mercury (institutional client website):

www.baml.com/markets

Public website:

www.mlindex.ml.com

BofA Merrill Lynch Index Hotline:

New York: +1 646 556 2900

London: +44 20 7995 3927

Email: mlindex@ml.com

24 July 2014

Table 2: Bonds of sanctioned Russia issuers currently included in the BofA Merrill Lynch bond indices

ISIN	Description	Ticker	Coupon	Maturity	Issue Date	Currency	Face Value (local MM)	Face Value (USD MM)
XS0531270964	GAZPROMBANK	GPBRU	6.25	12/15/2014	8/5/2010	USD	1,000	1,000
CH0188931916	GAZPROMBANK	GPBRU	3.375	8/5/2015	7/30/2012	CHF	500	564
XS0230577941	GAZPROMBANK	GPBRU	6.5	9/23/2015	9/23/2005	USD	948	948
XS0833264335	GAZPROMBANK	GPBRU	8.617	12/15/2015	9/25/2012	RUB	15,000	440
XS0888100319	GPB EUROBOND	GPBRU	4	2/24/2016	2/19/2013	CNH	500	81
XS0877983642	GAZPROMBANK	GPBRU	7.875	7/25/2016	1/24/2013	RUB	20,000	587
XS1026025103	GAZPROMBANK	GPBRU	4.25	1/30/2017	1/30/2014	CNH	1,000	161
XS0783291221	GAZPROMBANK	GPBRU	5.625	5/17/2017	5/17/2012	USD	1,000	1,000
XS0987109658	GAZPROMBANK	GPBRU	3.984	10/30/2018	10/30/2013	EUR	1,000	1,369
XS0975320879	GAZPROMBANK	GPBRU	7.496	12/28/2018	9/30/2013	USD	750	750
XS0779213460	GAZPROMBANK	GPBRU	7.25	5/3/2019	5/4/2012	USD	500	500
XS1040726587	GAZPROMBANK	GPBRU	4.96	9/5/2019	3/5/2014	USD	750	750
US66989PAA84	NOVATEK OAO	NVTKRM	5.326	2/3/2016	2/3/2011	USD	600	600
XS0588436799	NOVATEK OAO	NVTKRM	5.326	2/3/2016	2/3/2011	USD	600	600
XS0885873322	NOVATEK OAO	NVTKRM	7.75	2/21/2017	2/19/2013	RUB	14,000	411
XS0588433267	NOVATEK OAO	NVTKRM	6.604	2/3/2021	2/3/2011	USD	650	650
US66989PAB67	NOVATEK OAO	NVTKRM	6.604	2/3/2021	2/3/2011	USD	650	650
US66989PAC41	NOVATEK OAO	NVTKRM	4.422	12/13/2022	12/13/2012	USD	1,000	1,000
XS0864383723	NOVATEK OAO	NVTKRM	4.422	12/13/2022	12/13/2012	USD	1,000	1,000
XS0861980372	ROSNEFT OIL CO	ROSNRM	3.149	3/6/2017	12/6/2012	USD	1,000	1,000
US77819RAB50	ROSNEFT OIL CO	ROSNRM	3.149	3/6/2017	12/6/2012	USD	1,000	1,000
US77819RAA77	ROSNEFT OIL CO	ROSNRM	4.199	3/6/2022	12/6/2012	USD	2,000	2,000
XS0861981180	ROSNEFT OIL CO	ROSNRM	4.199	3/6/2022	12/6/2012	USD	2,000	2,000
RU000A0JUCR3	ROSNEFT OAO	ROSNRM	7.95	12/11/2023	12/23/2013	RUB	20,000	587
RU000A0JUCS1	ROSNEFT OAO	ROSNRM	7.95	12/11/2023	12/23/2013	RUB	20,000	587
US87261PAC95	Rosneft Finance S.A.	TMENRU	6.25	2/2/2015	2/2/2010	USD	500	500
XS0261906738	Rosneft Finance S.A.	TMENRU	7.5	7/18/2016	7/18/2006	USD	1000	1000
US87261GAB14	Rosneft Finance S.A.	TMENRU	7.5	7/18/2016	7/18/2006	USD	1000	1000
US87261GAD79	Rosneft Finance S.A.	TMENRU	6.625	3/20/2017	3/19/2007	USD	800	800
XS0292530309	Rosneft Finance S.A.	TMENRU	6.625	3/20/2017	3/19/2007	USD	800	800
US87261GAF28	Rosneft Finance S.A.	TMENRU	7.875	3/13/2018	10/10/2007	USD	1100	1100
XS0324963932	Rosneft Finance S.A.	TMENRU	7.875	3/13/2018	10/10/2007	USD	1100	1100
US87261PAD78	Rosneft Finance S.A.	TMENRU	7.25	2/2/2020	2/2/2010	USD	500	500
XS0484209159	Rosneft Finance S.A.	TMENRU	7.25	2/2/2020	2/2/2010	USD	500	500
XS0630950870	VEB (VEB-LEAS)	VEBBNK	5.125	5/27/2016	5/27/2011	USD	400	400
US91821XAE31	VEB FINANCE PLC	VEBBNK	5.375	2/13/2017	2/13/2012	USD	750	750
US91821XAA19	VEB FINANCE PLC	VEBBNK	5.45	11/22/2017	11/22/2010	USD	600	600
XS0893205186	VEB FINANCE PLC	VEBBNK	3.035	2/21/2018	2/21/2013	EUR	1,000	1,369
US91822CAB46	VEB FINANCE PLC	VEBBNK	4.224	11/21/2018	11/21/2013	USD	850	850
US91821XAB91	VEB FINANCE PLC	VEBBNK	6.902	7/9/2020	7/9/2010	USD	1,600	1,600
US91822CAA62	VEB FINANCE PLC	VEBBNK	6.025	7/5/2022	7/5/2012	USD	1,000	1,000
XS0893212398	VEB FINANCE PLC	VEBBNK	4.032	2/21/2023	2/21/2013	EUR	500	685
US91822CAC29	VEB FINANCE PLC	VEBBNK	5.942	11/21/2023	11/21/2013	USD	1,150	1,150
US91821XAD57	VEB FINANCE PLC	VEBBNK	6.8	11/22/2025	11/22/2010	USD	1,000	1,000
								36,940

Source: BofA Merrill Lynch Bond Indices

Link to Definitions Credit

Click [here](#) for definitions of commonly used terms.

Important Disclosures

BofA Merrill Lynch Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking revenues.

BofA Merrill Lynch Global Credit Research analysts regularly interact with sales and trading desk personnel in connection with their research, including to ascertain pricing and liquidity in the fixed income markets.

Other Important Disclosures

Officers of MLPF&S or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

From time to time research analysts conduct site visits of covered companies. BofA Merrill Lynch policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the company for such visits.

BofA Merrill Lynch Global Research policies relating to conflicts of interest are described at <http://www.ml.com/media/43347.pdf>.

"BofA Merrill Lynch" includes Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") and its affiliates. Investors should contact their BofA Merrill Lynch representative or Merrill Lynch Global Wealth Management financial advisor if they have questions concerning this report.

"BofA Merrill Lynch" and "Merrill Lynch" are each global brands for BofA Merrill Lynch Global Research.

Information relating to Non-US affiliates of BofA Merrill Lynch and Distribution of Affiliate Research Reports:

MLPF&S distributes, or may in the future distribute, research reports of the following non-US affiliates in the US (short name: legal name): Merrill Lynch (France): Merrill Lynch Capital Markets (France) SAS; Merrill Lynch (Frankfurt): Merrill Lynch International Bank Ltd., Frankfurt Branch; Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd.; Merrill Lynch (Milan): Merrill Lynch International Bank Limited; MLI (UK): Merrill Lynch International; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited; Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd.; Merrill Lynch (Canada): Merrill Lynch Canada Inc; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa; Merrill Lynch (Argentina): Merrill Lynch Argentina SA; Merrill Lynch (Japan): Merrill Lynch Japan Securities Co., Ltd.; Merrill Lynch (Seoul): Merrill Lynch International Incorporated (Seoul Branch); Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd.; DSP Merrill Lynch (India): DSP Merrill Lynch Limited; PT Merrill Lynch (Indonesia): PT Merrill Lynch Indonesia; Merrill Lynch (Israel): Merrill Lynch Israel Limited; Merrill Lynch (Russia): OOO Merrill Lynch Securities, Moscow; Merrill Lynch (Turkey I.B.): Merrill Lynch Yatirim Bank A.S.; Merrill Lynch (Turkey Broker): Merrill Lynch Menkul Değerler A.Ş.; Merrill Lynch (Dubai): Merrill Lynch International, Dubai Branch; MLPF&S (Zurich rep. office): MLPF&S Incorporated Zurich representative office; Merrill Lynch (Spain): Merrill Lynch Capital Markets Espana, S.A.S.V.; Merrill Lynch (Brazil): Bank of America Merrill Lynch Banco Múltiplo S.A.; Merrill Lynch KSA Company, Merrill Lynch Kingdom of Saudi Arabia Company.

This research report has been approved for publication and is distributed in the United Kingdom to professional clients and eligible counterparties (as each is defined in the rules of the Financial Conduct Authority and the Prudential Regulation Authority) by Merrill Lynch International and Bank of America Merrill Lynch International Limited, which are authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, and is distributed in the United Kingdom to retail clients (as defined in the rules of the Financial Conduct Authority and the Prudential Regulation Authority) by Merrill Lynch International Bank Limited, London Branch, which is authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority - details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request; has been considered and distributed in Japan by Merrill Lynch Japan Securities Co., Ltd., a registered securities dealer under the Financial Instruments and Exchange Act in Japan; is distributed in Hong Kong by Merrill Lynch (Asia Pacific) Limited, which is regulated by the Hong Kong SFC and the Hong Kong Monetary Authority (note that Hong Kong recipients of this research report should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities); is issued and distributed in Taiwan by Merrill Lynch Securities (Taiwan) Ltd.; is issued and distributed in India by DSP Merrill Lynch Limited; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch International Bank Limited (Merchant Bank) and Merrill Lynch (Singapore) Pte Ltd. (Company Registration No.'s F 06872E and 198602883D respectively). Merrill Lynch International Bank Limited (Merchant Bank) and Merrill Lynch (Singapore) Pte Ltd. are regulated by the Monetary Authority of Singapore. Bank of America N.A., Australian Branch (ARBN 064 874 531), AFS License 412901 (BANA Australia) and Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this report in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of BANA Australia, neither MLEA nor any of its affiliates involved in preparing this research report is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this report in Brazil and its local distribution is made by Bank of America Merrill Lynch Banco Múltiplo S.A. in accordance with applicable regulations. Merrill Lynch (Dubai) is authorized and regulated by the Dubai Financial Services Authority (DFSA). Research reports prepared and issued by Merrill Lynch (Dubai) are prepared and issued in accordance with the requirements of the DFSA conduct of business rules.

Merrill Lynch (Frankfurt) distributes this report in Germany. Merrill Lynch (Frankfurt) is regulated by BaFin.

This research report has been prepared and issued by MLPF&S and/or one or more of its non-US affiliates. MLPF&S is the distributor of this research report in the US and accepts full responsibility for research reports of its non-US affiliates distributed to MLPF&S clients in the US. Any US person receiving this research report and wishing to effect any transaction in any security discussed in the report should do so through MLPF&S and not such foreign affiliates.

General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Merrill Lynch.

This research report provides general information only. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this report.

24 July 2014

Securities and other financial instruments discussed in this report, or recommended, offered or sold by Merrill Lynch, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

BofA Merrill Lynch is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

UK Readers: The protections provided by the U.K. regulatory regime, including the Financial Services Scheme, do not apply in general to business coordinated by BofA Merrill Lynch entities located outside of the United Kingdom. BofA Merrill Lynch Global Research policies relating to conflicts of interest are described at <http://www.ml.com/media/43347.pdf>.

Officers of MLPF&S or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

In the event that the recipient received this report pursuant to a contract between the recipient and MLPF&S for the provision of research services for a separate fee, and in connection therewith MLPF&S may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom MLPF&S has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by MLPF&S). MLPF&S is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities mentioned in this report.

Copyright and General Information regarding Research Reports:

Copyright 2014 Merrill Lynch, Pierce, Fenner & Smith Incorporated. All rights reserved. This research report is prepared for the use of BofA Merrill Lynch clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Merrill Lynch. BofA Merrill Lynch research reports are distributed simultaneously to internal and client websites and other portals by BofA Merrill Lynch and are not publicly-available materials. Any unauthorized use or disclosure is prohibited. Receipt and review of this research report constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained in this report (including any investment recommendations, estimates or price targets) without first obtaining expressed permission from an authorized officer of BofA Merrill Lynch.

Materials prepared by BofA Merrill Lynch Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Merrill Lynch, including investment banking personnel. BofA Merrill Lynch has established information barriers between BofA Merrill Lynch Global Research and certain business groups. As a result, BofA Merrill Lynch does not disclose certain client relationships with, or compensation received from, such companies in research reports. To the extent this report discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this report. BofA Merrill Lynch Global Research personnel's knowledge of legal proceedings in which any BofA Merrill Lynch entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving companies mentioned in this report is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Merrill Lynch in connection with the legal proceedings or matters relevant to such proceedings.

This report has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of MLPF&S, any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Merrill Lynch Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Merrill Lynch and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This report may contain links to third-party websites. BofA Merrill Lynch is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by or any affiliation with BofA Merrill Lynch. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Merrill Lynch is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of the report and are subject to change without notice. Prices also are subject to change without notice. BofA Merrill Lynch is under no obligation to update this report and BofA Merrill Lynch's ability to publish research on the subject company(ies) in the future is subject to applicable quiet periods. You should therefore assume that BofA Merrill Lynch will not update any fact, circumstance or opinion contained in this report.

Certain outstanding reports may contain discussions and/or investment opinions relating to securities, financial instruments and/or issuers that are no longer current. Always refer to the most recent research report relating to a company or issuer prior to making an investment decision.

In some cases, a company or issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such company or issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with MLPF&S or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BofA Merrill Lynch nor any officer or employee of BofA Merrill Lynch accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this report or its contents.