



## Best Interest Disclosure Statement

Please retain for your records

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This Regulation Best Interest Disclosure Statement (Disclosure Statement) provides information about the scope and terms of the brokerage services that Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S) provides to retail clients that engage us for brokerage services. It will help you understand our approach, services, fees, compensation and conflicts of interest.

The information in this Disclosure Statement is current as of the date below. We reserve the right to change our programs, fees and payment structures at any time. We will notify you of any material changes we make. You should review this Disclosure Statement carefully, retain it with your records and refer to it when you receive recommendations from us.

You can obtain a paper copy of this Disclosure Statement and any other disclosures referenced free of charge by contacting your financial advisor or calling us toll free at 800. MERRILL (800.637.7455).

MLPF&S is a dual registrant, which means that it is registered with the U.S. Securities and Exchange Commission (SEC) as a broker dealer and an investment adviser. It is also a member of the Financial Industry Regulatory Authority (FINRA). MLPF&S is part of Bank of America Corporation (BoFA Corp.), a diversified financial services company, which, together with its affiliates (Affiliates), including Bank of America, N.A. (BANA) and BoFA Securities, Inc. (BoFAS), provides a wide range of services to our clients. When we use the terms “Merrill”, “we”, “our” or “us” in this Disclosure Statement, we are referring to MLPF&S.

**April 2023**

Merrill makes available certain investment products sponsored, managed, distributed or provided by companies that are affiliates of BoFA Corp. Merrill is a registered broker-dealer, member of SIPC and wholly owned subsidiary of BoFA Corp. Merrill Lynch Life Agency Inc. is a licensed insurance agency and a wholly owned subsidiary of BoFA Corp. Trust and fiduciary services are provided by BANA, Member FDIC or U.S. Trust Company of Delaware. Both are wholly owned subsidiaries of BoFA Corp. Banking products are provided by BANA and affiliated banks, members FDIC and wholly owned subsidiaries of BoFA Corp.

The investment products, insurance and annuity products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
Are Not Deposits	Are Not Insured By Any Federal Government Agency	Are Not a Condition to Any Banking Service or Activity

## Introduction

**About this Disclosure Statement.** In this Disclosure Statement, we provide information to you about material facts relating to the scope and terms of our brokerage relationship for your Merrill brokerage account (Account or Brokerage Account). This information includes:

- The capacity in which we act in connection with your Account which is solely as a broker-dealer.
- Material fees and other costs that you pay in connection with our brokerage services and your Account.
- Material facts regarding the type and scope of services (Brokerage Services) that we provide to you, including any material limitations placed on our recommendations and the basis for, and risks associated with, our recommendations.
- Material facts relating to conflicts of interest that are associated with recommendations that we make to you, including account recommendations.

We provide other disclosures to you regarding your Account, including:

- The [Client Relationship Summary](#) (Form CRS), which contains certain SEC-required information about us and our services, fees, and conflicts of interest as a broker-dealer and investment adviser.
- The [Client Relationship Agreement](#) and other account agreements (Agreement) and related disclosures.
- Other disclosures about our products and services, including those listed on the last page of this Disclosure Statement.
- Trade confirmations.
- Prospectuses and other offering documents (Offering Documents) and subscription documents, supplements and signature pages (Subscription Documents) provided for purchases of certain investments.

This Disclosure Statement supplements the “Thank You for opening an Account with Merrill” booklet (Account Relationship Summary) and the other account materials provided to you at the time you opened your Account. Documents highlighted in blue in this Disclosure Statement are accessible by clicking the highlighted link or by going to [ml.com/relationships](http://ml.com/relationships) and, as relevant, [merrilledge.com](http://merrilledge.com). You can request paper copies of these disclosures, documents and other Account information free of charge.

**Account Types.** We offer various account types and ways to engage with us. The [Client Relationship Summary](#) and [Summary of Programs and Services](#) provide an overview of our available programs and services. The [List of Account Types](#) provides an overview of the primary types of accounts available to you. We also offer retirement savings accounts (Retirement Accounts), including several types of Individual Retirement Accounts (e.g., Traditional, Rollover, Roth, Inherited, SEP and SIMPLE).

The Cash Management Account, our primary brokerage investment account available for individuals and trusts and other retail clients, provides clients the ability to invest in a brokerage capacity in available securities and financial products. It also provides the option of margin lending and various cash management services, including direct deposit, check writing and electronic funds transfers.

Merrill offers both brokerage and investment advisory services to help you meet your investment needs and preferences. You can decide to enroll your Account or Retirement Account into a Merrill investment advisory program (IA Program). Investing in an account enrolled in one of our IA Programs is not the same as having a brokerage account relationship, which we explain in our Client Relationship Summary.

The features and services provided in a brokerage account and an IA Program-enrolled account are distinct and governed by different laws and regulations, as well as different terms and conditions in our agreements with you. Brokerage services may be preferable for clients who do not want to pay an asset-based fee, do not seek to invest in managed solutions or access discretionary services, do not require ongoing advice or monitoring services, intend to adopt a buy and hold approach for their investment activity or want to invest in investments not available in an IA Program.

Before you invest, you should carefully consider the costs and services associated with a brokerage or an investment advisory relationship as well as the securities and investment solutions available. Comparing brokerage and investment advisory options solely on the basis of price is difficult because the services you receive are different. You may pay more or less in an IA Program than you would pay if you purchased the investments and services separately in a brokerage account. The costs of either type of account relationship depend on a number of factors, including types of investment products and services you prefer, value of your Account, mix of

investment products you hold, how much you trade, the fees you pay for investment products and the rate you pay for IA Program services. You can speak with your financial advisor about which approach is most appropriate for your account.

You may maintain multiple accounts, some of which are Brokerage Accounts and some of which are accounts enrolled in IA Programs at the same time. For the avoidance of doubt, the term “Account” or “Brokerage Account” in this Disclosure Statement only refers to an Account that is **not** enrolled in an IA Program.

**Our Financial Advisors.** You will receive Brokerage Services from registered representatives we refer to as “financial advisors.” Depending on the type of brokerage relationship that you prefer to have, you can decide to work either with a financial advisor that you select as your personal dedicated financial advisor or you can choose to work with financial advisors available to you by telephone through a call center or by visiting certain of our banking centers.

Where you work with a dedicated financial advisor having the designation “Advisor”, you will have access to a wide range of securities and other investment products, including:

- |                             |                          |                              |
|-----------------------------|--------------------------|------------------------------|
| • Equity & Debt new issue   | • Mutual funds           | • Alternative Investments    |
| • Brokered CDs              | • Exchange-traded funds  | • Options overlay strategies |
| • Secondary Equities & Debt | • Unit investment trusts | • Derivatives                |
| • Listed options            | • Closed-end funds       | • Exchange funds             |
| • Market-linked Investments | • Annuities              | • 529 Plans                  |

Note that certain securities and investment solutions may only be offered by Advisors that meet our internal qualification requirements. Certain investment products have client eligibility requirements. You can also work with your Advisor to enroll your Account into our IA Program called the Merrill Lynch Investment Advisory Program (IAP). In this program, you will receive investment advisory services, including fiduciary advice and guidance and monitoring as set forth in the IAP agreement and IAP brochure. Advisors may offer you the full range of IAP services and strategies (subject to their qualifications and experience).

Where you work with a dedicated financial advisor having the designation “Merrill Financial Solutions Advisor” or “MFSA”, in a brokerage relationship, you will be limited to purchases of brokered CDs and 529 plans based on our current internal guidelines; however, we may change these guidelines without notice to you. You can work with your MFSA to enroll your Account into IAP where you will have access to certain designated managed investment strategies.

Where you decide to work with our financial advisors having the designation “Financial Solutions Advisors” or “FSAs” through our call center or at certain bank branches, the Brokerage Services you receive are limited by our internal policies. FSAs may only open new Accounts for certain types of clients and are not able to offer the full range of securities and investment solutions that are available from an Advisor (e.g., new issue offerings, options overlay strategies, exchange funds, Alternative Investments, MLIs and derivative transactions). You can work with FSAs to enroll an Account into the Merrill Guided Investing with Advisor program or the Merrill Edge Advisory Account, both Merrill IA Programs.

We also offer a self-directed brokerage account (Merrill Edge Self-Directed or MESD) where you can execute transactions in a number of investment products on a self-directed basis. Not all investment products are available to MESD Accounts. We also offer the Merrill Guided Investing program, a self-guided IA Program. The MESD account platform and the Merrill Guided Investing program require web-based interaction and do not involve the services of an Advisor, an MFSA or FSAs.

In this Disclosure Statement, our Advisors, MFSAs and FSAs are referred to as “financial advisors” unless otherwise noted. Our financial advisors are qualified and licensed to provide both brokerage and investment advisory services. Some of our financial advisors hold educational or professional credentials, such as the Certified Financial Planner (CFP®) designation. Holding a professional designation indicates that the financial advisor has completed certain courses or continuing education but it does not change the obligations we have as a firm in providing investment advisory or brokerage services to you. You can research us and our financial advisors, including disciplinary events, for free at [investor.gov](http://investor.gov) and [brokercheck.finra.org](http://brokercheck.finra.org).

**Our Services and those of our Affiliates.** Through its own capabilities as well as through arrangements with its Affiliates, including BofA Securities, Inc. (BofAS) and Bank of America, N.A. (BANA), Merrill provides its clients with the services described in this Disclosure Statement, including trade

execution, access to securities research, cash sweep arrangements and lending services. Merrill, BofAS and BANA are Affiliates of Bank of America Corporation (BoFA Corp.), one of the world's largest financial institutions that provides banking, investing, asset management and other financial products and services.

In the United States, Merrill acts as a broker (i.e., agent) for its private clients as well as its corporate and institutional clients. Through arrangements with BofAS and third-party financial firms and counterparties, Merrill has access to dealer markets in the purchase and sale of equity and debt securities traded on exchanges or in the over-the-counter markets. We also act as a broker and/or a dealer in the purchase and sale of equities, mutual funds, corporate, municipal and governmental fixed income securities, options and OTC derivative transactions. Through BANA, and other bank Affiliates Merrill provides access to banking services, including lending and cash sweep services.

## Material Facts Relating to the Scope and Terms of Our Relationship with You

### Capacity

As Merrill is both a broker dealer and a registered investment adviser, our financial advisors are able to use the term "Advisor" in their titles. If we have not yet recommended an account type or you do not have an existing account with us, our recommendation will be made in both a brokerage and an investment advisory capacity. This means that the recommendation must be in your best interest based on the information you have provided about your investment profile, preferences and goals.

All recommendations regarding your Brokerage Account and Brokerage Services will be made in our capacity as a broker-dealer. If you enroll an Account in one of our IA Programs, we will act as investment adviser solely with respect to that account and not with respect to your Brokerage Accounts. When we make a recommendation, we will refer to the Brokerage Account number or title or to the IA Program-enrolled account number or title.

### Material Fees and Costs

This section describes the material fees and costs that apply to your Brokerage Account. You should discuss with a financial advisor the fees and costs that you will pay for particular transactions in your Account and for

holding certain types of securities. You can access additional fee information by reviewing the [Merrill Explanation of Fees](#) and the [Merrill Edge Explanation of Fees](#). The Offering Documents and/or Subscription Documents for securities and investment solutions also provide specific fee information. Information about fees affecting Accounts serviced by FSAs and MESD Accounts can be located at [merrilledge.com/pricing](http://merrilledge.com/pricing).

**Sales Charges.** Other than as specifically described in this Disclosure Statement, in connection with the purchase and sale of securities and other investments in your Account, you are charged fees and costs for executing transactions (Sales Charges). For certain transactions, Sales Charges are added to the price of the securities you purchase or they are deducted from the price of the securities you sell. Depending on the securities transaction, trade confirmations, Offering Documents, Subscription Documents and/or other materials delivered to you will set forth the Sales Charges that you pay or you can ask your financial advisor.

Sales Charges include; (1) brokerage commissions, markups and markdowns; (2) underwriting discounts, selling concessions, placement fees and other applicable fees and charges for certain new issue offerings; (3) upfront and annual sales charges, including ongoing trailing fees paid on a periodic basis after the transaction (e.g., fees paid by a mutual fund under a Rule 12b-1 plan (12b-1 fees)); (4) commissions received from an issuing insurance company; and (5) other transaction charges. A description of the common types of Sales Charges and the ranges for the common types of transactions are provided in the chart below.

Sales Charges compensate us and/or our Affiliates for the services provided to you in connection with transactions in your Account. A portion of the Sales Charges we receive is directly or indirectly used to pay compensation to our financial advisors. See the section "Material Facts About Conflicts of Interest—Sales Compensation."

The Sales Charges for transactions in particular securities and investment solutions are determined by reference to various schedules, methodologies and pricing arrangements in effect from time to time and are subject to change. **Where permitted, Advisors can discount or waive Sales Charges at their discretion.** You should ask your Advisor about discounts and waivers. See the section "Fee Discounting and Waivers" below. In certain transactions, minimum Sales Charges will apply.

The fee information in this Disclosure Statement and in this chart does not cover every security, investment type, or transaction fee or cost that applies to your Account. Not every security type or transaction is available to you. MFSAs and FSAs are not eligible to offer or execute trades for certain of the securities or investment solutions listed in the chart.

Transaction Type	Sales Charge Information for Common Types of Transactions
<b>Equity and Debt* New Issue Offerings</b>	You generally do not pay a Sales Charge to purchase new issue equity or debt securities. Instead, the issuer or the investment manager pays our Affiliate compensation in the form of an underwriting discount or a gross fee for acting as the underwriter or selling agent for the offering. The offering price (which is the price you pay) and terms of the securities reflect this compensation. Underwriting discounts range from 0.05% to 7.00% depending on the new issue offering and type of securities being offered. The prospectus cover page will list the actual amount of the underwriting discount for the offering. A portion of the compensation our Affiliate receives is paid to Merrill, and a portion of this amount is paid to Advisors as compensation. <i>*Covers equities, preferred securities, closed-end funds and fixed income securities.</i>
<b>Brokered Certificates of Deposit New Issue Offerings</b>	You do not pay a Sales Charge to purchase new issue brokered CDs. Instead, the brokered CD issuer pays our Affiliate a placement fee for distributing the brokered CD offering. The offering price (which is the price you pay) reflect this compensation. Placement fees range from 0.02%-0.30% of the principal amount of the brokered CD on an annualized basis, depending on the tenor. A portion of the placement fee that our Affiliate receives is paid to Merrill, and a portion of this amount is paid to Advisors as compensation.
<b>Market-linked Investments (MLI) New Issue Offerings</b>	There is an underwriting discount included in the offering price (which is the price you pay) that varies based on the tenor and type of the MLI. The underwriting discount ranges from 1.50%-2.50%. The prospectus lists the actual amount of the underwriting discount, which is paid to us and our Affiliate as compensation. Advisors receive as compensation a portion of the underwriting discount paid to Merrill. The MLI's economic terms reflect this underwriting discount and also reflect a related structuring fee typically in the range of 0.50%-0.75%, which is retained by our Affiliate.
<b>Equity Securities* (Secondary Market)</b>	You pay a commission that is calculated based on the principal value of the equity security purchased or sold. The commission is in addition to the purchase price you pay or the sale price you receive. The maximum commission that can be charged ranges from 0.50%-5.00%, depending on the principal amount of the transaction. The commission can be discounted by Advisors in their discretion. Advisors receive as compensation a portion of the commissions paid. <i>*Covers listed equities, ETFs, closed-end funds and other equity securities.</i>
<b>Fixed Income Securities* (Secondary Market)</b>	For purchases, you pay a markup that is added to and included in the price of the fixed income security that you pay. For sales, a markdown is deducted from and included in the price that you receive. The total markup or markdown depends on the specific fixed income security type, tenor and market conditions. The Merrill markup ranges from 0.10%-2.00% and the Merrill markdown ranges from 0.00% to 0.50% (for over-the-counter preferred securities, the markdown is up to 1.00%). The Merrill markup or markdown can be discounted by Advisors in their discretion. Advisors receive as compensation a portion of the Merrill markup and markdown charged. In addition to the Merrill markup or markdown, the price you pay (for purchases) or receive (for sales) includes a dealer markup or markdown paid to our Affiliate (typically up to 1.00%) if the transaction is executed or facilitated by our Affiliate. <i>*Covers Treasuries, agencies, municipals, brokered CDs, corporate debt and certain preferred securities.</i>

Transaction Type	Sales Charge Information for Common Types of Transactions
<b>Market-linked Investments (MLI) (Secondary Market)</b>	For purchases, you pay a markup that is added to and included in the price of the MLI that you pay. For sales, a markdown is deducted from and included in the price you receive for the MLI sold. The total markup or markdown depends on the specific MLI and its tenor. The Merrill markup on MLI purchases ranges from 0.50%-2.00%; there is no Merrill markdown for sales of MLIs. The Merrill markup can be discounted by Advisors in their discretion. Advisors receive as compensation a portion of the Merrill markup paid. In addition, the price you pay (for purchases) or receive (for sales) also includes a dealer markup or markdown paid to our Affiliate (typically up to 1.00%).
<b>Unit Investment Trusts (UITs)</b>	You pay the UIT offering price which includes a Sales Charge that varies based on the type of UIT and its tenor. For equity UITs, the Sales Charge is 1.85% for a 15-month UIT and 2.75% for a 24-month UIT. The fixed income UIT Sales Charge is between 2.50% to 3.50% and is based on the tenor of the UIT. From the Sales Charges you pay, we receive 1.25% for a 15-month equity UIT, 2.00% for a 24-month equity UIT and 1.60%-2.60% for a fixed income UIT. Advisors receive as compensation a portion of the UIT Sales Charge.
<b>Listed Options Contracts</b>	You pay a commission that is calculated based on the principal value and the number of the listed option contracts purchased or sold. The commission is in addition to the purchase price you pay or the sale price you receive for the contract. Commissions range from 0.70%-15.00% of the principal value of the contracts (which may be discounted by Advisors in their discretion, subject to a minimum charge), plus \$3.00-\$9.00 per contract. Advisors receive as compensation a portion of these fees. You also pay an additional transaction fee ranging from \$0.15 up to \$1,003 per transaction, determined based on the principal value and number of contracts purchased or sold.
<b>Options Overlay Strategies</b>	You pay us a transaction fee of \$1.00 per listed options contract purchased or sold as directed by the third-party investment manager to implement the strategy. This fee is not payable to your Advisor. There are other fees and charges; see additional fee information in the "Indirect Fees and Charges" section below.
<b>Mutual Funds</b>	<p><u>Upfront Sales Charges:</u> For mutual fund Class A shares, you pay an upfront "front-end" Sales Charge. At Merrill, we only typically permit purchases of Class A shares when the Sales Charge on the purchase amount is 3.5% or less (by prospectus) which is deducted from your investment at the time of your purchase. The amount of the Class A share Sales Charge depends on factors such as the size of the purchase and the fund's particular Sales Charge breakpoint schedule (which lowers the charge based on larger purchases or holdings), your eligibility for any other discounts or waivers and/or the asset class of the fund. There are no upfront Sales Charges for mutual fund Class C shares.</p> <p><u>Contingent Deferred Sales Charge (CDSC):</u> For certain purchases of Class A shares where no Sales Charge is imposed, you will pay a CDSC for any redemption you make within 12 months of the purchase date in an amount ranging from 0.25%-1.00% of the redemption amount. If you redeem your Class C Share within 12 to 18 months of the purchase date, you will typically pay a CDSC fee of 1.00%, which is deducted from the redemption proceeds.</p> <p><u>Annual or Trailing Sales Charges:</u> Mutual funds have an annual asset-based fee or "12b-1 fee" paid out of the fund's assets that differ based on the share class. For mutual fund Class A shares, a 12b-1 fee is paid to us in addition to the upfront Class A share Sales Charge and is typically in the range of 0.20%-0.30% but in certain funds can be up to 0.50%. For mutual fund Class C shares where no upfront Sales Charge is paid, a 12b-1 fee is paid to us upon your initial purchase and annually thereafter. The mutual fund Class C share 12b-1 fees range from 0.50%-1.00%.</p> <p>Advisors receive as compensation a portion of the upfront Sales Charge or CDSC, as well as of the 12b-1 fees paid.</p>
<b>Mutual Funds in ERISA Accounts*</b>	<p>For mutual fund shares available in ERISA Accounts, you will not pay an upfront fee but an annual asset-based retirement group fee, which is typically a 12b-1 fee paid out of the fund's assets, is paid to us. The fee will differ based on the share class for which that ERISA Account is eligible. Retirement group fees are typically 0.25% for Class A shares and 0.50% for Class R shares, in each case, for funds available in ERISA Accounts. A separate annual administrative service fee of up to 0.35%, which for certain funds is deducted from fund assets, is paid to us, with a fee range that is typically from 0.10%-0.20%. Advisors receive as compensation a portion of the fees paid.</p> <p><i>*ERISA Accounts are accounts (other than SEP, SIMPLE and BASIC Accounts) subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA).</i></p>
<b>Money Market Funds</b>	You will not pay an upfront Sales Charge. Money market funds, including those available for purchase in ERISA Accounts, have an annual asset-based administrative fee that is paid to us. The administrative fee ranges from 0.00%-0.50%. The money market funds available to certain Accounts as an automatic cash sweep option under our Cash Sweep Program typically include an annual 0.40% administrative service fee. Advisors receive as compensation a portion of the fees we receive. Although some money market funds have an annual 12b-1 fee, those available for purchase in your Brokerage Account typically do not charge this fee.
<b>Hedge Funds, Private Equity Funds and Non-traded REITs</b>	You pay us a one-time placement fee. For hedge funds and NTRs, this fee is in addition to, and not deducted from, your hedge fund or NTR subscription amount. For private equity feeder funds, this fee is added to, and not deducted from, your private equity capital commitment amount. The placement fee, which can be discounted by Advisors in their discretion, is up to 2.00% for all hedge funds, NTRs and for those private equity funds made available on our platform on or after September 22, 2021. Advisors receive as compensation a portion of the placement fee paid. See additional fee information in the "Indirect Fees and Charges" below.
<b>Exchange Funds</b>	You pay us a Sales Charge (included in your subscription amount) of up to 1.50%, which may be negotiated with your Advisor. Advisors receive as compensation a portion of this Sales Charge. If you redeem fund units within three years of subscription, you pay an early redemption fee of 1.00% of their net asset value unless the exchange fund waives or reduces this redemption fee. There are other fees and charges; see in the "Indirect Fees and Charges" section below.
<b>Annuities</b>	<p>You pay fees for an annuity directly to the issuing insurance company, the amount of which depends on the annuity type and features you select. For variable annuities, the fees you pay are included in the annuity contract. For fixed rate, fixed indexed and income annuities, the fee is included through the crediting rates established by the issuing insurance company.</p> <p>Under selling agreements with the insurance company, we, through our Affiliates, receive compensation in the form of sales commissions from the insurance company and trailing payments. Depending on the type of annuity, the first-year sales commissions range from 1.50%-4.00% and the trailing payments range from 0.00%-0.55%. Advisors receive as compensation a portion of the sales commissions we receive. The commissions are not an upfront sales charge and do not reduce your initial investment. For additional premiums added to contracts that were purchased prior to June 1, 2020, depending on the type of annuity, first-year sales commissions received from insurance companies range from 0.75%-5.25%, and trailing payments range from 0.00%-1.20%.</p>



Transaction Type	Sales Charge Information for Common Types of Transactions
<b>529 Plans</b>	<p><b>Omnibus 529 Plans.</b> At Merrill, your purchase of a 529 class unit will be based on your overall assets in a particular 529 plan or certain relationship criteria we specify: Class A units without an upfront sales charge for investments of \$250,000 or by meeting set relationship criteria and Class C units for investments of less than \$250,000 with certain plan exceptions. Class C units convert to Class A units four years from purchase. For most Omnibus 529 Plans, for Class A units, an Advisor will be paid at time of purchase and an annual trailing commission up to 0.25% of the average account assets invested in Class A units. For Class C units, an Advisor will receive an annual trailing commission of up to 1.00% of the Class C average account assets which will decrease to a maximum of 0.25% upon conversion to Class A units. Generally, if within 12 months of the purchase date you redeem any Class A units or Class C units, you will pay a Contingent Deferred Sales Charge (CDSC) in an amount of 0.25% on Class A units and up to 1.00% on Class C units, which is deducted from the redemption proceeds.</p> <p><b>State 529 Plans.</b> The pricing model for State 529 plans vary by plan. For Class A units, you pay an upfront Sales Charge of up to 5.25% (the actual amount being based on the plan selected, the size of your investment, the plan's Sales Charge breakpoint schedule, and your eligibility for any other discounts or waivers) and an annual trailing commission of up to 0.25% of the average account assets invested in Class A units. There are no upfront Sales Charges for Class C units but your Advisor is paid an annual training commission of up to 1.00% of the average account assets invested in Class C units, which decreases to a maximum of 0.25% upon conversion to Class A units. In many State 529 plans, Class C units convert to Class A units after a predetermined number of years set by the plan. If you redeem Class C units within 18 months of the purchase date, you will typically pay a CDSC fee of 1.00%.</p>

For additional information, please review the [Merrill Explanation of Fees](#). Different sales charges for securities transactions apply in MESD accounts and not all security types and investment products or solutions are available. You may review applicable MESD fees and charges at [www.merrilledge.com/pricing](http://www.merrilledge.com/pricing).

**Indirect Fees and Charges.** Certain securities and other investments have indirect fees, such as annual management, performance, administration, service and other asset-based fees that are typically part of the overall expenses of the security or other investment solution. Some or all of these indirect fees are, in turn, paid to us as compensation. A portion of the fees we receive may be paid to Advisors as compensation for offering, servicing and sales of the security or investment solution.

**Hedge Funds, Private Equity Funds and NTRs.** All hedge and private equity feeder funds which are available for purchase only by clients of Merrill or its Affiliates (feeder funds) have an annual administration fee of up to 1.00%, of which we receive up to 0.875% in selling agent compensation. In addition, the third-party administrator of certain hedge feeder funds receives payments of a fixed dollar amount or a percentage of management fees (retrocession payments) from the underlying manager, which generally are paid to us as selling agent compensation. Hedge and private equity funds that are not feeder funds, as well as NTRs, have annual management, administrative, servicing and other asset-based fees that are paid to the manager or its affiliates. Merrill generally receives a payment from the manager or its affiliates of up to 1.00% of the total amount invested or committed to be invested by Merrill clients. The exact percentage and method of calculation is disclosed in the Subscription Documents and/or Offering Documents for each fund. For certain hedge fund holdings which are no longer available for purchase, the retrocession fee is up to 4.00%.

**Exchange Funds.** Exchange funds have annual advisory, management, administrative, servicing and other asset-based fees of between 0.85% and 0.98% that are paid to the exchange fund's manager. Of this fee, Merrill receives 0.25% annually of your investment in the fund as a servicing fee. The exchange fund's lead placement agent pays us an incentive payment of 1.00% of your subscription amount.

**Options Overlay Strategies.** These strategies have an annual management fee of between 0.50% to 0.60% and an annual performance fee (that ranges from 0.00% to 10.00% of net profits), both of which are paid by you to the options overlay strategy manager. Of the annual management fee it receives, the manager pays us between 0.15% to 0.225% as a referral payment.

**Over time, these indirect fees and the annual asset-based fees covered in the chart above will reduce the return on your investment and may cost you more than other types of investments.**

**Fee Discounting and Waivers.** Where permitted, Advisors can discount or waive Sales Charges at their discretion. The actual Sales Charges you pay and whether any discount or waiver is applied is determined by your Advisor and your individual circumstances. You may be charged a higher amount than other similarly situated clients. MFSA's and FSA's cannot discount or waive Sales Charges.

**Other Transaction Costs and Miscellaneous Account and Service Fees.** Certain transactions in securities incur additional fees and costs, including exchange, alternative trading system fees, required SEC fees or similar fees and transfer taxes. These per transaction fees vary from product to product.

The purchase and sale of certain non-U.S. securities will have local country costs and fees, stamp taxes, foreign currency exchange or conversion fees and local broker fees. For transactions in foreign ordinary securities, there

are markups, markdowns and dealer spread charges in connection with related foreign currency conversions, including in connection with ADRs. Certain of these trading-related charges, currency conversion-related charges and other fees are included in the execution price for the security as a net price and are not reflected as separate charges on your trade confirmations or account statements. We will undertake, at your written request, to obtain the amount of this remuneration for a given transaction in your Account.

Your Brokerage Account is subject to Account fees and miscellaneous account and service fees. You will pay electronic fund, wire and other Account transfer fees, including any foreign currency costs and charges, where applicable. When you work with an Advisor, please review the [Merrill Schedule of Miscellaneous Account and Service Fees](#). When you work with an FSA or have an MESD account, please review the [Merrill Edge Schedule of Miscellaneous Account and Service Fees](#).

**Margin Charges.** If you use margin, you will pay interest, which varies. For more information regarding margin interest rates, please refer to your Agreement and/or the [Margin Truth-in-Lending Disclosure Statement](#).

**Features of Securities and Investment Solutions.** You can conduct transaction-based investing in virtually all financial products and services within a Brokerage Account or in a brokerage Retirement Account, subject to your financial advisor's qualifications, client eligibility rules and applicable laws and regulations. Certain securities and investment solutions provide access to similar investment strategies. For example, certain indexed mutual funds may provide an investment approach that is substantially similar to that provided by certain ETFs and there may be an actively managed ETF that provides a substantially similar investment approach to that provided by a mutual fund. However, different types of securities and investment solutions have different and unique features associated with them, as well as different fees. You should discuss these different features and fees with your financial advisor.

Most of the investment products available for purchase in a Brokerage Account also may be purchased and held in the IAP Program. There is a difference in cost to you based on the account type that you select to make that investment.

## Type and Scope of Brokerage Services

The type and scope of services provided in connection with your Brokerage Account are described in your Agreement. You will work with your Advisor, MFSA or an FSA, as the case may be, who can provide you Brokerage Services and make recommendations based on a variety of factors, including your Investment Profile. Your Investment Profile consists of information obtained from you about your investment objectives and preferences and includes such information as your age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs and risk tolerance.

We offer a variety of types of Brokerage Accounts for retail investors. The [List of Account Types](#) provides an overview of our primary retail accounts and can be reviewed at [ml.com/relationship](http://ml.com/relationship) or at [merrilledge.com/relationships](http://merrilledge.com/relationships). Your financial advisor can provide you with further information upon request.

When we act as a broker-dealer in connection with your Account, we will facilitate the execution of transactions based on your instructions. We also make recommendations about securities transactions and we offer our financial advisors and clients education, research, financial tools and information about financial products and services. These services are part of, and incidental to, our brokerage services. We do not have the discretion to buy and sell securities for you except in some very limited circumstances based on what you tell us. This means that you must provide approval for each trade before it is executed. Our financial advisors may only recommend or refer you to investments that are offered for sale through the Merrill platform. When you purchase an investment, you will receive a trade confirmation and generally the investments will be shown on your account statements.

We provide the following services, which are part of, and incidental to our Brokerage Services:

- **Investment recommendations.** We provide investment recommendations to you regarding securities or investment strategies involving securities from time to time. When we make a recommendation to you, it must be in your best interest at the time it is made in light of, among other things, your Investment Profile.
- **Unsolicited transactions.** You are permitted to disregard our recommendations or otherwise make your own investment decisions and to direct your financial advisor to execute transactions other than those that we recommend to you. Your purchases and sales of securities that are not recommended by us are not subject to Regulation Best Interest and can cause your Account to perform in a way that is inconsistent with our recommendations.
- **Transaction execution.** We execute transactions at your direction subject to availability and our policies and procedures. We execute transactions consistent with our best execution obligation. Such trade executions may be on a principal basis (with us or our Affiliate) or on an agency basis.
- **Investment solutions and information.** We review the securities and other investments that we recommend to you, and we make available investment and market education, research and guidance.
- **Cash Sweep Program.** Your Agreement allows you to have uninvested cash balances in your Account automatically deposited (or "swept") to bank deposit accounts of our bank Affiliates or, if permitted under the terms of your Agreement, invested in a money market fund under the cash sweep program attributable to your Account type (together, Cash Sweep Program). Your sweep options vary depending on your Account type as described in the [About the Merrill Lynch Bank Deposit Program](#), the [Sweep Program Guide](#) and your Agreement.
- **Margin Lending.** Your Account (other than a Retirement Account) will be a margin account unless you request a cash account. As disclosed in your Agreement, if you use margin lending to purchase securities, the collateral for the margin debt are the assets in your Account. The costs, risks and other features and conditions of margin and other types of securities-based lending are more fully described in your Agreement and the [Margin Truth-in-Lending Disclosure Statement](#).
- **Custody.** We provide custody services for your Account, except for certain securities, such as annuities or hedge funds. We hold securities in a location subject to applicable law. For further information, please refer to your Agreement.

Our Brokerage Services do **NOT** include the following services:

- **Investment advisory services.** Although we can provide you with investment recommendations and related advice that is incidental to brokerage transactions executed in your Account, we do not provide on-going investment recommendations or advice for transactions in your Account. We do not act in the capacity of an investment adviser for your Account. As an alternative, or in addition to Brokerage Services, you can enroll Accounts into our IA Programs where you will receive investment advisory services as outlined in a separate agreement. The [Client Relationship Summary](#) (Form CRS) has additional information about our IA Programs.
- **No ongoing monitoring.** From time to time, we may voluntarily review the holdings in your Account for the purposes of determining whether to make a recommendation to you. For purposes of Regulation Best Interest, however, we do not provide an ongoing monitoring service or monitor your Account and Regulation Best Interest does not require us to do so. We also do not provide ongoing monitoring for brokerage Retirement Accounts.
- **Discretionary authority.** We have no discretionary authority over your Account and can only purchase or sell securities or investment strategies that you authorize. This means that you make all decisions for your Account.

As part of our brokerage obligations to you, we provide you with disclosure of the material facts relating to the scope and terms of our relationship with you. We provide this information to you by this Disclosure Statement, our Account Relationship Summary, the other account materials provided to you at the time you opened your Account and those materials referenced in this Disclosure Statement and the Form CRS.

**Account Minimums.** We impose account minimums only for Brokerage Accounts that are Cash Management Accounts (CMAs). For CMAs, a minimum of \$20,000 in any combination of cash and securities is required to establish the CMA (or \$2,000 for a CMA subaccount). For more information on account minimums, please refer to your Agreement.

## Material Limitations

**General.** We make available to our clients, at our discretion and based on our due diligence and other reviews, a wide range of securities and investment strategies. We choose to recommend products from a limited number of issuers or sponsors for certain investment products that are based on quantitative and qualitative factors that we determine. In addition, we only recommend products or services for which we earn compensation and that meet other of our requirements and qualifications. These product types include annuities (variable and fixed), insurance, UITs, closed-end funds, options overlay strategies, exchange funds, hedge funds, private equity funds, NTRs, other co-mingled investment vehicles and MLIs. Even with these requirements and restrictions, we are of the view that we offer a wide array of investment products from a number of product providers.

Information on certain arrangements and requirements that can be considered "material limitations" is discussed in this section. The conflicts of interest related to these material limitations and compensation are discussed in the section "Material Facts About Conflicts of Interest." We have in place reviews and various policies and procedures reasonably designed to prevent these material limitations and other business arrangements from affecting the nature of the advice we and our financial advisors provide.

**Cash Sweep Program.** We make available Account types that, under the Account Agreements, permit funds to only be "swept" to bank deposit accounts at our bank Affiliates. Clients have the option to choose the "No Sweep" option and not have cash in their Accounts be "swept" to any available cash sweep vehicle. The "No Sweep" option is not available to certain types of accounts, like Retirement Accounts. You can instruct your financial advisor to invest any cash swept to the available cash sweep vehicle to another non-sweep cash alternative product.

**New Issue Offerings and Brokered CDs.** We only offer and recommend securities that are part of a public or private offering in which BofAS is part of the underwriting syndicate or selling group or has otherwise been engaged by the issuer as placement agent or in a similar capacity. As an integral part of any new issue offering, BofAS serves as an underwriter or placement agent under the federal securities laws for the transactions it participates in and performs pricing, due diligence and allocation functions as part of the offering. Similarly, we only offer and recommend brokered CDs of third-party depository institutions if they are sourced by BofAS as placement agent.

**Market-linked Investments.** We only offer and recommend MLIs that we or our Affiliates have structured and make available in offerings in which BofAS has been engaged as an underwriter by the MLI issuer. The issuers of the MLIs are financial institutions and other entities that are subject to due diligence reviews. In addition, we only offer MLIs that are subject to our pricing and structuring methodologies and processes.

**OTC Derivative Transactions.** An OTC derivative transaction is a bilateral, arms-length contract between two parties. We only offer the ability to enter into OTC derivative transactions with one of our Affiliates that acts as a derivative counterparty.

**Mutual Fund Distribution, Service and Marketing Support and Retirement Service Fees.** For Brokerage Accounts, we only offer and recommend mutual funds, money market funds, and offshore mutual funds and money market funds (Offshore Funds) where we receive 12b-1 fees, service fees, marketing support and/or retirement services fees. Mutual funds, money market funds and Offshore Funds that would otherwise meet our criteria for inclusion on our product platform will not be available for purchase in your Account if we are not paid these fees. We require 12b-1 fees because they are part of the compensation that we pay to our Advisors for their efforts in reviewing and discussing the mutual fund with you and for the execution of the mutual fund transaction for your Brokerage Account. The marketing support and retirement service fees are used to support and compensate us for the services we provide to our financial advisors, the services provided to the third-party fund sponsors and

distributors, ongoing maintenance of information and due diligence relating to these types of fund products. The marketing support and retirement service fees are not paid to our financial advisors.

**Hedge Fund, Private Equity Fund and NTR Distribution Fees and Service Fees.** We only offer and recommend hedge funds, private equity funds and NTRs where we receive distribution fees from the fund administrator, manager or their affiliates. Certain hedge funds, private equity funds and NTRs that would otherwise meet our criteria for inclusion on our product platform will not be available for purchase in your Account if the distribution fees are not paid to us. The percentage and method of calculation of the distribution fees paid to us from the fund administrator, manager or their affiliates are disclosed in the Subscription Documents and/or Offering Documents for each fund.

**Sub-Accounting Services Payments.** We only offer and recommend mutual funds, mutual fund share classes, money market funds, Offshore Funds and 529 plans that retain and/or pay us to provide necessary sub-accounting and other services such as recordkeeping, processing, reporting and dividend reinvestment in connection with fund transactions (sub-accounting services).

**Allocation of Equity Initial Public Offerings (IPOs).** We allocate investment opportunities in equity IPOs among eligible Brokerage Accounts in a manner we determine appropriate. Given the limited availability and size of these offerings and shares available to us to allocate, there is a very limited opportunity for our brokerage clients to invest in such offerings and, if they do, clients generally receive smaller allocations than they requested. Accordingly, you, along with other Brokerage Account clients, should not have any expectation that you will have access to equity IPOs or will receive an allocation to any particular offering. There will be instances where certain Accounts receive an allocation while other Accounts (including similarly situated Accounts) do not. Preferential allocations will be given to certain clients based on a number of different factors. In addition, Advisors can choose not to offer participation in IPOs for any clients, or they may offer participation to only a small group of clients.

## General Basis for Recommendations

The general basis for our and our financial advisors' recommendations (i.e., what might be described as an investment approach, philosophy or strategy) is providing access to, and choice of securities and other investments that meet our clients' needs based on their Investment Profiles and goals, among other considerations. Our process also involves a due diligence process that evaluates whether securities and other investments are in the best interest of at least some of our customers generally. We do not impose any specific investment approach, philosophy or strategy on our financial advisors. We assist them by making available:

- Securities research and guidance prepared by BofA Global Research.
- Due diligence information prepared by the due diligence team within our Chief Investment Office.
- Information and assistance from other Merrill internal specialists and support teams as well as specialists and support teams from BANA and BofAS.
- Information from selected third-party research providers and other resources.
- Training and educational resources on investment products and solutions.

## Material Risks Associated with Investments and Brokerage Recommendations

While we will take reasonable care in developing and making recommendations to you, securities involve risk and you may lose money. There is no guarantee that you will meet your investment goals or that our recommended investment strategy will perform as anticipated.

All investments involve risk, the degree of which varies significantly. Investment performance can never be predicted or guaranteed, and the value of your Account will fluctuate due to market conditions and other factors. Investments that we recommend and actions that we take to execute transactions for your Account are subject to various market, liquidity, currency, economic, geographic and political risks and are not necessarily profitable. You assume the risks of investing in securities and other investments and you could lose all or a portion of their value.

We typically recommend that clients diversify their investments across multiple asset classes, issuers, sectors and industries to reduce the additional investment risk frequently associated with concentrated investments. You should understand that the decreased diversification

resulting from holding concentrated positions in a single security, sector or asset class typically results in increased risk and volatility, which can result in losses. Please consult the Offering Documents available for a security to review the associated risks. Where available, your Advisor or MFSa or an FSA, as the case may be, can provide them for your review.

## Standard of Conduct

Under Regulation Best Interest, when we make recommendations to you in our capacity as a broker-dealer regarding securities transactions or investment strategies involving securities (including account recommendations), we must act in your best interest at the time the recommendation is made. This means we cannot place our or a financial advisor's financial or other interests ahead of yours.

In addition, for Retirement Accounts, we acknowledge that, effective February 1, 2022, we are acting as a fiduciary under Title I of ERISA and/or Section 4975 of the Internal Revenue Code (Code) in our capacity as a broker-dealer when we provide investment advice and make recommendations to you regarding securities or investment strategies (including as to rollovers and Account types). This Disclosure Statement provides a description of services and information relating to our costs and fees, compensation earned and material conflicts of interest as required under ERISA and the Code. These regulations limit the types of products and services that can be offered in your Retirement Brokerage Account.

Our recommendations are based on, among other things, your Investment Profile and other information that you provide to us. Our duty to act in your best interest when making a securities recommendation in your Brokerage Account relates solely to our obligation under Regulation Best Interest and, in addition, for retirement accounts, under ERISA or the Code, as applicable.

## Material Facts About Conflicts of Interest

We have material conflicts with your interests, including the way we make money, among other things. This Disclosure Statement discusses material facts about conflicts of interest associated with our recommendations. We provide you additional information about these conflicts in trade confirmations, Offering Documents, Subscription Documents and other materials.

## Sales Compensation

We earn revenue from the Sales Charges you pay and the fees and payments we receive from our Affiliates and from third-party product investment managers, fund managers, distributors and sponsors, insurance companies and other third-party product providers (Third-Party Firms) related to transactions in your Account. We (including our Affiliates) and our financial advisors and other of our employees benefit from the fees and charges paid by you and other clients for Brokerage Services.

The compensation structure results in conflicts of interest between clients and financial advisors. Financial advisors earn compensation and benefits based on the revenue that Merrill earns from client transactions in your Account and from the fees paid in an IA Program, as well as revenue derived from referrals to Affiliates, including relating to banking products or services. As revenue increases, the financial advisor's compensation will increase or will be positively impacted. This means that a financial advisor will have a financial interest in charging more for transactions where they have the discretion to do so or recommending transactions that generate higher amounts of revenue for Merrill and compensation or benefit for them, rather than those transactions that generate lower amounts of revenue. In addition, the more trades that you make in your Account, the more we and/or our financial advisors get paid or benefited, creating a financial incentive to recommend transactions in your Account. Note, as described below, MFSAs and FSAs are not compensated based on transaction-based revenues.

There is a conflict of interest when your financial advisor recommends an account or program type, a security transaction or investment strategy where it is expected that Merrill will earn greater revenue over another account or program type, security transaction or investment strategy. The amount of revenue earned by us and/or our financial advisors (depending on the compensation approach taken for that financial advisor as described below) also varies depending on the investment products in which you invest. These differences create a conflict of interest in that there is a financial incentive for your financial advisor to recommend or select investment products or to offer certain IA Programs, services or products based on the nature of the revenue and compensation we and/or they receive.



**Advisor Compensation.** We pay Advisors a salary and incentive compensation that is based on the revenues Merrill receives for the brokerage services we and your financial advisor provide to your Account as well as for the investment advisory services provided to an account enrolled in an IA Program. In general, an Advisor is credited with a portion of the Sales Charges from Brokerage Accounts, fees paid in the IA Programs and other fees and payments Merrill receives from Affiliates for referrals in the form of “production credits.” Advisors also receive production credits based on a client’s use of margin lending, for cash swept to our bank Affiliates as well as for referrals of clients to BANA and other Affiliates for banking and lending services and for other financial services. Production credits form the basis for calculating Advisor incentive compensation. The calculation of production credits generated takes into account the investment products purchased or sold, such products’ Sales Charges and production credit rate, the IA Program fees received, the level of household assets in IAP, the Advisor’s experience, client and asset acquisition and the flow of clients’ assets and liabilities into accounts during the year.

Different products and services have varying Sales Charges in brokerage and different production credit rates (which are subject to change without notice). The more overall revenue and related production credits that an Advisor generates, the higher the Advisor’s incentive compensation. The Advisor has a financial incentive to recommend an investment approach and/or investment products and services that result in the highest production credit.

As described under the section “Fee Discounting and Waivers”, Advisors have the ability to provide discounts and fee waivers on certain investment products and have the discretion to provide such discounts and waivers to clients that generate higher amounts of revenue or do more transactions with the Advisor. Providing a discount or a fee waiver, which is in the discretion of the Advisor, will result in the Advisor earning less compensation which creates a conflict of interest with you.

Advisors are eligible to receive awards from participating in incentive and recognition programs that are based on total production, total revenue, length of service, total assets in accounts that they service, and such other criteria as Merrill may establish from time to time. The relevant participation criteria are measured across multiple securities and other investment products and services offered by Merrill and have been designed and implemented to mitigate any incentive or conflict to favor any one security type or investment product or service.

Advisors who join Merrill from other firms generally receive payments in connection with that move. These payments may take various forms, including salary guarantees, upfront bonuses or forgivable loans, and various forms of compensation contingent on their continued employment. The amount paid to Advisors under these arrangements generally is based to a large extent on the size of the business at their prior firm. In addition, they typically are eligible for future bonus payments based on the total assets in the accounts that they service at Merrill and/or revenue generated from those accounts at some defined point in the future. These bonuses are in addition to the incentive compensation to which they are otherwise entitled as Advisors. Advisors who join from other firms have a financial incentive to recommend that you transfer your account to us.

**MFSA and FSA Compensation.** We compensate MFSA’s and FSA’s differently than we do Advisors who service clients with a full service Merrill Account. MFSA’s and FSA’s do not receive transaction-based compensation. These types of financial advisors receive a base salary and incentive compensation that is not based on production credits. Rather, their incentive compensation is paid based on meeting certain performance objectives, such as the number of accounts and total assets serviced by the MFSA or FSA. Additionally, MFSA’s and FSA’s may be compensated for meeting certain asset-based growth awards.

**Field Management Compensation.** Elements of our management compensation are based on revenues to Merrill. This creates an incentive for our management team to encourage financial advisors to recommend products and services that result in more revenue to Merrill and can create a conflict of interest. We maintain policies and procedures and supervisory processes designed to ensure that financial advisors meet the standard of conduct applicable to each client and management compensation criteria have been designed and implemented to mitigate incentives or conflicts to favor any one security type or investment product or service.

**Variable Compensation by Product and Service.** A number of investment products are available in a Brokerage Account and in IAP, one of our IA Programs. We select the investment types and investment solutions that are available in brokerage and in IAP based on qualitative and quantitative evaluation of such factors as performance, risk management policies and procedures and consistency of the execution of their strategy within the respective program.

The Sales Charges paid to us, as well as any indirect compensation we receive, vary based on the type of security and the investment product itself. Advisors will be paid compensation that varies depending on the type of account (brokerage account versus an IAP-enrolled account) in which the transaction takes place, the type of product (including share classes of products), the product’s Sales Charge and production credit rate, whether the product was purchased in a new issue offering or in a secondary market transaction, the service or strategy associated with the investment product, and the size, timing, tenor, duration or frequency of transactions. There may be alternative ways to achieve the same or similar investment objective which may carry different costs.

In addition, for certain types of investment products, Third-Party Firms pay us compensation, including compensation over time (i.e., a trailing fee). These payments also vary depending on the type of security or investment product. We pay Advisors a portion of the Sales Charges and a portion of certain of the indirect compensation we receive. These payments also vary, including among products that have substantially similar strategies (i.e., certain indexed mutual funds and ETFs or certain active ETFs and mutual funds). Note that MFSA’s and FSA’s do not receive transaction-based compensation.

The variable nature of Sales Charges, the attributable production credit rate and third-party payments create conflicts of interest because we and your Advisor are incentivized to recommend products for which we earn greater compensation rather than other alternatives. For additional information, please review the section “Compensation Received by Us and our Affiliates” under various headings below. You can also review the materials [Mutual Fund Investing at Merrill](#), [Offshore Mutual Fund Investing at Merrill Lynch](#) and [Mutual Fund and 529 Plan Marketing Services and Support at Merrill Lynch](#), available at [ml.com/funds](http://ml.com/funds) and from your financial advisor upon request.

**Compensation Associated with Brokerage Account or IA Program Recommendations.** A recommendation of the type of account relationship creates a conflict of interest for us and your Advisor. The amount of revenues we receive and the compensation Advisors make depends on the level of trading activity in the Account and the applicable Sales Charges and other indirect compensation. Depending on these and other factors, you could pay higher fees in a Brokerage Account than from one enrolled in one of our IA Programs, where we receive an annual asset-based fee. By contrast, if the trading activity in your Brokerage Account is limited, your Advisor has a financial incentive to recommend that you enroll in one of the IA Programs because we and your Advisor could earn greater compensation from the annual asset-based fee.

**Compensation Associated with Rollover Recommendations to an IRA.** Financial advisors have a financial incentive to recommend rolling over assets from an employer-sponsored retirement plan (such as a 401(k) plan) or a retirement account at another firm into an Individual Retirement Account (IRA). We and our financial advisors also have a financial incentive to recommend a rollover to Merrill because transactions in the rollover IRA will generate Sales Charges and other compensation that benefits Merrill and the financial advisor. While MFSA’s who recommend a Rollover do not necessarily receive compensation based on the amount of funds transferred, they have financial incentive to recommend a Rollover because the number of Accounts serviced by the MFSA helps them achieve certain performance goals.

### **Compensation Received by Merrill from Affiliates and Third-Party Firms**

Merrill earns revenue from the Sales Charges you pay and the fees and from payments we receive from our Affiliates and Third-Party Firms related to transactions in your Account. The ways that we and our Affiliates generate revenue result in conflicts of interest in certain situations. The amount of revenue varies based on a number of factors, including our or our Affiliate’s role in the transaction, any payments made by a Third-Party Firm, the type of products or services selected, the method of distribution, the type of securities market where the transaction occurs (new issue, primary or secondary market), where a trade order is routed for execution, and whether we or your Advisor receive a referral fee, revenue sharing or other compensation from our Affiliate or a Third-Party Firm. See the section “Compensation of our Financial Advisors—Variable Compensation by Product and Service.”

We have a financial interest in Financial Advisors recommending the types of products and services that generate more revenue for us and/or our Affiliates. Regardless of this interest, we maintain policies and procedures and supervisory processes designed to ensure that we and our financial advisors meet the standard of conduct applicable to each client. Except as



noted below, Advisors do not receive any portion of or credit for the compensation paid to us or our Affiliates.

**Referrals to Affiliates and Affiliate Products.** Our financial advisors may recommend that you use our securities account, execution and custody or other services for other of your investment activities or utilize the services of our Affiliates, including for banking products and services. Similarly, they may suggest or recommend that you purchase our products or our Affiliates' products. Where you use or purchase these services or products, we and our Affiliates will receive fees and compensation. Our financial advisors, as permitted by applicable law, receive compensation (the amount of which varies) in connection with these referrals of products and services. This represents a conflict of interest.

Our financial advisors receive compensation when prospective clients are referred to them from employees of Merrill and our Affiliates as well as from other persons for brokerage and investment advisory services they provide. They also receive compensation for referring clients to our Affiliates for the provision of various financial services (including transaction execution and investment banking services) and products (including banking products), which varies by service and product. In addition, they may introduce fund and other investment product distributors, sponsors, service providers or their affiliates to other services that we, BofA Corp. and our Affiliates provide. This results in a conflict of interest because we are incentivized to introduce services that provide us or our Affiliates additional compensation. As permitted by applicable law, our financial advisors receive compensation (the amount of which varies and can be significant) in connection with these recommendations and/or services.

**Cash Sweep Program.** If you hold cash balances in your Account, our bank Affiliates benefit financially when your cash is "swept" to and held in affiliated bank deposit accounts under our Cash Sweep Program. There is a conflict of interest relating to the use of the bank sweep under the Cash Sweep Program. We receive compensation from our bank Affiliates for the services relating to the Cash Sweep Program and our bank Affiliates benefit from their use of the deposits.

Merrill receives payments on a per account basis for each account that sweeps to one of our bank Affiliates. For cash held in your Brokerage Account, your Advisor is compensated based on the total deposits with a bank Affiliate through the Cash Sweep Program and on balances held in other bank deposit programs from participating banks.

Cash swept into bank deposit accounts of our bank Affiliates under the Cash Sweep Program benefits them because they use these bank deposits to fund current and new lending, investment and other business activities. Their profitability is determined, in large part, by the difference between the interest paid on the bank deposits and the interest or other income earned on loans, investments and other assets which may be funded in part by bank deposits. As a registered broker-dealer, Merrill also benefits from the possession or use of any free credit balances in your Accounts, subject to restrictions imposed by federal laws and regulations.

Cash balances swept to a bank deposit account at one or more of our bank Affiliates will be placed in a bank deposit account bearing a rate of interest that has been established by the bank Affiliates for, and in light of the features of, the Cash Sweep Program. The interest rate that is paid is variable and may change at any time after the account is opened without notice or limit. Interest rates are tiered based upon your relationship with Merrill. Clients with higher total eligible assets may receive a higher yield on their bank deposits. The interest rate you earn from time to time in the bank deposit account through the Cash Sweep Program payable by our bank Affiliates will likely be lower than (1) the rates available on other deposit type accounts at our bank Affiliates and on bank deposit accounts at other banking institutions and (2) yields on cash alternatives, such as money market funds. The features of these non-sweep deposit accounts and cash alternatives are different than bank deposit accounts affiliated with the Cash Sweep Program.

Our bank Affiliates determine the interest rate paid to depositors in the Cash Sweep Program in their sole discretion. The greater the amount of the cash balance maintained in your Account (which could be as a result of a recommendation from your financial advisor) that is swept into a Cash Sweep Program bank deposit account and the lower the interest rate paid on the deposit, the more our bank Affiliates benefit. Advisors are also compensated through production credits from the cash held in your bank deposit account with our bank Affiliates.

We have a conflict in connection with Accounts that are eligible for, and that elect, a money market fund sweep option, because we receive compensation for providing infrastructure, sub-accounting services, field support or other administrative services related to the use of the money market fund sweep

option. If you choose the "No Sweep" option, we also benefit from the custody or use of uninvested cash balances in your Account.

Depending on eligibility, we make available a multi-bank deposit program that sweeps cash to deposit accounts at our bank Affiliates and at non-affiliated banks and savings associations. For deposits to our bank Affiliates relating to referrals from a financial advisor, we receive a fee directly from each bank Affiliate based on the average daily deposit balance held by the bank Affiliate. The amount of the fee varies from time to time and varies based on the bank Affiliate. We may waive all or part of this fee. Other than the regular annual financial service fee applicable to your Account and the costs associated with the investment of cash in a money market fund cash sweep option, there will be no charge, fee or commission imposed with respect to your participation in any bank Affiliate program. Advisors receive production credits based on the amount of cash you hold at the Affiliate bank. For more information, please refer to the [Sweep Program Guide](#); [About the Merrill Lynch Bank Deposit Program](#); [Mutual Fund Investing at Merrill](#); and your Agreement.

**Principal Trading and Agency Cross Transactions.** We execute certain transactions on a principal basis. Transactions that we conduct on a principal basis include all of our new issue equity and debt securities offerings (including MLI offerings) where we or our Affiliates (including BofAS) act as an underwriter, selling group member or placement agent. We may execute secondary transactions in fixed income securities on a principal basis where we or our Affiliates act as a dealer. In addition, our Affiliates can act in a principal capacity when we execute other transactions for your Account. In a principal capacity, our Affiliates act as your counterparty in over-the-counter derivatives transactions and they can act as market-makers for, or have proprietary positions in, the securities you buy or sell.

We and our Affiliates receive compensation in connection with principal transactions, including markups, markdowns, underwriting discounts, selling concessions, dealer spreads and other compensation. We and our Affiliates profit from transacting as your counterparty or having proprietary positions in securities you buy or sell. Moreover, we have an incentive to recommend a transaction in a security that we or our Affiliate maintains in its inventory that is otherwise difficult to sell. This represents a conflict of interest.

When executing sales of municipal securities in secondary market transactions, BofAS, our Affiliate, may seek bid prices from third-party dealers in a process known as a Bid Wanted in Competition (BWIC) and, if the third-party dealer has the highest bid price, BofAS charges a markdown in the form of a dealer spread for its services for acting as an intermediary in facilitating the transaction. BofAS may itself submit bid prices for municipal securities in BWICs and also has the right to submit its bid last and match or improve upon the prices submitted by third-party dealers, consistent with obligations to provide best execution and fair and reasonable prices. If BofAS is the winning bidder, it will not charge the customer a dealer spread. In determining the winning bid for a municipal securities transaction, BofAS compares its own price (if it submitted a bid) against all prices received from third parties in BWICs on a net basis (i.e., by subtracting its expected dealer spread from third-party bid prices only). There may be situations where the third-party dealer submitted a bid in the BWIC that was higher than BofAS' bid, but the third-party dealer did not win the BWIC because our Affiliate's dealer spread was deducted from their bid price in calculating the highest bid. These situations give rise to a conflict of interest because BofAS can profit if and when it resells the securities from its inventory.

Except where not permitted by regulation, we engage in agency cross transactions when we act as agent for both buyer and seller in a transaction. Since we generally receive compensation from each party to an agency cross transaction, there is a conflict of interest between our obligations to you and to the other party to the transaction.

**Foreign Exchange.** We may execute transactions in foreign currency (such as foreign currency conversions and wires) through our Affiliate. In addition to the fees we charge, the exchange rate for your transaction includes compensation to our Affiliate in the form of a dealer spread if the transaction is executed with our Affiliate. The fees that you pay to Merrill and our Affiliate for a foreign exchange transaction will be included in the price of the transaction. Other than for incoming wires, a portion of the fee you pay to Merrill is paid to your Advisor as compensation.

**New Issue Offerings.** We have conflicts of interest when BofAS or other of our Affiliates act as an issuer, placement agent, underwriter, dealer or structurer or otherwise have a financial interest in a new issue offering of securities. We offer our clients access to new issue offerings of equities, debt and preferred securities, closed-end funds, among other product types. From time to time, certain securities, including MLIs and brokered CDs, that we make available and recommend in new issue offerings are issued by BofA

Corp., BANA or our Affiliates. When BofAS participates in a new issue offering or is otherwise engaged by the issuer as placement agent or selling agent, BofAS is compensated when you purchase securities through the new issue offering. A portion of the underwriting compensation or placement fees that BofAS receives is used to compensate us and our Advisors for our efforts relating to the sale of the product. Due to the compensation we and our Affiliates receive, there is a financial incentive to recommend these transactions to you.

**Market-linked Investments.** MLIs are unsecured debt securities issued by third parties or by our Affiliates. MLIs are available in new issue offerings where BofAS acts as an underwriter and receives compensation. In addition, the public offering price (which is the price you pay) for an MLI includes compensation to us and BofAS for structuring and distributing the MLI. It also includes an estimated profit credited to our Affiliate from hedging arrangements by the issuer of the MLI, which reduces the economic terms of the MLI to you.

**Variable Rate Demand Obligations (VRDOs).** VRDOs are variable rate municipal securities that carry an interest rate that resets periodically and that have a feature that allows an investor, with prior notice to the issuer's remarketing agent or tender agent, to "put" or "tender" the VRDO to the issuer at the full face value of the VRDO plus accrued interest. VRDOs also often have a contractual source of liquidity in the form of a letter of credit or stand-by purchase agreement from a financial institution. The remarketing agent is responsible for setting the VRDO's interest rate and for reselling VRDOs that have been tendered for purchase by their investors. For VRDOs available at Merrill, generally, BofAS acts as the remarketing agent and earns fees associated with this activity from the municipal issuers. In addition, for certain VRDOs, our bank Affiliate may provide a letter of credit or other contractual source of liquidity enhancement to the municipal issuer to cover its payment obligations under the terms of the VRDO and receives fees for such service. These arrangements between our Affiliates and municipal issuers create an incentive for Advisors to recommend VRDOs over other short-term fixed income instruments for which we or our Affiliates do not receive such fees.

**OTC Derivative Transactions.** For these transactions, you will enter into a derivative contract with one of our Affiliates. There is an embedded charge with respect to the transaction, which includes compensation in the form of anticipated hedging-related profits to our Affiliate. Activities of our Affiliates can influence or otherwise affect the price or value of underlying assets on which the transaction is based, the price or value of the derivative contract or the payments and/or deliveries under the contract. A derivative transaction can result in a loss to you and a gain to our Affiliate.

**Compensation received from Third-Party Firms.** Because we receive fees from Third-Party Firms, we have a conflict of interest in determining certain investment products and strategies we offer on our platform. In connection with the new issue offering of a closed-end fund, an investment manager for the fund can pay us a structuring fee for advice relating to the structure, design and organization of the fund, as well as services related to the sale and distribution of fund shares. This fee ranges from 0.50% to 2.00%. For exchange funds, the lead placement agent for the various exchange funds pays us incentive compensation of 1.00% of your subscription amount. In addition, we receive from the fund's investment adviser an annual servicing fee of 0.25% of investments in the fund. For options overlay strategies, from the annual management fee paid to the investment manager, the investment manager pays us between 0.15% and 0.225% as a referral payment. For UITs, the UIT sponsors pay us additional compensation based on the total volume of UIT sales we make ranging from 0.035% to 0.175%. This compensation is paid by the UIT sponsor and not from the assets of the UIT.

## Compensation and Other Conflicts for Sales of Fund Products

We have conflicts of interest in selecting certain mutual fund products (or share classes), money market funds and Offshore Funds as well as other investment solutions involving fund products as part of our product offering available to you.

**Payments for Providing Sub-Accounting Services.** As stated in the "Material Limitations" section above, we only recommend mutual funds, mutual fund share classes, money market funds, Offshore Funds and fund securities held through 529 plans that retain and/or pay us for providing sub-accounting and other related services. These services include aggregating and processing purchases, redemptions, exchanges, dividend reinvestment, consolidated account statements, tax reporting, and other related processing and recordkeeping services. Daily sub-accounting services are provided to holders of funds and other investment products that maintain their holdings in Brokerage Accounts and other accounts at Merrill for the agreed-upon fee for sub-accounting services. This cost is

either borne by the fund (like other fund expenses) as part of its operating costs or by its adviser, principal underwriter or other agent.

For mutual funds, depending on the specific agreements relating to the particular mutual fund, we receive sub-accounting fees of either up to 0.10% per annum of the value of mutual fund shares held in an Account with us or up to \$16 annually for each client position in the mutual fund. The fee for money market funds, including those available in ERISA Accounts and offshore money market funds, is generally 0.005% per annum.

For Offshore Funds, we and our Affiliates perform similar distribution, marketing, shareholder servicing, sub-accounting and related services for which the Offshore Fund's distributor or other service provider pays asset-based compensation in the form of an annual bundled fee of up to 0.75% for no-load shares and up to 1.45% for front load shares of offshore mutual funds.

For mutual fund and certain money market funds shares in ERISA Accounts, we receive between 0.10% and 0.26% annually of the value of fund shares or \$16 annually for each participant position. These fees and fee rates are subject to change and can be received individually or as part of a "bundled" arrangement with a mutual fund that includes other types of fees, such as administration and distribution payments.

With respect to 529 portfolio positions held in an Omnibus 529 account at Merrill, depending on the specific arrangement and the 529 program manager's election, we receive fees based on either (1) a percentage of the value of unit classes held in a 529 account with us, up to 0.10% annually or (2) a per position dollar amount, up to \$16 annually for each position.

Fund products and other investment solutions that would otherwise meet our criteria for inclusion as part of our investment offering but whose principal underwriters, agents or sponsors do not agree to pay us sub-accounting services fees or similar fees will not be available for purchase in your Account. In addition, the amount of the fees paid to us for these services varies among mutual funds and, in certain instances, between share classes of individual mutual funds. This is a conflict of interest because it creates an incentive for us to recommend that you invest in mutual funds and share classes that pay higher fees. We receive higher sub-accounting payments from fund families that have higher fund assets held in our clients' accounts as the service fee calculation is based off of the level of the asset holdings. Additionally, we benefit financially because the aggregate amount of the sub-accounting fees exceeds the costs to provide these services.

**Mutual Fund Share Class.** For mutual funds available on our platform, we do not always offer you the share class with the lowest possible expense ratio of the mutual fund provider. It is generally in your best interest to purchase lower-fee share classes because your returns are not reduced in whole or in part by additional fees and expenses. For more information, please refer to [Mutual Fund Investing at Merrill](#). Certain funds or share classes that would otherwise meet our criteria for inclusion in our product platform will not be available for purchase in your Account if the principal underwriters, agents or sponsors do not pay us 12b-1 fees, marketing support service fees and/or service fees, including the sub-accounting fees described in the section "Payments for Providing Sub-Accounting Services."

**12b-1 Fees.** The 12b-1 fees vary among mutual funds and, in certain instances, between share classes of individual funds. We therefore receive higher 12b-1 fee payments from some fund families than others. In addition, we pay a portion of our Advisors' compensation from the 12b-1 fees we receive. This is a conflict of interest because it creates an incentive for us and our Advisors to recommend that you invest in mutual funds and share classes that pay us or our Advisors higher fees. In addition, we only offer and recommend mutual funds in Brokerage Accounts that pay us 12b-1 fees. We do this because the 12b-1 fees that are charged as part of the expenses of the mutual fund share class form a part of the compensation that we pay to our Advisors for their efforts in reviewing and discussing the mutual fund with you and for the execution of the mutual fund transaction for your Brokerage Account. Given this selection criteria, we have a conflict of interest in selecting certain funds and share classes for inclusion as part of our product offering available to you over others.

**Marketing Support for Mutual Funds, Money Market Funds and 529 Plan Programs.** For Brokerage Accounts, we only recommend or select mutual funds, mutual fund share classes, money market funds and Offshore Funds from fund families that pay us marketing support payments. Merrill provides a variety of distribution, marketing services and other support to fund managers of mutual funds that are available through Merrill. These services include: (1) providing our Advisors access to a specialist support desk and with work stations that include information, announcements, data, and tools relating to the fund; (2) conducting ongoing review and communications of features and changes to these products; (3) offering

strategic planning support intended to assist fund managers with strategies that are aligned with Merrill's investment themes and goals; (4) providing sales related reports and other information; (5) providing branch office support and facilities and personnel support for mutual fund transactions; and (6) preparing and/or supplying program descriptions, related prospectuses and marketing and other materials.

The typical marketing support payments made to us from mutual fund sponsors are as follows:

- Mutual funds — 0.25% on a portion of mutual fund purchases and 0.10% on a portion of mutual fund assets on an annual basis.
- Money market funds (including those eligible for ERISA Accounts)— up to 0.10% annually of the value of money market funds shares.
- Offshore Funds — fee is included in the bundled fee described above in the section "Payments for Providing Sub-Accounting Services."
- Offshore money market funds — up to 0.10% from fund sponsors annually of the value of the money market fund shares.

We do not receive marketing support payments from mutual fund families for funds available to ERISA Accounts but do receive administrative service fees up to 0.35% of assets invested in the funds. Merrill receives compensation from 529 program managers for its marketing services and other support of generally up to 0.15% on a portion of Section 529 plan purchases and generally up to 0.10% annually on a portion of Section 529 plan assets.

The amount of compensation Merrill receives from mutual fund families or 529 program managers for marketing services and support may exceed the cost of the services provided in any given year. The amount of marketing support or service fees paid by the different mutual fund families and 529 program managers vary. We receive more fees from some fund families or 529 program managers than we receive from others. A listing of mutual fund families and 529 program managers that paid us \$100,000 or more and the range of marketing support payments we receive as of the prior calendar year is available at [ml.com/funds](http://ml.com/funds).

Our financial advisors do not have an incentive to recommend certain mutual funds, money market funds or 529 plan programs that pay marketing support or service fees because they do not receive additional compensation as a result of these types of payments. However, for Offshore Funds, we pay our Advisors compensation from a portion of the bundled fee we receive.

We select the mutual funds and 529 plans to be available on our brokerage and advisory platforms based on qualitative and quantitative evaluation of such factors as performance, risk management policies and procedures and consistency of the execution of their strategy. We have adopted various policies and procedures reasonably designed to prevent the receipt of these payments and our other business arrangements from affecting the nature of the advice we provide. For additional information on mutual funds, money market funds and Offshore Funds, you can review the materials available at [ml.com/funds](http://ml.com/funds) and from your financial advisor upon request.

### **Compensation and Other Conflicts for Sales of Hedge Funds, Private Equity Funds and NTRs**

We only offer and recommend hedge funds, private equity funds and NTRs where we receive distribution fees from the fund administrator, manager or their affiliates. For all feeder funds we make available to our clients, the administrator pays us out of its administrative fee an annual fee of up to 0.875% in selling agent compensation. In addition, the third-party administrator of certain hedge feeder funds receives payments of retrocessions from the underlying manager, up to 1.00% which generally are paid to us as selling agent compensation. For certain holdings that are no longer available for purchase, the retrocession fee is up to 4.00%.

In the case of a substantial majority of private equity feeder funds, we or our Affiliates have negotiated arrangements with the underlying fund or manager in which the feeder fund invests. Under these arrangements, we and our Affiliates receive compensation which is generally based on the capital commitments made by the feeder fund ranging from up to 3.00%. We also receive additional compensation from certain fund managers in the form of one time upfront payments or periodic flat fee payments (which generally do not exceed \$350,000). Among other things, our receipt of these payments: (1) offset or reduce our expenses associated with onboarding new hedge funds and private equity funds to our platform; (2) defray costs incurred in connection with, and in consideration of, certain marketing, operational and investor services; and (3) compensate us for the service of acting as the selling agent on behalf of certain of these funds.

In the relevant Offering Documents and/or Subscription Documents for the funds, you will find additional information about hedge funds, private equity funds and NTRs, including the percentage and method of calculation of distribution fees, retrocessions and other compensation that we receive. These arrangements, which vary among the hedge funds, private equity funds and NTRs on our platform, give rise to a conflict of interest in determining which funds to make available to our clients and recommending investments in certain funds over others. We and our Affiliates select the hedge funds, private equity funds and NTRs and fund managers to be available in our brokerage and IAP offerings based on qualitative and quantitative evaluation of such factors as performance, risk management policies and procedures and consistency of the execution of their strategy. We have adopted various policies and procedures reasonably designed to prevent the receipt of these payments and our other business arrangements from affecting the nature of the advice we provide.

### **Compensation and Other Conflicts related to Affiliated Loan Programs and Margin Lending**

There are conflicts of interest when we recommend that you use a loan secured by your Account assets as collateral. These conflicts exist with a margin loan from Merrill or with any of our Affiliate lending programs that may be available to you from an Affiliate lender. Specifically, in the case of a margin loan, we receive interest payments on the margin loan, and your Advisor receives compensation in the form of production credits based on a percentage of the loan revenue Merrill receives on the margin loans. Likewise, in the case of a loan from an Affiliate, including but not limited to the Loan Management Account<sup>®</sup> product (LMA<sup>®</sup> account), the Affiliate lender intends to derive a profit as lender based on interest and/or fees, if any, charged on the loan. Your Advisor receives compensation in the form of production credits based on a percentage of the loan revenue of the Affiliate lender for such loan. Advisors receive greater compensation the more you borrow under a margin or Affiliate lending program and they receive greater compensation if you are charged a higher interest rate.

The lender, whether it be Merrill or an Affiliate, has a lien on your Account assets that are used as collateral for the loan. The lender will act to protect itself as lender in connection with the loan, and this may be contrary to your interests and/or investment objectives. This lien also creates a conflict of interest with respect to the recommendations we make to you. For example, your Advisor may recommend that you allocate your investments to your Account with a lender's lien rather than to another Account without such a lien or that you purchase a less risky investment in order to minimize the risk of loss with respect to the lender's collateral. Furthermore, since your Advisor is compensated based on a percentage of the loan revenue, this means your Advisor has a financial interest in your continuing the borrowing under the lending program rather than recommending a liquidation of assets held in the Account to meet your funding needs. This constitutes a conflict of interest because your Advisor will receive a reduction in compensation by recommending that you reduce your outstanding loan balance. Additionally, as explained in this Disclosure Statement, your Advisor will earn compensation from the sale, purchase, and/or management of securities that are used in an Account pledged as collateral for an Affiliate or margin loan. Please review the [Margin Truth-in-Lending Disclosure Statement](#) and the [Securities-Based Loan Disclosure Statement](#) for more information.

### **Third-Party Firm Business Relationships and Support**

**Business Relationships.** We and our Affiliates have business relationships with Third-Party Firms. We or our Affiliates may effect transactions in the ordinary course of business for a mutual fund, hedge fund, NTR, or private equity (and, if applicable, a portfolio company in which a private equity fund may hold an interest). We may also make available to them Brokerage Services and other Merrill or Affiliate programs. Third-Party Firms may direct their clients' transactions to us. We may also make available to them research, execution, custodial, pricing and other services in the normal course of business. Any compensation paid to us or our Affiliates is additional compensation to us for services we and our Affiliates provide to them.

Merrill has agreements with Third-Party Firms relating to the offering and distribution of Third-Party Firm investment products to our clients. Merrill works with Third-Party Firms to provide information to our financial advisors about investment products of Third-Party Firms that are available in a Brokerage Account or through our investment advisory programs.

While Merrill does not generally receive reimbursement for technology-related costs associated with the onboarding or maintenance of a platform, tool or service, we may do so from time to time. In the event that we receive



support from product issuers or sponsors for such costs, it creates a conflict with our ability to use strictly objective factors when selecting product sponsors to make available on our platform.

**Cost Sharing for Training Events and Other Meetings.** Certain Third-Party Firms periodically participate in Merrill-hosted internal training and education conferences for financial advisors and other personnel as well as in conferences that Merrill or an Affiliate hosts for clients (Training Events). Third-Party Firms electing to participate in a particular Training Event will share in the cost of the Training Event. The amount that a Third-Party Firm will contribute towards the expenses of a Training Event will vary depending on, among other things, the number of events in which a Third-Party Firm participates. There is no requirement that Third-Party Firms provide any such support or payments in order for us to make available their investment products to our clients. For 2022, the total support received from participating Third-Party Firms for these Training Events was approximately \$2.4 million.

In addition, certain Third-Party Firms periodically participate in meetings that provide our financial advisors and certain personnel with information on their platform of products and services and with the opportunity to interact with their management and investment personnel. They also may help to support client and prospect events, like seminars, trade shows, booth events and charitable events through contributions. These meetings and events typically occur at a location determined by the Third-Party Firm or at our local branch offices. Certain Third-Party Firms share in the costs of these types of meetings and events, subject to a cost sharing cap. They are not permitted to pay for, or contribute to, the cost of travel, accommodation or continuing education administrative fees for participating financial advisors. For 2022, the total support from participating Third-Party Firms for these types of meetings and events was approximately \$680,500, of which approximately \$287,000 were charitable contributions made for local charitable events.

The participation of, and the cost sharing by, a Third-Party Firm in Training Events and other meetings and events is not dependent or related to the amount of assets invested by you or any other of our clients in or with the products or services of the particular Third-Party Firm. Neither we nor our Affiliates incentivize financial advisors to recommend the products and services of a Third-Party Firm that makes such contributions over those that do not. Further, Third-Party Firms are not permitted to condition their payment on any amount of sales of their products or services. However, those that participate in Training Events and other meetings have more opportunities to interact and build relationships with financial advisors and employees which creates a conflict of interest to the extent this leads them to recommend the products and services of these Third-Party Firms.

**Gifts, Meals and Entertainment and Third-Party Firm Office Access.**

We have adopted a policy that limits Third-Party Firm representatives from providing, and financial advisors from receiving, gifts, meals and entertainment, other than as permitted by, and subject to the limits established under, Merrill internal policies. Nominal gifts including items of a promotional nature related to the Third-Party Firm (i.e., logo items, like golf balls, hats) are permitted. Financial advisors can participate in Third-Party Firm sponsored charitable events and business and educational meetings which include food and beverages up to a specified dollar limit per event and per year. Representatives of Third-Party Firms will, from time to time, meet and work with financial advisors and other of our representatives to provide information and support regarding their respective investment products. The Third-Party Firms are not permitted to condition their office visits, business meals or promotional gift on any amount of sales of their investment products. Merrill does not incentivize financial advisors to recommend or select one investment product over another.

**Provision of Diversified Financial Services by Us and our Affiliates**

BofA Corp. is a diversified financial services company that generally provides through us and our Affiliates a wide range of services to retail and institutional clients for which it receives compensation. As a result, we, BofA Corp. and our Affiliates can be expected to pursue additional business opportunities with the entities whose investments we and our financial advisors recommend to you. Consistent with industry regulations, the services that we and our Affiliates provide include banking and lending services, sponsorship of deferred compensation and retirement plans, recordkeeping services, investment banking, securities research, institutional trading and prime brokerage services, custody services, investment advisory services, licensing arrangements involving indices, and effecting portfolio securities transactions for customers.

In addition, from time to time, BofAS and other of our Affiliates may acquire equity stakes in market centers (e.g., national securities exchanges or alternative trading systems) as part of a strategic investment and therefore stand to participate as a shareholder and investor in the profits that each market center realizes in part from the execution of securities transactions, including transactions for your Account. Additional information regarding these relationships is publicly available in Regulation NMS Rule 606 reports we file with the SEC.

**Payments for Order Flow, Order Routing and Rebates**

We do not receive payment for order flow from liquidity providers to which we route our customer orders in equity securities. We directly or indirectly (through our Affiliates) receive rebates from, and pay fees to, certain registered securities exchanges for providing or taking liquidity on those exchanges, according to those exchanges' published fee schedules filed with the SEC. In some cases, the rebates received by us from an exchange over a period of time will exceed the fees paid to the exchange.

We directly or indirectly (through our Affiliates) also participate in the options order flow programs sponsored by options exchanges, such as the NYSE American Options, NYSE Arca Options, Cboe options and Nasdaq options exchanges. These exchange-sponsored programs offer payments for listed option orders that are directed to such options markets. The rebates and payments from these third parties vary depending on the order and the exchange to which orders are directed and create a conflict of interest because we are incentivized to recommend transactions that provide us with greater rebates or payments from these exchanges.

**Activity by Merrill, its Personnel, Affiliates and Related Companies**

From time to time in the course of our and our Affiliates' business dealings, confidential information is acquired that cannot be divulged or acted upon for clients. Similarly, we and our Affiliates can give advice or take action with regard to certain clients that differs from that given or taken with regard to other clients. In some instances, the actions taken by Affiliates for similar services and programs conflicts with the actions taken by us. This is due to, among other things, the differing nature of the Affiliate's service and differing processes and criteria upon which determinations are made.

From time to time, a shareholder of BofA Corp. may acquire a sufficiently large interest in BofA Corp. that the holding triggers statutory or regulatory obligations or restrictions. In such event, our ability to make recommendations to you regarding securities issued by that shareholder or its affiliates may be limited.

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**INFORMATIONAL RESOURCE LIBRARY**

Please visit [ml.com/relationships](https://ml.com/relationships) and [merrilledge.com](https://merrilledge.com) where you can find the following additional documents and learn more about investing at Merrill. Depending on your electronic access method, you may be able to access these specific documents by clicking on the links below or in the Disclosure Statement.

- [Form CRS](#)
- [Summary of Programs and Services](#)
- [Important Information about your Merrill Lynch Relationship](#)
- [Merrill Explanation of Fees](#)
- [Merrill Edge Explanation of Fees](#)
- [Merrill Schedule of Miscellaneous Account and Service Fees](#)
- [Merrill Edge Schedule of Miscellaneous Account and Service Fees](#)
- [List of Account Types](#)
- [About the Merrill Bank Deposit Program](#) (about the Cash Sweep Program)
- [Sweep Program Guide](#)
- [Mutual Fund Investing at Merrill](#)
- [Offshore Mutual Fund Investing at Merrill Lynch](#)
- [Making the Most of Your Retirement Assets](#)
- [Annuities for Retirement](#)
- [Margin Truth-in-Lending Disclosure Statement](#)
- [Securities-Based Loan Disclosure Statement](#)
- [Section 529 Plans at Merrill](#)