



## 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 2025**

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 materials provided to you in connection with opening your Account, including [Important Information About Your Merrill Lynch Relationship](#) and the [CMA® Financial Service Cash Management Account® Disclosures](#). 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 (CMA), our primary brokerage investment account available for individuals and trusts and other retail clients, provides clients with the ability to invest in available securities and financial products through their Brokerage Account. It also provides the option of margin lending and various cash management services, including direct deposit, check writing and electronic funds transfers. There are other account agreements for certain retirement plan accounts. One of the services provided in the CMA and these other account type agreements is the Cash Sweep Program whereby your Account's uninvested cash balance is automatically swept with your consent to a cash sweep option for your Account under the terms of your underlying brokerage account agreement. See the section "Type and Scope of Brokerage Services" for more information on the Cash Sweep Program. The available automatic cash sweep options vary based on Merrill account type and other criteria, such as citizenship, residency status and jurisdictional considerations. Not all Merrill account types have the same cash sweep option.

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, mix of investments you hold, how much you trade, the fees you pay for brokerage transactions and services and the fee you pay for IA Program services. You should speak with your financial advisor about which approach is most appropriate for you.

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 those described in this Statement. Note that certain securities and investment solutions may only be offered by Advisors that meet our internal qualification requirements. Certain investment securities and solutions have client eligibility requirements.

You can work with your Advisor to enroll your Account into our IA Program called the Merrill Lynch Investment Advisory Program (IAP). In IAP, 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" for your Brokerage Account, you will be limited in the type of brokerage activity that you can do based on our current internal guidelines. You can enroll your Account into IAP and work with your MFSA to access a number of managed investment strategies. Upon meeting training, experience and client growth metrics, MFSAs can become Advisors where they can offer a wider range of Brokerage Services and investment advisory solutions to you.

Where you 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 or an MFSA. You can enroll an Account into the Merrill Guided Investing with Advisor or the Merrill Edge Advisory Account programs, both Merrill IA Programs, and receive investment advisory services from FSAs covering your Account.

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 offer the investment services of an Advisor, an MFSA or of any 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 legal 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 BofAS and 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 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 (OTC) 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 (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, which consists of the 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. 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. In addition, you can review the [Merrill Explanation of Fees](#) and the Offering Documents and/or Subscription Documents for certain types of securities and investment solutions. Information about fees affecting Accounts serviced by FSAs and MESD Accounts can be located at the [Merrill Advisory Center Explanation of Fees](#) and [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. 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 (12b-1 fees); (4) commissions received from an issuing insurance company; and (5) other transaction charges. 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.”

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. In certain transactions, minimum Sales Charges will apply.

*A description of the common types of Sales Charges and the ranges for the common types of transactions are provided in the chart below. The fee information in this Disclosure Statement does not cover every security, investment type, or transaction fee or cost that applies to your Account. 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](#).*

Transaction Type	Sales Charge Information for Common Types of Transactions
<b>Equity and Debt (new issue offerings)</b> <i>Covers equities, preferred securities, closed-end funds and fixed income securities</i>	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 and/or a third-party broker-dealer 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% - 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 this compensation is paid to Merrill, and a portion of that amount is paid to Advisors as compensation.
<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 BofAS 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 BofAS 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 discounts range from 1.25% - 2.50%. The prospectus lists the actual amount of the underwriting discount, which is paid to us and/or the underwriter, which could be BofAS or a third-party broker-dealer, as compensation. Advisors receive as compensation a portion of the underwriting discount that is paid to Merrill. The MLI's economic terms reflect this underwriting discount and also reflects a related structuring fee typically in the range of 0.50% - 0.75%, which is retained by us or our Affiliate.
<b>Equity Securities (secondary market)</b> <i>Covers listed equities, ETFs, closed-end funds and other equity securities</i>	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 range from 0.50% - 5.00%, depending on the principal amount of the transaction. Advisors can discount the commission at their discretion, subject to a minimum charge. Advisors may receive as compensation a portion of the commissions paid, depending on the amount of any discounting applied by the Advisor.
<b>Fixed Income Securities (secondary market)</b> <i>Covers Treasuries, agencies, municipals, brokered CDs, corporate debt and certain preferred securities</i>	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% - 0.50% (for OTC preferred securities, the markdown is up to 1.00%). Advisors can discount the Merrill markup or markdown at their discretion. Advisors can receive as compensation a portion of the Merrill markup and markdown charged, depending on the amount of any discounting applied by the Advisor. 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 BofAS or our other Affiliate (typically up to 1.00%) if the transaction is executed or facilitated by it.
<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 markups on MLI purchases range from 0.50% - 2.00%; there is no Merrill markdown for sales of MLIs. Advisors can discount the Merrill markup at their discretion. Advisors can receive as compensation a portion of the Merrill markup paid, depending on the amount of any discounting applied by the Advisor. In addition, the price you pay (for purchases) or receive (for sales) can also include a dealer markup or markdown which is paid to the broker-dealer executing the transaction. When BofAS or another Affiliate executes the transaction, the dealer markup or markdown is 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% - 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.

Transaction Type	Sales Charge Information for Common Types of Transactions
Listed Options Contracts	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 Advisors can discount at their discretion, subject to a minimum charge), plus \$3.00 - \$9.00 per contract. Advisors receive as compensation a portion of certain 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.
Options Overlay Strategies	You pay to the options overlay manager an annual management fee of 0.50% – 0.80% per annum and an annual performance fee that ranges from 0.00% -10.00% of net profits. See additional fee information in the “Other Fees and Charges” section below. In addition, 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.
Mutual Funds	<p><b>Upfront Sales Charges:</b> 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 charge 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><b>Contingent Deferred Sales Charge (CDSC):</b> For certain purchases of Class A shares where no Sales Charge is imposed, you will pay a CDSC for any redemption you make within 9, 12, 18 or 24 months of the purchase date, as applicable, in an amount ranging from 0.25% - 1.00% of the redemption amount. If you redeem your Class C Share within 12 or 18 months of the purchase date, as applicable, you will typically pay a CDSC fee of 1.00% of the redemption amount, which is deducted from the redemption proceeds.</p> <p><b>Annual or Trailing Sales Charges:</b> 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 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%. Advisors receive as compensation a portion of the upfront Sales Charge, as well as of the 12b-1 fees paid.</p>
Mutual Funds in ERISA Accounts*	<p>You will not pay an upfront Sales Charge. Mutual funds available for purchase in ERISA Accounts have an annual asset-based retirement group fee, which is typically a 12b-1 fee paid out of the fund’s assets, which is paid to us. The fee will differ based on the share class for which that ERISA Account is eligible. For funds available in ERISA Accounts, retirement group fees are typically 0.25% for Class A shares, 0.50% for Class R shares and 1.00% for Class C Shares. A separate annual administrative service fee ranging from 0.10% - 0.35% is paid to us (which, for certain funds, is deducted from fund assets). 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>
Money Market Funds	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%. Advisors receive as compensation a portion of the fees we receive. 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, which is rebated to clients.
Hedge Funds, Private Equity Funds and Non-traded REITs (NTRs)	The specific fees vary based on the particular type of fund, the specific fund and the share tranche or class. You pay us a one-time placement fee of up to 2.00% of the investment amount, which Advisors can discount at their discretion. 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. Advisors receive as compensation a portion of the placement fee paid. For private equity feeder funds subscriptions exceeding \$3 million, Advisors will also receive a one-time payment of 0.75% as the share class provides for lower trailing payments. See additional fee information in the “Other Fees and Charges” below.
Exchange Funds	You pay us a Sales Charge (included in your subscription amount) of between 0.00% -1.50% of your subscription amount. This Sales Charge can be negotiated with your Advisor. A portion of this Sales Charge is paid to your Advisor as compensation. 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 the “Other Fees and Charges” section below.
Annuities	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. 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%.
529 Plans	<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 disclosed in the account opening documents. Generally, for investments of \$250,000 or more or if you met certain relationship eligibility criteria, you will be automatically invested in Class A units without a Sales Charge. For investments of less than \$250,000, you will be automatically invested in Class C units that will convert to Class A units after four years from purchase. For most Omnibus 529 Plans, for Class A units, an Advisor will be paid at time of purchase an upfront fee and will receive an annual trailing commission of between 0.125% - 0.25% (depending on the type of asset) of the average account assets invested in Class A units, depending on the plan. For Class C units, an Advisor will receive an upfront and annual trailing commissions of up to 1.00% of the Class C average account assets until 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 CDSC fee on Class A units in an amount of up to 0.25% and on Class C units in an amount up to 1.00%, in each case 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% (depending on the type of asset) 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 trailing commission of up to 1.00% of the average account assets invested in Class C units, which decreases 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 12 months of the purchase date, you will typically pay a CDSC fee of up to 1.00%.</p>



**Fee Discounting and Waivers.** Where permitted, Advisors and MFSAs can discount or waive Sales Charges at their discretion and on an individual transaction basis. FSAs cannot discount or waive Sales Charges. See "Material Facts about Conflicts of Interest—Conflicts Associated with Discounting and Fee Waivers."

**Other Fees and Charges.** Certain securities and other investments have 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 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. Over time, the fees and charges discussed below 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. Please note the following:

**Hedge Funds, Private Equity Funds and NTRs.** For all hedge and private equity feeder funds which are available for purchase only by clients of Merrill (feeder funds), the administrator of such feeder funds pays us selling agent compensation in the amount of up to 0.85% of the net asset value of units or shares of such feeder funds, which is paid out of the administrator's administration fee. In addition, the administrator of certain hedge feeder funds receives payments from the underlying manager equal to a percentage of the management fees paid by the feeder fund to the underlying manager. Such payments generally equal an amount of up to 1.00% of the value of the feeder fund's investment in the underlying hedge fund and generally are paid to us as selling agent compensation. 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 whereby we and our Affiliates receive compensation which is based on the capital commitments made by the feeder fund ranging up to 3.00%. For Alternative Investment Funds that are not feeder funds, we generally receive a payment from the fund's manager or its Affiliates of up to 1.00% of the total amount invested or committed to be invested in the fund by Merrill clients. The exact percentage and method of calculation is disclosed in the Subscription Documents and/or Offering Documents for each fund.

**Exchange Funds.** Exchange funds have annual advisory, management, administrative, servicing and other asset-based fees 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. A portion of the fees Merrill receives are paid to your Advisor as compensation.

**Options Overlay Strategies.** These strategies have an annual management fee between 0.50% to 0.80% 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 0.40% as a referral payment. A portion of this referral fee is paid to your Advisor as compensation.

**Other Transaction Costs and Miscellaneous Account and Service Fees.** Certain transactions in securities incur additional fees and costs, including exchange fees, 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 and in ADRs, there are markups, markdowns and dealer spread charges in connection with related foreign currency conversions. Certain of these charges and 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 these charges and fees 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 [CMA® Financial Service Cash Management Account® Disclosures](#).

**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 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 IAP. 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 or MFSAs, as the case may be, who provide Brokerage Services and make recommendations based on a variety of factors, including your Investment Profile.

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/relationships](#) or at [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, wealth analysis reports, 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 in your Brokerage Account. 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 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.
- **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 a cash sweep option for your Account under the terms of the Account Agreement (Cash Sweep Program). Your sweep options vary depending on your Account type as described in the [Sweep Program Guide](#), the [CMA® Financial Service Cash Management Account® Disclosures](#) and your Agreement. The cash sweep options are bank deposit accounts of our Bank Affiliates for most Account types and/or, if permitted under the terms of the Agreement for your Account type, a bank deposit program with our Bank Affiliates and unaffiliated banks (ISA Program) or a money market fund.
- **Margin Lending.** Your Account (other than a Retirement Account) will be a margin account unless you request a cash account confirmed in writing. As disclosed in your Agreement, if you use margin lending to purchase securities, the collateral for the margin debt are 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 [CMA® Financial Service Cash Management Account® Disclosures](#).
- **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:

- **No investment advisory services.** We do not act in the capacity of an investment adviser for your Brokerage Account. Although we can provide you with investment recommendations and related advice that is incidental to brokerage transactions executed in your Brokerage Account, we do not provide ongoing investment recommendations or advice for transactions in such Account. As an alternative, or in addition to Brokerage Services, you can enroll your Accounts into our IA Programs where you will receive investment advisory services as outlined in a separate agreement. The [Form CRS](#) has additional information about our IA Programs.
- **No ongoing monitoring.** We do not provide an ongoing monitoring service or monitor your Brokerage Account and Regulation Best Interest does not require us to do so. We also do not provide ongoing monitoring for brokerage Retirement Accounts. 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.
- **No discretionary authority.** We have no discretionary authority over your Account and can only purchase or sell securities or investment strategies that you authorize.

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 and in the other account materials provided to you at the time you opened your Account or thereafter 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.

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. This is the case for the CMA which is the account agreement available for individuals and trusts and other retail clients and for accounts covering several types of Individual Retirement Account. Other than for Retirement Accounts, 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. 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 we and/or 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. When we and/or BofAS serves as an underwriter, selling group member or placement agent, we and/or BofAS perform pricing, due diligence and allocation functions as part of the offering. Similarly, we only offer and recommend brokered CDs if they are sourced by BofAS or from third-party unaffiliated broker-dealers in their capacities as placement agent.

**Market-linked Investments.** We only offer and recommend MLIs that we or our Affiliates make available in offerings in which BofAS has been engaged as an underwriter or we or an Affiliate have been engaged as a selling group member or dealer by the MLI issuer or its affiliates and for which we and/or an Affiliate receives compensation. The issuers of the MLIs are financial institutions and other entities that are subject to due diligence reviews by us and/or BofAS or other Affiliates.

**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 from these funds 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 particular 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. These fees are not paid to our financial advisors.

**Alternative Investment Fund Distribution Fees and Service Fees.** We only offer and recommend Alternative Investment Funds where we receive distribution fees from the fund administrator, manager or their affiliates. Alternative Investment Funds include hedge funds, private equity funds, managed futures funds, non-traded business development companies, NTRs, real asset funds, commodity pools, interval funds and any other Fund that invests in alternative asset classes or other Funds that invest in whole or in part in any of the foregoing types of funds. Certain Alternative Investment Funds 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 Alternative Investment Fund.

**Sub-Accounting Services Payments from Funds.** 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 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. We allocate equity IPOs to 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, preferences 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 clients 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, and 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 the recommended security or 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, 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. 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 or investment strategy 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.

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.

## 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 and Benefits to Merrill.** We earn revenue from the Sales Charges you pay for brokerage transactions in Brokerage Accounts and from the IA Program fees paid for accounts enrolled in our IA Programs. We also earn revenue through other fees and payments we receive from our Affiliates and from third-party investment managers, fund managers (including for Alternative Investment Funds), product distributors and sponsors, insurance companies and other third-party product providers (Third-Party Firms) related to transactions in your Account. The amount of Third-Party Firm payments depends on the investment products in which you invest and these amounts paid to Merrill are not part of financial advisor compensation.

The amount of revenue we receive and the compensation your financial advisor earns varies depending on the type of financial advisor you work with (i.e., an Advisor, an MFSA or any FSA), the type of account relationship you have with us, whether your account is a Brokerage Account or enrolled in an IA Program and the services and investment products in which you invest. The revenue we receive from your engaging in investment activities in a Brokerage Account could also be more or less than the revenue that would be received from your enrollment in an IA Program.

**Advisor Compensation and Awards.** The financial advisor compensation structure results in conflicts of interest between clients and financial advisors. Financial advisors earn compensation based on the revenue that Merrill earns from the brokerage transactions in your Brokerage Account and from the fees paid in an IA Program, as well as revenue paid by, or derived from referrals to, Affiliates, including relating to banking products and services. As Merrill 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 recommending transactions that generate higher amounts of revenue for Merrill and compensation for them, rather than those transactions that generate lower amounts of revenue. They also have the incentive to charge the full Sales Charge rather than offering you a discount or waiver where they have the discretion to do so. Furthermore, the more trades that you make in your Account, the more we and/or your financial advisor are paid or benefited, creating a financial incentive for financial advisors to recommend transactions in your Brokerage Account. FSAs are not compensated based on transaction-based revenues.

There is a financial incentive and therefore a conflict of interest for your financial advisor to recommend or select a certain type of relationship,

account type or investment program or investment product based on the size and the nature of the compensation they will receive. For investment activity in a Brokerage Account, the amount of revenues we receive and the compensation that Advisors make depends on the level of trading activity and the applicable Sales Charges and other compensation we receive. You could pay higher fees in a Brokerage Account than from an account that you enroll in an IA Program (where we receive an annual asset-based fee) depending on the level of trade activity, products invested in and other factors, which is a financial incentive for your Advisor to recommend a Brokerage Account. By contrast, if the trading activity in your Brokerage Account is limited, your Advisor has a financial incentive to recommend that you enroll in an IA Program because we and your Advisor could earn greater compensation from the annual asset-based fee.

We pay Advisors a salary and incentive compensation that is based on the revenues Merrill receives for the Brokerage Services provided to client Brokerage Accounts as well as for the investment advisory services provided to client accounts enrolled in an IA Program. In general, an Advisor is credited in the form of "production credits" based on the Sales Charges received from securities transactions and of the fees paid to Merrill in its IA Programs. In addition, Advisors also receive production credits based on clients' use of margin lending, in respect of brokerage cash swept to our Bank Affiliates, and for referrals of clients to BANA and our Affiliates for banking, lending and other financial services, including trade execution. The calculation of production credits generated takes into account the amount of Sales Charges received for the securities products purchased or sold in any of your Brokerage Accounts, the IA Program fees paid to Merrill and other factors which may change from time to time. The more overall production credits that an Advisor generates, the higher the Advisor's incentive compensation. **The Advisor has a financial incentive to recommend a security, investment strategy, investment product and service and/or referral that result in the highest earned production credit to the Advisor.**

Because different products and services have varying brokerage Sales Charges, there are different associated production credits related to brokerage transactions in those products. The higher the Sales Charge, the more the Advisor earns. The production credits associated with the enrollment in certain of our IA Programs is based on the Merrill fee rate component of the IA Program which for certain IA Programs is a rate negotiated with the client. Your Advisor has a financial interest in the level of discounting they have discretion to provide for brokerage transactions and in the level of the Merrill fee rate for an IA Program. Thus, the Advisor has a conflict of interest to not provide you discounts on the Sales Charges associated with your brokerage transactions or to not reduce your Merrill fee rate component of the IA Program fee.

Advisors are eligible to receive a compensation award, payable over a defined period of time, from an incentive program that is currently based on meeting growth targets from the prior year in new households and in assets and liabilities. The growth in assets and liabilities component of the award is based on: the movement of client assets into accounts enrolled in our IA Programs; investment activity in specified investment products (e.g., money market funds, Alternative Investment Funds, 529 Plan accounts, annuities and/or life insurance); the opening of new BANA trust accounts; the establishment of 401(k) Plan accounts; and clients' participation in banking and lending services (i.e., brokerage sweep deposit accounts and brokerage sweep money market funds, checking and savings accounts, preferred deposits, loans, mortgages and margin lending) offered by Merrill, BANA and our other Bank Affiliates. An Advisor is subject to a reduction in their incentive compensation if they fail to achieve growth for two consecutive years in the assets and liabilities component of the award. Merrill considers and approves its compensation program from year to year and its compensation criteria can change that will impact compensation paid to financial advisors.

Having a compensation award derived from meeting criteria based on client investment activity or engaging with Merrill or its Affiliate services presents a conflict of interest between the Advisor and you because it could lead to such activity being promoted by your Advisor to qualify for the compensation award or to avoid the reduction in their incentive compensation. Merrill addresses this conflict in a variety of ways, including by requiring clients to affirm their interest for products in signed agreements, oversight and supervision of particular account type relationships and specific investment product choices, account and product disclosures and documentation provided to clients prior to or at time of sale and disclosures in this Disclosure Statement and/or the IA Program Brochures.

**Advisor Recruiting Payments.** 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 loans and various forms of compensation contingent on their continued employment. The amount paid to Advisors under these arrangements is generally based to a large extent on the size of the business at their prior firm. In addition, as part of the recruiting arrangements, they are eligible for future bonus payments based on assets that transfer including from the



Advisor's prior firm, which creates a conflict of interest since the Advisor has an incentive to recommend that you transfer your assets to us. The future bonus payments are conditioned on the total assets in the accounts that they service at Merrill. These bonuses are in addition to the incentive compensation to which they are otherwise entitled as Advisors.

**MFSA Compensation and Compensation Awards.** We compensate MFSA's differently than Advisors. MFSA's receive a base salary and incentive compensation based on production credits attributable to their clients' enrollment in IAP and investment activity in their clients' Brokerage Accounts. Separately, MFSA's are also eligible to receive referral fees under our referral programs. Upon meeting certain training, experience and client growth metrics (known as "performance goals"), they are eligible for promotion to the status of an Advisor and be compensated and authorized to offer brokerage investment products and services and the full range of IA Program services and solutions as is the case with any Advisor. The promotion criteria creates a conflict of interest for MFSA's to recommend investment products and services to qualify for promotion.

**FSA Compensation.** FSAs receive a base salary and incentive payments that are based on meeting performance objectives, including total assets serviced and new business resulting from a referral.

**Rollover Recommendations and Compensation.** Financial advisors have a financial incentive to recommend rolling over assets (a rollover) from an employer-sponsored retirement plan (such as a 401(k) plan) or from 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 receive compensation based on the amount of assets transferred, they have financial incentive to recommend a rollover because the number of Accounts they service helps them achieve certain performance goals.

**Referral Program and Compensation.** Our financial advisors may recommend that you use the banking products and lending services of BANA or that you purchase products and services of Merrill or our Affiliates, including BofAS. In addition, they may refer clients to BANA, BofAS and other Affiliates for financial services that they provide, including transaction execution and investment banking services and products (including banking products). 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. Similarly, employees of BANA, BofAS and other Affiliates may refer clients to us for brokerage and investment advisory services. These referrals may involve the payment of referral fees between us and BANA, BofAS or our other Affiliates. If a financial advisor refers a client to BANA or other Bank Affiliates to establish a bank account directly with the bank, Merrill receives a payment (the amount of which varies and can be waived by Merrill) directly from each Bank Affiliate based on the daily deposit balance held by the Bank Affiliate. Our referral payment program results in a conflict of interest because Merrill and our financial advisors are incentivized to introduce products or financial, banking and lending services that provide us, BANA, BofAS or our Affiliates additional compensation and/or the financial advisor with associated production credits.

**Field Management and Merrill Management Compensation.** Elements of our field management compensation are based on revenues to Merrill and based on the financial advisors whom they manage meeting strategic goals set for the year, including the growth in assets and liabilities component of the award as described in the subsection "Advisor Compensation and Awards." Management personnel of Merrill and other employees of Merrill and our Affiliates receive incentive compensation based on a number of factors including the profitability of Merrill and BofA Corp. Their profitability is impacted by a number of factors including the growth of the business, management of expenses, the amount of Bank Affiliate cash sweep assets and the rate that is paid on those assets. We have a conflict of interest as a result of the management compensation approach that we follow. There is an incentive for our field management team to encourage financial advisors to recommend products and services that result in more revenue to Merrill, BANA and other Bank Affiliates and to meet their strategic growth compensation targets under the financial advisor compensation plan. There is a financial incentive for Merrill management to structure the scope and approach of the compensation award program to result in revenue for Merrill and BofA Corp.

We address the compensation conflicts described in the sections above relating to compensation and in other sections of this Disclosure Statement in a variety of ways, including the disclosure of the conflicts in this Disclosure Statement, by requiring clients to affirm their interest for products in signed agreements, oversight and supervision of particular account type relationships and specific investment product choices, account and product disclosures and documentation provided to clients prior to or at time of sale. Moreover, our financial advisors are required to recommend investment securities, IA Programs and other services that are suitable for, and in the best interest of, each client based upon the client's investment

objectives, risk tolerance and financial situation and needs and considering cost. We engage in oversight and supervision of particular account type relationships and specific investment product choices and we provide account and product disclosures. We maintain policies and procedures and supervisory and review processes that are reasonably designed to ensure that financial advisors meet the standard of conduct applicable to each client and that compensation plans and referral compensation and criteria have been designed and implemented to mitigate any incentive or conflict to favor any one security type or investment product or service. Our field management compensation criteria and Merrill management compensation criteria have each been designed and implemented to mitigate incentives or conflicts to favor any one security or account type or investment banking or lending product or service.

**Conflicts Associated with Discounting and Fee Waivers.** As described under the section "Fee Discounting and Waivers," financial advisors have the ability in their sole discretion to provide discounts to Sales Charges on certain investment products, including equity, fixed income and Alternative Investment Funds, and, where permissible, to waive fees for certain products and services based on a number of factors, including nature of the client relationship, the size of the transaction, account or household, the range of services the financial advisor anticipates providing, competitive considerations and the financial advisor's own compensation considerations.

A financial advisor is not obligated to offer discounts or waivers and has a financial incentive to impose the highest allowable Sales Charge on brokerage transactions so the highest possible production credit is earned. Providing a discount or a fee waiver results in the financial advisor earning less compensation in the form of production credits or incentive compensation. We have business and compensation policies that result in financial advisors receiving lower compensation if the level of any discounting or waivers exceeds certain established levels (which levels are subject to change in our discretion without prior notice). Having production credits tied to set maximum discounting levels creates a conflict of interest for the financial advisor to not discount a transaction beyond the maximum discount levels. You may accept or decline any proposed Sales Charge by your financial advisor.

**Account and Program Choice.** Merrill can help fulfill your wealth management needs in our capacity as an investment adviser, as a broker-dealer, or as both. Clients have the ability to have Brokerage Accounts for some or all of their assets and/or enroll accounts in an IA Program holding some or all of their investment assets. You are able to obtain different types of investments in a Brokerage Account, in IAP or in a self-directed brokerage account with MESD. These may be available at lower or higher fees depending on the account relationship. A recommendation of the type of account relationship creates a conflict of interest for us and your financial advisor. The amount of compensation we and our Advisors receive depends on the type of account and relationship you choose. There are important differences between a Brokerage Account and IAP or our other IA Programs in terms of the services, structure and the applicable fees.

You could pay higher fees in a Brokerage Account than from an account enrolled in IAP depending on the Sales Charges, frequency of trading and the investment products for investment and other factors. By contrast, if the trading activity in your Brokerage Account is limited, your Advisor has a financial incentive or conflict of interest to recommend that you enroll in IAP because we and your Advisor could earn greater compensation from the IAP annual asset-based fee. Your Advisor has a financial incentive to recommend that your assets from Brokerage Account move to an IAP account if there is higher compensation that the Advisor would receive from holding such positions there.

**Variable Compensation by Product and Service.** A number of investment products are available in a Brokerage Account, as well as in IAP or one of our other 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 arrangement.

The Sales Charges paid to us, as well as any indirect compensation we receive, from a securities transaction vary based on the type of security or investment product type and the terms of the security or investment product itself. For certain securities or investment products, Third-Party Firms make payments to us as compensation for various services and support. These payments also vary depending on the type of security or investment product. While financial advisors do not receive this compensation, the variable nature of third-party payments create a conflict of interest because we may earn greater revenues from the sale of one type of security or investment product over another. Not all issuers of securities and investment products make payments to us or our Affiliates.

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 associated production credits, 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 and these may carry different costs.

Certain investment products provide access to similar investment strategies. For example, certain indexed mutual funds may offer 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, these are different types of securities and have different product features associated with them, as well as different fees. Moreover, an investor who holds a more expensive share class of a mutual fund or an Alternative Investment Fund will pay higher fees over time—and earn lower investment returns—than an investor who holds a less expensive share class of the security. In addition, Merrill may offer option overlay strategies with similar investment objectives or other features and for which you pay different amounts of fees. We and your financial advisor are compensated based on the fees you pay. This creates a conflict of interest for your Advisor to recommend the more expensive options overlay strategy since your Advisor will receive more compensation for recommending the strategy with higher fees.

The variable nature of Sales Charges and the associated production credits 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 sections “Other Revenue Received from Affiliates and Third-Party Firms,” “Compensation and Other Conflicts for Sales of Fund Products” and “Compensation and Other Conflicts for Sales of Alternative Investment Funds” below.

**Compensation Received by Us and Our Affiliates From the Cash Sweep Program.** Merrill benefits financially when you hold any cash balances in the bank deposit accounts affiliated with the Cash Sweep Program. Merrill receives payments from our Bank Affiliates on a per account basis for each account that sweeps to one of our Bank Affiliates relating to offering and supporting the Cash Sweep Program. The fees we receive from the Bank Affiliates is one of many factors that affect the interest rate paid by the Bank Affiliates on your swept cash balances under the Cash Sweep Program.

For Accounts that are eligible for and that elect a money market fund as its cash sweep option, we receive compensation for providing infrastructure, marketing support, sub-accounting or other services. If you choose the “No Sweep” option, we also benefit from the custody or use of uninvested cash balances also known as free credit balances in Merrill accounts, subject to restrictions imposed by Rule 15c3-3 under the Securities Exchange Act of 1934. For the ISA Program cash sweep option available to certain account types, we receive a fee, which varies from time to time and by the Participating Bank, directly from each Participating Bank based on the daily deposit balance held by such Banks. For referrals made by a financial advisor resulting in bank deposit account with a Bank Affiliate, we are entitled to receive a fee directly from each Bank Affiliate based on the daily deposit balance, which fee can be waived in whole or in part.

Merrill Advisors and MFSAs receive increased compensation based on achieving a number of strategic objectives, including, among other activities, the growth in their clients’ participation in banking services and Lending Programs offered by Merrill, BANA and our other Bank Affiliates, like the brokerage account bank sweep deposits and brokerage account sweep money market funds, checking and savings accounts, the Preferred Deposit product, loans, mortgages and margin lending. Advisors do not receive additional compensation as a result of cash assets held in the Cash Sweep Program that are in accounts enrolled in an IA Program.

The Bank Affiliates benefit financially from the Cash Sweep Program. Through the Cash Sweep Program, they receive a stable, cost-effective source of funding. They use these bank deposits to fund current and new lending, investment and other business activities. The participation of the Bank Affiliates in the Cash Sweep Program increases their respective deposits and accordingly overall profits. Bank profitability is determined, in large part, by the “spread” they earn on the deposits—the difference between the interest paid on the bank deposits and other amounts paid to Merrill related to these deposits, on the one hand, and the interest or other income earned on loans, investments and other assets which may be funded in part by bank deposits, on the other hand. The greater the amount of cash balances maintained in your accounts (which could be as a result of a recommendation from your financial advisor) that is swept into a bank deposit account affiliated with the Cash Sweep Program and the lower the interest rate paid on the related bank deposit, the more our Bank Affiliates benefit.

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 rate of interest for such deposit

accounts is periodically set and reset by the Bank Affiliates in their discretion. Interest rates for the Merrill Lynch Bank Deposit Program (MLBDP) and the Retirement Assets Savings Program (RASP) are tiered based upon your relationship with Merrill and clients with higher total eligible assets receive a higher yield on their bank deposits provided their accounts are linked for valuation purposes. Accounts with MLBDP or RASP as their sweep selection that enroll in specified IA Programs receive the highest tier rate available under these Cash Sweep Programs. For accounts that selected the International Bank Variable Rate Deposit Facility as their Cash Sweep Program, there is no interest rate tiering and they receive a lower rate than the highest rate available under the MLBDP or RASP.

The interest rate you earn in the bank deposit account affiliated with the Cash Sweep Program will likely be lower than yields on certain money market funds and other cash alternatives.

Merrill receives compensation for administrative and other services from the money market funds available as an automatic sweep option for certain plan Retirement Accounts which we do not retain under applicable regulation. We rebate the compensation received from the fund managers of the sweep money market funds to clients of these Retirement Accounts.

We address the conflicts of interests associated with the Cash Sweep Program and the deposit accounts in a variety of ways, including through disclosure, by requiring clients to affirm their selection of the Cash Sweep Program option in signed agreements, oversight and supervision of particular account type relationships and specific investment product choices, account and product disclosures and documentation provided to clients throughout their account relationship. 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 is no charge, fee or commission imposed with respect to your participation in the Cash Sweep Program available to you for your Account. We have adopted various policies and procedures reasonably designed to prevent the cash sweep arrangement and other business arrangements from affecting the nature of the advice we and our financial advisors provide. For more information, please refer to the [Sweep Program Guide](#), [CMA® Financial Service Cash Management Account® Disclosures](#), [Mutual Fund Investing at Merrill](#) and your Agreement.

**Principal Trading and Agency Cross Transactions.** We execute certain transactions on a principal basis through its Affiliates, including BofAS. Transactions that are considered principal transactions include our new issue equity and debt securities offerings (including MLI offerings) where we or our Affiliates 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 trade executed in a principal capacity, our Affiliate acts as your trade counterparty and it can act as a market-maker for, or have proprietary positions in, the securities that are the subject of the transaction. 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.

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 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 or investments, including MLIs and brokered CDs are issued by BofA Corp., BANA or our Affiliates. We have conflicts of interest when we, BofA Corp., BANA or an Affiliate act as an issuer, placement agent, underwriter, dealer, selling group member, selling agent or structurer, or otherwise have a financial interest in a new issue offering of securities or other investments. When we and/or BofAS participate in a new issue offering or are otherwise engaged by the issuer as an underwriter, selling group member, placement agent or selling agent, we and/or BofAS are compensated. A portion of the underwriting compensation, selling concession or placement fees that we and/or BofAS receives is used to compensate 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.

**Closed-End Fund New Issue Offerings.** In addition to underwriting compensation for the new issue offering, the closed-end fund investment manager can pay us a structuring fee that ranges from 0.50% to 2.00% of the new issue proceeds for advice relating to the structure, design and organization of the fund, as well as for services related to the sale and distribution of fund shares. You may be responsible for paying these fees for certain closed-end funds, in which case the amount and structure of such payments will be disclosed to you in the offering documents. We can also receive additional compensation from certain investment managers for services the investment manager can request from us, such as after-market support services or information pertaining to industry trends.

**Market-Linked Investments.** MLIs are typically 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/or where we act as a selling group member and for which we and/or BofAS receives compensation. In addition, the public offering price (which is the price you pay) for an MLI can include compensation to us or BofAS for structuring the MLI. It can also include 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. The presence of these compensation arrangements associated with MLIs creates a financial incentive for an Advisor to recommend MLIs to clients over other securities for which we do not receive such compensation.

**Brokered CDs.** We offer new issue brokered CDs of third-party banking institutions and from Bank Affiliates that are sourced from BofAS and from third-party broker-dealers. For distribution efforts relating to offerings of new issue brokered CDs, participating broker-dealers, including BofAS, are paid a placement fee negotiated with the CD-issuing banks. This fee amounts to an annualized rate of between 0.02% to 0.30% of the principal amount of the brokered CD for each offering depending on tenor.

**VRDOs.** VRDOs are variable rate demand obligations issued by municipalities or other municipal entities that carry an interest rate that resets periodically and that allows an investor to “put” or “tender” the VRDO to the issuer at the full face value of the VRDO plus accrued interest. For VRDOs available at Merrill, BofAS acts as the remarketing agent responsible for setting the VRDO’s interest rate and for reselling VRDOs that have been tendered for purchase by their holders. It earns fees associated with this activity from the municipal issuers. For certain VRDOs, our Affiliate provides a letter of credit or other contractual source of liquidity enhancement to the municipal issuer to support the issuer’s obligations 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. Both Merrill and its Affiliate receive compensation from the transaction and Merrill pays the Advisor a portion of the revenue it earns. 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 for Exchange Funds, Options Overlay Strategies and UITs.** For certain products, we receive fees from Third-Party Firms relating to their offer and sale. For exchange funds, the lead placement agent for the various exchange funds pays us incentive compensation of 1.00% of the subscription amount and 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 0.40% 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. In receiving these product related payments from product sponsors and managers, we have a conflict of interest in determining certain investment products and strategies we offer on our platform.

**Other Revenue Received from Affiliates and Third-Party Firms.** Merrill earns revenue from the Sales Charges you pay 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. 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 “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, Advisors do not receive any portion of, or credit for, the compensation paid to us or our Affiliates.

**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 U.S. mutual funds, depending on the specific agreements, the sub-accounting services fees are paid from or on behalf of the mutual fund. These fees are either an asset-based fee of up to 0.10% per annum or up to \$16 annually per client position in the mutual fund. For U.S. money market mutual funds, the sub-accounting services asset-based fee 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 0.80% for front load shares of offshore mutual funds. 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 between 0.00% to 0.10% annually of the value of unit classes held in a 529 account or \$16 annually for each participant position.

For mutual fund and certain money market fund 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. Money market funds available to certain retirement accounts as an automatic cash sweep option also include a 0.40% asset-based administration fee per annum that is paid to Merrill. Merrill rebates the amount of the asset-based administration fee it receives from the fund manager to clients of these Retirement Accounts. The amount of such rebate may be less than this 0.40% fee in certain rate environments where the fund manager waives or reduces the amount of such fee in order to avoid a negative return on the money market fund.

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 on 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 that is available from the mutual fund provider. 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 "Payments for Providing Sub-Accounting Services." 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](#).

**12b-1 Fees.** For Brokerage Accounts, we only offer and recommend mutual funds 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. 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. 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: (1) for 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; (2) for money market funds (including those eligible for ERISA Accounts), up to 0.10% annually of the value of money market funds shares; (3) for offshore funds, fee is included in the bundled fee described above in "Payments for Providing Sub-Accounting Services"; (4) for offshore money market funds, up to 0.10% from fund sponsors annually of the value of the money market fund shares; and (5) for Section 529 plan products, up to 0.15% on new purchases and up to 0.10% on Section 529 plan assets on an annual basis. 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.

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 [Mutual Fund and 529 Plan Marketing Services and Support at Merrill Lynch](#) available at [ml.com/funds](#) and from your financial advisor upon request. Our financial advisors do not receive additional compensation as a result of these marketing support or service fee 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 [Mutual Fund](#)

[Investing at Merrill](#) and [Offshore Mutual Fund Investing at Merrill Lynch](#) available at [ml.com/funds](#) and from your financial advisor upon request.

#### **Compensation and Other Conflicts for Sales of Alternative Investment Funds.**

We and our Affiliates have negotiated fee sharing arrangements with managers of certain Alternative Investment Funds available in Brokerage Accounts and also IAP, one of our IA Programs. Pursuant to these arrangements, except as restricted by law or regulation, we receive additional compensation (Additional AI Compensation) for our efforts related to distribution of interests in the Alternative Investment Funds. Any Additional AI Compensation that we or our Affiliates receive in connection with your investments in an Alternative Investment Fund will be in addition to the Sales Charges you pay for the purchase of the Alternative Investment Fund.

We only offer and recommend Alternative Investment Funds 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 of such feeder funds pays us selling agent compensation in the amount of up to 0.85% of the net asset value of units or shares of such feeder funds, which is paid out of the administrator's administration fee. In addition, the administrator of certain hedge feeder funds receives payments from the underlying manager equal to a percentage of the management fees paid by the feeder fund to the underlying manager. Such payments generally equal an amount of up to 1.00% of the value of the feeder fund's investment in the underlying hedge fund and generally are paid to us as selling agent compensation. 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 based on the capital commitments made by the feeder fund ranging up to 3.00%. For Alternative Investment Funds that are not feeder funds, we generally receive a payment from the fund's manager or its Affiliates of up to 1.00% of the total amount invested or committed to be invested in the fund by Merrill clients.

Merrill also receives additional compensation from certain hedge fund and private equity fund managers in the form of one time upfront payments or periodic flat fee payments (which generally do not exceed \$350,000). Certain Alternative Investment Funds pay and/or reimburse their investment advisors or managers for organizational and offering costs incurred prior to the commencement of their operations and certain ongoing expenses, including due diligence expenses of participating broker-dealers, such as Merrill, supported by detailed and itemized invoices. Either the investment adviser or manager of the Alternative Investment Fund or the Fund itself has agreed to pay (or reimburse) Merrill for reasonable bona fide due diligence expenses that it incurs in connection with the offering.

Among other things, our receipt of these payments (1) offsets or reduces our expenses associated with onboarding Alternative Investment Funds to our platform and (2) defrays costs incurred in connection with, and compensates us for, our efforts related to, distribution of interests in these funds. These arrangements, which vary among the Alternative Investment Funds on our platform, give rise to a conflict of interest in determining which Alternative Investment Funds to make available to our clients and recommending investments in certain Alternative Investment Funds over others. Certain Alternative Investment Funds that may otherwise meet our criteria may not be selected due to an unwillingness by the Alternative Investment Funds, their managers or Affiliates to pay sufficient compensation to Merrill, thereby limiting the available universe of Alternative Investment Funds which we offer to you. The presence of this compensation also may cause us to forego opportunities to negotiate more favorable terms for client investments in the Alternative Investment Funds. You will find additional information about conflicts related to Alternative Investment Funds, including the exact percentage and method of calculation of distribution fees and the payments and other compensation that we receive, in the relevant offering documents and subscription documents.

Under the Precious Metals Program, Merrill shares in certain fees charged by the program provider which creates certain conflicts of interest. The program provider has agreed to share an amount equal to 0.05% of the service fee with us as compensation for ongoing sub-accounting, reconciliation, transaction and related services. Such relationships and fee-sharing result in a conflict of interest in Merrill's retaining the program provider and/or recommending investments in Precious Metals. The presence of these compensation arrangements creates an incentive for us to recommend the Precious Metals Program to our clients over other alternative means of investing in Precious Metals.

We and our Affiliates select the Alternative Investment Funds 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. 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® product (LMA® 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, your Advisor has a financial interest in your continuing to borrow 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 [CMA® Financial Service Cash Management Account® Disclosures](#) for more information.

**Third-Party Firm Business Relationships and Support.** We and our Affiliates have business relationships with Third-Party Firms. We make available research, execution, custodial, pricing and other services in the ordinary course of business. Third-Party Firms can direct transactions to us or our Affiliates, including effecting transactions in the ordinary course of business for funds and product vehicles managed or sponsored by them. We also make available Brokerage Services and other Merrill or Affiliate programs and services, including banking and lending services. Any compensation paid to us or our Affiliates is additional compensation to us for services we and our Affiliates provide to them.

In order to make investment products or services available on our platform, we incur certain technology and infrastructure costs. In respect of annuities, Merrill plans to use a set of digital tools provided by a third-party vendor during 2025 to assist your Advisor in making annuity product recommendations (the Marketplace research tool), fulfilling training requirements and servicing annuities post sale. Merrill will pay the external vendor for its use of the digital tools. Insurance companies that agree to participate in the third party vendor's platform will make payments directly to the vendor based on Merrill sales of those insurance companies' annuities. These payments will reduce, eliminate, or even exceed Merrill's contractual cost for the digital tools which creates a conflict of interest, insofar as sales of participating insurance companies' annuities benefit Merrill more than sales of non-participating insurance companies. Merrill will not directly receive these payments nor will Merrill require insurance companies to participate and make these payments. The annuity products of insurance companies that choose not to participate and make payments to the third-party vendor will not be made available within the Marketplace research tool. The availability of the participating insurance companies within the Marketplace research tool and the indirect financial benefits to Merrill from sales of the annuities of participating insurance companies will create a conflict of interest for Advisors to recommend annuities from participating insurance companies over those of non-participating insurance companies that are otherwise available on our platform. The annuities documentation you receive when purchasing an annuity will contain a list of participating insurance companies.

While we do not generally receive reimbursement for technology-related costs associated with the onboarding or maintenance of a platform, tool or service, we reserve the right to seek reimbursement from Third-Party Firms for particular projects. In the event that we receive support from product issuers or sponsors for such costs, this creates a conflict with our ability to use strictly objective factors when selecting product sponsors to make available on our platform.

Having business relationships with Third-Party Firms creates a conflict of interest and can affect opportunities to negotiate more favorable financial terms for client investments in the products of the Third-Party Firms. We

disclose the nature of our relationship in general with Third-Party Firms. Additionally, we select investment products managed and/or sponsored by Third-Party Firms based on qualitative and quantitative evaluation of such factors as performance, risk management policies and procedures and on the consistency of the execution of their strategy. We have adopted various policies and procedures reasonably designed to prevent the receipt of such compensation and other business arrangements from affecting the nature of the advice we and our financial advisors provide.

**Participation and Sponsorship by Third-Party Firms for Merrill Conferences, Manager Meetings and Charitable Events.** Certain Third-Party Firms periodically participate in Merrill-hosted internal training and education conferences (Conferences) for invited Merrill financial professionals. These financial professionals include financial advisors and members of their team, employees who work for a Merrill branch, market or division to support the financial advisors (Field Management Employees) and employees who cover product, Chief Investment Office and home office support functions (Non-Field Employees). Merrill also holds client and prospect events (e.g., seminars, trade shows, booth events) where Third-Party Firms participate (Client Events). Merrill organizes the Conferences and Client Events and approves the attendees, speakers, agenda and meeting content and sponsors. Third Party Firms reimburse Merrill for eligible costs associated with the Conferences and Client Events. Eligible reimbursable costs include venue and facilities costs (including food and beverages), certain speaker costs and travel, lodging and continuing education costs for attending financial advisors and select employees facilitating the Conferences and/or Client Events. During 2024, Merrill was reimbursed by participating Third-Party Firms for certain expenses incurred in connection with a number of these Conferences and Client Events in the amount of approximately \$21 million.

Certain Third-Party Firms periodically host or participate in meetings (Manager Meetings) where they provide certain financial advisors, Field Management Employees and Non-Field Employees with the opportunity to interact with their investment and sales personnel and to receive information and education on market conditions and events, their products and services and practice management guidance. Third-Party Firms that host or participate in any such Manager Meetings pay for all eligible costs associated with such meetings, including the cost of travel, accommodation and continuing education fees for the attending financial advisors, Field Management Employees and certain permitted Non-Field Employees (not including any CIO employee). In 2024, the total expenditures made by participating Third-Party Firms relating to Manager Meetings was \$3.1 million. Third-Party Firms also provide monetary support directly to charities or in connection with charitable events and causes that Merrill or its employees support or attend. The total contributions made by Third-Party Firms in support of charitable events and causes that we requested or initiated with the Third-Party Manager in 2024 was approximately \$260,000.

The participation of, and payment of costs by, a Third-Party Firm for Conferences, Client Events, Manager Meetings and charitable events present conflicts of interest. They create incentives for financial advisors to recommend products of participating Third-Party Firms. They give those financial advisors participating in Conferences, Client Events, Manager Meetings and charitable events with more opportunities to interact and build relationships with Third-Party Firms and their personnel which could lead them to recommend the products and services of these Third-Party Firms over others. There is also a conflict of interest for Field Management Employees to approve those recommendations and for Non-Field Employees to select products of the Third-Party Firm for the Merrill platform.

We address these conflicts in a number of ways. There is no requirement that Third-Party Firms reimburse Merrill for, or pay the costs of, such events in order for their investment products to be made available on the Merrill platform. 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. We do not incentivize Field Management Employees to approve their financial advisors' recommendations of products and services of those participating Third-Party Firms. Furthermore, we do not incentivize Non-Field Employees to approve particular products of a Third-Party Firm for the Merrill platform. Third-Party Firms are not permitted to condition their reimbursement or payment on any amount of sales of their products or services. Third-Party Firm reimbursements for costs of Conferences and Client Events and the payment of Manager Meeting and charitable event costs must align to Merrill internal policies and policy limits which have been reasonably designed to address the nature of the business interactions and level of expense reimbursements permitted from affecting the nature of the advice we provide.

### **Third-Party Firm Office Access and Gifts and Entertainment.**

Representatives of Third-Party Firms will, from time to time, meet and work with our financial advisors, Field Management Employees and Non-Field Employees, in one-on-one or in small individual group meetings, to provide information and support regarding their respective investment products. We

limit Third-Party Firms from providing or paying for, and our financial advisors, Field Management Employees and Non-Field Employees, from receiving, gifts and entertainment (including business meals) other than as permitted under our policies and procedures. In general, our financial advisors, Field Management Employees and Non-Field Employees may accept nominal gifts and occasionally attend entertainment events (including business meals) subject to certain limits and conditions. We do not permit any gifts or entertainment conditioned on achieving a sales target.

Permitting Third-Party Firm representatives access to our financial professionals and providing gifts and entertainment presents a conflict of interest. It creates incentives for them to recommend investment products of those Third-Party Firms. It can also create incentives for Field Management Employees to approve recommendations of a financial advisor, where required. Furthermore, providing gifts and entertainment to Non-Field Employees creates incentives to approve the selection of investment products for the Merrill platform. In addition to monetary limits, we have policies, procedures and supervisory controls that are reasonably designed to review the frequency and level of gifts and entertainment from affecting the nature of the advice we provide. Third-Party Firms are not permitted to condition their gifts and entertainment on any amount of sales of their investment products and they are not required to take any such action. We have policies, procedures and supervisory controls that have been reasonably designed to meet FINRA rules relating to such activities and the receipt of non-cash compensation from Third-Party Firms.

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

BofA Corp. is a diversified financial services company that 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 and Affiliates.** 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. Merrill and its Affiliates limit the overall aggregate ownership in certain mutual funds and ETFs ("In-Scope Funds") by Merrill, its Affiliates, and its discretionary clients to avoid potential restrictions on the ability of Merrill and its Affiliates to engage in principal trading and other transactions with In-Scope Funds. A portion of the aggregate ownership limit is attributed to our Affiliates. When Merrill and its Affiliates choose to allocate a portion of an investment opportunity in an In-Scope Fund to Merrill or its Affiliates, there is a corresponding reduction under the overall aggregate ownership limit of In-Scope Fund shares available for investment by discretionary clients receiving investment advisory services in certain of our IA Programs. Furthermore, as a result of these aggregate ownership limits and allocations and operational constraints, brokerage clients will face limits on their ability to invest in certain In-Scope Funds that are ETFs from time to time and can be precluded from investing in certain ETF In-Scope Funds that otherwise might have been the best available investment alternatives.

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