

# **COMMODITY FUTURES TRADING COMMISSION RULE 1.55(i), (k) AND (o) DISCLOSURE**

## **FCM-Specific Disclosure Document**

The Commodity Futures Trading Commission (“CFTC”) requires each futures commission merchant (“FCM”), including BofA Securities, Inc. (“BofAS”), to provide the following information to a customer prior to the time the customer first enters into an account agreement with the FCM or deposits money or securities (funds) with the FCM. Except as otherwise noted below, the information set out is as of November 30, 2024. BofAS will update this information annually and as necessary to take account of any material change to its business operations, financial condition or other factors that BofAS believes may be material to a customer’s decision to do business with BofAS’. Nonetheless, BofAS’ business activities and financial data are not static and will change in non-material ways frequently throughout any calendar year. Unless the context requires otherwise, the information contained herein reflects the activities of BofAS’ as an FCM.

**NOTE:** BofAS is an indirect subsidiary of Bank of America Corporation (“Bank of America”). Information that may be material with respect to BofAS for purposes of the CFTC’s disclosure requirements may not be material to Bank of America for purposes of applicable securities laws.

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## I. BofAS and its Principals

1. *The FCM's name, address of its principal place of business, phone number, fax number, and email address.*

BofAS is registered with the CFTC as an FCM and is a member of the National Futures Association (“**NFA**”). BofAS is also registered as a broker-dealer with the Securities and Exchange Commission (“**SEC**”) and is a member of the Financial Industry Regulatory Authority (“**FINRA**”). BofAS’ name, principal place of business, phone number and email address is set forth below.

BofA Securities, Inc.  
One Bryant Park  
NY1-100-04-01  
New York, New York 10036  
Attention: Futures and Derivatives Clearing Marketing  
Telephone: 646.855.6506  
Fax: Not available  
E-mail: [dg.futuresmarketing@bofa.com](mailto:dg.futuresmarketing@bofa.com)

2. *The name of the FCM's designated self-regulatory organization and its Web site address.*

BofAS’ designated self-regulatory organization is the Board of Trade of the City of Chicago, Inc. (“**CBOT**”), a subsidiary of CME Group Inc. CBOT’s website address is <http://www.cmegroup.com/company/cbot.html>.

3. *The name, title, business address, business background, areas of responsibility, and the nature of the duties of each BofAS principal as defined in CFTC Regulation 3.1(a).*

Name	Title	Business Address	Business Background	Areas of Responsibility	Nature of Duties
Soofian Zuberi	Chief Executive Officer and Director	NY1-100-05-00, One Bryant Park, New York, New York 10036	Mr. Zuberi is Head of Global Equities at Bank of America. He is responsible for all aspects of the company’s equity sales and trading businesses worldwide. Previously, he was Head of Global Equity Distribution. Mr. Zuberi joined Merrill Lynch in 1993 as a member of the New York Investment Banking Corporate Finance team. Mr. Zuberi transferred to Hong Kong, where he held a number of increasingly senior roles, including Head of Asia Equity Syndicate, Head of Southeast Asia Equity Capital Markets, and culminating as Head of Asia Pacific Global Markets Sales.	Mr. Zuberi is the Chief Executive Officer of BofAS. He is also the global head of equities of Bank of America.	Duties of the Chief Executive Officer of BofAS.

Name	Title	Business Address	Business Background	Areas of Responsibility	Nature of Duties
Laura Chepucavage	Director	NY1-100-04-00, One Bryant Park New York, New York 10036	Ms. Chepucavage is responsible for Global Rates, Counterparty Portfolio Management (“CPM”) and Global Financing and Futures (“GFF”) at Bank of America. All three businesses noted above are in FICC Trading. GFF is comprised of Global Repo trading, Short Cash trading, Commercial Paper trading, as well as Futures and Options clearing, execution and FIPB. Ms. Chepucavage started with Merrill Lynch in 2002 as a Global Markets summer intern and started full time in 2003 within the Interest Rate Sales Division. She spent 10 years in Interest Rates Sales before moving to FICC Trading in 2013. Laura spent 7+ years in Global Short Rates trading prior to be named head of GFF. Ms. Chepucavage is actively involved in various D&I and recruiting initiatives at Bank of America. She participates in the Women’s Leadership Council, Power of 10 as well as Georgetown recruiting. In addition, Ms. Chepucavage serves as Bank of America’s SIFMA Board member. Ms. Chepucavage graduated from Georgetown University in 2003 with a bachelor’s degree in finance and international business.	Ms. Chepucavage is the Head of Global Financing and Futures.	Duties of a Director of BofAS.

Name	Title	Business Address	Business Background	Areas of Responsibility	Nature of Duties
Russell Abramson	Head of a Business Unit, Division or Function	NY1-100-04-01, One Bryant Park New York, New York 10036	Mr. Abramson is Head of Americas Futures, Options, OTC Clearing and Global Head of Client Solutions Futures & Options and OTC Clearing. He is also responsible for the eTrading and eClearing platforms. During his time with Bank of America, Mr. Abramson was responsible for revamping the firm's electronic trading infrastructure into a fully functional global trading platform. Prior to his role at Bank of America, Mr. Abramson spent 13 years at JPMorgan, where he was the Global Head of Electronic Trading Services, Head of client solutions for the Americas and was in charge of JPMorgan's eTrading strategy for their Americas Futures & Options business.	Mr. Abramson is the Head of Futures for the Americas.	Duties of a Head of a Business Unit, Division or Function.
Syed Faruqe Alam	Chief Financial Officer	401 N Tryon St, NC1-021-07-02, Charlotte, NC 28255	Mr. Alam currently serves as the Chief Financial Officer of BofAS. Mr. Alam has over 30 years of financial accounting experience. Mr. Alam joined Bank of America in 2005 from ABN Amro Bank. Mr. Alam joined the Legal Entity Controllers team in June 2019 as the Controller for Bank of America's U.S. broker-dealers, after holding several leadership roles within Bank of America's Global Banking and Markets group. Prior to joining ABN Amro, Mr. Alam held line of business finance roles at broker-dealers and investment banks, including Kidder Peabody, and Bankers Trust and, prior to those roles, was as an auditor with Ernst & Young. Mr. Alam holds a Series 27.	Mr. Alam partners with business personnel to manage BofAS' financial resources and is responsible for general oversight of financial controls and reporting.	Duties of the Chief Financial Officer of BofAS.

Name	Title	Business Address	Business Background	Areas of Responsibility	Nature of Duties
Edward Walter McLaren III	Chief Compliance Officer / Futures Commission Merchant	NY1-100-04-01, One Bryant Park, New York, New York 10036	Mr. McLaren joined Bank of America on August 25, 2014. Prior to joining the bank, Mr. McLaren spent 20 years at and held various compliance positions with J.P. Morgan Chase & Co., including, most recently, Managing Director Global Investor Services. Prior to that, Mr. McLaren was the co-Head FICC Advisory Compliance covering the North American Credit Markets, Global Emerging Markets, and Syndicated and Leverage Finance. Prior to his role at J.P. Morgan, Mr. McLaren was a field supervisor at the National Association of Securities Dealers.	Mr. McLaren currently serves as the Co-Chief compliance Officer for the FCM business line of BofAS. He is also the Compliance Executive for GCOR Strategy Coverage, Swaps and Volcker.	Duties of the Chief Compliance Officer of BofAS as FCM.
Kashyap Bhaita	Chief Compliance Officer / Futures Commission Merchant	NY1-100-03-00, One Bryant Park New York, New York 10036	Mr. Bhatia is the head of Global Markets Compliance. He is responsible for Compliance and Operational Risk oversight of the Global Markets business. Previously Mr. Bhatia was the head of FICC Compliance and Global Market Surveillance Strategy. Mr. Bhatia joined Bank of America in 2006 and has held various roles including Internal Audit and Business Controls prior to joining Compliance and Operational Risk. Prior to joining Bank of America, Mr. Bhatia worked in an Audit capacity at various firms including Societe Generale and PwC.	Mr. Bhatia is the Co-Chief Compliance Officer of BofAS' FCM.	Duties of the Chief Compliance Officer of BofAS as FCM.
Stephen Yankauer	Head of a Business Unit, Division or Function	NY1-100-19-01, One Bryant Park New York, New York 10036	Mr. Yankauer joined Bank of America in August 2015 and has nearly 30 years of experience in the financial services industry and 15 years in global markets activities across different products and regions. He is the Enterprise Market Risk Executive and Chief Risk Officer ("CRO") for Global Markets. Prior to that role he served as the Global Markets Financing and Counterparty Credit Risk Executive.	Mr. Yankauer is the Global Markets CRO and Enterprise Market Risk Executive.	Duties of a Head of a Business Unit, Division or Function.
Matthew Easton	Head of a Business Unit, Division or Function	NY1-540-05-01, Two Bryant Park, New York, New York 10036	Mr. Easton joined Bank of America in September 2022 and has over 15 years of experience in the financial services industry. Prior to joining Bank of America, Mr. Easton held leadership positions at Dixon Hughes Goodman (now Forvis Mazars) in New York and the Vanguard Group in Charlotte.	Mr. Easton is the Head of the Client Asset Control Group for the Americas.	Duties of a Head of a Business Unit, Division or Function.

Name	Title	Business Address	Business Background	Areas of Responsibility	Nature of Duties
Spencer Barnes	Global Head of Exchange Traded Derivatives (ETD) & AMRS Global Collateral Operations (GCO) withing Global Markets Operations	Bank of America Plaza 540 W Madison Street Chicago, IL 60661	Mr. Barnes is accountable to ensure that Bank of America maintains orderly market clearing, settlement, timely revaluation, and margin call generation, protecting global economies, capital markets and investors from market- wide counterparty risk and default on eighty- three (83) global Futures Clearing Memberships. Mr. Barnes serves as a Risk Pillar executive / advisor to the Board of Bank of America Securities Inc. Board Member of the Futures Industry Association (FIA) Clearing Division and a member of the ETD franchise leadership team, re-aligning the front to back operating /client support model. Mr. Barnes joined Merrill Lynch in 1999, serving in United States, London, Singapore, Hong Kong and Australia where he has held a number of increasingly senior roles within Wealth Management and Global Markets Operations.	Mr. Barnes is the Global Head of Exchange Traded Derivatives (ETD) & AMRS Global Collateral Operations (GCO)	Duties of a Head of a Business Unit, Division or Function.
Matthew McQueen	Global Head of Mortgages and Securitized Products and head of Global Municipal Banking and Markets within the Global Markets Business	NY1-100-04-00, One Bryant Park New York, New York 10036	Mr. McQueen leads trading and origination for residential mortgage- backed, asset-backed and commercial mortgage- backed securitization as well as municipal securities and public sector banking. Her serves as co-chairman of the Bank of America enterprise Volcker Committee, co-chairman of the Market Misconduct council, and serves on corporate treasury's Investment Committee. Previously he was head of Mortgage and Securitized Product Trading. Prior to that he headed various trading desks in the mortgage department. Mr. McQueen joined Merrill Lynch in 2008 from Bear Stearns & Co.	Mr. McQueen is the Global Head of Mortgages and Securitized Products, and head of Global Municipal Banking and Markets	Duties of a Head of a Business Unit, Division or Function.

Name	Title	Business Address	Business Background	Areas of Responsibility	Nature of Duties
Joseph Anthony Guardino, Jr.	Head of a Business Unit, Division or Function	NY1-540-05-01, Two Bryant Park, New York, New York 10036	Mr. Guardino has over 40 years of experience managing operational teams and client support organizations. Since starting his career, Mr. Guardino has managed a variety of operational functions while living in New York, Charlotte, San Francisco, Hong Kong, and Singapore. Mr. Guardino is the former Chairman and is still active on the Securities Industry and Financial Markets Association (SIFMA) Operations & Technology Steering Committee which sets the agenda for industry and regulatory change impacting the securities industry. He currently holds FINRA regulatory licenses: Series 7, 27, 53 and 63, and also the title of Chief Operations Officer for Merrill Lynch Pierce Fenner and Smith and BofAS and represents operations at their quarterly board meetings.	Mr. Guardino is the Client & Equity Operations and Branches executive at Bank of America. He leads the Client Services team who are responsible for the client experience with a keen focus on improving interactions with clients both at a transactional and relationship level. This is being achieved by analyzing and driving client behaviors, adoption of self-service tools, digitalizing interactions and making clients to do business with us. He also leads the Equities Operations organization which provides operational support for Equities globally, from post-execution transaction processing through settlement. Lastly, Mr. Guardino is also responsible for the end-to-end operational support in the branches in Canada, EMEA and Latin America.	Duties of a Head of a Business Unit, Division or Function.
NB Holdings Corporation ("NB Holdings)		100 North Tryon Street, Charlotte, North Carolina 28202			

## II. BofAS' Business

The significant types of business activities and product lines engaged in by the FCM, and the approximate percentage of FCM's assets and capital that are used in each type of activity.

In its capacity as FCM, BofAS is primarily engaged in executing and clearing exchange-traded futures and options on futures and clearing OTC derivatives contracts. The following table identifies the significant types of business activities and product lines of BofAS and the approximate percentage of its assets and capital that are used in each type of activity.

### Percentages as of September 30, 2024<sup>1</sup>

<sup>1</sup> An updated analysis of the percentage of assets and capital used in each business line is included in the second tab of the supplemental pages to BofAS' monthly Financial and Operational Combined Uniform Single Report ("**FOCUS Report**"). The supplemental pages of the most recent Focus Report are available at [http://gmi.ml.com/MLPFS Rule 1 55/BofAS Monthly Financial Disclosures.xls](http://gmi.ml.com/MLPFS_Rule_1_55/BofAS_Monthly_Financial_Disclosures.xls)

	2024	2024
Activity/Product Line	Asset Allocation	Capital Employed
Financing (Resales, Borrows)	55%	10%
Inventory by Business Line		
FICC	23%	35%
Equity	7%	3%
Other Inventory	0%	0%
Goodwill & Intangible Assets	1%	16%
Receivables from Brokers, Dealers and Customers	5%	17%
Investments in Subs and Receivables from Affiliates	0%	3%
Fixed and all Other Assets	8%	15%
	100%	100%



### III. BofAS' FCM Customer Business (*FCM activity only*)

*FCM's business on behalf of its customers, in its capacity as such, including:*

- *Types of customers:* institutional (asset managers, hedge funds, proprietary trading firms, broker-dealers, banks, pension funds and insurance companies), retail, commercial (agricultural and energy end-users) and governmental (municipal pension funds, sovereign wealth funds and central banks)
- *Markets:* Rates, Equity, Commodity and cleared swaps
- *International businesses:* BofAS' offers execution and/or clearing services through affiliated and unaffiliated brokers in the following international markets: Europe, Asia Pacific, Canada, Latin America, Africa and the Middle East
- *Futures exchange memberships and swap execution facilities ("SEF") where FCM clears on the clients behalf:*

<b>Exchange Memberships</b>	<b>SEFs Cleared via FCM</b>
CBOE Futures Exchange, LLC (CFE)	360 Trading Networks
Chicago Board of Trade (CBOT)	AEGIS SEF, LLC
Chicago Mercantile Exchange, Inc. (CME)	BGC Derivatives Markets, L.P.
Commodity Exchange, Inc. (COMEX)	Bloomberg SEF LLC
ICE Futures Europe	CBOE SEF, LLC
ICE Futures U.S., Inc.	Clear Markets North America, Inc.
Nodal Exchange, LLC (NEX)	DW SEF LLC
New York Mercantile Exchange, Inc. (NYMEX)	GFI Swaps Exchange LLC
ICE Endex	ICAP Global Derivatives Limited
	ICE Swap Trade LLC
	iSwap Euro B.V.
	LatAm SEF, LLC
	LedgerX LLC d/b/a MIAAX Derivatives Exchange
	LSEG FX SEF
	NEX SEF Limited
	RTX Fintech & Research LLC
	SpectrAxe LLC
	TPSEF Inc.
	Tradition SEF, LLC
	TW SEF LLC

- *Clearinghouse memberships:* BofAS, through its affiliates, offers futures and options and OTC clearing services at over 30 clearinghouses globally. Below please find a list of a clearing organizations where BofAS, as an FCM, is a member:

<b>Clearing Organization</b>
Chicago Mercantile Exchange Inc
ICE Clear Credit LLC
ICE Clear Europe Limited
ICE Clear US Inc
LCH Limited
Nodal Clear, LLC (F&O)
Options Clearing Corporation (CBOE Futures Exchange)

- *Carrying brokers used by BofAS:* affiliates, non-affiliates.

<b>Carrying Brokers US/Non-US</b>	<b>Affiliated with FCM Y/N</b>
Bank of America Mexico, S.A.	Y
Merrill Lynch International	Y
BofA Securities Europe SA	Y
Bank of America, National Association – Seoul Branch	Y
Bank of America Singapore Limited	Y
Bank of America, National Association – Mumbai Branch	Y
Merrill Lynch Argentina S.A.	Y
Merrill Lynch (Australia) Futures Limited	Y
Bank of America Merrill Lynch Banco Multiplo S.A.	Y
Merrill Lynch Canada Inc.	Y
Merrill Lynch Corredores de Bolsa SpA	Y
Merrill Lynch (Singapore) PTE. Ltd.	Y
Merrill Lynch Far East Limited	Y
Bank of America Yatirim Bank A.S.	Y
BofA Securities Japan Co., Ltd.	Y
Merrill Lynch Securities (Taiwan) Ltd.	Y
Merrill Lynch South Africa PTY Ltd	Y
Bank of America Europe Designated Activity Company	Y
Merrill Lynch International, LLC- Seoul Branch	Y
BofA Securities India Limited	Y
Bank of America, National Association- Taipei Branch	Y
ADM Investor Services, Inc.	N
Samsung Futures Inc.	N

#### *Part 190 Disclosure Regarding Separate Accounts under CFTC Letter 19-17*

BofAS permits certain customers to establish and maintain separate accounts with BofAS. Subject to the terms and conditions of CFTC Letter No. 19-17 ([19-17 | CFTC](#)) BofAS treats such separate accounts as accounts of separate entities. Among other things, BofAS may calculate the margin requirements for each separate account independently from all other separate accounts of the same customer and may disburse excess funds from one separate account notwithstanding that another separate account is undermargined.

If you establish or maintain more than one account with BofAS for the purpose of trading (a) futures and options on futures (collectively, “futures”) on either U.S. or foreign futures exchanges, or (b) cleared swaps (each, a “separate account”), it is important that you read and understand the following disclosure. Such separate accounts may be: (i) managed by different asset management firms, introducing brokers or associated persons; (ii) managed as separate investment portfolios by the same asset management firm, introducing broker or associated person; (iii) subject to liens in connection with operating loans that contractually obligate BofAS to treat the accounts separately; or (iv) otherwise required for regulatory or appropriate business purposes.

Among other terms and conditions set out in CFTC Letter No. 19-17, BofAS is required to advise its customers that are permitted to maintain separate accounts that in the unlikely event of BofAS’ bankruptcy, you will be treated no differently from other customers as a result of having maintained separate accounts with BofAS. In particular, all separate accounts maintained for you or on your behalf will be combined in determining your rights and obligations under the applicable provisions of the U.S. Bankruptcy Code and Part 190 of the Commodity Futures Trading Commission’s Regulations.

#### **IV. Permitted Depositories, Custodians and Counterparties**

*The FCM’s policies and procedures concerning the choice of bank depositories, custodians, and counterparties to permitted transactions under CFTC Regulation 1.25.*

BofAS has a process for selecting depositories and custodians that includes an evaluation of the depository’s or counterparty’s: (i) financial strength (e.g., capitalization, credit rating and sources of liquidity); (ii) operational reliability (e.g., product capability, risk controls, risk management, data privacy, information security and business continuity planning); (iii) regulatory compliance; and (iv) other factors such as business concentration and industry experience. Once selected, depositories and custodians are subject to annual due diligence reviews, through which BofAS uses credit reviews and questionnaires to assess the continued financial strength and creditworthiness of each depository or custodian.

Counterparties to repurchase and reverse repurchase transactions involving customer collateral (collectively, “**repos**”) are selected in accordance with BofAS’ traded products underwriting and approval policy. This policy governs both the initial underwriting of such counterparties as well as the approval of appropriate credit limits for such counterparties. Criteria include: (i) capital structure and capital adequacy; (ii) on and off balance sheet liabilities; (iii) earnings power and profitability; (iv) liquidity; (v) balance sheet strength; (vi) cash flow analysis; (vii) management; (viii) financial sophistication; (ix) reputation; and (x) industry trends and peer group performance.

Once a counterparty is selected, the relevant credit officer is responsible for reviewing, approving

and monitoring credit limits and monitoring the counterparty's compliance with the credit covenants in the applicable Master Repurchase Agreement.

Concurrently, Market Risk is responsible for recommending and monitoring capital charges, known as "haircuts," applicable to securities that will be subject to repos with an approved counterparty.

All limits and haircuts must conform to these underwriting standards. Credit and Market Risk are responsible for monitoring ongoing compliance with this policy by providing oversight of the underwriting and credit approval process for repos.

## **V. Material Risks**

The following disclosures provide customers and potential customers with information about the material risks that may arise from doing business with BofAS, including risks related to BofAS' investments, creditworthiness, capital liquidity, liabilities and other material factors.

Bank of America's risk factors, as disclosed in its SEC filings, may also have implications for BofAS' customers. Bank of America's SEC filings are available at <http://investor.bankofamerica.com/ny> information related to the risk of BofAS' FCM business or otherwise relevant to BofAS' FCM customers set forth in Bank of America's SEC filings is hereby incorporated by reference.

*The material risks, accompanied by an explanation of how such risks may be material to its customers, of entrusting funds to the FCM:*

Customers may be exposed to risks associated with the operations of BofAS. These risks include the risk of financial or other loss arising from inadequate or failed internal processes, employees, resources, and systems or from fraudulent or other improper conduct. BofAS' business is highly dependent on its ability to process, daily, a large number of transactions across numerous and diverse markets and in many currencies. BofAS performs the functions required to operate its different businesses either by itself or through third-party service providers. BofAS relies on the ability of its employees, its internal systems and systems at technology centers operated by unaffiliated third parties, to process a high volume of transactions. These third parties may fail to perform their obligations, which could, in turn, disrupt BofAS' operations. BofAS also faces the risk of operational failure or cessation of operations of any of the clearing firms, exchanges, clearing houses or other financial intermediaries it uses to facilitate customer transactions. In the event of a breakdown or improper operation of BofAS' or a third party's systems, or improper or unauthorized action by third parties or BofAS' employees, BofAS could suffer financial loss, an impairment of liquidity, a disruption of business, regulatory sanctions or damage to its reputation.

BofAS is regulated by the CFTC and is also subject to the rules of the NFA and of the futures exchanges, clearing houses and SEFs on which it conducts business. Violations of the rules of the CFTC, NFA, clearing houses, futures exchanges or SEFs could result in remedial actions, including fines, registration restrictions or terminations, trading prohibitions or revocations of exchange, clearing organization or SEF memberships.

The financial condition of BofAS is critical to its continuing operations. As an FCM and a bank affiliate, BofAS is subject to capital, liquidity, leverage and other requirements designed to ensure that it is creditworthy and has sufficient financial resources to conduct its business activities. Customers may be negatively impacted or may elect or be required to transfer positions or collateral to another FCM in the unlikely event of a significant deterioration in the financial

condition of BofAS. Similarly, the deterioration of the financial condition of one of BofAS' affiliates could negatively affect BofAS and its customers. In the event of BofAS' insolvency, customers may be subject to fellow customer risk, which is the risk that losses in customer accounts will not be able to be covered by BofAS, and the shortfall in customer funds will be apportioned pro rata among BofAS' customers in the same account class under U.S. bankruptcy law. The insolvency of BofAS' could also necessitate liquidation of customer positions and could delay reimbursement or reduce the amount of customer account equity.

The financial performance of BofAS is highly dependent on the business environment. BofAS' business may be materially affected by a downturn in the global economy and the financial markets. Decline in asset values, unstable market volatility, disruptions in credit markets, decline in market confidence or other unfavorable market conditions may result in substantial losses in current and future financial performance. While BofAS employs a broad and diversified set of techniques to monitor and mitigate risk, it cannot anticipate every economic and financial outcome of its decisions.

Hiring and retaining qualified talent is very important to BofAS' business. BofAS' inability to obtain and maintain highly skilled individuals could adversely affect its performance. Employee misconduct may also harm BofAS and is sometimes difficult to detect or deter. The precautions BofAS takes to detect and prevent misconduct may not be effective in all cases and BofAS may suffer reputational harm for serious misconduct by its employees.

1. *the nature of investments made by the FCM (including credit quality, weighted average maturity, and weighted average coupon);*

The funds that customers deposit with BofAS, in its capacity as FCM, are subject to risk of loss, including in the event of the insolvency or bankruptcy of BofAS. In order to achieve compliance with its regulatory capital requirements and assure that it has sufficient liquidity to meet its ongoing business obligations, BofAS holds a significant portion of its assets in cash and U.S. Treasury securities guaranteed as to principal and interest. BofAS may also invest in other short-term highly liquid instruments such as money market instruments, commercial paper, and certificates of deposit and may invest a limited amount of its assets in state and municipal securities and certain highly rated corporate debt securities.

With respect to investments of customer funds under CFTC Regulation 1.25, BofAS posts monthly financial disclosures that include a chart depicting the asset class and investment duration of the customer funds invested by the FCM. The chart, which is titled BofAS Futures & Options and OTC Clearing Portfolio, is posted on the third tab of the excel spreadsheet available at [http://gmi.ml.com/MLPFS Rule 1 55/BofAS Monthly Financial Disclosures.xls](http://gmi.ml.com/MLPFS_Rule_1_55/BofAS_Monthly_Financial_Disclosures.xls). The chart also includes an overall portfolio weighted Standard & Poor's Rating Services (S&P) and Moody's Investor Service ratings and an overall portfolio weighted average maturity.

2. *the FCM's creditworthiness, leverage, capital, liquidity, principal liabilities, balance sheet leverage and other lines of business; risks to the FCM created by its affiliates and their activities, including investment of customer funds in an affiliated entity; and any significant liabilities, contingent or otherwise, and material commitments;*

- **Creditworthiness:** Credit ratings for BofAS and Bank of America, are available at <http://investor.bankofamerica.com/>. The benefits of a credit rating include an increased ability to source third party liabilities, enhanced counterparty attractiveness and several potential advantages in a variety of derivative instruments. BofAS' credit ratings, while

separate from its ultimate parent, are sensitive to changes in the outlook of Bank of America. Customers should note that a lower credit rating may result in capital constraints and act as a limit on BofAS' clearing activities. A significant drop in BofAS' creditworthiness could have an adverse impact on its ability to continue to provide FCM services to its customers.

- **Capital:** BofAS is subject to the net capital requirements of CFTC Regulation 1.17 and SEC Rule 15c3-1. BofAS has elected to compute the minimum capital requirement in accordance with the alternative net capital requirement as permitted by SEC Rule 15c3-1 and CFTC Regulation 1.17. In accordance with the alternative net capital requirements, BofAS is required to maintain tentative net capital in excess of \$1.0 billion, net capital in excess of \$500 million and notify the CFTC and SEC if its tentative net capital is less than \$5.0 billion. Additional information regarding BofAS' capital is available at [http://gmi.ml.com/MLPFS\\_Rule\\_1\\_55/BofAS\\_Monthly\\_Financial\\_Disclosures.xls](http://gmi.ml.com/MLPFS_Rule_1_55/BofAS_Monthly_Financial_Disclosures.xls) and <http://www.cftc.gov/MarketReports/financialfcmdata/index.htm>.

The capital position of Bank of America may have implications for BofAS. Bank of America manages its capital position so its capital is more than adequate to support its business activities and maintain capital, risk and risk appetite commensurate with one another. Additionally, Bank of America seeks to maintain safety and soundness at all times, even under adverse scenarios, take advantage of organic growth opportunities, meet obligations to creditors and counterparties, maintain ready access to financial markets, continue to serve as a credit intermediary, remain a source of strength for its subsidiaries (including BofAS), and satisfy current and future regulatory capital requirements. Capital management is integrated into Bank of America's risk and governance processes, as capital is a key consideration in the development of its strategic plan, risk appetite and risk limits. Bank of America utilizes periodic stress tests to assess the potential impacts to its balance sheet, earnings, regulatory capital and liquidity under a variety of stress scenarios. Bank of America performs qualitative risk assessments to identify and assess material risks not fully captured in its forecasts or stress tests and assesses the capital impacts of proposed changes to regulatory capital requirements. Additional information regarding Bank of America's capital and capital management strategy is set forth in the company's quarterly and annual reports, which are available at <http://investor.bankofamerica.com/>.

- **Leverage, Balance Sheet Leverage and Principal Liabilities:** BofAS defines leverage as the use of borrowed capital and balance sheet leverage to mean that an entity's assets exceed its stockholder's equity. BofAS uses leverage principally in the form of a subordinated loan from NB Holdings and securities financing transactions in connection with its financing activities. BofAS' other principal liabilities include trading liabilities, payables to customers, payables to broker and dealers, payables related to compensation and benefits, interest and other payables and loans due to affiliates.

Additional information regarding the balance sheet, principal liabilities, and leverage of BofAS' is available at [http://gmi.ml.com/MLPFS\\_Rule\\_1\\_55/BofAS\\_Monthly\\_Financial\\_Disclosures.xls](http://gmi.ml.com/MLPFS_Rule_1_55/BofAS_Monthly_Financial_Disclosures.xls).

- **Liquidity:** Bank of America defines liquidity risk as the inability to meet expected or unexpected cash flow or collateral needs while continuing to support its businesses and customers with the appropriate funding sources under a range of economic conditions. Bank of America's primary liquidity risk management objective is to meet all contractual and contingent financial obligations at all times, including during periods of stress. To achieve that objective, Bank of America analyzes and monitors its liquidity risk under

expected and stressed conditions, maintains liquidity and access to diverse funding sources, including its stable deposit base, and seeks to align liquidity related incentives and risks. Bank of America defines liquidity as readily available assets, limited to cash and high-quality, liquid, unencumbered securities that it can use to meet its contractual and contingent financial obligations as those obligations arise. Bank of America manages its liquidity position through line of business and asset and liability management activities as well as through its legal entity funding strategy, on both a forward and current (including intraday) basis under both expected and stressed conditions. Bank of America believes that a centralized approach to funding and liquidity risk management within Corporate Treasury enhances its ability to monitor liquidity requirements, maximizes access to funding sources, minimizes borrowing costs and facilitates timely responses to liquidity events.

Additional information regarding Bank of America's liquidity risk management activities is set forth in the company's quarterly and annual reports, which are available at <http://investor.bankofamerica.com/>.

- **Other Lines of Business:** BofAS engages in a variety of business activities in addition to acting as an FCM. BofAS is registered with the SEC as a broker-dealer, and is a member firm of FINRA and numerous securities exchanges and clearing agencies. BofAS acts as a broker (*i.e.*, agent) for corporate, institutional, government and other customers and as a dealer (*i.e.*, principal) in the purchase and sale of various financial instruments, including corporate debt and equity securities, U.S. government securities and U.S. Government agency obligations.

BofAS engages in investment banking activities and provides corporate, institutional and government customers with a wide variety of financial services including underwriting the sale of securities to the public, structured and derivative financing, private placements, mortgage and lease financing and financial advisory services, including advice on mergers and acquisitions).

- **Risks to BofAS created by its affiliates and their activities:** BofAS has unsecured and secured lines of credit from Bank of America Corporation and other affiliated entities which are detailed on the fourth tab at [http://gmi.ml.com/MLPFS Rule 1 55/BofAS Monthly Financial Disclosures.xls](http://gmi.ml.com/MLPFS_Rule_1_55/BofAS_Monthly_Financial_Disclosures.xls). BofAS' ability to timely meet its obligations to customers and counterparties, including clearing houses, could therefore be adversely affected if Bank of America or NB Holdings were unable to provide funding to BofAS under these lines of credit.

BofAS maintains omnibus futures and options on futures accounts with its affiliates to facilitate the clearing of futures and options on futures trades and positions for BofAS' customers through clearing houses of which BofAS is not a member. BofAS' affiliates, in turn, maintain omnibus futures and options on futures accounts with BofAS for the clearing of customer futures and options on futures trades and positions on exchanges of which BofAS is a member. BofAS also uses its affiliate Bank of America, N.A. ("**BANA**") as a custodian for cash and securities posted by customers as margin for customers' futures and cleared derivatives positions.

Certain of BofAS' affiliates (including, but not limited to, BANA) engage in trading activities and clear certain positions through BofAS. If one of these affiliates defaults to BofAS, BofAS might be unable to meet its financial obligations.



The trading activities of BofAS and its affiliates, including BANA, consist primarily of securities brokerage and trading; derivatives dealing and brokerage; and financing and underwriting services to both affiliated companies and third party customers. These trading activities subject BofAS and its affiliates to market and credit risks. The level of market risk is influenced by the volatility and the liquidity in the markets in which financial instruments are traded.

BofAS enters into repurchase and resale agreements and securities borrowed and loaned transactions to finance firm inventory positions and to obtain securities for settlement with other companies affiliated by common ownership. BofAS also provides securities brokerage, dealing, financing and underwriting and investment advisory services to affiliated companies. Further, BofAS contracts a variety of services from Bank of America and certain affiliated companies including accounting, legal, regulatory compliance, transaction processing, purchasing, building management and other services.

Because of BofAS' relationship with its affiliates, BofAS may be impacted by a material adverse change to the financial standing of certain of its affiliates. This could limit BofAS ability to continue to provide FCM services to its customers.

- **Significant Liabilities and Material Commitments:** BofAS is a member of several derivatives and securities exchanges and clearing houses both in the U.S. and in other countries. As a member, BofAS has agreed generally to compensate those organizations for damages or losses caused by the failure of a BofAS customer to perform its obligations. BofAS also is required to contribute to the guaranty funds that have been established by the clearing houses. In general, a guaranty fund is comprised of assets contributed by clearing members that can be used to cover losses incurred by the clearing house in the event of a clearing member default. The amount of a clearing member's required contribution to a given guaranty fund typically is determined by the clearing house pursuant to a formula that is designed to cover the proportionate share of the risk introduced to the clearing house as a result of the trading activity cleared by such clearing member, subject to a minimum and/or maximum contribution. To the extent the guaranty fund is insufficient to cover the losses incurred by the clearing house in the event of a clearing member default, BofAS and all other non-defaulting clearing members will be required to make additional contributions to the clearing house. The amount of any such additional contribution may or may not be subject to an overall cap. In the event of a significant increase in the volume and amount of transactions cleared by BofAS through a clearing house, or if a clearing house were to determine that it needed to increase the aggregate size of its guaranty fund, BofAS could be required to make further contributions to the applicable guaranty fund, which may have a materially adverse effect on BofAS' capital position, liquidity or its ability to continue operating as a member of that clearing house.

BofAS also has exposure to customer risk when it uses carrying brokers to clear futures and options on futures transactions for its customers on exchanges and their related clearing houses where BofAS is not a member. These activities may expose BofAS to financial risk in the event a customer were to default on its margin or other obligations under its agreements with BofAS because BofAS will typically have agreed to assume responsibility for any financial losses that the carrying brokers may sustain from the failure of an underlying customer to provide margin or satisfy any other obligation when due.

In connection with its prime brokerage and clearing businesses, BofAS performs securities clearance and settlement services with other brokerage firms and clearing houses on behalf of its customers. Under these arrangements, BofAS stands ready to meet the



obligations of its customers with respect to securities transactions. BofAS' obligations in this respect are generally secured by the assets in the customer's account as well as any proceeds received from the transaction cleared and settled by BofAS on behalf of the customer or its clients.

BofAS and its affiliates provide pension and other postretirement benefits to their employees worldwide through sponsorship of defined contribution pension, defined benefit pension and other postretirement plans. These plans vary based on the country and local practices.

## VI. Material Complaints or Actions

*Any material administrative, civil, enforcement or criminal complaints or actions filed against FCM where such complaints or actions have not concluded, and any enforcement complaints or actions filed against FCM during the last three years.*

The links for any material administrative, civil, enforcement or criminal complaints or actions filed against BofAS where such complaints or actions have not concluded, and any enforcement complaints or actions filed against it during the last three (3) years is available in Appendix A within this disclosure document.

## VII. Customer Funds Segregation

*A basic overview of customer funds segregation, FCM management and investments, FCMs and joint FCM/broker dealers.*

**Customer Accounts.** FCMs may maintain up to three different types of accounts for customers, depending on the products a customer trades:

- i. a **Customer Segregated Account** for customers that trade futures and options on futures listed on U.S. futures exchanges and some foreign clearing houses that have opted for segregation treatment under section 4 of the Commodity Exchange Act (the "**Act**").
- ii. a **30.7 Account** for customers that trade futures and options on futures listed on foreign boards of trade; and
- iii. a **Cleared Swaps Customer Account** for customers trading swaps that are cleared on a Derivatives Clearing Organization ("**DCO**") registered with the CFTC.

The requirement to maintain these separate accounts reflects the different risks posed by the different products. Cash, securities and other collateral (collectively, "**Customer Funds**") required to be held in one type of account, e.g., the Customer Segregated Account, may not be commingled with funds required to be held in another type of account, e.g., the 30.7 Account, except as the CFTC may permit by order. For example, the CFTC has issued orders authorizing ICE Clear Europe Limited, which is registered with the CFTC as a DCO, and its FCM clearing members: (i) to hold in Cleared Swaps Customer Accounts Customer Funds used to margin both (a) cleared swaps and (b) foreign futures and foreign options traded on ICE Futures Europe, and to provide for portfolio margining of such cleared swaps and foreign futures and foreign options; and (ii) to hold in Customer Segregated Accounts Customer Funds used to margin both (a) futures and options on futures traded on ICE Futures U.S., Inc. and (b) foreign futures and foreign options traded on ICE Futures Europe, and to provide for portfolio margining of such transactions.

**Customer Segregated Account.** Funds that customers deposit with an FCM, or that are otherwise required to be held for the benefit of customers, to margin futures and options on futures contracts traded on futures exchanges located in the U.S., known as “Designated Contract Markets,” are held in a Customer Segregated Account in accordance with section 4d(a)(2) of the Act and CFTC Rule 1.20. Customer Funds held in the Customer Segregated Account (“**Customer Segregated Funds**”) may not be used to meet the obligations of the FCM or any person other than the customers for whose benefit the account is maintained.

All Customer Segregated Funds may be commingled in a single account and held with: (i) a bank or trust company located in the U.S.; (ii) a bank or trust company located outside of the U.S. that has in excess of \$1 billion of regulatory capital; (iii) an FCM; or (iv) a DCO. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM’s customers. Unless a customer provides instructions to the contrary, an FCM may hold Customer Segregated Funds only: (i) in the U.S.; (ii) in a money center country;<sup>2</sup> or (iii) in the country of origin of the currency in which the funds are held.

An FCM must hold sufficient U.S. dollars in the U.S. to meet all U.S. dollar obligations and sufficient funds in each other currency to meet obligations in such currency. Notwithstanding the foregoing, assets denominated in a currency may be held to meet obligations denominated in another currency (other than the U.S. dollar) as follows: (i) U.S. dollars may be held in the U.S. or in money center countries to meet obligations denominated in any other currency; and (ii) funds in money center currencies<sup>3</sup> may be held in the U.S. or in money center countries to meet obligations denominated in currencies other than the U.S. dollar.

**30.7 Account.** Customer Funds that are deposited with an FCM or are otherwise required to be held for the benefit of customers, to margin futures and options on futures contracts traded on foreign boards of trade (“**30.7 Customer Funds**”) are held in a 30.7 Account in accordance with CFTC Rule 30.7. 30.7 Customer Funds are sometimes referred to as the foreign futures and foreign options secured amount.

Funds required to be held in the 30.7 Account for or on behalf of foreign futures or foreign options customers (“**30.7 Customers**”) may be commingled in a single account and held with: (i) a bank or trust company located in the U.S.; (ii) a bank or trust company located outside the U.S. that has in excess of \$1 billion in regulatory capital; (iii) an FCM; (iv) a DCO; (v) the clearing organization of any foreign board of trade; (vi) a foreign broker; or (vii) such clearing organization’s or foreign broker’s designated depositories. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM’s 30.7 Customers. As explained below, CFTC Rule 30.7 restricts the amount of such funds that may be held outside of the U.S.

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<sup>2</sup> Money center countries mean Canada, France, Italy, Germany, Japan, and the United Kingdom.

<sup>3</sup> Money center currencies mean the currency of any money center country and the Euro.

Customers trading on foreign markets assume additional risks. Laws or regulations will vary depending on the foreign jurisdiction in which the transaction occurs, and funds held in a 30.7 Account outside of the U.S. may not receive the same level of protection as Customer Segregated Funds. If the foreign broker carrying 30.7 Customer positions fails, the broker will be liquidated in accordance with the laws of the jurisdiction in which it is organized, which laws may differ significantly from the U.S. Bankruptcy Code. Return of 30.7 Customer Funds to the U.S. will likely be delayed and likely will be subject to the costs of administration of the failed foreign broker in accordance with the law of the applicable jurisdiction, as well as possibly other costs relating to additional foreign brokers, if multiple foreign brokers were used to process the U.S. customers' transactions on foreign markets.

If the foreign broker does not fail but the 30.7 Customers' U.S. FCM fails, the foreign broker may want to assure that appropriate authorization has been obtained before returning the 30.7 Customer Funds to the FCM's trustee, which may delay the return of such funds. If both the foreign broker and the U.S. FCM were to fail, potential differences between the legal requirements governing the trustee for the U.S. FCM and the administrator for the foreign broker, each with independent fiduciary obligations under applicable law, may result in significant delays and additional administrative expenses. Use of other intermediary foreign brokers by the U.S. FCM to process the trades of 30.7 Customers on foreign markets may cause additional delays and administrative expenses.

To reduce the potential risk to 30.7 Customer Funds held outside of the U.S., CFTC Rule 30.7 generally provides that an FCM may not deposit or hold 30.7 Customer Funds in permitted accounts outside of the U.S. except as necessary to meet margin requirements, including prefunding margin requirements, established by rule, regulation, or order of the relevant foreign boards of trade or foreign clearing organizations, or to meet margin calls issued by foreign brokers carrying the 30.7 Customers' positions. The rule further provides, however, that, in order to avoid the daily transfer of funds from accounts in the U.S., an FCM may maintain in accounts located outside of the U.S. an additional amount of up to 20 percent of the total amount of funds necessary to meet margin and prefunding margin requirements to avoid daily transfers of funds.

**Cleared Swaps Customer Account.** Funds deposited with an FCM, or otherwise required to be held for the benefit of customers, to margin swaps cleared through a registered DCO ("**Cleared Swaps Customer Collateral**") are held in a Cleared Swaps Customer Account in accordance with the provisions of section 4d(f) of the Act and Part 22 of the CFTC Regulations. Cleared Swaps Customer Accounts are sometimes referred to as LSOC Accounts. LSOC is an acronym for "legally segregated, operationally commingled." Funds required to be held in a Cleared Swaps Customer Account may be commingled in an omnibus account and held with: (i) at a bank or trust company located in the U.S.; (ii) a bank or trust company located outside of the U.S. that has in excess of \$1 billion of regulatory capital; (iii) a DCO; or (iv) another FCM. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's cleared swaps Customers.

**Depositories Holding Customer Funds.** Customer Funds are required to be held in Customer Accounts at a bank or trust company, a DCO or another FCM (each, a “**Depository**”). In accordance with CFTC Regulations, each account holding Customer Funds must be properly titled to identify it as holding Customer Funds and segregated as required by the relevant provisions of the Act and CFTC Regulations. Except as noted below, Customer Funds may not be commingled with the funds of any other person, including (and in particular) the carrying FCM. Each Depository is required to provide the depositing FCM with a written acknowledgment that the Depository was informed that such funds held in the Customer Account belong to customers and are being held in accordance with the Act and CFTC Regulations. Among other representations, the Depository must acknowledge that it cannot use any portion of Customer Funds to satisfy any obligations that the FCM may owe the Depository.

In order to monitor an FCM’s compliance with the Customer Funds requirements, CFTC Regulations require each FCM to calculate as of the close of business each business day, and submit to the CFTC and the FCM’s DSRO no later than noon on the following business day, a report that sets out (i) the amount of Customer Funds required to be held in the Customer Account, (ii) the amount of Customer Funds actually held in the Customer Account, and (iii) the FCM’s own funds held in the Customer Account deposited to ensure that the FCM complies with the segregation requirements at all times (such amount, the “**Residual Interest**”). Separate calculations are required for the FCM’s Customer Segregated Accounts, 30.7 Accounts and Cleared Swaps Customer Accounts.

CFTC Regulations require an FCM to notify the CFTC immediately whenever (i) the amount of Residual Interest in any Customer Account falls below the FCM’s targeted Residual Interest for such account, or (ii) the FCM knows or should know that the total amount of funds on deposit in Customer Accounts is less than the amount required to be held in such accounts. The FCM is required to file a copy of any such notice concurrently with its DSRO.

In addition, each FCM must submit a report to the CFTC and the FCM’s DSRO on the fifteenth and last business day of each month listing the names of all banks, trust companies, FCMs, DCOs, or any other Depository or custodian holding Customer Funds. This report must include: (1) the name and location of each Depository holding Customer Funds; (2) the total amount of

Customer Funds held by each such Depository; and (3) the total amount of Customer Funds, cash and investments that each such Depository holds. The FCM must also indicate whether any such Depository is affiliated with the FCM.

Separately, BofAS' DSRO requires each FCM to instruct each Depository, whether located in the U.S. or outside the U.S., that holds Customer Funds to confirm to the DSRO all account balances daily. DSRO programs compare the daily balances reported by the Depositories with the balances reported by the FCMs in their daily segregation reports. Any material discrepancies would generate an immediate alert.

Finally, an FCM's DSRO conducts periodic audits of the FCM and, in connection with such audits, confirms that Customer Funds are being held in properly designated accounts. The CFTC may also conduct an audit of the FCM for this purpose.

**Investment of Customer Funds.** Section 4d(a)(2) of the Act authorizes FCMs to invest Customer Segregated Funds in obligations of the United States, in general obligations of any State or of any political subdivision thereof, and in obligations fully guaranteed as to principal and interest by the United States. Section 4d(f) of the Act authorizes FCMs to invest Cleared Swaps Customer Collateral in similar instruments.

CFTC Rule 1.25 authorizes FCMs to invest Customer Segregated Funds, Cleared Swaps Customer Collateral and 30.7 Customer Funds in instruments of a similar nature. CFTC Regulations further provide that the FCM may retain all gains earned and is responsible for investment losses incurred in connection with the investment of Customer Funds. However, the FCM and customer may agree that the FCM will pay the customer interest on the funds deposited.

Permitted investments include:

- (i) Obligations of the U.S. and obligations fully guaranteed as to principal and interest by the U.S. (U.S. government securities);
- (ii) General obligations of any State or of any political subdivision thereof (municipal securities);
- (iii) Obligations of any U.S. government corporation or enterprise sponsored by the U.S. government (U.S. agency obligations);<sup>4</sup>
- (iv) Interests in certain money market mutual funds;
- (v) U.S. Short Term Treasury ETFs and applicable concentration limits;
- (vi) SOFR as a permitted adjustable-rate benchmark to replace LIBOR benchmarks; and
- (vii) General obligations of Canada, France, Germany, Japan, and the United Kingdom) and applicable maturity, liability requirements.

Except for investments in money market mutual funds, the duration of the securities in which an FCM invests Customer Funds cannot exceed, on average, two years.

An FCM may also engage in repurchase and reverse repurchase transactions with non-affiliated registered broker-dealers, provided such transactions are made on a delivery versus payment

basis and involve only permitted investments. All funds or securities received in repurchase and reverse repurchase transactions with Customer Funds must be held in the appropriate Customer Account (*i.e.*, Customer Segregated Account, 30.7 Account or Cleared Swaps Customer Account). Further, in accordance with the provisions of CFTC Rule 1.25, all such funds or collateral must be received in the appropriate Customer Account on a delivery versus payment basis in immediately available funds.

**No SIPC Protection.** Although BofAS is a registered broker-dealer, it is important to understand that the funds you deposit with BofAS for trading futures and options on futures contracts on either U.S. or foreign markets or cleared swaps are not protected by the Securities Investor Protection Corporation.

Further, CFTC Regulations require BofAS to hold funds deposited to margin futures and options on futures contracts traded on U.S. Designated Contract Markets in Customer Segregated Accounts. Similarly, BofAS must hold funds deposited to margin cleared swaps and futures and options on futures contracts traded on foreign boards of trade in a Cleared Swaps Customer Account or a 30.7 Account, respectively. In computing its Customer Funds requirements under relevant CFTC Regulations, BofAS may only consider those Customer Funds actually held in the applicable Customer Accounts and may not apply free funds in an account under identical ownership but of a different classification or account type (*e.g.*, securities, Customer Segregated Account, 30.7 Account) to an account's margin deficiency. In order to be used for margin purposes, the funds must actually transfer to the identically owned undermargined account.

For additional information on the protection of customer funds, please see the Futures Industry Association's "Protection of Customer Funds Frequently Asked Questions" available at <https://www.fia.org/fia/articles/protection-customer-funds-frequently-asked-questions>

## **VIII. Filing a Complaint**

*Information on how a customer may obtain information regarding filing a complaint about the FCM with the CFTC, NFA or the FCM's DSRO.*

A customer that wishes to file a complaint about BofAS' or one of its employees with the CFTC can contact the Division of Enforcement either electronically at <https://forms.cftc.gov/Forms/TipsAndComplaints.aspx> or by calling the Division of Enforcement toll-free at 866-FON-CFTC (866-366-2382).

A customer may file a complaint about BofAS or one of its employees with the National Futures Association ("NFA") electronically at [File a Complaint \(futures.org\)](https://www.nfa.com) calling NFA directly at 800-621-3570.

A customer may file a complaint about BofAS or one of its employees with CBOT, BofAS' DSRO, by calling the CME Group's Market Regulation Department at 312-341-7970.

## **IX. Relevant Financial Data**

*Financial data as of the most recent month-end when the Disclosure Document is prepared.*

In order to access the below materials, click on the below links and an excel file will download. Once downloaded, click on the excel file and, when prompted, click "Read Only." An excel file will open that includes pertinent tabs, on which PDF files are embedded. Double click on the PDF files to open them.

1. Excerpts from BofAS' most recent monthly FOCUS Report including the firm's balance sheet and capital computation are available at [http://gmi.ml.com/MLPFS\\_Rule\\_1\\_55/BofAS\\_Monthly\\_Financial\\_Disclosures.xls](http://gmi.ml.com/MLPFS_Rule_1_55/BofAS_Monthly_Financial_Disclosures.xls). The FOCUS Report provides the FCM's total equity, regulatory capital and net worth, all computed in accordance with U.S. Generally Accepted Accounting Principles and CFTC Regulation 1.17, as applicable.
2. The fourth tab (entitled BofAS' Financial Data § IX.2) of the spreadsheet available at [http://gmi.ml.com/MLPFS\\_Rule\\_1\\_55/BofAS\\_Monthly\\_Financial\\_Disclosures.xls](http://gmi.ml.com/MLPFS_Rule_1_55/BofAS_Monthly_Financial_Disclosures.xls) discloses the following information:
  - the dollar value of the FCM's proprietary margin requirements as a percentage of the aggregate margin requirement for futures customers, cleared swaps customers, and 30.7 Customers;
  - the smallest number of futures customers, cleared swaps customers, and 30.7 Customers that comprise 50 percent of the FCM's total funds held for futures customers, cleared swaps customers, and 30.7 Customers, respectively;
  - the amount, generic source and purpose of any unsecured lines of credit (or similar short-term funding) the FCM has obtained but not yet drawn upon; and
  - the percentage of futures customer, cleared swaps customer, and 30.7 Customer receivable balances that the FCM had to write-off as uncollectable during the past 12-month period, as compared to the current balance of funds held for futures customers, cleared swaps customers, and 30.7 Customers.

Please note:

- BofAS only enters into principal OTC transactions for hedging purposes; and
- BofAS does not extend financing for customer transactions involving illiquid financial products.

Customers should be aware that NFA publishes on its website certain financial information with respect to each FCM. The FCM Capital Report provides each FCM's most recent month-end adjusted net capital, required net capital, and excess net capital. (Information for a twelve-month period is available.)

In addition, NFA publishes twice monthly a Customer Segregated Funds report, which shows for each FCM: (i) total funds held in Customer Segregated Accounts; (ii) total funds required to be held in Customer Segregated Accounts; and (iii) excess segregated funds (*i.e.*, the FCM's Residual Interest). This report also shows the percentage of Customer Segregated Funds that are held in cash and each of the permitted investments under CFTC Rule 1.25. Finally, the report indicates whether the FCM held any Customer Segregated Funds during that month at a Depository that is an affiliate of the FCM.

The report shows the most recent semi-monthly information, but the public will also have the ability to see information for the most recent twelve-month period. A 30.7 Customer Funds report and a Customer Cleared Swaps Collateral report provides the same information with respect to the 30.7 Account and the Cleared Swaps Customer Account, respectively.

The above financial information reports can be found by conducting a search for a specific FCM in NFA's Background Affiliation Status Information Center (**BASIC**) system (<http://www.nfa.futures.org/basicnet/>).

## **X. Risk Practices, Controls and Procedures**

*A summary of the FCM's current risk practices, controls and procedures.*

As an FCM and broker-dealer, BofAS is exposed to various risks that arise in the ordinary course of its business including trading, market, market liquidity, liquidity, interest rate, foreign exchange, equity market, credit spread, counterparty credit, derivatives default, concentrations of credit, industry concentration, operational, legal and regulatory and financial control risks.

**Trading Risk.** Trading activities subject BofAS to market and credit risks. These risks are managed in accordance with Bank of America's established risk management policies and procedures. Bank of America's risk management structure as applicable to BofAS is described below.

Global Risk Management is responsible for providing senior management with a clear and comprehensive understanding of the trading risks to which Bank of America (including BofAS' sales and trading business) is exposed. These responsibilities include ownership of market risk policy, developing and maintaining quantitative risk models, calculating aggregated risk measures, establishing and monitoring position limits consistent with risk appetite, conducting daily reviews and analysis of trading inventory, approving material risk exposures and fulfilling regulatory requirements. Bank of America conducts its business operations through a substantial number of subsidiaries. The subsidiaries are established to fulfill a wide range of legal, regulatory, tax, licensing and other requirements. As such, to ensure a consistent application of minimum levels of controls and processes across its subsidiaries, Bank of America has in place a Subsidiary Governance Policy. This policy outlines the minimum required governance, controls, management reporting, financial and regulatory reporting and risk management practices for Bank of America's subsidiaries, including BofAS.

**Market Risk.** Market risk is the risk that changes in market conditions may adversely impact the value of assets or liabilities. Trading positions are subject to various changes in market-based risk factors. The majority of this risk is generated by BofAS' activities in the interest rate, foreign exchange, credit, equity and commodities markets. The values of assets and liabilities could change due to market liquidity, correlations across markets and expectations of market volatility.



BofAS seeks to manage these risk exposures by using a variety of techniques that encompass a broad range of financial instruments.

**Market Liquidity Risk.** Market liquidity risk represents the risk that the level of expected market activity changes dramatically and, in certain cases, may even cease. This exposes BofAS to the risk that it will not be able to transact business and execute trades in an orderly manner, which may impact results. This impact could be further exacerbated if expected hedging or pricing correlations are compromised by disproportionate demand or lack of demand for certain instruments.

**Liquidity Risk.** Liquidity Risk is the inability to meet expected or unexpected cash flow and collateral needs while continuing to support BofAS' business and customer needs, under a range of economic conditions. BofAS' primary liquidity risk management objective is to meet all contractual and contingent financial obligations at all times, including during periods of stress. To achieve that objective, BofAS analyzes and monitors its liquidity risk under expected and stressed conditions, maintains excess liquidity and access to diverse funding sources and seeks to align liquidity-related incentives and risks. Excess liquidity is defined as readily available assets, limited to cash and high-quality, liquid, unencumbered securities that BofAS can use to meet contractual and contingent financial obligations as those obligations arise. In addition, BofAS manages its liquidity risk through committed and uncommitted unsecured borrowing arrangements with Bank of America and NB Holdings.

**Interest Rate Risk.** Interest rate risk represents exposures to instruments whose values vary with the level or volatility of interest rates. These instruments include, but are not limited to, debt securities, certain trading-related assets and liabilities, borrowings and derivatives. Hedging instruments used to mitigate these risks include derivatives such as options, futures, forwards and swaps.

**Foreign Exchange Risk.** Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in currencies other than the U.S. dollar. The types of instruments exposed to this risk include securities, future cash flows in foreign currencies arising from foreign exchange transactions and various foreign exchange derivatives whose values fluctuate with changes in the level or volatility of currency exchange rates or non-U.S. interest rates. Hedging instruments used to mitigate this risk include currency forwards and options.

**Equity Market Risk.** Equity market risk represents exposures to securities that represent an ownership interest in a corporation in the form of domestic and foreign common stock or other equity-linked instruments. Instruments that would lead to this exposure include, but are not limited to, common stock, equity options and swaps. Hedging instruments used to mitigate this risk include options, futures, swaps, convertible bonds and cash positions.

**Credit Spread Risk.** Credit spread risk arises from the possibility that changes in credit spreads will affect the value of financial instruments. Certain instruments are used by BofAS to manage this type of risk. Swaps and options, for example, can be designed to mitigate losses due to changes in credit spreads, and the credit downgrade or default of the issuer.

**Counterparty Credit Risk.** BofAS is exposed to risk of loss if an individual, counterparty or issuer fails to perform its obligations under contractual terms. Both cash instruments and derivatives expose BofAS to default risk. Credit risk arising from changes in credit spreads is discussed above. BofAS has established policies and procedures for mitigating counterparty credit risk on principal

transactions, including reviewing and establishing limits for credit exposure, maintaining qualifying collateral, purchasing credit protection, and continually assessing the creditworthiness of counterparties. In the normal course of business, BofAS executes, settles, and finances various customer securities transactions. Execution of these transactions includes the purchase and sale of securities by BofAS. These activities may expose BofAS to default risk arising from the potential that customers or counterparties may fail to satisfy their obligations. In these situations, BofAS may be required to purchase or sell financial instruments at unfavorable market prices to satisfy obligations to other customers or counterparties. In addition, BofAS seeks to control the risks associated with its customer margin activities by requiring customers to maintain collateral in compliance with regulatory and internal guidelines.

**Derivatives Default Risk.** BofAS trading derivatives consist of derivatives provided to customers and affiliates and derivatives entered into for trading strategies or risk management purposes. Default risk exposure varies by type of derivative. Default risk on derivatives can occur for the full notional amount of the trade where a final exchange of principal takes place, as may be the case for currency swaps. Swap agreements and forward contracts are generally OTC- transacted and thus are exposed to default risk to the extent of their replacement cost. Since futures contracts are exchange-traded and usually require daily cash settlement, the related risk of loss is generally limited to a one-day net positive change in fair value. Option contracts can be exchange-traded or OTC. Purchased options have default risk to the extent of their replacement cost. Written options represent a potential obligation to counterparties and typically do not subject BofAS to default risk except under circumstances where the option premium is being financed or in cases where BofAS is required to post collateral.

**Concentrations of Credit Risk.** BofAS' exposure to credit risk (both default and credit spread) associated with its trading and other activities is measured on an individual counterparty basis, as well as by groups of counterparties that share similar attributes. Concentrations of credit risk can be affected by changes in political, industry or economic factors. To reduce the potential for risk concentration, credit limits are established and monitored in light of changing counterparty and market conditions. In the normal course of business, BofAS purchases, sells, underwrites, and makes markets in noninvestment grade instruments. These activities expose BofAS to a higher degree of credit risk than is associated with trading, investing in, and underwriting investment grade instruments and extending credit to investment grade counterparties.

**Industry Concentration Risk.** BofAS' primary industry credit concentration is with financial institutions, including affiliates, which arises in the normal course of BofAS' brokerage, trading, financing, and underwriting activities. Financial institutions include other brokers and dealers, commercial banks, financing companies, insurance companies, and investment companies.

**Operational Risk.** Operational risk, such as operational problems related to execution and settlement, is managed by creating and monitoring of key risk indicators, testing key control processes, implementing escalation procedures for risk events, using documented policies and procedures and information systems that monitor and track operational risk events. New products and significant change are risk assessed and approved through an internal risk review and assessment process.

**Legal and Regulatory Risk.** Legal and regulatory risk, such as deficiencies in legal documentation or the firm's regulatory compliance program, is managed through the assistance of in-house Legal and Compliance Departments staffed with experienced attorneys and compliance professionals knowledgeable in the firm's areas of business. BofAS' in-house lawyers

and compliance professionals work closely with the business on significant transactions, develop and utilize standard transaction documentation, obtain assistance and advice from experienced outside counsel as needed, and establish and communicate to employees and their supervisors written policies and procedures for the proper conduct of business in accordance with applicable laws and regulations and BofAS' policy.

**Financial Control Risk.** BofAS seeks to minimize financial control risk (e.g., inadequacies in financial control systems) through the segregation of responsibility for key functions involved in the gathering, analysis and presentation of financial information, documented policies and procedures that establish authorized signatories for various key financial control activities, use of external resources for price verification, and routine internal and external audits.

**Risk Monitoring and Specific Risk Controls.** BofAS monitors and controls its risk exposures on a daily basis through a multi-faceted and interrelated series of financial, credit and market risk management monitoring systems. BofAS' management participates in the risk management process through documented policies and procedures. In addition, BofAS' risk management program is periodically reviewed by internal auditors and risk management staff. Below is a summary of several specific risk controls established by BofAS:

1. **Documentation.** Each clearing customer typically signs a futures customer account agreement with BofAS that governs the futures clearing relationship and, when applicable, a cleared derivatives addendum that governs the clearing of OTC products. These agreements set forth the customer's responsibilities (including, but not limited to, the obligation to meet margin calls) and enumerates BofAS' right to:
  - Set margin levels;
  - Limit the size and number of the customer's positions; and
  - Liquidate the customer's account if an event of default occurs (e.g., the customer fails to meet a margin call or becomes insolvent).

Where applicable, give up agreements are put in place among the customer, BofAS and another firm. These give up agreements generally follow a standard form developed by the Futures Industry Association, which permits the clearing firm to notify both the customer and the executing firm that the clearing firm will no longer accept transactions for clearing.

2. **Pre-Execution Limit Screening.** BofAS has established systematic pre-execution screening limits for customer trading activity on an exchange or swap execution facility and procedure-based limits and controls that apply to transactions entered through one of the firm's brokers.
3. **Pre-clearing Screening.** Futures trades that will be cleared by BofAS are claimed at the clearing houses through a trade acceptance software platform maintained by BofAS.
4. **Daily Risk Management.** During each business day, BofAS calculates the net liquidating value of each customer account and compares that value to the margin in the customer's account.
5. **End of Day Risk Management.** All customer account activity is valued on a daily basis against specific stress scenarios, and BofAS reviews any exceptions to its internal risk

management parameters. Alerts are also generated when the equity in a customer's account drops below certain pre-determined levels overnight.

6. **Daily Margining.** All customer futures and cleared derivatives positions are marked to market overnight. BofAS makes both variation margin and initial margin calls each business day, and customers are generally required to meet those margin calls on the following business day. Calls that are not met within that timeframe are tracked, and BofAS' operations team escalates those unmet calls to BofAS' business and risk groups.

Additional information regarding the risk management policies of Bank of America is available at <http://www.bankofamerica.com>.

## **XI. FCM Statements Regarding Segregation of Customer Funds**

In order to access the below materials, click on the below links and an excel file will download. Once downloaded, click on the excel file and, when prompted, click "Read Only." An excel file will open that includes monthly tabs, on which PDF files are embedded. Double click on the PDF files to open them.

BofAS makes the following financial information publicly available on its web site:

1. The daily Statement of Segregation Requirements and Funds in Segregation for Customers Trading on U.S. Exchanges for the most current 12-month period is available at <http://gmi.ml.com/MLPFS Rule 1 55/BofAS Monthly Financial Disclosures.xls>.
2. The daily Statement of Secured Amounts and Funds Held in Separate Accounts for 30.7 Customers Pursuant to CFTC Rule 30.7 for the most current 12-month period is available at <http://gmi.ml.com/MLPFS Rule 1 55/BofAS Daily Client Protection Calculations.xls>.
3. The daily Statement of Cleared Swaps Customer Segregation Requirements and Funds in Cleared Swaps Customer Accounts Under Section 4d(f) of the Act for the most current 12-month period is available at <http://gmi.ml.com/MLPFS Rule 1 55/BofAS Daily Client Protection Calculations.xls>.
4. A summary schedule of the BofAS' adjusted net capital, net capital, and excess net capital, all computed in accordance with CFTC Rule 1.17 and reflecting balances as of the month-end for the 12 most recent months is included as a supplemental page with excerpts from BofAS' most recent monthly FOCUS Report, which is available at <http://gmi.ml.com/MLPFS Rule 1 55/BofAS Monthly Financial Disclosures.xls>.
5. The Statement of Financial Condition, the Statement of Segregation Requirements and Funds in Segregation for Customers Trading on U.S. Exchanges, the Statement of Secured Amounts and Funds Held in Separate Accounts for Customers Pursuant to CFTC Regulation 30.7, the Statement of Cleared Swaps Customer Segregation Requirements and Funds in Cleared Swaps Customer Accounts Under Section 4d(f) of the Act, and all related footnotes to the above schedules that are part of the FCM's most current certified annual report pursuant to CFTC Rule 1.16. This information is included as a supplemental page with excerpts from BofAS' most recent monthly FOCUS Report, which is available at <http://gmi.ml.com/MLPFS Rule 1 55/BofAS Monthly Financial Disclosures.xls>.

6. The Statement of Segregation Requirements and Funds in Segregation for Customers Trading on U.S. Exchanges, the Statement of Secured Amounts and Funds Held in Separate Accounts for 30.7 Customers Pursuant to CFTC Regulation 30.7, and the Statement of Cleared Swaps Customer Accounts Under Section 4d(f) of the Act that are part of the FCM's unaudited FOCUS Report for the most current 12-month period. This information is included as a supplemental page with excerpts from BofAS' most recent monthly FOCUS Report, which is available at [http://gmi.ml.com/MLPFS Rule 1 55/BofAS Monthly Financial Disclosures.xls](http://gmi.ml.com/MLPFS_Rule_1_55/BofAS_Monthly_Financial_Disclosures.xls).

The NFA website contains additional information regarding BofAS' and is available at <http://www.nfa.futures.org/>.

The CFTC publishes additional financial information on all FCMs, which is available at <http://www.cftc.gov/MarketReports/financialfcmdata/index.htm>.

**This Disclosure Document was updated on March 19, 2025.**

## **Appendix A – Material Complaints or Actions**

1.55(k)(7) Any material administrative, civil, enforcement or criminal complaints or actions filed against FCM where such complaints or actions have not concluded, and any enforcement complaints or actions filed against FCM during the last three years.

Find concluded actions at <https://brokercheck.finra.org/firm/summary/283942>. Follow this link and click on “Detailed Report” on the upper right corner and go to the section entitled “Disclosure Events” (the page # is listed on the first page of this report) for the full list of regulatory, criminal and judicial proceedings.

Additional concluded actions can be found at <http://www.nfa.futures.org/basicnet/welcome.aspx>. This link will take you to the Welcome Page of the NFA’s Background Affiliation Status. Information Center (“BASIC”). At this page, there is a box where you can enter the NFA ID of BofA Securities, Inc. (0500214) and then click “Go”. You will be transferred to the NFA’s information specific to BofAS. Under the heading “Regulatory Actions”, click “View All Actions” and you will be directed to the full list of regulatory actions brought by the CFTC and exchanges.

Material actions that have not been concluded can be found in the [10-K/10-Q] found at <https://investor.bankofamerica.com/quarterly-earnings>.