Updated: October 1, 2020 - Litigation / Regulatory Actions

BofA Securities, Inc. (the "Company" or "BofAS"), a Delaware corporation, is registered with the U.S. Commodity Futures Trading Commission ("CFTC") as a Futures Commission Merchant ("FCM"). The Company is a clearing member of the Chicago Board of Trade, and the Chicago Mercantile Exchange, and is either a clearing member or member of all other principal U.S. futures and futures options exchanges. With regard to those domestic futures and futures options exchanges of which it is not a clearing member, the Company has entered into third party brokerage relationships with FCMs that are clearing members of those exchanges. The Company maintains its principal place of business at One Bryant Park, New York, NY10036.

Bank of America Corporation (the "Corporation" or "Bank of America"), the Company's ultimate parent, (the "Parent") makes all required disclosures in its Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, which may be updated by Current Reports on Form 8-K, all of which are filed with the Securities and Exchange Commission ("SEC") ("Regulatory Filings"). The Company makes all required disclosures in its Form BD and ADV filings ("Form BD and ADV Filings") with the Financial Industry Regulatory Authority ("FINRA"). Those Regulatory Filings and Form BD and ADV Filings include disclosures of Regulatory Inquiries as required by federal law and applicable regulations. The Regulatory Filings are publicly available on the SEC's website at www.sec.gov. The Form BD Filings are publicly available on the FINRA BrokerCheck system at http://brokercheck.finra.org/. The Form ADV filings are publicly available on the SEC's Investment Adviser Search website at: http://www.adviserinfo.sec.gov/IAPD/default.aspx.

In the ordinary course of business, the Company may routinely be a defendant in or party to many pending and threatened legal, regulatory and governmental actions and proceedings. In view of the inherent difficulty of predicting the outcome of such matters, particularly where the claimants seek very large or indeterminate damages or where the matters present novel legal theories or involve a large number of parties, the Company generally cannot predict what the eventual outcome of the pending matters will be, what the timing of the ultimate resolution of these matters will be, or what the eventual loss, fines or penalties related to each pending matter may be.

In accordance with applicable accounting guidance, the Company establishes an accrued liability when those matters present loss contingencies that are both probable and estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. As a matter develops, the Company, in conjunction with any outside counsel handling the matter, evaluates on an ongoing basis whether such matter presents a loss contingency that is probable and estimable. Once the loss contingency related to a matter is deemed to be both probable and estimable, the Company will establish an accrued liability. The Company continues to monitor the matter for further developments that could affect the amount of the accrued liability that has been previously established.

In some of the matters described below, loss contingencies are not both probable and estimable in the view of management, and accordingly, an accrued liability has not been established for those matters. Information is provided below regarding the nature of all these contingencies and, where specified, the amount of the claim associated with these loss contingencies. Based on current knowledge, management does not believe that loss contingencies arising from pending matters, including the matters described herein, will have a material adverse effect on the Company's consolidated financial position or liquidity. However, in light of the inherent uncertainties involved in these matters, some of which are beyond the Company's control, and the very large or indeterminate damages sought in some of these matters, an adverse outcome in one or more of these matters could be material to the Company's results of operations or cash flows for any particular reporting period.

On May 13, 2019, BofAS acquired the Global Banking and Markets ("GBAM") assets of Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), then an affiliated futures commission merchant. While BofAS currently has no material legal or disciplinary events to disclose on its own behalf, BofAS deems it appropriate to disclose certain MLPF&S litigation and regulatory matters arising from the GBAM business acquired from MLPF&S that may have otherwise been required to be disclosed under CFTC Rule 1.55(k)(7) prior to the transfer of the business to BofAS.

The actions attributed to BofAS arising from its inception in 2019, as well as any arising from the GBAM business it acquired from MLPF&S include, but are not limited to, the following:

REGULATORY ACTIONS

SEC ADR Settlement – March 22, 2019

The SEC deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b)(4) of the Exchange Act, against MLPF&S. The SEC finds that these proceedings arise out of MLPF&S's improper practices with respect to securities lending transactions involving pre-released American Depositary Receipts ("ADRs"). ADR facilities, which provide for the issuance of ADRs, are established by a Depositary Bank ("Depositary") pursuant to a Deposit Agreement ("Deposit Agreement"). Typically, a Depositary issues ADRs to a market participant that contemporaneously delivers the corresponding number of foreign securities to the Depositary's foreign custodian ("Custodian"). However, in certain situations, Deposit Agreements may provide for "pre-release" transactions in which a market participant can obtain newly issued ADRs from the Depositary before delivering ordinary shares to the Custodian. Only brokers (or other market participants) that have entered into pre-release agreements with a Depositary ("Pre-Release Agreements") can obtain pre-released ADRs from the Depositary. The Pre-Release Agreements, consistent with the Deposit Agreements, require the broker receiving the pre-released ADRs ("Pre-Release Broker"), or its customer on whose behalf the Pre-Release Broker is acting, to beneficially own the ordinary shares represented by the ADRs, and to assign all beneficial rights, title, and interest to those ordinary shares to the Depositary while the pre-release transaction is outstanding. In effect, the Pre-Release Croker or its customer becomes the temporary Custodian of the ordinary shares that would otherwise have been delivered to the Custodian. From at least June 2012 until approximately November 2014, MLPF&S received pre-released ADRs from Pre-Release Brokers that had been issued by depositaries where neither the Pre-Release Brokers nor MLPF&S had taken reasonable steps to satisfy the Pre-Release Brokers' obligations under the Pre-Release Agreements. MLPF&S, which was not a Pre-Release Broker, understood that the ADRs that MLPF&S borrowed from Pre-Release Brokers may have been sourced from Depositaries pursuant to Pre-Release Agreements. MLPF&S also understood that the beneficial ownership and other representations that Pre-Release Brokers were required to make to Depositaries in order to obtain pre-released ADRs. MLPF&S also understood the conduit nature of Pre-Release Brokers' securities lending business, which under the circumstances should have indicated that the Pre-Release Brokers did not own underlying ordinary shares. MLPF&S's associate persons on its securities lending desk, by obtaining ADRs from Pre-Release Brokers in circumstances where they should have known that such ADRs likely had been pre-released without compliance with the Pre-Release Brokers' obligations under the Pre-Release Agreements, violated Section 17(a)(3) of the Securities Act. MLPF&S's supervisory policies and procedures were not reasonably designed and implemented to provide sufficient oversight of associated persons to prevent and detect their violations of Section 17(a)(3) of the Securities Act. As a result, MLPF&S failed reasonably to supervise its associated persons within the meaning of Section 15(b)(4)(e) of the Exchange Act. MLPF&S submitted an offer of settlement (the "Offer") which the SEC has determined to accept. MLPF&S failed reasonably to fulfill its supervisory responsibilities within the meaning of Section 15(b)(4)(e) of the Exchange Act. Solely for the purpose of settling these proceedings, MLPF&S consented to the Order without admitting or denying the findings in the Order, except as to the SEC's jurisdiction over it and the subject matter. The SEC ordered that MLPF&S is censured and shall pay disgorgement of $4,448,291.52 together with prejudgment interest of $724,795.40 and a civil money penalty of $2,891,389.48.

SEC ATS (Masking) Settlement – June 19, 2018

On June 19, 2018, the SEC issued an administrative proceeding against MLPF&S concerning MLPF&S's sustained efforts to hide its practice of routing certain institutional customer orders in equity securities to other broker-dealers ("ELPs"), including proprietary trading firms and wholesale market makers, for execution. MLPF&S configured a number of internal/external trade reporting systems so that institutional customer orders that were executed at ELPs instead appeared to institutional customers to have been executed at MLPF&S. MLPF&S similarly misreported ELP executions in reports provided to institutional customers and in billing invoices. When responding to institutional customer questionnaires and in other communications, MLPF&S specifically omitted ELPs from lists of venues to which institutional customer orders were routed. MLPF&S referred to this practice internally as masking. MLPF&S masked the ELP executions of MLPF&S's DSA institutional customers, typically financial institutions such as asset managers, mutual fund investment advisers, and public pension funds. As a result, these institutional customers' orders received unwanted executions against entities with which they believed their orders would not interact. Because of masking, these institutional customers did not know that MLPF&S violated their instructions. MLPF&S's efforts to mask the correct trading venues, including by altering trade reporting programs, operated as a fraud or deceit upon its institutional customers. As a result, MLPF&S willfully violated Sections 17(a)(2) and 17(a)(3) of the Securities Act. MLPF&S was censured and ordered to (i) cease and desist from committing or causing any violations and any future violations of Sections

17(a)(2) and 17(a)(3) of the Securities Act; and (ii) pay a civil money penalty in the amount of $42,000,000.

SEC Non-Agency RMBS Settlement – June 12, 2018

On June 12, 2018, the SEC issued an administrative proceeding against MLPF&S finding that MLPF&S failed reasonably to supervise MLPF&S personnel so as to prevent and detect violations of antifraud provisions of the Federal securities laws in connection with MLPF&S's secondary market purchases and sales of certain bonds known as non-agency residential mortgage-backed securities ("RMBS"). The trading took place from June 2009 through December 2012 ("Period") and involved intra-day purchases and sales of RMBS from and to MLPF&S's institutional customers. During the period, MLPF&S personnel who purchased and sold RMBS made false or misleading statements, directly and indirectly, to MLPF&S's institutional customers and/or charged MLPF&S's institutional customers undisclosed excessive mark-ups. By engaging in this conduct, MLPF&S's personnel acted knowingly or recklessly. MLPF&S had both policies that prohibited false or misleading statements and the means to monitor communications for such statements. MLPF&S, however, failed reasonably to implement procedures to monitor for the types of false or misleading statements that were the subject of the order. MLPF&S also had policies that prohibited excessive mark-ups and procedures to monitor for excessive mark-ups on transactions in RMBS, but the policies and procedures were not reasonably designed and implemented. Due to these deficiencies, MLPF&S failed reasonably to perform a meaningful review of potentially excessive mark-ups on certain RMBS transactions, including those that were the subject of the order. Under the circumstances described above, MLPF&S failed reasonably to supervise for violations of antifraud provisions of the Federal securities laws within the meaning of Section 15(b)(4)(e) of the Exchange Act. MLPF&S agreed to a censure, pay disgorgement and pre-judgment interest totaling $10,535,441, and pay a civil money penalty in the amount of $5,267,720.

Attorney General of the State of New York Investor Protection Bureau – March 22, 2018

In connection with the same activity referenced by the SEC ATS matter of June 19, 2018 above, the Attorney General of the State of New York Investor Protection Bureau alleged that Bank of America Corporation ("BAC") and MLPF&S (1) concealed from its institutional clients that orders in equity securities were routed to and executed by "electronic liquidity providers"; (2) misstated the composition of orders and trades sent to its dark pool; and (3) did not accurately describe its use of a proprietary "venue ranking" analysis, in violation of the Martin Act and Executive Law § 63(12). In connection with the settlement agreement, BAC and MLPF&S agreed (1) not to engage, or attempt to engage, in conduct in violation of any applicable laws, including but not limited to the Martin Act and Executive Law § 63(12); (2) to pay a penalty in the amount of $42,000,000; and (3) provide the NYAG a summary of the review of its electronic trading policies and procedures.

FINRA AWC – December 19, 2017

On December 19, 2017, without admitting or denying the findings, MLPF&S consented to the entry of the following findings by FINRA: MLPF&S failed to identify and evaluate certain trades with extended settlement dates ("ES Trades") across its product lines and business units for margin and net capital purposes. As a result, MLPF&S for these trades failed to collect the requisite margin in violation of FINRA Rules 4210 and 2010; take the appropriate net capital deduction in violation of Section 15(c) of the Exchange Act and Rule 15c3-1(c) thereunder and FINRA Rule 2010; prevent extension of credit in cash accounts in violation of FINRA Rule 2010 by violating Regulation T of the Board of Governors of the Federal Reserve System ("REG T"); maintain accurate schedules to the general ledger in violation of Section 17(a) of the Exchange Act and Rule 17a-3 thereunder and FINRA Rules 4511 and 2010; and file accurate FOCUS reports in violation of Exchange Act Rule 17a-5 and FINRA Rule 2010. MLPF&S also failed to establish, maintain and enforce a reasonable supervisory system, including written supervisory procedures ("WSPs"), designed to achieve compliance with applicable federal securities laws and regulations with respect to margin, net capital, books and records, and financial and operational combined uniform single ("FOCUS") reports in violation of FINRA Rule 3110, and its predecessor rule, NASD Rule 3010. MLPF&S's supervisory system and written procedures failed to identify and consider ES Trades across its product lines and business units. Although MLPF&S was made aware of these supervisory deficiencies in April 2013 through findings made during a FINRA Department of Member Regulation member regulation examination, MLPF&S failed to implement any remedial measures until mid-2014, and failed to implement a reasonable firm-wide supervisory system to identify and consider ES Trades until mid-2015. MLPF&S was censured and fined $1,400,000.