

# BofAML Order Execution Policy

Version 3.0

Updated 11 April 2019

## 1. Order Execution Policy

This document provides a summary of the Bank of America Merrill Lynch (“BofAML”) Order Execution Policy (“Policy”), which BofAML will adopt when executing orders on behalf of clients. By giving BofAML orders for execution after receiving this document, clients will be deemed to have consented to having their orders handled by BofAML in accordance with the Policy, save for situations where BofAML has received specific instructions or to the extent that express consent is required in accordance with applicable law (but has not been received).

## 2. Scope & Application

This document applies only to trades executed by European Economic Area (“EEA”) and UK sales or trading employees of BofAML where the client is facing an EEA or UK BofAML regulated entity or branch. BofAML’s EEA and UK entities and branches include:

- Bank of America Merrill Lynch International Designated Activity Company
- BofA Securities Europe Société Anonyme
- Merrill Lynch International
- CM Investment Solutions Limited
- BANA London Branch

See also [BofAML Entities List](#). A full list of authorised entities and branches is available on request.

This document applies to orders executed on behalf of Professional Clients in accordance with the Applicable Rules and only to dealings in financial instruments under the recast Markets in Financial Instruments Directive (“MiFID II”).

BofAML owes a duty of best execution to its client when it has either:

(i) Received and accepted an order in respect of a financial instrument (as defined in Section C of Annex I of MiFID II and set out in Appendix A to this Policy) and BofAML is either:

- Executing the order on behalf of the client, either by dealing as principal or as agent; or
- Arranging transactions, including passing the order or acting as manager and placing the order to a broker for execution.

or

(ii) Provided a quote in response to a request-for-quote (“RFQ”) in respect of a financial instrument and the client is legitimately relying on BofAML to obtain the best possible result. In this regard, the following four factors, as set out by the European Commission<sup>1</sup> and the FCA Thematic Review on Best Execution and Payment for Order Flow (TR14/13), will be weighted to determine whether the client is legitimately relying on BofAML to obtain the best possible result:

- Whether the client initiated the transaction/RFQ, or vice versa;
- The market practice for the product and the existence of a convention for the client to “shop around”;
- The levels of price transparency within the relevant market; and
- The information provided by BofAML to the client about its services and any other existing agreement between BofAML and the client that may be relevant.

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<sup>1</sup> European Commission’s Working Document ESC-07-2007

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Best execution does not apply to orders or RFQs from Eligible Counterparties, including clients that have opted up to Eligible Counterparty status in relation to their trading activities undertaken with BofAML.

The best execution obligation applies to in-scope RFQs and client orders taken by BofAML's employees in the course of carrying out regulated investment business on behalf of the BofAML entities that are in scope.

### 3. What is best execution and order handling?

- MiFID II requires that BofAML must establish and implement effective arrangements for complying with the obligation to take all sufficient steps to obtain the best possible result for its clients when executing client orders or routing or placing client orders to other entities, including affiliates or other third party brokers, or when executing in response to a client RFQ where there is legitimate reliance. In particular, BofAML is required to establish and implement an order execution policy to maintain consistency in handling its client orders to achieve the best possible result in complying with the obligation.
- A separate but related obligation is to implement procedures and arrangements which provide for the prompt, fair and expeditious execution of client orders.

### 4. How does BofAML satisfy the best execution obligation?

- This summary sets out what BofAML is required to do in order to take all sufficient steps to obtain the best possible results for its Professional Clients.
- In practical terms, this means in order to select execution venues, trading strategies or trading parameters which consistently deliver best execution, the various execution factors listed in the Execution factors section below should be considered. When BofAML is receiving and transmitting orders, the execution venues will include its affiliate brokers or the third party brokers that BofAML passes the orders on to.
- Where BofAML is dealing with a complex product (i.e. the instrument is made up of more than one component) best execution would be assessed by reference to overall product rather than each constituent part. For package transactions (as defined under Commission Delegated Regulation 2017/583) the component parts should be reported separately, where a reporting obligation under Commission Delegated Regulation 2017/575 exists.

### 5. When is BofAML executing or arranging client orders?

BofAML will be executing client orders:

- When it is acting on behalf of a client either as agent or principal.
- Where it carries out an order for a client as "riskless principal" (i.e. when BofAML simultaneously buys and sells the same quantity of the same security at the same price).
- Generally, when a client is relying on BofAML to protect its interests in relation to the pricing and other elements of the transaction (which may include the hedging of such transaction) that could be affected by BofAML's involvement in carrying out the order.

Note: it does not matter whether the order is for equities, bonds or derivatives – BofAML will be executing a client order if the client is relying on BofAML to protect its interests with regard to price and the overall outcome of execution.

BofAML will be arranging client orders:

- Where it transmits client orders to other entities, such as third party brokers, for execution. In this situation BofAML is providing the service of receiving and transmitting an order on behalf of the client.

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- Where it is placing client orders with third party brokers for execution.

When transmitting client orders to third party brokers for execution, BofAML is responsible for taking all sufficient steps to ensure that the third party provides for the best possible result in order to satisfy its best execution obligation for BofAML's underlying clients.

Where a BofAML desk needs to pass the order to a different BofAML desk, the BofAML desk which executes the trade is required to take sufficient steps to achieve the best possible outcome for the client. The BofAML desk passing the order must ensure that the executing desk receives such information as is necessary in order for them to take sufficient steps.

## 6. What are execution venues and the execution factors?

Client orders may be executed, routed or placed via the following different types of venues available to BofAML. Note that not all of the venues in the list below will be utilised by every business line – the venues used by specific businesses will be determined by the requirements of the business:

- Venues having 'Regulated Market' status (as defined in MiFID II)
- Venues having 'Multilateral Trading Facility' status (MTFs) (as defined in MiFID II) or global equivalents
- Venues having 'Organised Trading Facility' status (OTFs) (as defined in MiFID II) or global equivalents
- Systematic Internalisers (SIs), including BofAML's own legal entities which may be an SI in the relevant instrument
- Broker dealers, third party brokers and market makers (which may be affiliates of BofAML or third parties)
- An entity that performs a similar function in a third country to the functions performed by any of the foregoing outside the EEA or the UK which are regulated according to their local rules
- BofAML may execute client orders over the counter (OTC) away from any official regulated or unregulated execution venue or on an SI, subject to obtaining consent. This can be done using inventory on a trader's book or by filling the order on risk (including when acting in the capacity of an SI)

BofAML will select an execution venue based primarily on the availability of best pricing for a particular instrument and the amount of accessible liquidity offered by the execution venue. In certain instances, clients will instruct BofAML to route their orders to a particular venue, use certain order types or access certain liquidity events (e.g. auctions or listed derivatives which only trade on a single market). As additional execution venue selection criteria, we will consider the overall technical and operational offering of a venue – including connectivity, speed of execution, reliability, rule set and membership and clearing requirements, as well as the costs of accessing the venue. For certain instruments there may only be one execution venue available – in executing a trade in such circumstances BofAML will assume that the selection of that venue satisfies the best execution factor dealing with venue selection.

When executing orders or taking the decision to deal in OTC products including bespoke products, BofAML will check the fairness of the price proposed to the client, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products. Note that in Equity and Equity-like products, where BofAML is an SI in a liquid product for which it is required to provide a public quote, any transaction executed by BofAML in the capacity of SI below SMS that is not subject to the conditions contained in MiFIR Article 15.3 (orders that are subject to conditions other than the current market price) will be executed at BofAML's public SI quote. However, in justified cases, BofAML may execute those orders at a better

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price provided that the price falls within a public range close to market conditions. This will be subject to the general obligation to take sufficient steps to provide best execution.

BofAML requires client prior express consent to execute any order on the client's behalf outside a trading venue. If a client does not provide this consent, any orders accepted by BofAML from the client can only be routed to and executed on trading venues and the client will not be able to access BofAML's risk capital services, nor will BofAML be able to cross trades. There are other consequences of executing outside a Regulated Market, Multilateral Trading Facility or an Organised Trading Facility, including counterparty risk. You are able to request additional information from BofAML concerning the consequences of transactions being executed outside a Trading Venue.

BofAML will not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular trading venue or execution venue which would ultimately be to the detriment of the client. BofAML does not charge different fees depending on the execution venue, unless otherwise agreed with the client.

BofAML will, on a regular basis, review the execution venues of which BofAML is a member of or has access to/sends orders to (including third party brokers and its affiliates) to ensure that the use of such venue, broker or affiliate and the manner in which they are accessed continues to deliver the best possible result for BofAML's clients.

Please ask your BofAML contact for the list of current execution venues. The list of execution venues for each BofAML entity will be reviewed on a periodic basis and modified accordingly.

## 7. Execution factors

There are a number of execution factors that BofAML must take into consideration when executing client orders in order to achieve the best possible result for clients on a consistent basis. Those execution factors are as follows:

- Price
- Likelihood of execution
- Size of the transaction
- Likelihood of settlement
- Costs (implicit and explicit)
- Speed of execution
- Nature of the order
- Any other considerations relevant to the execution of an order, e.g. prevailing market conditions in the instrument

In order to determine the relative importance of each best execution factor, BofAML will need to determine the following:

- a) The categorisation of the client
- b) The characteristics of the client order, including where the order involves a securities financing transaction ("SFT")
- c) The characteristics of financial instruments that are the subject of that order

- d) The characteristics of the execution venues to which that order can be directed

See [Appendix B](#) for the process by which BofAML will determine the importance of the execution factors for the relevant financial instruments.

## 8. Use of brokers (including BofAML affiliates and third party brokers)

BofAML may execute client orders via another broker, including an affiliate of BofAML or a third party broker, for a number of reasons, including but not limited to the following:

- The client may want to place an order in a market where BofAML is not a member.
- Regulation in a jurisdiction may prohibit BofAML from executing the order directly into the market in that region or requires BofAML to use an affiliate in that market.
- A system error or limitation exists which may prevent the BofAML trader/sales trader from going to the venue directly.

Note that when facilitating client orders in financial instruments where the market is outside the EEA or the UK, BofAML may route orders to a regional affiliate to the extent it has such an entity in that region. Our regional affiliate may then choose to send the order to a local broker if they view it as necessary to achieve best execution.

The obligation to provide best execution applies to all types of financial instrument captured under MiFID II and is not based on whether or not the instrument is listed in the EEA or the UK. Therefore, BofAML will require its affiliates and other third party brokers to evidence that they are providing BofAML with best execution on a consistent basis in line with any requirements under the BofAML Policy and considering the protections offered by equivalent regulations in relevant jurisdictions.

A list of the regional affiliates BofAML uses to execute client orders can be found in Appendix C of this document.

## 9. When does best execution not apply or apply only on a limited basis?

Best execution obligations do not apply **or apply only on a limited basis** in the following situations:

### Eligible Counterparties:

The best execution obligation does not apply where BofAML is dealing with an Eligible Counterparty (in other words, a client that has been classified as such by BofAML by reason of it satisfying the criteria for being an Eligible Counterparty OR a Retail or Professional Client that BofAML has opted up to Eligible Counterparty status) and where BofAML is exclusively providing dealing services to them.

### Specific Instructions:

When BofAML is following specific instructions from the client on an order, BofAML will satisfy the obligation of best execution by executing the order following the client's specific instruction to the extent that the instruction covers all aspects of the execution. The best execution obligation will apply to any other parts or aspects of the order that are not covered by such instruction.

Where all aspects of execution are not covered by the instruction, BofAML will execute the order to obtain the best possible result in light of the instruction, although any specific instruction may lead or necessitate BofAML to reconsider the degree of importance attached to the execution factors and the execution venues.

**The receipt of specific instructions may affect the relative importance assigned to the various execution factors and prevent BofAML from taking the steps it has designed and implemented to obtain best execution in respect of the elements covered by those instructions.**

If a client chooses to execute an order via Direct Market Access ("DMA") or Sponsored Access ("SA") and not via the Smart Order Router ("SOR") it is usual for the client to select the specific parameters of the trade (e.g. price,

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size, venue, nature of order type etc) and thus in this situation, BofAML will be treated as having satisfied its duty of best execution provided we follow the specified parameters and the client will be assumed to have given specific instructions for the entirety of their order via the DMA/SA system. For those DMA/SA orders where the client does not select certain parameters and BofAML is required to exercise certain discretions, BofAML will select those parameters as far as reasonably possible in order to obtain the best possible result in accordance with the client's instructions.

## **Request for Quote ('RFQ') and Market Making:**

When BofAML only provides liquidity or makes markets by providing prices on an RFQ basis, either by publishing electronically or responding to an RFQ or by negotiating a price, BofAML will not owe best execution unless the client is legitimately relying on BofAML to protect their interests in relation to the execution factors. See section on Scope & Application above for details of when an RFQ will be deemed in scope.

Note that where an RFQ is given in relation to a specific part of the client business and the RFQ is deemed out of scope after having considered the four factors listed above, best execution obligations may still apply to other aspects of the trading.

**For more granular guidance on how the relevant best execution factors should be considered when handling client orders in respect of different financial instruments, please see attached [Appendix B](#) to this Policy.**

## **Portfolio Compression:**

When providing portfolio compression, involving the termination and replacement of the component derivatives, BofAML will not be subject to the obligations of best execution. In providing portfolio compression services, BofAML will keep complete and accurate records of all portfolio compressions organized or participated in.

## **10. Is there a requirement to demonstrate best execution?**

At a client's request, BofAML will demonstrate that it has executed the client orders in accordance with its order execution policy.

BofAML will retain documentary records of all client requests to demonstrate best execution, as required.

## **11. Order handling**

### **Aggregation and allocation of orders:**

- BofAML can aggregate a client order with other client orders, including Eligible Counterparty orders and BofAML's own account orders provided that:
  - It is consistent with the obligation of fair treatment of clients and it is unlikely that aggregating all of the orders will work overall to disadvantage any of the client orders;
  - Disclosure is made to each client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order.
- If BofAML has aggregated multiple client orders, BofAML must allocate all orders fairly and must not give preference to one client over another. If BofAML has aggregated client orders with BofAML's own order(s) and BofAML cannot complete the total order, BofAML must fill the client order(s) first unless it can show that without BofAML's participation the order could not have been filled on such favourable terms or at all, in which case the transaction may be allocated to own account proportionally. Should this be the case BofAML will document the reasoning behind this decision.

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- BofAML must be able to demonstrate that the allocation was fair. Allocation of partially executed aggregated orders must be effected primarily on the basis of the time that the relevant orders were received and a secondary consideration would be the relative sizes of the respective orders. In all instances BofAML must take steps to ensure all clients are treated fairly.

## **Re-allocation:**

BofAML cannot re-allocate a client order if that re-allocation is detrimental to a client. A re-allocation will be considered detrimental if unfair precedence is given to a particular client or to BofAML's own order. Example of when BofAML can re-allocate an aggregated order would be:

- An error is identified in the intended basis of the allocation or the actual allocation. In this case the reason for the re-allocation must be noted.

## **12. Governance and review process**

BofAML's Best Execution Governance Forum monitors the effectiveness of execution arrangements (including the Order Execution Policy and the scope of the best execution obligation) and assesses on a regular basis whether the execution venues we have selected provide the best possible result for client transactions that are subject to best execution.

## **13. Conflicts of interest**

For further information relating to BofAML EMEA policy in relation to the identification, prevention and management of conflicts of interest, please refer to our EMEA Conflicts of Interest Policy Summary ([www.bofaml/mifid2](http://www.bofaml/mifid2)).



## APPENDIX A

Markets in Financial Instruments Directive II (MiFID II), Annex I, Section C

Financial Instruments

- (1) Transferable securities;
- (2) Money-market instruments;
- (3) Units in collective investment undertakings;
- (4) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
- (5) Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
- (6) Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, an MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
- (7) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Section and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
- (8) Derivative instruments for the transfer of credit risk;
- (9) Financial contracts for differences;
- (10) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF or an MTF;
- (11) Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme)



## APPENDIX B

List of execution factor weightings/best execution considerations by financial instruments and nature of execution discretion being exercised

### Equity and Equity-like Instruments

#### i) Choice of Execution Strategy

When an employee is afforded discretion over how best to execute an order, they should do so in the manner they expect to achieve the best possible result for the client in light of the characteristics of the order, the execution instructions, and their understanding of the client's objectives and preferences.

The predominant factors they should take into consideration are:

Price and Likelihood of execution – giving consideration to the nature of the order, to the client's objectives and execution instructions, and to market conditions and liquidity in the instrument, exercise judgement as to which method of execution is likely to be most advantageous for the client in respect of execution price and likelihood of execution.

#### ii) BofAML's Smart Order Router (SOR)

In EMEA, the SOR accesses Regulated Markets, pan-European MTFs (lit and dark books), other SIs, and BofAML (when acting in the capacity as an SI).

In terms of achieving best execution when executing client orders via the SOR the predominant considerations captured in the SOR logic are: execution price, fill rate/certainty, price improvement opportunities and market impact.

When routing a marketable ('aggressive') order, the following execution factors are primary considerations:

- a. Price - which execution venue(s) offer the best available price (considering anticipated market impact and any potential for price improvement);
- b. Likelihood of execution – which execution venue or combination of venues with best price offer the greatest certainty of execution for the given order size (including potential impact on ability to execute any residual quantity on advantageous basis); and
- c. Cost – where multiple venues offer equivalent price and likelihood of execution, the SOR will consider cost (e.g. venue fees) as an additional factor.

When routing a non-marketable ("passive") limit order the following execution factors are primary considerations:

- a. Likelihood of execution – which venue or combination of venues is expected to offer the greatest likelihood of execution; and
- b. Size and Market Impact – the size of an order, in absolute terms or relative to market liquidity is important in the SOR's determination of how many venues to represent an order in.

In considering which venues to connect to, BofAML gives consideration to factors including expected performance and liquidity, reliability of operations and infrastructure, ease of access/connectivity, performance as measured by public execution data, level of service and responsiveness, frequency of errors and effectiveness of corrective measures and explicit costs.

## iii) Systematic Internaliser

Where we are an SI within EMEA, we have an obligation to quote continuously. Any order which is smaller than standard market size is required to be executed at the published quote at the time the order is received. From a policy standpoint this is the time when the BofAML employee decides to fill the client as an SI.

The SI quote must be close in price to quotes of equivalent sizes in the same financial instrument on the most relevant market in terms of liquidity.

## iv) Algorithmic Trading Strategies in EMEA

BofAML offers a suite of algorithmic trading strategies which access markets via the Smart Order Router. These algorithms are designed to execute orders in accordance with a specified strategy and to target specific price and/or liquidity benchmarks, whilst seeking to minimise market impact. The algorithms will balance the use of lit and dark venues and order types depending on the selected strategy and parameters.

- Examples of price benchmarks include the order Arrival price, the interval-VWAP, and the Closing price.
- Examples of liquidity benchmarks include the participation rate and the balance of executions by type of venue or phase of trading.

Users of the algorithms can specify parameters that tailor the behaviour of the algorithms more closely to their particular preferences. Certain parameters may amend or override the default venue-selection logic of the Smart Order Router.

The performance of algorithms against their intended benchmarks is subject to ongoing monitoring. This monitoring facilitates the ongoing development/enhancement of the algorithms, and the provision of feedback to users on how to optimise their usage of the algorithms and specified parameters.

## iv) DMA and Sponsored Access

If a client chooses to execute an order via Direct Electronic Access (“DEA”) not via the Smart Order Router (“SOR”) it is usual for the client to select the specific parameters of the trade (e.g. price, size, venue, nature of order type etc). In this situation, BofAML will be treated as having satisfied its duty of best execution as the client will have provided specific instructions for the entirety of their order via the DMA/SA system.

For those DMA/SA orders where the client has not provided specific instructions for the entirety of their order and BofAML is required to exercise certain discretions, BofAML will select those parameters so far as is reasonably possible in order to obtain the best possible result in accordance with the instructions from the client.

## v) Direct to Capital (“DTC”)

When clients choose to execute via our DTC service the client chooses to execute at the offered price at a given time, in this regard provided that BofAML fulfils the client order at the price advertised the obligation to provide best execution is satisfied.

## vi) Exchange Traded Funds (“ETFs”)

Where the client has given discretion to BofAML as to how to execute its order, a best execution obligation exists. In such instance the following relevant execution factors will be taken into primary consideration:

- a. Price – screen bid offer and depth;

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- b. Likelihood of execution – the liquidity of the underlying is important when considering how to execute an ETF order;
- c. Market conditions of the instrument – closing and intraday net average volume is a relevant consideration, as are the volatility of the underlying and the likelihood of two-way flow.

Other relevant factors may also be considered as the BofAML employee deems appropriate.

In the case of an agency ETF order, BofAML's hedge is subject to the best execution obligation, the reason for this being the pricing of the ETF is contingent on the cost of the underlying hedge.

When trading ETFs on a pure request for quote basis, given the prices are available on screen and the client has the option to reject our price and trade away, as such filling the client at their selected on screen price will satisfy any best execution obligations.

## **vii) American Depositary Receipts (“ADRs”) / Global Depositary Receipts (“GDRs”)**

An ADR / GDR can be sent to the Firm in the same way as a standard risk or worked order. Therefore in the same way the requirement to take all sufficient steps to obtain the best possible result for all clients when executing orders on their behalf or routing/placing orders to other entities applies.

Please note that if a trader is asked to work an order to get the client ADRs / GDRs and does so in the market consistent with our best execution policy, we will view best execution to be achieved. We do not require the trader to check if the client can get a better price by buying the underlying and converting it to create the ADR. Note in practice the differential is between the trading price of the underlying and the ADR is minimal.

## **viii) OTC Derivatives and Structured Products**

OTC derivatives, including commoditised derivatives that are traded on a flow basis as well as the structuring of securitised derivative financial instruments in the form of structured notes, are bilateral contracts that are arranged through negotiation, with a quote or price provided to the client, often on a reverse enquiry basis. A client will decide whether to transact with BofAML on the basis of that quote/price and as a consequence, BofAML does not consider that in this situation it has received a client order unless a client has a legitimate reliance on BofAML to act on a client's behalf to protect a client's interest.

Often when entering into these transactions it will be necessary for BofAML to hedge its risk, in this case where the price of the hedge may be used as a reference price for the transaction, BofAML will seek to obtain best execution on the underlying hedge subject to any specific instruction.

In particular, where clients are trading single name swap or similar access products in OTC format and these take into account the price achieved on the underlying hedge, BofAML will seek to obtain best execution on the underlying hedge. However, where a third party might execute a trade following communication with a client and that client requests that such trade is given up to BofAML as a hedge then BofAML may take the price of this “give in” trade into account in the relevant derivative trade with the client to satisfy any best execution obligations.

Additionally, when an element of the client facing trade (e.g. strike, initial price, final price) is determined by reference to a benchmark (e.g. close) at which BofAML may, but is not obliged to, choose to attempt to hedge, there is no explicit best execution obligation owed to the client (as there is a specific instruction from the client in terms of the derivative strike to be at the benchmark), but the overriding obligation to ensure market integrity is to be noted.

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For complex products, any best execution obligations will be considered for the product in its entirety rather than the individual components of the financial instrument.

## ix) Exchange-Traded Derivatives

Exchange traded derivatives are traded as single exchange contracts, where the client generally provides BofAML with a specific instruction regarding which contract they wish to trade. In this situation, BofAML will select the single execution venue available based on that specific instruction and will have satisfied any best execution obligation to the extent that the specific instruction covers the entirety of the order/in-scope RFQ.

Where BofAML trades a futures block against a client on a principal basis and that futures price is derived from BofAML's hedge, or references a benchmark, then the relevant paragraph of the OTC Derivatives and Structured products section above shall apply.


















## Fixed Income, Currencies, and Commodities (FICC) and Exchange-Traded Derivatives

### i) Execution factors

The below table provides an account of the relative importance BofAML will assign to the various execution factors when executing orders or RFQs that are in-scope for the best execution obligation for:

- 1) Liquid instruments;
- 2) Under normal market conditions; and
- 3) For an average size order/RFQ in that financial instrument.

The relative importance assigned to the various execution factors may vary for illiquid instruments, or where market conditions are not normal, or for specificities applying to a particular trade for the market concerned including factors beyond those listed above. The receipt of specific instructions may also affect the relative importance assigned to the various execution factors.

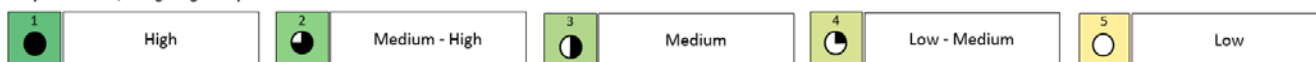
Asset Class	Price	Speed	Cost	Likelihood of Execution	Size	Liquid Instruments included
Listed Derivatives						Futures and Options admitted to trading on a Trading Venue
Rates Derivatives						Interest Rates Swaps , Interest Rates Options (Vanilla & Non-Vanilla)
Credit Derivatives						Credit Derivatives, Structured Products, Repos and Securities Lending and Total Return Swaps
FX						FX Spot, FX Forwards, FX Swaps and FX Options
Equity Derivatives						Equity Options (Vanilla and Non-Vanilla), Total Return Swaps, Convertibles and ETF and Mutual Funds
Securities						Sovereign Bonds, Agency Bonds and Corporate (Secured/ Unsecured) Bonds
Commodities						Commodity Forwards, Commodity Options, Commodity Swaps, Commodity Linked Notes, Commodity Exchange Traded Funds, Cross Asset Strategies

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Key: Rank/ Weighting of Importance



Note: the listed derivatives analysis in the table includes all listed derivatives for the other asset classes.

If the price of a hedge trade is used as a reference price for the transaction, the relevant execution factors will be the same as the equivalent cash equity or listed derivative trade for that part of the transaction.

## ii) Exchange Traded Derivatives

Exchange traded derivatives are traded as single exchange contracts, where the client generally provides BofAML with a specific instruction regarding which contract they wish to trade. In this situation, BofAML will select the single execution venue available based on that specific instruction and will have satisfied any best execution obligation to the extent that the specific instruction covers the entirety of the order/in-scope RFQ.

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## APPENDIX C

Asset class	Region	Regional affiliates which BofAML may execute client orders through
Equities	AMRS	Merrill Lynch Argentina
Equities	AMRS	Merrill Lynch S/A CTVM - 13
Equities	AMRS	Merrill Lynch Canada Inc
Equities	AMRS	Merrill Lynch Corredores de Bolsa SpA
Equities	AMRS	Merrill Lynch Mexico, S.A. de C.V., Casa de Bolsa
Equities	AMRS	Merrill Lynch Pierce Fenner and Smith
Equities	APAC	Merrill Lynch Equities (Australia) Limited
Equities	APAC	Merrill Lynch Far East Limited
Equities	APAC	DSP Merrill Lynch Limited
Equities	APAC	PT Merrill Lynch Indonesia
Equities	APAC	Merrill Lynch Japan Securities Co Ltd.
Equities	APAC	Merrill Lynch International Inc Seoul Branch
Equities	APAC	Merrill Lynch Securities (Taiwan) Ltd.
Equities	EMEA	OOO Merrill Lynch Securities (MLS)
Equities	EMEA	Merrill Lynch KSA
Equities	EMEA	Merrill Lynch South Africa
Equities	EMEA	MERRILL LYNCH CAPITAL MARKETS ESPAÑA, S.A
Equities	EMEA	Merrill Lynch Yatirim Bank
Exchange Traded Derivatives	APAC	ML (Australia) Futures Ltd
Exchange Traded Derivatives	AMRS	ML Canada
Exchange Traded Derivatives	AMRS	MLPF&S
Exchange Traded Derivatives	APAC	ML Far East Ltd
Exchange Traded Derivatives	APAC	ML Far East Ltd
Exchange Traded Derivatives	EMEA	ML Yatirim Bank
Exchange Traded Derivatives	APAC	MLID Seoul
Exchange Traded Derivatives	AMRS	ML Argentina SA
Exchange Traded Derivatives	APAC	ML Japan Securities Co Ltd
Exchange Traded Derivatives	AMRS	ML Argentina SA

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Exchange Traded Derivatives	EMEA	ML Securities
Exchange Traded Derivatives	EMEA	ML South Africa (Pty) Ltd
Exchange Traded Derivatives	APAC	ML (Singapore) Pte Ltd
Exchange Traded Derivatives	APAC	ML Securities (Taiwan) Ltd
Commodities	EMEA	Merrill Lynch Commodities (Europe)
Commodities	AMRS	Merrill Lynch Pierce Fenner and Smith