

BofA Systematic Internaliser Disclosures Document

Version 2.6
January 2022

This BofA Securities Systematic Internaliser Disclosures Document forms part of the General Terms & Conditions of Business available on the [BofA Securities MiFID II Website](#).

Background

MiFID II requires investment firms (including credit institutions) trading in financial instruments for which they are a 'systematic internaliser' ("SI") outside a regulated market, a multilateral trading facility or an organised trading facility to comply with certain pre-trade transparency obligations ("SI Requirements"). The purpose of the SI Requirements is to support efficient price discovery around off-venue trading.

The nature of the SI Requirements vary depending on whether the SI is dealing in:

- i. "Equities", being shares, depositary receipts, ETFs, certificates and other similar financial instruments; or
- ii. "Non-Equities", being bonds, structured finance products, emission allowances, derivatives, ETCs and ETNs.

Under MiFID II, an SI is "*an investment firm which, on an organised, frequent, systematic and substantial basis, deals on own account when executing client orders outside a regulated market, an MTF or an OTF without operating a multilateral system*".

This document sets out which BofA Securities Entities (as set out in the BofA Entities List¹) act as an SI and are subject to the SI Requirements for certain financial instruments; and sets out the information we are required to provide you under Applicable Rules.

BofA Securities SIs

BofASE and MLI are SIs in all equity / equity-like instruments² that are 'traded on a trading venue' ("ToTV") under MiFID II. For non-equity instruments³, MLI, BofASE, BofA Europe DAC and BANA London Branch are SIs in various asset classes / sub-asset classes. For a full breakdown of BofA's SI status (per entity / per asset class / per sub-asset class), please refer to the APA SI Registry File. An extract can be provided upon request.

MLI and BANA London Branch are SIs in accordance with the MiFID II UK Provisions (as defined in the General Terms & Conditions of Business) and BofASE and BofA Europe DAC are SIs in accordance with the MiFID II European Provisions (as defined in the General Terms & Conditions of Business); and this document should be read accordingly.

¹ Available at <https://www.bofaml.com/en-us/content/mifid-ii-regulation-summary-requirements.html>.

² 'Equity / equity-like instruments' means instruments covered by Article 20 of MiFIR.

³ 'Non-equity instrument' means an instrument covered by Article 21 of MiFIR.

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Access to the SI

BofA Securities will operate as an SI within its normal trading hours.

BofA Securities recognises the role it plays in providing liquidity to financial markets and of the regulatory obligations to provide clients, which have been classified as being 'good-to-trade' for the purposes of MiFID II, access to our publicly available quotes. We also recognise that providing access to such liquidity must also be balanced with recognition of our own commercial considerations, the requirement to manage a variety of risk measures and various SI Requirements.

Published quotes may be updated at any time. They may also be withdrawn under exceptional market conditions. This is owing to changes in the external trading environment that influence the underlying value of the financial instrument for which a quote has been provided. Such factors influencing this may include, but are not limited to, market risk, liquidity risk and volatility risk. Published quotes may also only be available to trade for a limited time that is reasonable to allow clients to execute against them, owing to the dynamic nature of the underlying products. Published quotes may also be withdrawn under exceptional market conditions in line with SI Requirements.

As part of our internal risk management policies, we reserve the right to limit the number of transactions we enter into with clients to only that for which we provided the initial quote. Where a requesting client has decided not to trade against the quote (or execute only part of it), we may allow other clients to trade on this quote, subject to the other factors governing access to BofA Securities' quotes as commercially determined by it. The ability to trade on this will also be restricted to the notional size of the original quote or that which remains where it has been partially executed.

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Equities

- Access to the BofASE and MLI SIs will be via BofA Securities algorithms, smart order router or high touch:
 - When we are dealing in an order handling capacity for a client (via BofA Securities algorithms or smart order router), interactions take place within the electronic SI platform operated by our execution function. No information regarding specific client orders is shared with trading or other clients. Resulting executions are on an anonymous basis. Subject to explicit compliance approval, anonymised historic order data may be utilised to simulate the value to the execution business of different liquidity provision strategies.
 - Where clients deal with us in a Direct to Capital (DTC), Direct Capital Access (DCA), or with a high-touch sales trader on risk (proactive or reactive), the client name and order-details will be explicitly known to Trading and the resulting price/size offered may be customised appropriately to effectively manage risk.
- The BofASE and MLI SIs will operate with a normalised best bid/offer calculated from consolidated market data.
- The BofASE and MLI SIs will make public quotes in a minimum of 10% 'standard market size' ("SMS")⁴ in most liquid instruments. These quotes will be disseminated via Cboe.
- For orders below SMS, executions will occur at the BofASE or MLI SI public quote, as applicable, unless there are justified circumstances to offer price-improvement.
- Above SMS and in illiquid instruments, the BofASE or MLI SI, as applicable, will have the sole discretion to deal away from the public quote (e.g. offer price/size improvement).

⁴ Determined in accordance with relevant MiFID II rules.

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Non-Equities

Published pre-trade quotes are in those financial instruments for which BofA Securities is:

- An SI and has provided a firm quote in response to a client request.
- The instrument has been determined to be liquid in accordance with MiFIR.
- It has been quoted in a size that is less than or equal to the 'size specific to the instrument'⁵; and
- The instrument is classified as being ToTV.

Access for clients to trade published pre-trade quotes is also contingent upon our own internal assessment of pricing considerations. Any published quote in a financial instrument reflects the value of the underlying instrument and wider valuation adjustment (“VA”) factors, as applicable. VA factors relevant to derivatives include, but are not limited to, considerations of counterparty risk, credit support annex terms and collateral arrangements. For this reason, the quote that is published in response to a request-for-quote from one client may not be available to another client owing to these broader factors.

- Clients are able to access pre-trade quotes through Tradeweb, which supply this information through a secure website or a multicast data feed.
- Tradeweb pre-trade quote information is available on a subscription basis and provides users access to SI quotes in MiFID financial instruments in real time.
- Further information on how to subscribe to this service can be obtained from Tradeweb at: <https://www.tradeweb.com/client-area/>.
- Published information includes instrument description, ISIN (where available), price, size and publishing SI.
- We request clients seeking to trade on published quotes to contact their appropriate BofA Securities sales contact through their usual voice-flow channels.
- Please provide the 'Quote ID' field published by Tradeweb in order to allow your sales contact to readily identify the instrument and relevant quote.

⁵ Determined in accordance with relevant MiFID II rules.

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Market Data

BofA Securities acknowledges ESMA's Guidelines on the MiFID II/MiFIR obligations on market data, which apply from 1st January 2022, to BofASE and BofA Europe DAC in their capacities as SIs. While BofA entities do not operate a trading venue, approved publication arrangement ("APA") or consolidated tape ("CT"), BofA entities do indirectly provide certain transparency data - where required by regulators - to the market via submissions to the following APAs: Chicago Board Options Exchange (CBOE) APA and Tradeweb APA.

These APAs subsequently make any relevant transparency data available to market participants: 1) either free of charge on a delayed basis or in real time on a licensed basis; 2) either via their website or via machine readable format; and 3) on the basis of cost, on a non-discriminatory basis and on an unbundled basis. These APAs also have publicly available market data policies (including price lists) in a standardised, user-friendly and easily accessible format. For further details, please see:

- CBOE APA's Website: https://markets.cboe.com/europe/equities/support/market_data/. Market Data licensing fees can be found here: https://markets.cboe.com/europe/equities/support/price_lists/.
- Tradeweb APA's Website: <https://www.apa.tradeweb.com/>. Market Data licensing fees and disclosures can be found here: <https://www.tradeweb.com/disclosures/market-data-fees-disclosure/>.

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