

EMIR Fees Disclosure

Merrill Lynch International

Merrill Lynch, Pierce, Fenner & Smith
Incorporated

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Merrill Lynch International Fees Disclosure for Listed Derivatives and OTC Derivatives Client Clearing Services

Introduction

As a provider of clearing services at certain CCPs, Merrill Lynch International (“MLI” or “us”), is obliged to provide you with certain information to enable potential clients to compare the cost of clearing at such CCPs with different clearing members¹. We must, amongst other things:

- publicly disclose the costs associated with the different types of segregated account available to you for client clearing with us, including information on any discounts or rebates that may be available to you, along with any applicable conditions;
- provide you with a separate disclosure covering the levels of protection offered by and the main legal implications associated with each type of segregated account.

To this end, each of MLI’s Clearing Member Disclosure Document for Direct and Indirect Clearing and MLI’s Direct Client Disclosure Document for Indirect Clearing can be found at:

https://www.bofaml.com/content/dam/boamlimages/documents/articles/ID17_1174/Merrill_Lynch_International_Clearing_Member_Disclosure_Document_Version_1_0_January_2018.pdf

https://www.bofaml.com/content/dam/boamlimages/documents/articles/ID17_1174/Merrill_Lynch_International_Direct_Client_Disclosure_Document_Version_1_0_January_2018.pdf

This document (“**Fees Disclosure**”) should be read together with the MLI General Disclosures referred to above.

Pricing Considerations

This Fees Disclosure sets out the costs to you of client clearing and typically indicates the highest charge applied to specific factors of the standalone provision of clearing services by us. Note, however, that, in some circumstances, we may agree charges with you which are higher than the amounts specified below, due to reductions/offsets made to other costs or fees.

Any applicable client account fees charged by a CCP will be passed on to you in addition to the costs set out in this Fees Disclosure. As such, the total charge to you of client clearing will be the sum of (i) CCP account fees and (ii) our clearing costs. There may be separate charges for other (optional) services which are incidental to client clearing, as set out below.

The costs set out in this Fees Disclosure do not include any discounts or rebates. MLI may apply a discount or rebate based on a number of key factors including, amongst others:

- Overall client relationship with MLI
- Client credit rating
- Application of MLI financial resources (including financing charges)
- Structure and complexity of clearing services required, per CCP and product

MLI may be in a position to offer you other services that may attract additional charges, including single currency margining, client money protection, taking securities as collateral and collateral transformation.

Individual Segregated Accounts and Gross Omnibus Segregated Indirect Clearing Account

You may choose an omnibus (“**OSA**”) or individual segregated (“**ISA**”) account type, or, with respect to indirect clearing services, a Gross Omnibus Segregated Indirect Clearing Account (“**GOSA**”) or a Basic Omnibus Segregated Indirect Clearing Account (“**BOSA**”), at each CCP offered by MLI.

Supporting an ISA or GOSA (for indirect clearing) generally requires increased operational support, and will most likely attract additional charges by comparison with net omnibus account structures. Account structures at different CCPs may result in varying costs due to operational support requirements and funding impact. You should consult the MLI General Disclosures and the disclosure statements made available by the CCPs for more information about these account types.

MLI Client Clearing Fee Structure

This section sets out the maximum client clearing commissions which could be charged to you by MLI for client clearing at each of the CCPs listed in the table, along with an explanation of the fees that make up the client clearing commission.

Applicable client clearing commissions

	Eurex Clearing AG	LCH SA	LCH Ltd	LME Clear Ltd	ICE Clear Europe Ltd	Nasdaq OMX Clearing AB	Cassa di Compensazione Garanzia S.p.A	BME Clearing S.A.	European Commodity Clearing AG
F&O Clearing (Per lot)	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6
OTC Clearing (Per Ticket)	\$1,200	NA	\$1,200	NA	\$1,200	NA	NA	NA	NA
Monthly ISA Service Charge F&O	\$5,000	\$10,000	\$5,000	\$10,000	\$10,000	\$5,000	\$10,000	\$10,000	\$10,000
Monthly ISA Service Charge OTC	\$5,000	\$10,000	\$5,000	\$10,000	\$10,000	\$5,000	\$10,000	\$10,000	\$10,000
Monthly BOSA Service Charge F&O	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
Monthly GOSA Service Charge F&O	\$5,000	\$10,000	\$5,000	\$10,000	\$10,000	\$5,000	\$10,000	\$10,000	\$10,000
Portfolio ISA Charge	75bps on IM	75bps on IM	75bps on IM	75bps on IM	75bps on IM	75bps on IM	75bps on IM	75bps on IM	75bps on IM
Portfolio OSA Charge	75bps on IM	75bps on IM	75bps on IM	75bps on IM	75bps on IM	75bps on IM	75bps on IM	75bps on IM	75bps on IM
Cash movement	\$100	\$150	\$50	\$150	\$100	\$50	\$150	\$150	\$100
Non-Cash movement	\$100	\$250	\$50	\$250	\$100	\$50	\$250	\$250	\$100

- **Clearing Fee:** maximum charge per lot or per ticket applied to each cleared transactions, applicable to both omnibus and individual segregated account types at each CCP
- **Portfolio Charge:** maximum additional spread applied to Initial Margin on deposit (cash or non-cash collateral) held in an individual segregated account type at each CCP
- **Monthly Service Charge:** maximum flat fee for servicing an individual segregated account at each CCP

¹ Article 38.1, 39.5 and 39.7 of Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (“EMIR”), Article 27(1) and (2) of Commission Delegated Regulation (EU) No 2017/589 supplementing Directive 2014/65/EU with regard to regulatory technical standards specifying the organisation requirements of investment firms engaged in algorithmic trading (“RTS 6”) and Article 4(1) of Commission Delegated Regulation (EU) No 2017/2154 supplementing Regulation (EU) No 600/2014 with regard to regulatory technical standards on indirect clearing arrangements, and Commission Delegated Regulation (EU) No 2017/2155 amending Commission Delegated Regulation (EU) No 149/2013 with regard to regulatory technical standards on indirect clearing arrangements (the “Indirect Clearing RTS”).

- **Cash/ Non-Cash Movements:** maximum charge per cash or non-cash collateral movement, applicable to individual segregated account types at each CCP

Monthly Minimum Fee: MLI may apply a monthly minimum fee to those clients whose activity is below an agreed level set to meet ongoing costs arising from the maintenance of live accounts and open positions.

Negative Interest Rates: in certain market conditions and with respect to certain currencies, clearing houses may pay negative interest rates on cash collateral posted at the clearing house. MLI may apply a charge to pass on the costs incurred.

Please note that the costs of client clearing set out in this Fees Disclosure are indicative and for information only. This Fees Disclosure is not intended to constitute and nor should it be construed as advice of any kind, whether in relation to Legal, Compliance, Accounting, Regulatory, Tax or other matters. The actual cost to you of client clearing, and any additional services or discounts/rebates available to you, is subject to negotiation between us and you and confirmation from us in writing. Accordingly, in some circumstances, we may agree charges with you which are higher than the amounts specified above, due to reductions/offsets made to other costs or fees. We recommend that you speak to your usual professional adviser should you have any concerns relating to the potential impact of this Fees Disclosure on you.

Please note that pricing and charges are subject to change and may be amended from time to time by notice to you.

MLI's Revenue Sharing Arrangements with certain CCPs

Similar to other leading clearing members, MLI may receive revenue sharing benefits and participation in governance arrangements at certain CCPs, including LCH Limited (with respect to its SwapClear service) and Eurex Clearing AG. MLI's eligibility for these benefits is not connected with its client clearing services, and they do not impair its commitment to acting in the best interests of its clients. In particular, MLI's participation in these schemes is not a consideration when MLI receives a request to onboard a client to a particular clearing service.

Information about these arrangements can be found from CCPs, including from the following sources:

<http://www.wip.lch.com/documents/731485/762606/project+emerald+-+disclosure.pdf/11fe28c8-ff9f-484f-a798-ff523ce1f785>

<http://www.eurexclearing.com/clearing-en/markets-services/partnership-program>

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As a provider of clearing services at certain CCPs, Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPFS” or “us”) is obliged to provide you with certain information to enable potential clients to compare the cost of clearing at such CCPs with different clearing members.² We must, amongst other things:

- publicly disclose the levels of protection and the costs associated with the different levels of segregated account available to you for client clearing; and
- provide you with a separate disclosure covering the levels of protection offered by and the main legal implications of the respective levels of segregation offered including information on the applicable insolvency law.

To this end, MLPFS’s Clearing Member Disclosure Statement, Clearing Member Disclosure Statement for Indirect Clearing, and Direct Client Disclosure Statement for Indirect Clearing can be found at:

<http://corp.bankofamerica.com/business/ci/futures-options-and-otc-clearing>.

This Fees Disclosure should be read together with the MLPFS disclosures referred to above.

As set out in our Clearing Member Disclosure Statement, we are a clearing member of one or more CCPs located in the European Union (EU) that are both (i) authorized by EMIR, and (ii) registered with the Commodity Futures Trading Commission (Commission) as a derivatives clearing organization (DCO) in order to provide clearing services to US persons in connection with swaps. Because we are registered with the Commission as a futures commission merchant (FCM), we must comply with the provisions of the US Commodity Exchange Act (CEA) and the Commission’s rules governing the protection of customer assets and positions, as well as EMIR and MiFIR, as they relate to derivatives transactions cleared on EU CCPs.

Under the Commission’s regulatory regime, FCM clearing members may provide only omnibus client segregation for futures and LSOC segregation (“Legally Separate Operationally Commingled”) for OTC derivatives. This Fees Disclosure sets out the costs associated with providing both omnibus client segregation and LSOC client segregation to you for the EU CCPs on which we clear client business directly.

Alternatively, you are entitled to elect to have your assets and positions held in accordance with a client segregation regime under EMIR and, if you elect to do so, we will facilitate the transfer of the assets and positions that we currently hold on your behalf to our EU affiliate or another clearing member licensed in an EU jurisdiction that is willing to accept your account. Please refer to our Clearing Member Disclosure Statement for further information on this.

With respect to indirect clearing services, you may be entitled to choose between a Gross Omnibus Segregated Indirect Clearing Account (“GOSA”) and a Basic Omnibus Segregated Indirect Clearing Account (“BOSA”), at certain CCPs offered by MLPFS. Supporting a GOSA for indirect clearing generally requires

² Article 38.1, 39.5 and 39.7 of Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (“EMIR”), Article 27(1) and (2) of Commission Delegated Regulation (EU) No 2017/589 supplementing Directive 2014/65/EU with regard to regulatory technical standards specifying the organisation requirements of investment firms engaged in algorithmic trading (“RTS 6”) and Article 4(1) of Commission Delegated Regulation (EU) No 2017/2154 supplementing Regulation (EU) No 600/2014 with regard to regulatory technical standards on indirect clearing arrangements, and Commission Delegated Regulation (EU) No 2017/2155 amending Commission Delegated Regulation (EU) No 149/2013 with regard to regulatory technical standards on indirect clearing arrangements (the “Indirect Clearing RTS”).

increased operational support, and will most likely attract additional charges by comparison with OSA structures. Account structures at different CCPs may result in varying costs due to operational support requirements and funding impact. You should consult the aforementioned MLPFS disclosures and the disclosure statements made available by the CCPs for more information about these account types.

MLPFS Client Clearing Fee Structure

We set out below the typical maximum client clearing commissions which could be charged to you by MLPFS for client clearing under an omnibus or LSOC client segregated account at the EU CCPs listed below. Please note that there may be separate charges for futures and options execution as well as for other (optional) services which are incidental to client clearing, including single currency margining, client money protection, taking securities as collateral and collateral transformation.

The costs set out in this Fees Disclosure do not include any discounts or rebates. MLPFS may apply a discount or rebate based on a number of key factors including, amongst others:

- Overall client relationship with MLPFS
- Client credit rating
- Application of MLPFS financial resources
- Structure and complexity of clearing services required, per CCP and product

Applicable client clearing commissions (across all available client account types)

- **LCH Limited** (SwapClear – OTC rates products):
 - commission charge - \$1,500.00/ticket;
 - account maintenance fee - \$10,000.00/month; and
 - portfolio charge – 75 basis points on client's initial margin
- **ICE Clear Europe Limited** (futures and options products):
 - commission charge - \$15.00/lot;
 - account maintenance fee - \$10,000/month; and
 - portfolio charge – 75 basis points on client's initial margin

Please note that the costs of client clearing set out in this Fees Disclosure only relate to client clearing through MLPFS on EU CCPs and are indicative, for information only. This Fees Disclosure is not intended to constitute and nor should it be construed as advice of any kind, whether in relation to Legal, Compliance, Accounting, Regulatory, Tax or other matters. The actual cost to you of client clearing, and any additional services or discounts/rebates available to you, is subject to negotiation between us and you and confirmation from us in writing. As such, in some circumstances, we may agree charges with you that are higher than the amounts specified above, due to reductions/offsets made to other costs or fees. We recommend that you speak to your usual professional adviser should you have any concerns relating to the potential impact of this Fees Disclosure on you.

Please note that pricing and charges are subject to change and may be amended from time to time by notice to you.