

Updated: September 30, 2022

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>. 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.

In the ordinary course of business, the Company is occasionally a defendant in or party to pending and threatened legal actions and proceedings. In view of the inherent difficulty of predicting the outcome of such litigation and regulatory matters, particularly where the claimants seek unspecified or very large or indeterminate damages or where the matters present novel legal theories or involve a large number of parties, the Company 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 for litigation and regulatory matters 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. BofAS deems it appropriate to disclose certain MLPF&S litigation and regulatory matters arising from the GBAM business acquired from MLPF&S that would otherwise have been required to be disclosed under CFTC Rule 1.55(k)(7) prior to the transfer of the business to BofAS.

The actions against the Company, and those arising from the GBAM business acquired from MLPF&S, include, but are not limited to, the following:

SEC Section 17(A) Order 12/21/2017

On December 21, 2017, the SEC announced that public administrative and cease-and-desist proceedings we instituted pursuant to Section 15(b) and 21C of the Exchange Act and Section 203(E) of the Advisers Act against MLPF&S. MLPF&S, in addition to offering its customers the ability to buy and sell securities, offered its customers other services in brokerage accounts, such as ATM cash deposits, wires, journal-entry transfers, check writing, ATM withdrawals, cash advances and ACH transfers. By offering these additional services, MLPF&S was susceptible to risks of money laundering and other illicit financial activity associated with these services. During the relevant period, MLPF&S primarily used a system called "Mantas" for the automated monitoring of retail brokerage accounts to detect potential money laundering activity related to money movements. Mantas alerted on transactions that fit within the parameters of specific scenarios selected by MLPF&S. MLPF&S had other methods of detecting suspicious movements of funds in accounts, but those methods were primarily manual, or only alerted on certain types of activity.

MLPF&S also used a separate automated surveillance systems to conduct trade surveillance and referred to the alerts produced by its anti-money laundering (AML) detection channels as "Events." MLPF&S also used a system called "Event Processor," or "EP," which grouped Mantas events and events produced by other firm detection channels and assigned points to the event groups. From 2006 through January 2012, MLPF&S did not investigate Mantas events that were not grouped with an Event from one of the other detection channels, such an employee referral, a government subpoena, or an Event related to a wire transfer or ATM transaction that had been routed through a consumer bank before being debited or credited to an MLPF&S customer's retail brokerage account. EP used a number of systems and techniques to group Events arising from

related retail brokerage accounts. However, EP inadvertently did not link related accounts that involved customers who had both U.S. Dollar-denominated and foreign currency-denominated accounts. Accordingly, certain Event groups did not meet the risk-based threshold and became an investigation for further review as rapidly as they otherwise would have, if at all. MLPF&S did not have adequate policies and procedures for filing what were commonly known as “Continuing Activity” or “Ongoing Activity” Suspicious Activity Reports (SARS).

MLPF&S had AML policies and procedures that were not reasonably designed to account for the additional risk associated with the additional services offered by certain of its retail brokerage accounts. Once an AML case was opened, the platform used by MLPF&S’ AML investigators during part of the relevant period did not provide sufficient visibility into transactions occurring in an account, causing the investigators sometimes unduly to limit their review to the specific events that triggered the Event and not to review the account more broadly to determine whether the risk associated with that event warranted additional investigation or reporting. Because of the deficiencies in its AML policies and procedures MLPF&S failed to adequately monitor for, detect, and report certain suspicious activity related to transaction or pattern of transactions in its customers’ accounts. By failing to file SARS with Financial Crimes Enforcement Network (FINCEN) as required by the BSA with respect to certain of its customers’ activity as described above, MLPF&S wilfully violated Section 17(A) of the Exchange Act and Rule 17A-8 thereunder. Without admitting or denying any of the findings or conclusions in the order, MLPF&S consented to the imposition of the following sanctions: (1) cease and desist from committing or causing any violations and any future violations of Exchange Act Section 17(a) or Rule 17a-8 promulgated thereunder, (2) to be censured, and (3) to pay a civil monetary penalty in the amount of \$13,000,000.

SEC ATS (Masking) Settlement 6/19/2018 (Attorney General of the State of New York 3/22/2018)

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 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 MPF&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. MPF&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. Additionally, based on the same conduct, the Attorney General of the State of New York (“NYAG”) Investor Protection Bureau alleged that Bank of America Corporation and MLPF&S (1) concealed from its institutional clients that orders were routed and executed by “electronic liquidity providers” (2) misstated the composition of orders and trades in 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). NYAG similarly settled the matter for a penalty in the amount of \$42,000,000.

SEC Order Conflict of Interest 8/20/2018

On August 20, 2018, MLPF&S entered into a settlement with the SEC resulting in the SEC issuing an order. MLPF&S consented to the entry of the order (the “Order”) that finds that it failed to disclose that the portfolio manager evaluation process employed in connection with a January 2013 termination recommendation for over fifteen hundred of its retail advisory accounts was exposed to a conflict of interest involving other business interests. The Order finds that this undisclosed conflict of interest in MLPF&S’ decision-making process violated Advisers Act Section 206(2). MLPF&S also violated Advisers Act Section 206(4) and Rule 206(4)-7 promulgated thereunder. Without admitting or denying any of the findings or conclusions in the order, MLPF&S consented to the imposition of the following sanctions: (1) cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 promulgated thereunder, (2) to be censured, and (3) to pay disgorgement of \$4,032,871.89, prejudgment interest of \$806,981.03, and a civil money penalty in the amount of \$4,032,871.89.

SEC ADR Settlement 3/22/2019

The SEC deemed it appropriate and in the public interest that public administrative proceedings be instituted pursuant to Section 15(b)(4) of the Securities Exchange Act of 1934 (“Exchange Act”), against MLPF&S (“MLPF&S” or “Respondent”). The SEC found that these proceedings arose 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 Broker 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 of 1933 ("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.

CFTC Order 9/10/2019

The CFTC found that for nearly three years, MLPF&S, at that time a registered Futures Commission Merchant, failed to promptly produce reliable audit trail data requested by the Division of Enforcement and failed to develop and diligently administer adequate procedures for responding to routine regulatory requests in violation of Section 4g of the Commodity Exchange Act and Regulations 1.31, 1.35 and 166.3. In addition to imposing a \$300,000 civil monetary penalty, the order notes that MLPF&S had already taken steps to revise its internal process for responding to regulatory data requests, including, but not limited to, designating personnel to: (1) interpret regulatory data requests, the source of the information, and the timing for the response; (2) locate and provide the data; and (3) independently assess the data extraction process and results.

CFTC Order 9/27/2022, SEC Order 9/27/2022

Certain of the Corporation's subsidiaries entered into resolutions with the SEC and CFTC to resolve civil investigations by the SEC and CFTC regarding compliance by financial institutions with record-keeping obligations for broker-dealers, investment advisors, swaps dealers, and

futures commission merchants pertaining to business-related electronic communications sent over unapproved electronic messaging channels. The SEC and CFTC found that BofAS (including its subsidiaries) and MLPF&S did not maintain copies of certain communications required to be maintained under their respective record keeping rules, where such communications were sent or received by employees over electronic messaging channels that had not been approved for employee use. The SEC and CFTC also found related supervision failures. Under these resolutions, a \$125 million civil monetary penalty was paid to the SEC, and a \$100 million civil monetary penalty was paid to the CFTC. The CFTC resolution also includes Bank of America N.A.