

## **Letter Regarding Sales and Trading and Information Handling Practices**

BofA Securities, Inc., Bank of America, N.A., and their affiliates (**BofA**) are privileged to be your trading partner in the fixed income, currencies, commodities, and equities markets. We are committed to conducting our business with integrity, transparency, and fairness, and this letter is intended to provide useful and important information on how we do so when we act as principal. This letter is not intended to override or conflict with any legal or regulatory requirements or principles (including any applicable duties of best execution) in the places where we do business, or to amend any contracts or terms of dealing that apply to transactions with BofA. We may modify the practices described in this letter due to changes in law or regulation, or because of industry or other developments.

### **Our Business**

BofA is a global financial services firm that provides, among other things, broker and dealer services, and generally trades as principal, undertakes market making, engages in price quoting and order taking, responds to indications of interest, carries out trade execution, and engages in other related activities. When we act as principal in a transaction with you, unless otherwise agreed or required by law or regulation, we do not serve as your agent, fiduciary, financial advisor, or in any other similar capacity on your behalf. The capacity in which BofA acts will be defined by the scope, nature, and context of any services that are being provided.

This letter is intended to help you understand our practices when we act as principal, and to identify certain potential conflicts between your and our interests that may arise as a result, so that you may take this into account when trading with us. BofA has in place policies and procedures designed to manage conflicts of interest appropriately, and to comply with applicable legal and regulatory requirements and principles.

We are committed to being clear and transparent in conducting our sales and trading business. If you have questions about the nature of our relationship with you, please contact your BofA sales representative.

### **Sales and Trading**

- We generally act on an arm's-length basis when dealing as principal, and will not evaluate the appropriateness or suitability of the transaction for other parties unless otherwise agreed or required.
- BofA may provide trade ideas, market commentary, our own views, or other information that are intended to generate dialogue with you, and are for information purposes only. Unless we have expressly agreed to do so, we do not provide financial or investment advice or make specific recommendations to you to take action. Our counterparties and trading partners should evaluate the merits and risks of each transaction based on their individual circumstances and independent assessment of the transaction.
- You should assume that we generally will have an economic incentive when we trade as principal. We may make profits or incur losses in connection with our trades, and those profits or losses are solely for our account.
- We may look for market opportunities in which we can execute an order or indication of interest at the price specified to us, as well as earn a return for ourselves.
- Subject to applicable law and regulation, we may trade as principal prior to or alongside your transaction or potential transaction, without further disclosure to you, in order to pre-hedge or pre-position any potential exposure that may result from your transaction or the transactions of others, to mitigate our

risk, source liquidity, or facilitate transactions with you or others, among other things (including when we are involved in the underwriting, purchase, and/or settlement of securities), any of which may impact the pricing of potential transactions. These pre-hedging or pre-positioning activities may take into account both internal and external sources of liquidity, and may affect market prices or the availability of liquidity at levels necessary to execute your order or indication of interest, potentially against your interests.

- We may effect for you, on a principal basis, transactions that reference certain levels or prices, including market or index closes, or other types of industry market data. In these situations, subject to applicable law or regulation, we may engage in hedging and other trading activity to manage our risk or to facilitate your transaction. Our trading activity may affect the market for the instruments transacted, which may impact the applicable index or benchmark, or the price or value of your instruments. In some cases, we may participate in the process that sets a benchmark, reference rate, or index close in relation to markets in which we participate as principal. In addition, if a benchmark, reference rate, or index becomes impaired or permanently discontinued, we may have a right to exercise discretion over when a successor benchmark, reference rate, or index is selected or determined for your transactions or instrument, including as to the timing of such selection or determination, pricing, or any other adjustment to account for the difference between the successor rate and the rate it seeks to replace. The successor rate and any such adjustments we select may be inconsistent with, or contrary to, your interests or positions.
- Please be advised that when we trade under SEC Rule 144A or trade other private securities with you, we may have access to certain information concerning the issuer or such securities as made available by the issuer to investors and prospective investors through an electronic site controlled by the issuer. As you deem necessary, you may obtain access to the site prior to executing any transactions with us in such securities.
- BofA engages in a variety of risk management activities within and across its fixed income, currencies, commodities, and equities businesses to mitigate market, sector, liquidity, collateral, credit, and other risks. When doing so, BofA may establish principal positions in a variety of instruments that are the same as or correlated with yours, or that are different from or opposite to yours. BofA's risk management activities and positions are not intended to express a view relative to your individual orders, indications of interest, or transactions, but rather are designed to help manage and offset the risks residing within our businesses.

### **Order Acceptance and Trade Execution**

- When BofA agrees as a principal to handle an order or indication of interest at a price, we are indicating a willingness to attempt to enter into all or a portion of the trade (either electronically or manually) at the price requested. As such, unless otherwise agreed or required (including when best execution obligations apply):
  - BofA's receipt of an order or indication of interest, or any action by BofA in working an order or indication of interest, does not create a contract that commits us to execute any or all of the order or indication of interest in any particular manner or quantity.
  - Subject to applicable law or regulation, after BofA receives a request for a quote, an order, or an indication of interest that is likely to result in a transaction, BofA in its sole discretion may use such information, and other information available to it, to engage in trading, market making, and risk management activities, including pre-hedging or pre-positioning. Such activities may occur before, during, or after you send us a request for a quote, an order, or an indication of interest. Transactions entered into as part of these activities could be at different prices from the price at which we execute your transaction. These activities may affect market prices or liquidity for the financial products or instruments you are buying or selling, which may result in profit or loss to BofA.
  - In working an order or indication of interest, we will use our professional judgment in determining whether and when market criteria have been met. Our principal trading activities may also affect

the execution price of your transactions or the likelihood of the market criteria being met. Other factors that may affect the manner in which your trade is executed include positioning, liquidity, market conditions, and other client orders or indications of interest that we receive.

- When participating in an auction or other competitive bidding process, unless otherwise agreed and subject to any applicable law or regulation, we may bid or make an offer for our own account, as well as submit bids or offers for your or others' accounts. If we bid or make an offer for our own account, it may differ from any bid or offer we submit for your or others' accounts. We will submit the bids and offers that we receive except in certain cases, such as late submissions, manifest errors, bids or offers that are not competitively priced or that are too large, when a submission is inadvisable for risk, legal, or other reasons, or otherwise in our discretion. When a bid or offer is submitted, we cannot guarantee that it will be accepted by a seller or buyer.
- We may effect transactions for you that are triggered by a particular price or occurrence, or that are defined by a particular strategy, such as stop loss orders, barrier trades, knock-out or knock-in trades, or other options products. As with all transactions, you should evaluate, understand, and agree to each of the terms, including the precise trigger reference price, any post-trigger order execution instructions, and pricing. If you have any questions, you should consult your BofA sales representative to clarify the details of the basis for the trades and any related terms. We generally hedge our barrier trades, knock-out or knock-in trades, and other options products, and may unwind or adjust such hedges in our sole discretion. These activities may, individually or in the aggregate, affect the value of your transaction, and the availability of liquidity at levels necessary to execute your order or indication of interest, either positively or negatively. For example, such activities may trigger, delay, or prevent market events affecting stop loss orders, barrier trades, knock-out or knock-in trades, or other option products, and may adversely affect you.
- When we are handling our own or others' orders or indications of interest, unless otherwise required or agreed, we generally will not disclose to you that we are doing so at the time you submit an order or indication of interest. Such other transactions may be processed ahead of, at the same time as, or on an aggregated basis with, your order or indication of interest, in accordance with any applicable order priority, aggregation, or allocation regulations. We are not obligated to disclose to you why we might be unable to execute your order or indication of interest in whole or in part.
- If and when the market touches a price at which your order or indication of interest can be executed at the order or indicated price, it does not mean that BofA holds, acquired or will acquire inventory to complete the transaction at that level, or that there exists a tradable market at that level. As principal, we attempt to execute an order or indication of interest to make a return on the transaction if possible, taking into account our position (including our inventory and overall risk management strategies), costs, risks, and other business factors and objectives.

## **Fees and Pricing**

- We may add a markup (our spread) or other fee when executing transactions. The level of the markup or fee may differ for each counterparty or trading partner, and may differ for the same counterparty or trading partner, depending on the method or venue used for transaction execution, in each case for the same or substantially the same transactions, as permitted by law or regulation. The markup may take into account a number of factors that we determine in our sole discretion. Such factors would include the requirements of any applicable law or regulation, and may include, without limitation, the particular transaction terms (for example, the size or volume of a trade, method of settlement, currency, deliverability, etc.), the aggregate notional amount traded with you over a period of time, market liquidity, funding and capital impact, BofA's assessment of the credit, market, or other risks it may be exposed to, and any unique services provided to you by BofA. Unless otherwise agreed or stated by us, any firm or indicative price quoted by BofA to you is an "all-in" price, inclusive of any markup above the price at which we may be able to transact, or have transacted, with other counterparties or trading partners. Unless

required by law or regulation, BofA is not obligated to disclose the amount of revenue or other benefits it expects to earn or receive from a transaction or the components of BofA's all-in price.

- If we execute a trade with you through liquidity sourced from another counterparty, we may receive additional compensation on, and fees for, the trade we execute with the other counterparty. BofA may also benefit from reduced transaction costs when executing through certain internal or external trading venues. If we have an investment in, or other relationship with, an external venue, BofA may receive other benefits as a result of that investment or relationship.

## **Information Handling**

- Protecting your information and maintaining confidentiality are critical priorities for BofA. To manage potential conflicts of interest in this regard, BofA has adopted policies and procedures that are designed to safeguard the confidential information of counterparties and trading partners, including information relating to orders, trading activities, and client requests for quotes, indicative prices, or valuations. We appreciate the sensitivities around trading strategies, as well as the importance of preserving anonymity and avoiding dissemination of those strategies. In addition, we maintain systems and controls, including information barriers, to prevent improper sharing or disclosure of confidential information. These information barriers, depending on the context, consist of physical separation, policies and procedures, and/or system access controls. Our information barriers, as well as BofA's policies and procedures for safeguarding your information, are also applicable to your participation in auctions conducted by the U.S. Treasury Department and in auctions relating to other types of sovereign debt.
- Unless otherwise agreed, we may use the terms of a transaction (but not the identity of counterparties or trading partners) to execute trades, source liquidity, or execute risk-mitigating transactions.
- As part of our obligations as a regulated entity, we may share your information as required or requested by our global regulators, or as required by applicable law, regulation, or any court of competent jurisdiction. We may also be required by applicable law or regulation to disclose some transaction data publicly or to trade repositories.
- We utilize trade information for a variety of purposes, including counterparty risk management, sales coverage, and relationship management. In accordance with BofA's policies related to data protection and applicable law and regulation, we may share information internally in order to better identify sales or trading opportunities for our clients, or to provide, manage, or market services or products to our clients. We may also analyze, comment on, and disclose information (excluding order information) on an anonymized and/or aggregated basis regarding executed transactions, together with other relevant market information, internally and to third parties.

We appreciate your ongoing business and look forward to continuing to deliver our world-class sales and trading platform to you. If you would like to discuss any of these matters, please call your BofA sales representative.

This letter is also available at <https://markets.ml.com>.