

MERRILL LYNCH

# Business Life



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## Margin Risks Disclosure Statement

If you borrow funds from Merrill Lynch to purchase securities, Merrill Lynch's collateral for the loan will be the securities purchased, other assets in your margin account, and your assets in any other accounts at Merrill Lynch or any of its affiliates. If the securities in your margin account decline in value, so does the value of the collateral supporting your loan, and, as a result, we can take actions, such as issue a margin call and/or sell securities or other assets in any of your accounts held with us, in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

- You can lose more funds than you deposit in the margin account.

## SIPC Information

You may obtain information regarding the Securities Investor Protection Corporation (SIPC),

including the SIPC Brochure, via the SIPC's website at [sipc.org](http://sipc.org) or by calling SIPC at 202.371.8300.

## Mutual Fund Disclosure Pamphlet Available

*Mutual Fund Investing at Merrill Lynch* provides information about the fees and expenses related to mutual funds available at Merrill Lynch, as well as the compensation that Merrill Lynch earns with respect to those funds. This pamphlet also discusses sales charge discounts and waivers that

may be available based on the fund's prospectus and/or statement of additional information. Notify Merrill Lynch if you believe you qualify for any discounts or waivers. For a copy of this client disclosure pamphlet, please visit [ml.com/funds](http://ml.com/funds).

## FINRA BrokerCheck

The Financial Industry Regulatory Authority, Inc.'s (FINRA) BrokerCheck allows the public to obtain current regulatory information about FINRA member firms and financial advisors. You can get more information, including an investor brochure

that includes information describing FINRA BrokerCheck, by calling its BrokerCheck Hotline at 800.289.9999 or by visiting its website at [www.finra.org/Investors/ToolsCalculators/BrokerCheck](http://www.finra.org/Investors/ToolsCalculators/BrokerCheck).

## Merrill Lynch Balance Sheet Available Online, Restated 2014 Audit Compliance Report, and 2015 Audit Compliance Report Available

The most recent consolidated balance sheet of Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill Lynch”) and its subsidiaries is available for viewing online at: <http://totalmerrill.ml.com/mlpfs>.

As a registered broker-dealer and Futures Commission Merchant, Merrill Lynch is subject to the net capital Requirements of Securities Exchange Commission (SEC) Rule 15c3-1, and Commodity Futures Trading Commission (CFTC) Regulation 1.17. Merrill Lynch has elected to compute the minimum capital requirement in accordance with the “Alternative Net Capital Requirement” as permitted by SEC Rule 15c3-1. At December 31, 2015, Merrill Lynch’s regulatory net capital as defined by Rule 15c3-1 was \$11.412 billion and exceeded the minimum requirement of \$1.546 billion by \$9.866 billion. In accordance with the Alternative Net Capital Requirements, Merrill Lynch is required to maintain tentative net capital in excess of \$1 billion, net capital in excess of \$500 million, and notify the SEC in the event its tentative net capital is less than \$5 billion. As of December 31, 2015, Merrill Lynch had tentative net capital and net capital in excess of the minimum and notification requirements.

As required by SEC Rule 17a-5(c), Merrill Lynch is notifying its clients that it has determined a “material weakness” existed in its internal control over compliance relating to the “no lien” requirements of SEC Rules 15c3-3(c)(4) and (5) during the period June 1, 2014 (the effective date for this notice) to December 31, 2015. No clients were harmed, and no client assets incurred loss as a result of this issue.

As background, in 2015 Merrill Lynch became aware that certain securities accounts it maintains at another institution contained fully-paid for and excess margin client assets that were subject to a lien in favor of that institution. After promptly addressing the situation so that no lien applied to those assets, Merrill Lynch reviewed all its domestic and foreign third-party custodial accounts containing fully-paid for and excess margin client assets in order to ensure compliance with the “no lien” requirements of the rule. In addition, while Merrill Lynch determined that its account opening procedures and controls operated effectively for new custodial accounts opened in 2015, it put in place enhancements to maintain compliance with this rule in the future.

Based on its review, Merrill Lynch believes that any potential future material non-compliance with the “no-lien” requirements of Rules 15c3-3(c)(4) and (5) would be detected and prevented on a timely basis. Nevertheless, Merrill Lynch has restated its 2014 compliance report (for the period June 1 through December 31, 2014), and our auditor has restated its 2014 Report of the Independent Registered Public Accounting Firm (“Compliance Audit Report”) thereon, addressing the issue.

For additional information, the restated 2014 Compliance Audit Report and the 2015 Compliance Audit Report are available for inspection at the SEC’s principal office in Washington, D.C., and its New York Regional Office.

## Merrill Lynch Disclosure Update

Merrill Lynch, Pierce, Fenner & Smith Incorporated offers its products, accounts and services through different service models (e.g., self-directed,

full-service). Based on the service model, the same or similar products, accounts and services may vary in their prices or fees charged to a client.

## Limits on Foreign Ownership of Certain Communications, Maritime and Aviation Issues

Certain laws impose restrictions on foreign ownership of certain communications, maritime, aviation and other specialized businesses. These restrictions limit the foreign ownership of securities in these industries to a percentage of the outstanding shares.

If Merrill Lynch is notified that the percentage of foreign ownership for a particular issue exceeds the predetermined limit based on the Depository Trust Company's allocation process, Merrill Lynch will

identify the last shares purchased by a customer and may need to liquidate the position causing the overage. Reasonable efforts will be made to contact the affected customer or customers in advance of the liquidation.

A current list of the impacted issues can be found on the Depository Trust Company website at:

[http://www.dtcc.com/~media/Files/Downloads/client-center/DTC/DTC\\_Issues\\_Subject\\_To\\_Certifications.ashx](http://www.dtcc.com/~media/Files/Downloads/client-center/DTC/DTC_Issues_Subject_To_Certifications.ashx).

## Nevada Do Not Call

**For Nevada residents only.** We are providing you this notice under state law. You may be placed on our internal Do Not Call list by calling Bank of America at 888.341.5000. Nevada law requires we provide you with the following contact information: Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington St.,

Suite 3900, Las Vegas, NV 89101; Phone number: 702.486.3132; email: [BCPINFO@ag.state.nv.us](mailto:BCPINFO@ag.state.nv.us); Bank of America, P.O. Box 25118, FL1-300-01-29, Tampa, Florida 33633-5118; Phone number: 888.341.5000; email: Click on "Contact Us" at [bankofamerica.com/privacy](http://bankofamerica.com/privacy).

## Householding of Mailings from Merrill Lynch

If you have linked your Merrill Lynch accounts for mailing purposes with the Statement Link Service, Merrill Lynch will reference your established link relationship to consolidate other mailings we send you (such as trade confirms, service notices, and other important notices), provided all accounts in the link relationship have the same mailing address.

This service enhancement will help reduce the amount of mailings you receive from us.

You can further reduce the amount of mailings we send you by electing to receive your account records electronically. To learn more about our free electronic delivery service, please visit [mymerrill.com](http://mymerrill.com).

## Notice Regarding Payment for Order Flow and Order Routing Information

In accordance with SEC customer disclosure rules, Merrill Lynch, Pierce Fenner & Smith Incorporated (“Merrill Lynch”) is hereby informing you that it does not receive payment for order flow from venues to which Merrill Lynch routes its customer orders in equity securities. Merrill Lynch may receive rebates from and pays fees to certain registered securities exchanges for providing or taking liquidity on those exchanges, according to those exchanges’ published fee schedules approved by the SEC. In some cases, the rebates received by Merrill Lynch from an exchange may over a period of time exceed the fees paid to the exchange.

We handle your order so as to obtain a competitive execution price and we regularly monitor the quality of our executions. SEC regulations require that Merrill Lynch disclose the venues to which we route our customers’ orders for equity securities, as well as certain material aspects of our relationships with

those venues. For both exchange listed and over-the-counter equity transactions, Merrill Lynch equity trading desks are market making desks and may be one of those venues where our customer orders may be routed for execution. If an order is executed with a Merrill Lynch equity trading desk, the trade confirmation will indicate that Merrill Lynch executed such order in a principal capacity.

If you would like a written copy of this information, or information concerning where your individual orders were routed and executed, please contact your Merrill Lynch representative. Our order routing information is updated quarterly and is available online at <http://corp.bankofamerica.com/business/ci/best-execution>.

*\*Please note: Orders placed through any automatic telephone trading service, electronic, or online trading systems cannot specify a particular market center for execution.*

## Customer Order Protection Disclosure

We have in place effective internal controls, including information barriers, to prevent the inappropriate sharing of order information among our equity trading desks. In this regard, each of our equity trading desks independently conducts its trading activities. To the extent permitted by rule or law, when a desk or trading unit, (e.g., including a market making desk which engages in block positioning and provides firm bid/offer quotes) handles your equity orders, other Merrill Lynch equity trading units or desks may separately transact - without knowledge of your orders - for

their principal accounts at prices that would satisfy your orders. Conversely, if your orders are handled by another of our equity trading desks or units and no attempt is made to obtain liquidity for your orders from the market making desk, you should understand that the market making desk may separately transact - without knowledge of your orders - for its principal accounts at prices that would satisfy your orders. In either case, the relevant equity trading desk or unit’s execution prices could be better, the same, or worse than the prices you receive for the same security.



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Merrill Lynch is the marketing name for Merrill Lynch Wealth Management, and Merrill Edge®, both of which are made available through Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). Merrill Edge is available through MLPF&S, and consists of the Merrill Edge Advisory Center (investment guidance) and self-directed online investing.

Merrill Lynch makes available products and services offered by MLPF&S and other subsidiaries of Bank of America Corporation (“BofA Corp.”).

Banking products are provided by Bank of America, N.A., and affiliated banks, Member FDIC and wholly owned subsidiaries of BofA Corp.

Investment products:

<b>Are Not FDIC Insured</b>	<b>Are Not Bank Guaranteed</b>	<b>May Lose Value</b>
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MLPF&S is a registered broker-dealer, registered investment adviser and Member Securities Investor Protection Corporation (SIPC) and a wholly owned subsidiary of BofA Corp.

MLPF&S makes available certain investment products sponsored, managed, distributed or provided by companies that are affiliates of BofA Corp. or in which BofA Corp. has a substantial economic interest, including BofA® Global Capital Management.

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