

# Merrill Lynch Personal Advisor<sup>®</sup> Program

Wrap Fee Program Brochure March 14, 2016



**Merrill Lynch**  
**Wealth Management**

Bank of America Corporation

## Please retain for your records

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[http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd\\_Search.aspx](http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx).

## **MATERIAL CHANGES**

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On March 16, 2015, Merrill Lynch filed its last annual update for its Merrill Lynch Personal Advisor<sup>®</sup> Program brochure (“Brochure” or “Disclosure Statement”). Set forth below is a summary of the material changes to this Brochure since that date. This summary of material changes is designed to make clients aware of information that has changed since the Brochure’s last annual update and that may be important to them. The material changes summarized below were also incorporated within this Brochure. Capitalized terms that are not defined in this Brochure have the meanings provided in the Glossary.

No material changes have been made since the last annual update was filed for this Brochure.

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## **SERVICES, FEES AND COMPENSATION**

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Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill Lynch”) is an indirect wholly-owned subsidiary of Bank of America. Capitalized terms that are not defined in this Brochure have the meanings provided in the Glossary. As used in this Brochure, “you” and “your” refer to the client. “We,” “us,” and “our” refer to Merrill Lynch.

### **DESCRIPTION OF MLPA**

Merrill Lynch Personal Advisor® Program (“MLPA”) is a non-discretionary investment advisory program offered by Merrill Lynch and certain qualified Financial Advisors. This Brochure contains important information relating to MLPA, including client responsibilities for their Accounts, certain conflicts of interest involved with the services offered and provided by Merrill Lynch through MLPA, and other matters relevant to a decision whether to participate in MLPA. You should read this Brochure carefully prior to deciding whether MLPA is appropriate for you, and ask your Financial Advisor any questions you may have.

MLPA has been designed to give you flexibility to use your Account as you deem appropriate within certain prescribed limits. Although your Financial Advisor will furnish you with investment advice and guidance, all transactions in your Account will take place only upon your specific instruction. You assume the full responsibility for all trading decisions you make.

In MLPA, we will generally execute, clear and settle transactions in securities pursuant to your instructions. We will generally act as custodian of the assets held in your Account. Your Financial Advisor will provide you with non-discretionary investment advice and guidance that is based on the information you provide or confirm to us at the time you open your MLPA Account, and as you update or amend it from time to time. To assist you in managing your Account assets, we will provide you with:

- A Relationship Policy Statement that includes a target asset allocation;
- Periodic performance reports showing the performance of your MLPA Account assets; and
- Opportunities for you to engage in Account reviews with your Financial Advisor, generally on a semi-annual basis to address progress toward asset allocation and Account investment objectives.

Your Financial Advisor will provide you with non-discretionary investment advice and guidance about your Investments, and will accept and transmit your orders, as part of MLPA. Your MLPA Account may be on either our U.S. Platform or Global Platform. Your Financial Advisor will inform you which platform your MLPA Account is on, and we will confirm this information to you in writing before or at the time you open an Account. This distinction is important to you because it affects the features of MLPA that will be available to you. For example, you will be able to enroll a multi-currency account in MLPA only if your MLPA Account is on our Global Platform, but you will not have access to the optional rebalancing service or the optional automatic contribution and automatic withdrawal service on the Global Platform. If you would like access to these features, you should discuss alternatives with your Financial Advisor, including whether a different program or a different Financial Advisor is more appropriate for you.

Clients on our U.S. Platform must complete separate documentation for each MLPA Account they open and receive a separate Relationship Policy Statement for each Account. If your MLPA Account is on our Global Platform, you must aggregate your multi-currency and/or pledged collateral Accounts for purposes of completing the Relationship Policy Statement Questionnaire because the overall asset allocation, securities, and other recommendations provided to you will be based on the total assets in those Accounts. In this case, your Relationship Policy Statement will

cover all your MLPA Accounts. Clients on our Global Platform will receive a single Relationship Policy Statement that covers all of their Accounts on an aggregate basis.

To participate in MLPA, you open a Merrill Lynch securities account and enter into an Agreement with us to receive our non-discretionary investment advisory and brokerage services. You may initially fund or subsequently contribute to your Account by depositing cash and/or Investments we determine to be acceptable.

The scope of any investment advisory relationship we have with you is defined in the Agreement you sign to participate in MLPA. When you are enrolled in MLPA, we act as your investment adviser only for your Account and not with respect to any other assets or accounts you may have with, or outside of, Merrill Lynch, unless otherwise separately agreed to by us in writing. Our advisory relationship begins when we enter into a Client Agreement with you, which occurs at the date of acceptance of the signed Client Agreement by us. Any preliminary discussions or recommendations made before we enter into an Agreement with you do not constitute investment advice and should not be relied on as such.

In addition to MLPA, Merrill Lynch offers a wide variety of investment advisory services. These include, but are not limited to, the following: Merrill Lynch Investment Advisory Program, Merrill Lynch Consulting Services, Merrill Lynch Defined Contribution Investment Consulting Services, and Merrill Lynch Strategic Portfolio Advisor® Service. Merrill Lynch also offers the following investment advisory services, however, like MLPA, these are generally closed to new enrollments: Merrill Lynch Consults®, Merrill Lynch Personal Investment Advisory® program, and Merrill Lynch Unified Managed Account (see the section entitled *Ability to Obtain the MLPA Services Separately* for more information). Other advisory services are also offered by our affiliates. Impersonal investment advice (general advice not tailored to the specific needs of any individual) in the form of publications or research may also be available. In addition, we offer financial planning services, including Wealth Management Analysis Report and Merrill Lynch Private Planning Services®. More information about these programs and services is contained in the applicable Merrill Lynch brochure (or Merrill Lynch Form ADV, Part 2A) and is available upon request or through the SEC's website at:

[http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd\\_Search.aspx](http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx).

For more information about these or other services that are available, please contact your Financial Advisor.

#### **Investment Advice and Guidance**

Your Financial Advisor will provide you with investment advice and guidance with respect to your Account. Because MLPA is a non-discretionary investment advisory and brokerage program, it is solely your responsibility to determine whether to follow any advice or recommendations made by your Financial Advisor and transactions for your Account will only take place upon your instructions. With respect to investments in Precious Metals under the Precious Metals Program, we, as agent for your exclusive benefit, will deal with a third-party service provider, GBI, on your behalf, and GBI is contractually obligated to seek best execution pricing from its network of approved dealers. Your Financial Advisor's investment recommendations will not include any recommendations concerning the purchase of common stock issued by Bank of America Corporation, and certain related entities, as well as other securities that we may determine from time to time.

Your Financial Advisor will provide investment advice and guidance to you based on the information you provide or confirm to us when you open your Account, and as you may update it from time to time. To assist you in managing your Account assets, we will provide:

- A Relationship Policy Statement that includes a target asset allocation;

- Periodic performance reports showing performance of your Account assets; and
- The opportunity for you to engage in Account reviews with your Financial Advisor, generally on a semi-annual basis, to address your progress toward your asset allocation and Account investment objectives.

Your Financial Advisor will provide investment recommendations to you based on his or her judgment of what may be suitable and appropriate for your Account. Your Financial Advisor may consider research developed by BofAML Research. In addition, your Financial Advisor may consider investment guidance developed by Merrill Lynch Investment Management & Guidance (“IMG”). You should understand that your Financial Advisor may decide not to utilize or follow this investment guidance and make recommendations independent of the information and guidance provided by IMG. In making an investment decision for your Account, you should assess the merits of any recommendation made in the context of your total financial and personal circumstances, and not rely solely on the recommendations of your Financial Advisor. Neither we nor your Financial Advisor has any obligation to notify you of changes to the opinions of our research or investment guidance, even if such research or investment guidance was used to make an investment recommendation.

Financial Advisors use and rely on a variety of different sources of information in forming the general basis of their investment analysis and recommendations. Such information may include, among other things, research developed by us and our affiliates, including BofAML Research, as well as investment guidance created by IMG, each of which covers a wide range of securities and other investment instruments that may be purchased for client accounts. BofAML Research uses various securities analysis methods, including fundamental, technical, quantitative and economic analyses. The primary sources of information used by BofAML Research may include company management contacts, company releases, financial and trade newspapers and magazines, corporate rating services, annual reports, and filings with governmental agencies. A Financial Advisor’s investment analysis may also use other sources of information including, among other things, research reports and market commentary issued by other investment firms that are not affiliated with us. In addition, a Financial Advisor may also use certain investment models created by us as a preliminary basis in formulating investment recommendations designed to implement the target asset allocations you select. The use of such investment models does not assure or guarantee that the performance of your Account or any investments therein will be consistent with the investment model or will necessarily be profitable.

#### **Client-Directed Activities**

Although your Financial Advisor will provide investment advice and guidance with respect to your Account, all transactions effected for your Account will take place only at your direction. You may place orders to buy (or sell) securities without having received a recommendation from your Financial Advisor to do so as well as buy (or sell) securities against the advice, guidance or recommendations of your Financial Advisor (“unsolicited trades”). Unsolicited trades may involve securities on which BofAML Research or IMG currently maintains a recommendation or that BofAML Research or IMG does not cover at all. They may also include securities that your Financial Advisor advises against buying (or selling). Effecting unsolicited trades may limit your Financial Advisor’s ability to make recommendations in accordance with your Relationship Policy Statement. Neither we nor your Financial Advisor has an obligation to obtain research concerning, or to monitor and recommend sales (or additional purchases) of, securities acquired on an unsolicited basis. If you effect trades in securities that we do not follow or about which we have a contrary recommendation, this will be at your own risk.

You assume full responsibility for, and all of the risks associated with, all trading decisions you make for your account, irrespective of whether they are consistent with your Financial Advisor’s investment advice and guidance. In particular, you assume full responsibility for, and all of the risk associated with, any unsolicited trades, concentrated positions, the use of margin, uncovered options, and short sales in your Account. See the section entitled *Certain Investment Risks and*



*Tax Matters* for important information regarding certain risks associated with accumulating concentrated positions, short selling, writing uncovered options and the use of margin and other securities-based lending and extensions of credit. You may discontinue the use of margin, short selling and writing options at any time in accordance with the provisions of any applicable agreements. If any of your investment activities become inconsistent with your Relationship Policy Statement and/or the investment guidelines, we may request that you change these activities or reconsider your participation in MLPA.

### **Types of Securities**

We will execute orders involving most types of securities, including, generally, equity securities, fixed-income securities, certain investment company securities (including many ETFs and mutual funds), certain types of options contracts, and any other securities or investment products we deem appropriate for MLPA. Clients that meet applicable suitability and eligibility requirements may also invest in certain Alternative Investment Funds and/or Precious Metals through MLPA. The types of securities and other investment products permitted to be transacted in the MLPA Account may change from time to time within our sole discretion and we may impose other requirements as we may determine on your ability to buy (or sell) such securities and investment products through MLPA. We may also decline to execute any transaction in an MLPA Account as we deem appropriate or necessary. Further, we will not update clients with regard to changes in the types of securities and other investment products permitted to be transacted in the MLPA Account or the eligibility requirements associated with such securities and other investment products.

### **Relationship Policy Statement Questionnaire**

You will be asked to complete our Relationship Policy Statement Questionnaire, which will ask you to provide certain information that may include information about your financial circumstances, investment objectives, risk tolerance and other relevant information relating to you and your Account. On the Relationship Policy Statement Questionnaire, you will be able to indicate any reasonable investment restrictions that you wish to impose on your Account.

You must promptly notify your Financial Advisor of any material changes to the information you have provided us. Failure to do so could affect the suitability of the services being provided to you. We are not required to verify the accuracy of any information you provide to us for your Account. We rely on the information you provide to us in performing services for your Account. We are not required to verify the accuracy of the information provided to us, and it is your responsibility to promptly notify your Financial Advisor of any changes to such information. The information you provide us must be accurate and complete in all material respects. Failure to provide complete and accurate information on your Relationship Policy Statement Questionnaire or to update such information due to subsequent changes could affect the suitability of the services being provided to you.

If you have an investment policy statement or other investment guidelines, it is your responsibility to ensure that the investment policy statement or guidelines are properly reflected in the information you provide on the Relationship Policy Statement Questionnaire, including any investment restrictions. We do not have any responsibility to review, monitor or adhere to any investment policy statement, investment guidelines or similar document relating to your Account. Adherence to such investment policy statement, guidelines or similar document is solely your responsibility.

### **Investment Restrictions**

There are three types of investment restrictions that you may impose on your Account:

- Individual security restrictions;



- Certain sector restrictions; and
- Industry restrictions.

We will review your investment restrictions to determine whether they are reasonable to implement through MLPA. If one or more restrictions are determined to be unreasonable, your Account will not be opened or you will be advised to terminate your Account, and you will be advised to consider other more appropriate products or services. We may modify our practices regarding client-imposed restrictions in our sole discretion at any time without notice.

### **Certain Investment Risks and Tax Matters**

#### ***Investment Risks***

##### **1. General**

There are risks associated with investing in securities and other investment products including, but not limited to, the risk of losing all or a material portion of the money you invest. All investments involve risk, and certain investments (such as Alternative Investment Funds and Precious Metals) involve substantially more and different kinds of risks than others. When you enroll in an investment advisory program, you should understand these risks and be willing and financially able to assume them. The value of the Investments in your Account will fluctuate due to market conditions and other factors. We do not guarantee the investment performance of your Account.

You may decide not to use certain services that are offered to you (either as part of MLPA or separately). You may also make your own investment-related decisions without the benefit of our assistance, as well as make investment decisions that are contrary to the recommendations, advice and guidance provided to you. We will not reduce the MLPA Fee in these circumstances and we will not be responsible for any of your decisions, their continued appropriateness or their consequences.

##### **2. Investment Restrictions**

You may impose reasonable investment restrictions on your Account, which will govern any investment recommendations your Financial Advisor may give you. However, you cannot restrict the underlying investments made by any Funds that you may have in your Account. Any restrictions you impose on the investment of your Account could potentially affect your Account's performance or diversification.

##### **3. Funds and Other Securities with Prospectuses or Other Offering Documents**

You may purchase shares or other interests in Funds for your Account, including Related Funds. These Funds (such as mutual funds and ETFs) generally are used for various purposes, including, but not limited to, obtaining liquidity and greater diversification, as compared to investments in individual securities. However, there can be no assurance that any such investment objectives will be achieved. You are not permitted to engage in market timing of Funds through your MLPA Account.

For certain Investments, such as mutual funds or Alternative Investment Funds, you will receive a prospectus or other offering and disclosure documents relating to such Investments ("Offering Materials"). You should read these documents carefully because they contain important information about the risks, liquidity, fees and expenses, conflicts of interest and other material considerations associated with those Investments. You must carefully review the Offering Materials for any particular Fund and consider your ability to bear these risks before making any decision to invest.

**4. Benchmarks and Indices**

We may refer to certain benchmarks or indices in connection with your Account and in your performance reports. The use of such benchmarks and indices are provided solely for informational purposes as an indication of the performance of various capital markets and/or investment strategies in general; they are not intended to be assurances or guarantees of how your Investments will perform or imply that your Investments are comparable to the securities represented by a benchmark or index or that your account is designated to replicate the performance of a benchmark or index. In most cases, an index may not be invested in directly and there is no assurance that the performance results of any such benchmark or index can be attained. Various factors may cause your Account to perform very differently from a benchmark or index, including market movements, the investment decisions that you make, fees and expenses, tax consequences and other factors. Your Investments and actions taken with respect to your Account will be subject to various market, liquidity, currency, economic and political risks, and may decline in value.

**5. Concentrated Positions**

A concentrated position (whether in a particular security, industry sector, geographic region or otherwise) can be expected to increase the risk and volatility of your Account's performance. If you assemble a concentrated position in your Account (thereby reducing diversification), you assume the risk of incurring substantial loss in the value of the entire Account if there is a decline in the value of the concentrated position. You also bear the risk that a large concentrated position will limit your ability to diversify your Account.

**6. Allocation of Investment Opportunities; No Purchases of Equity Initial Public Offerings in Advisory Accounts**

Equity initial public offerings may not be purchased through an MLPA Account or through any of our other non-discretionary advisory programs. Please consult with your Financial Advisor to determine whether you are eligible to access equity initial public offerings through a brokerage account.

We allocate investment opportunities in equity initial public offerings among eligible brokerage accounts in a manner we determine appropriate. Clients who wish to participate in equity initial public offerings must certify that they are not restricted persons (under applicable FINRA rules), are eligible to purchase new issue offerings and must enroll in electronic delivery to receive required prospectuses and disclosure documents electronically through Merrill Lynch OnLine®. Given the limited availability and size of these offerings and available allocations, there is a very limited opportunity for our brokerage clients to invest in such offerings and, if they do, clients generally will receive smaller allocations than they requested. Accordingly, brokerage clients should not have any expectation that they will have access to initial public offerings or that they will receive an allocation to any particular offering.

Allocations of equity public offerings are determined on an aggregate basis at the branch office level and then are allocated by the branch office manager among Financial Advisors within each branch. Financial Advisors are not required to contact all of their eligible clients to notify them of the availability of offerings. When a Financial Advisor receives an allocation, he or she has the flexibility to decide which clients to notify and the discretion to allocate shares among eligible brokerage clients based on a number of different factors, including: client investment objectives, financial circumstances and risk tolerance; the nature, significance, profitability of, and revenues attributable to, a client relationship; relative size of client accounts (and expected future size); available cash for investment; availability of other appropriate investment opportunities; and

applicable legal requirements. Additional factors may be considered and these factors may change or be given different weight depending on the circumstances. There will be instances where certain accounts receive an allocation while other accounts (including similarly situated accounts) do not, and preferential allocations will be given to certain clients based on the factors set forth above or other factors. In addition, Financial Advisors may choose not to participate in equity initial public offerings for any clients, or may choose to offer participation to only a small group of clients.

You should be aware that equity securities offered in an initial public offering or any securities purchased in a new issue or primary offering purchased in another account or purchased prior to opening an MLPA Account and subsequently transferred to the MLPA Account will be subject to the MLPA Fee immediately upon transfer to the MLPA Account. This means we and your Financial Advisor initially receive compensation in the form of an up-front underwriting sales commission paid in connection with the offering, as well as compensation from the ongoing Program Fee once the security is transferred to an MLPA Account. We recognize that there may be advantages to transferring securities from a brokerage account to an advisory account, including to receive investment advice from your Financial Advisor, to consolidate positions in a single portfolio for reporting and other purposes and to eliminate commissions and other transaction-based fees associated with the sale of such securities in brokerage accounts. Please consult with your Financial Advisor to consider whether it may be more appropriate to hold an equity initial public offering in a brokerage account or an advisory account and the impact of the fees and commissions that you may bear.

#### 7. Margin and Other Extensions of Credit

Margin and other types of securities-based lending are offered as part of the brokerage services available to certain account types and clients who are resident in certain jurisdictions. If you wish to access these features for your MLPA Account, we may extend credit to you by making margin available to you, subject to applicable regulatory limits and any other requirements imposed by us. As disclosed in the account-opening documents, if you use margin to purchase securities, our collateral for the margin debit will be the assets in your MLPA Account and other accounts at Merrill Lynch. If the securities in a margin account decline in value, the value of the collateral supporting the margin debit also declines, and as a result we can take actions, such as issue a margin call or sell securities or other assets maintained at Merrill Lynch, in order to maintain the required equity in the account. Overall, margin increases the risk of losses in declining markets that negatively affect the value of securities bought on margin. You assume full responsibility for using margin to buy securities and may discontinue the use of margin at any time. If you invest using margin, you assume additional risk, including:

- Your losses may exceed the amount you have in your Account;
- We can force the sale of securities or other assets in your Account(s) and other accounts you have at Merrill Lynch;
- We can sell your securities and other assets without contacting you;
- You are not entitled to choose which securities or other assets in your Account(s) are to be liquidated or sold to meet margin calls;
- We can increase our “house” maintenance margin requirements at any time and we are not required to provide you with advance written notice;
- You are not entitled to an extension of time on a margin call; and
- If a margin call cannot be fully satisfied from assets in your Account or other assets at Merrill Lynch, you will remain liable for the outstanding debt.

The costs, risks and other features and conditions of margin and other types of securities-based lending are more fully described in the Merrill Lynch Margin Lending Program Client Agreement that you must execute before you may use margin. You should read this document carefully prior to using margin or other types of securities-based lending through your Account.

**8. Loans and Collateral**

Your MLPA Account assets may be “pledged” or used as collateral, with our consent, in connection with loans obtained through certain unaffiliated or affiliated loan programs, such as, but not limited to, the securities based lending Loan Management Account® (“LMA”) and Mortgage 100®/Parent Power® mortgage programs (collectively referred to as “Lending Programs”). Under such Lending Programs, you may receive loan proceeds as a result of an arrangement whereby your MLPA Account is pledged to a lender, and in certain circumstances, the lender may be an affiliate of us. If you have elected to participate in a Lending Program, the terms and conditions applicable to that Lending Program are governed by the applicable loan documents and other service agreements and are not included or described further herein. You should review carefully the terms, conditions and any related risk disclosures for such Lending Program and understand that such risks may be heightened in the event you hold a concentrated position in your pledged Account or if your pledged MLPA Account makes up all, or substantially all, of your overall net worth or investible assets. A collateral call could disrupt your Financial Advisor’s investment strategy for the MLPA Account. You or your Financial Advisor may not be provided with prior notice of a liquidation of the securities in your pledged Account. You and your Financial Advisor may not be entitled to choose the securities which are to be liquidated by the lender. The costs associated with such a lending arrangement under a Lending Program are not included in the MLPA Fees and may result in additional compensation to us, our affiliates and our Financial Advisors. You should consult with your own independent tax advisor in order to fully understand the tax implications associated with pledging your MLPA Account as loan collateral and the potential liquidation of pledged assets. You are encouraged to speak with your Financial Advisor to the extent you have questions about how your MLPA Account may be used in connection with a Lending Program and how such arrangement should be taken into consideration when discussing the management of your MLPA Account.

**9. Writing Uncovered Options**

You may write uncovered options only in circumstances we approve. If you write uncovered options, you will be exposed to potentially significant losses. To engage in options transactions, you must execute an option account agreement. If you write uncovered options, you assume additional risk, including:

- You will be exposed to potentially significant losses;
- For a call option, if the value of the underlying instrument increases above the exercise price, you can incur large and unlimited losses until the option expires or other option contract remedies are pursued;
- For a put option, you bear the risk of loss if the value of the underlying instrument declines below the exercise price;
- If you write combination or straddle options (where a put and a call option are written on the same underlying instrument), the potential risk of loss is unlimited;
- If a secondary market in options were to become unavailable, you could not engage in a closing transaction and you would remain obligated until expiration or assignment; and
- If you do not meet the margin payment requirements described in your option account agreement, we may liquidate stock or options positions in your Account, with little or no prior notice to you.

**10. Short Selling**

You may sell stock short in your MLPA Account. Selling stock short raises similar risks as those described above regarding writing uncovered (call) options, and you will assume similar risks of loss. We reserve the right to not approve any MLPA Account to engage in uncovered options transactions or short sales. You assume full responsibility for writing uncovered options and selling

stock short, including the possibility of incurring unlimited losses, and may discontinue writing options and short selling at any time.

#### 11. Alternative Investments and Alternative Investment Funds

For investors who may want to consider alternative investments, such as non-traditional mutual funds ("NTFs") or Alternative Investment Funds as part of a diversified portfolio, careful consideration should be given to the associated risks of these investments. For instance, NTFs are mutual funds and exchange-traded funds that are classified as alternative investments by Merrill Lynch because their principal investment strategies utilize alternative investment strategies or provide for alternative asset exposure as the means to meet their investment objectives. Though the portfolio holdings of NTFs are generally made up of stocks and bonds, NTFs may also hold other asset classes and may use short selling, leverage and derivatives as principal investment strategies. While the strategies employed by NTFs are often used by Alternative Investment Funds and other alternative investment vehicles, unlike most Alternative Investment Funds, NTFs are registered with the SEC and thus subject to a more structured regulatory regime and offer lower initial and subsequent investment minimums, along with daily pricing and liquidity. While NTFs can offer diversification within a relatively liquid and accessible structure, it is essential to understand that because of this structure, NTFs may not have the same type of non-market returns as other investments classified as alternative investments (such as Alternative Investment Funds). The risk characteristics of NTFs can be similar to those generally associated with traditional alternative investment products (such as Alternative Investment Funds) and which are further described in the Offering Materials of each NTF.

Alternative Investment Funds, in general, are speculative and illiquid investments that are subject to a high degree of risk. You may be permitted to invest in certain Alternative Investment Funds through your MLPA Account if you meet applicable eligibility and suitability requirements and in circumstances approved by us. Only pre-qualified clients may receive an Alternative Investment Fund's confidential Offering Materials. However, pre-qualification does not imply that investing in one or more Alternative Investment Funds is suitable for any particular client or that an Alternative Investment Fund will accept your subscription. Alternative Investment Funds may be a suitable investment, if at all, only for financially sophisticated investors capable of evaluating the merits and risks of such an investment and whose aggregate investments in Alternative Investment Funds do not represent more than a limited portion of their overall investment portfolio.

Non-U.S. resident clients currently are not permitted to invest in AI Advisory Shares of Alternative Investment Funds. Retirement Accounts are generally not permitted to invest in Alternative Investment Funds, regardless of share class, through MLPA. We may, in our discretion, expand the offering of AI Advisory Shares to include additional types of clients in the future.

Prior to investing in an Alternative Investment Fund, you must complete the Alternative Investment Fund's subscription documents, which, among other things, require you to represent that you have read and understood the offering materials of the Alternative Investment Fund. Each Alternative Investment Fund's Offering Materials contain confidential material information relevant to making a decision to subscribe to the Fund including, but not limited to, the Fund's investment strategy, liquidity terms, fees and expenses, risks and conflicts of interest, as well as other important matters relating to the Fund, its investment manager and their operations. You should read these documents carefully in determining whether an investment in the Fund is suitable for you in light of, among other things, your financial situation, need for liquidity, tax situation and other investments.

We or our affiliates may receive all or a portion of the placement agent fees, services fees, and other fees and expense reimbursements and may share in a material portion of the management and/or performance fees paid by an Alternative Investment Fund to its managers or an affiliate thereof. These relationships and the amount of such fee sharing varies, and could give rise to a conflict of interest in determining which Alternative Investment Funds to make available to our clients and recommending investments in certain Alternative Investment Funds over others.



You are not required to invest in Alternative Investment Funds through your MLPA Account. In certain cases, it may be more economical for you to invest in Alternative Investment Funds through a brokerage account, rather than investing through your MLPA Account. However, if you invest in Alternative Investment Funds through a brokerage account, that account will not have access to the additional features and benefits of MLPA. You should consult with your Financial Advisor as to whether it may be more economical to invest in Alternative Investment Funds through a different type of account.

## **12. Precious Metals**

Eligible clients may invest in Precious Metals through their MLPA Account under the Precious Metals Program. Merrill Lynch has entered into an agreement with GBI, which, in conjunction with independent vendors, will manage the purchase, transportation, storage, recordkeeping, verification and sale of Precious Metals for Merrill Lynch as agent for the exclusive benefit of its clients. Merrill Lynch will act as agent for the exclusive benefit of clients in dealing with GBI and will purchase, hold and sell Precious Metals as agent for the exclusive benefit of its clients. The physical Precious Metals will be transported by approved third-party providers and stored on a fully allocated, insured and physically segregated basis in approved third-party vaults. Merrill Lynch, as agent for the exclusive benefit of its clients, will be identified as the owner of the Precious Metals under the Precious Metals Program. Currently, only U.S. resident clients who are not Retirement Accounts and who meet certain eligibility requirements may participate in the Precious Metals Program.

Investors should carefully consider the associated risks of investments in Precious Metals and the Precious Metals Program. Precious Metals are a suitable investment only for a limited portion of a client's overall portfolio. The prices of Precious Metals are volatile and influenced by a wide range of economic, political, market-related and other factors. In addition, investing in Precious Metals is subject to all the risks of holding physical assets (including, without limitation, loss, theft, inaccessibility and corruption), which are generally not relevant to most financial instruments. Purchases, sales of Precious Metals through GBI and the holding of Precious Metals at approved vaults will carry additional risks such as counterparty and custody risks.

Investors who invest in Precious Metals through the Precious Metals Program will be charged certain transaction and ongoing service fees, which will be in addition to MLPA fees, and which are further described in *Account Fees*. A portion of such ongoing services fees will be shared by GBI and an affiliate of Merrill Lynch. Such fee sharing may result in a conflict of interest in Merrill Lynch's retaining of GBI and/or recommending investments in Precious Metals generally.

There are numerous means of investing in Precious Metals which may involve different risks and costs than investing through the Precious Metals Program and may provide a more or less efficient means of speculating on changes in the price of Precious Metals. You should understand that because you will be subject to the transaction and ongoing service fees, an investment in Precious Metals through the Precious Metals Program will generally be more expensive than alternative investment options that may be available to you. In addition, you should understand that holding Precious Metals offered through the Precious Metals Program in your MLPA Account will generally be more expensive than holding such investments in a brokerage account. You should carefully read the Precious Metals Disclosure Statement and consult your Financial Advisor concerning the risks and merits of investing in Precious Metals through the Precious Metals Program in order to determine whether doing so is suitable for you.

### ***Tax Matters***

If you are a "U.S. person" as defined in section 7701(a)(30) of the Internal Revenue Code (or "Code") and are considering whether to make an investment in a non-U.S. security, we strongly urge you to consult with your U.S. tax advisor before making such an investment. Shares or other equity interests in a non-U.S. issuer may constitute an interest in a "passive foreign investment

company” (or “PFIC”) as defined in section 1297 of the Code. If the issuer of such security is a PFIC, then you may be subject to adverse U.S. federal income tax consequences arising from the ownership and disposition of such security. Under certain circumstances, an election can be made to reduce the impact of those adverse tax consequences, but you should discuss with your U.S. tax advisor whether you would be able to make such an election.

You are responsible for all tax liabilities arising from the transactions in your Account, including transactions resulting from our implementing your rebalancing, automatic withdrawal or automatic contribution instructions. In addition, if you are not a resident of the United States, you may experience additional adverse tax consequences. We are not responsible for making any tax credit or similar claim or any legal filing (including but not limited to proofs of claim) on your behalf.

You may instruct us to effect tax-selling requests in your Account. In connection with such requests:

- We will seek to comply with your instructions on a best-efforts basis;
- We may limit the amount of losses or gains that can be realized from your Account at any time;
- Account performance may be adversely affected and may increase the volatility of its results;
- New taxable gains or losses could be generated and/or the same or similar securities may be repurchased through your normal trading activity;
- Sales of securities to realize capital losses may be subject to the wash sale rules set forth in the Internal Revenue Code; and
- Tax loss sales may result in your Account having a higher than normal cash position for a period of time.

If you invest in Alternative Investment Funds, certain of these Funds will provide you with a Schedule K-1 for tax reporting purposes. In the event that Schedule K-1 is not available prior to April 15, you will generally be required to obtain an extension of the filing date of your income tax returns at the Federal, state and local levels.

We do not provide tax, accounting or legal advice, and you should seek the advice of your own tax advisors regarding the tax implications of your Investments and transactions.

## **FUNDING AND OPERATION OF MLPA ACCOUNTS**

### **Funding, Withdrawals and Additions of Assets in MLPA Accounts**

You may open an Account with cash, securities approved by us (which we generally require to be readily marketable securities), or a combination of both. You should consider all relevant factors before contributing Fund shares (including AI Brokerage Shares) to your Account, including, but not limited to: (i) with respect to mutual fund shares, whether you will be able to purchase additional shares of that or any mutual fund in your Account, as well as our ability to convert, without further notice to you, any such shares we deem to be Excluded Assets into a class of shares of the same Fund which we deem to be a Fee Covered Asset (as further described below); (ii) with respect to AI Brokerage Shares, that you generally will not be permitted to purchase additional AI Brokerage Shares in your Account or that we may require that you transfer such shares out of your Account or convert such shares into AI Advisory Shares; (iii) that you may have paid a front-end sales charge or may be subject to CDSC or redemption fees; and (iv) that such sales charges and fees, if applicable, will remain your responsibility and will be in addition to the MLPA Fee.

If you deposit, transfer, or contribute securities to your Account, we may recommend that you sell, exchange or redeem them either initially or during the course of your participation in MLPA. You should also bear in mind that if you sell securities (whether prior to or after funding your Account), you will be responsible for any tax or other liabilities resulting from the ownership and sale of such



securities. If you deposit assets into your Account that are inappropriate or ineligible for MLPA, we may require that you transfer them to another account outside MLPA.

You may not be permitted to redeem all or a portion of your investment in an Alternative Investment Fund at the time of your choosing and, in certain cases, may be required to hold such investments indefinitely. If you are permitted to redeem your interest in an Alternative Investment Fund, all or a portion of your redemption proceeds generally will not be available to you for a substantial period of time following the effective redemption date (which in certain cases could be a number of months). You will continue to pay the MLPA Fee with respect to the value of any AI Advisory Shares held through your Account until the effective redemption date.

If you are contributing or holding mutual fund shares in your MLPA Account, you should consider the following information. Certain mutual funds may offer only one class of shares, while other mutual funds may offer multiple share classes which are available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to the more commonly offered share classes (typically, Class A, B and C shares), mutual funds may also offer share classes that are specifically designed for purchase in an account enrolled in a fee-based investment advisory program, such as MLPA. You may refer to the additional client disclosure pamphlet entitled "Mutual Fund Investing at Merrill Lynch" for additional information on mutual fund share classes. Classes of shares designed for purchase in an investment advisory program usually have a lower expense ratio than other shares classes, and for purposes of MLPA, will be treated as Fee Covered Assets subject to the MLPA Fee. Mutual funds often permit the conversion of shares from one class to another, subject to certain conditions as determined by the mutual fund. In your MLPA Account, if you contribute or hold mutual fund shares that we deem to be Excluded Assets, in the Client Agreement, you instructed us, without further notice to you and on an on-going basis, if applicable, to convert such shares into a class of shares of the same mutual fund we deem to be a Fee Covered Asset, which will be subject to the MLPA Fee. You should be aware that, depending on your circumstances, if you contribute or hold shares that we deem to be Excluded Assets, you could be subject to higher expenses overall once the shares convert to a class we deem to be a Fee Covered Asset. We may not elect to convert particular share classes of a mutual fund if, for example, there is no equivalent class available as a Fee Covered Asset or in other circumstances as we may determine. Prior to contributing any mutual fund shares to your Account, you should discuss the impact of a conversion of these shares with your Financial Advisor. If you do not want your mutual fund shares converted, you should discuss transferring such holdings to another account with your Financial Advisor.

In addition, from time to time a Registered fund that is a U.S. open end mutual fund may allow us to make available to clients participating in MLPA a class of shares of such Registered Fund with a lower fee structure than the share class that was previously made available in MLPA as a Fee Covered Asset. In the Client Agreement you instructed us, to the extent such an exchange is available, to effectuate an exchange to the class of shares of the same Registered Fund with the lower fee structure.

### **Overview of MLPA Services**

We will execute, clear and settle transactions in securities upon your instruction and act as custodian of the assets in your Account. With respect to investments in Precious Metals under the Precious Metals Program, we will deal with GBI on your behalf and will purchase and hold Precious Metals at approved third-party vaults as agent for your exclusive benefit. We may also offer additional services to you such as banking services, margin facilities, cash sweep services into an affiliated bank deposit program or eligible tax-exempt money market fund (or such other options as may be available from time to time), and other cash management services depending on the type of securities account you enroll in MLPA and the jurisdiction in which you reside. Some of these additional services may involve fees or other compensation to us that are not covered by your MLPA Fee.

***Optional Services***

Clients with Accounts on our U.S. Platform may elect to participate in our optional rebalancing service or our automatic contribution and automatic withdrawal service for their Account at the time they enroll in MLPA or at a later date. These optional services are not currently available to clients whose Accounts are on our Global Platform. You should discuss the availability of these features with your Financial Advisor.

**1. Eligible Assets**

Only certain types of assets (which may not include all of the assets in your Account) are eligible for these optional services. Eligible assets consist of certain equity securities available in an MLPA Account, including the securities of certain Funds (excluding Alternative Investment Funds) and cash and cash equivalents (“cash”) (“Eligible Assets”). Foreign ordinary shares and Precious Metals in the Precious Metals Program are not Eligible Assets. Securities rated “Underperform” by BofAML Research or “Restricted” by us cannot be purchased through these optional services and are currently not Eligible Assets. We may, from time to time, change which securities are considered Eligible Assets with respect to these optional services.

You will be responsible for designating which of the Eligible Assets held in your Account you want to participate in these optional services, as well as setting the individual target percentage allocation for each Eligible Asset. You may also set a range above and below the target percentage allocation for each Eligible Asset within which any rebalancing transaction(s) will not be effected. Your Financial Advisor is available to assist you in making these designations. For the optional rebalancing service, your designations will be recorded either on Schedule A to your Agreement, if you elect to participate at the time of your enrollment in MLPA, or Schedule A to the Letter of Authorization that you must sign if you elect to participate at a later date. In the case of the automatic contribution and automatic withdrawal service, your designations will be made in Schedule A to the Letter of Authorization that you must sign when you enroll in this service (whether at the time of your enrollment or later).

If you want to add to, delete or otherwise change your Eligible Assets or target percentage allocation designations, you must speak with your Financial Advisor and verbally approve your changes. We will then send you a revised Schedule A reflecting your changes, which you should promptly confirm is consistent with the verbal instructions you intended to give your Financial Advisor.

**2. Optional Rebalancing**

If you elect to participate in our optional rebalancing service, each scheduled rebalancing generally will take the form of a Full Rebalance. A “Full Rebalance” will execute trades (purchases or exchange-purchases and sales or exchange-sales) designed to bring the Eligible Assets in your MLPA Account as close as possible back to your target allocation percentages consistent with the methodology described herein. A Full Rebalance can potentially trade every position in your MLPA Account if all such positions consist of Eligible Assets.

Each time Eligible Assets are sold in a non-Retirement Account (whether in connection with the optional rebalancing service or otherwise), there may be current tax consequences. Neither we nor our Financial Advisors provide tax, accounting or legal advice. You should review any planned financial transactions or arrangements that may have tax, accounting or legal implications with your professional advisors for these matters.

The rebalancing system will first execute sales and then purchases. The rebalancing system will first purchase additional shares of the Eligible Asset that is most underweight relative to its target

allocation percentage. The rebalancing system will enter purchases for 1% below the calculated amount to avoid purchasing more than the amount sold.

Your standing instructions will continue in effect until you inform us that you want to change or cancel them, or your Account is terminated. You can change or cancel standing instructions at any time. If you decide to cancel the standing instructions, you can keep any or all of the Eligible Assets in your MLPA Account or sell part or all of them.

Your scheduled rebalancing transactions can be canceled by us as a result of changes in, or the availability (or lack thereof) of, one or more of the Eligible Assets or specific circumstances in your Account, or for other operational, technical or administrative reasons. Examples of situations where your Account may not be rebalanced include, among other things:

- One or more securities listed as Eligible Assets in your Account are rated “Underperform” by BofAML Research or become designated as “Restricted” by us;
- Corporate actions (e.g., merger, fund closure, liquidation) relating to a security;
- If you selected a range for any security and all securities are within the range, a transaction that would result in a purchase below \$100 for a Full Rebalance or \$10 for a Cash Rebalance; or
- When an MLPA Account is reduced to cash and you have provided no target allocation for cash.

If we cancel your scheduled rebalancing transaction, your Financial Advisor will notify you of the cancellation so that you may verbally provide us with new standing instructions. Neither we, nor our affiliates, employees or agents, will be liable for any loss or expense that may result from your use of the rebalancing service or failure to automatically rebalance your Account.

Your standing instructions provide that we, until further notice, will execute purchases, sales and exchanges with respect to each of the Eligible Assets set forth in your Schedule A. For new enrollments, the initial rebalance will be performed on the first scheduled rebalance date after the enrollment of your Account into MLPA is approved or on the initial trade date agreed to between you and your Financial Advisor (whichever is later). Trades are generally transmitted for automatic processing by the rebalancing system at 12 noon Eastern time.

### 3. Automatic Contribution and Automatic Withdrawal

If you want to schedule automatic contributions to or withdrawals from your MLPA Account, you may enroll in the automatic contribution or automatic withdrawal service (the “Automatic Service”) by completing a Letter of Authorization. The Letter of Authorization provides us with standing instructions to purchase and/or sell Eligible Assets in your Account, as specified on Schedule A to the Letter of Authorization, at the frequency you select.

Once completed, signed and submitted to the Financial Advisor, the Letter of Authorization supplements your MLPA enrollment documentation and enrolls you in the Automatic Service at no additional cost. By executing the Letter of Authorization, you authorize us to effect such scheduled securities transactions (each, an “Automatic Transaction”) on an ongoing basis without making any additional contact with you.

Automatic contributions will take the requested amount and purchase shares of the Eligible Asset that is the most underweight relative to its target allocation percentage. If that security is brought back to its target allocation percentage, the security next furthest below its target allocation percentage will be purchased, and so on, until the contributed amount is fully used. An automatic contribution may or may not bring all underweight Eligible Assets to their target allocation percentages. If all underweight Eligible Assets are brought to their target allocations, any additional

security transactions needed to fully use the contributed amount will be effected on a pro-rata basis using the target allocation percentages you have elected.

Automatic withdrawals will take the requested amount and sell shares of the Eligible Asset that is the most overweight relative to its target allocation percentage. If that security is brought back to its target allocation percentage, the security next furthest above its target allocation percentage will be sold, and so on, until the amount of the requested withdrawal is achieved. An automatic withdrawal may or may not bring all overweight Eligible Assets to their target allocation percentages. If all overweight Eligible Assets are brought to their target allocations, any additional security transactions needed to fulfill the requested amount will be effected on a pro-rata basis using the target allocation percentages you have elected. Each time Eligible Assets are sold in a non-Retirement Account, there may be current tax consequences. Neither we nor our Financial Advisors provide tax, accounting or legal advice. You should review any planned financial transactions or arrangements that may have tax, accounting or legal implications with your personal professional advisors.

Your standing instructions will continue in effect until the expiration date is reached or you change or cancel them, or your Account is terminated. Your Automatic Transactions can be canceled by us as a result of changes in, or the availability of, one or more of the Eligible Assets or specific circumstances in your Account, or for other operational, technical or administrative reasons. Examples of situations where we may not execute an Automatic Transaction in an account include, among other things, one or more securities listed as Eligible Assets in the account are rated "Underperform" by BofAML Research or become "Restricted" by us, corporate actions (e.g., merger, fund closure, liquidation) relating to a security, or when an MLPA Account is reduced to cash and you have provided no target allocation for cash. If we cancel your standing instructions, your Financial Advisor will notify you of the cancellation so that you may verbally provide us with new standing instructions. Neither we, nor our affiliates, employees or agents, will be liable for any loss or expense that may result from your use of the automatic contribution or automatic withdrawal service or our failure to execute an Automatic Transaction.

For accounts enrolled in both the automatic rebalancing service and the automatic contribution or automatic withdrawal service, if the transactions are set to occur on the same date, the automatic rebalancing transactions will take place on the next available business day after the automatic contribution or automatic withdrawal transactions have been effected.

#### **4. Adding Eligible Securities and/or Cash**

You can deposit, transfer or contribute additional Eligible Assets to your Account at any time. These securities may or may not be included in the next scheduled rebalance or Automatic Transaction. The addition of Eligible Assets, where such assets are already part of your Schedule A, will be included in the next scheduled rebalance or Automatic Transaction. Where you are adding Eligible Assets from your MLPA Account that are not currently identified on your Schedule A, such assets will not be included in the next scheduled rebalance or Automatic Transaction or any rebalance or Automatic Transaction thereafter until a new Schedule A is issued with respect to such assets.

Additional cash deposited into an Account can be invested at any time as you instruct. Like additional Eligible Assets, additional cash may or may not be automatically invested upon the next scheduled rebalance date or automatic contribution date. Cash in an Account will be automatically invested in Eligible Assets upon the next rebalance date, and cash added to an Account through automatic contributions will be invested in Eligible Assets on the next automatic contribution date, provided that you have designated a target allocation within your Schedule A for cash in your MLPA Account and the cash position exceeds its target allocation within your Schedule A. Cash that does not have a target allocation is invested only if you specifically instruct your Financial Advisor to invest cash and you provide the Financial Advisor with instructions on how you want that cash invested.

**Custodial Arrangements**

Generally, we or one of our affiliates carry securities accounts and maintain custody of client assets for our clients. The assets will be maintained in one or more central asset account(s) established at Merrill Lynch through the applicable securities account. In your Agreement, you will agree to open any necessary securities accounts and execute the applicable securities account agreement(s). Please read the securities account agreement for your Account for more information regarding account operations and any applicable limitations on withdrawal requests and additions to your Account.

Under certain circumstances and with our consent, you may use custodians other than Merrill Lynch, including one of the trust companies affiliated with us to maintain custody of your assets. Where you retain a custodian other than us or retain a trust company (either affiliated or unaffiliated with us), you are responsible for paying that custodian's or trust company's fees. Depending upon the arrangement, these fees may be in addition to the applicable MLPA fees paid to us. In this circumstance, your custodian or trust company, rather than us, will generally provide periodic custodial or trust statements. Your assets held by custodians other than us may not be protected by SIPC or "excess" SIPC coverage. Cash balances in accounts with custodians other than us will not be subject to the sweep arrangements discussed under the section entitled *Investment of Cash Balances*.

Physical custody of Precious Metals purchased through the Precious Metals Program will be maintained at approved third-party vaults in the name of Merrill Lynch as agent for your exclusive benefit. Based on availability of the requested Precious Metals and the available capacity at the requested approved vault, you may choose to store the Precious Metals held by Merrill Lynch on your behalf in the approved vaults in New York, Salt Lake City, London or Zurich. Although the Precious Metals Program provides for periodic verification procedures by the Precious Metals Program's accounting firm and by Merrill Lynch, Merrill Lynch may not be able to regularly confirm the existence and amount of Precious Metals held under the Precious Metals Program at a given approved third-party vault. Alternatively, you may elect to take physical delivery of Precious Metals purchased under the Precious Metals Program. Doing so, however, involves the possibility of significant additional costs and risks. Please read the Precious Metals Disclosure Statement for additional information regarding the storage and physical delivery of Precious Metals and the associated risks thereof.

**Investment of Cash Balances**

Depending on the type of securities account you have enrolled in MLPA, you may choose to participate in our cash sweep options, or you may choose other cash vehicles to meet your cash investment needs. If you choose to invest cash in these other vehicles outside of our cash sweep options, you must place orders to purchase and sell these other cash investments directly with your Financial Advisor as with any transaction effected in your MLPA Account. You must decide where and how to maintain a cash allocation of any asset allocation strategy you pursue.

If available in the type of securities account you use and the jurisdiction you live in, cash balances and funds held in your Account for defensive purposes or pending investment in your Account will automatically be invested or "swept" temporarily, as part of an asset allocation, in one or more individual bank deposit accounts at depository institutions affiliated with Merrill Lynch, one or more Related or Unrelated Money Market Funds or to another available cash option. The availability of these different choices to you will depend on what type of underlying securities account you establish. If cash balances are deposited in the Merrill Lynch Bank Deposit Program, Insured Savings Account Program or Retirement Assets Savings Program, cash will be placed in an account bearing a reasonable rate of interest, and the participating depository institution will benefit from its use of the deposits, and MLPF&S and its affiliate will receive compensation from the participating depository institution, including any Merrill Lynch Bank. Unless waived under applicable law, this compensation will be in addition to, and will not reduce, Account fees. The



terms of the Merrill Lynch Bank Deposit Program, Insured Savings Account Program and Retirement Assets Savings Program or any other bank deposit program, as applicable, are described in the disclosures that you received in connection with the underlying MLPF&S securities account for your Account, and are also available from your Financial Advisor.

Not all sweep options may be available in MLPA. With certain account types, a sweep vehicle may not be available. In that case, you will not be invested in one of the above sweep options as part of the Program.

For certain types of securities accounts, you may be able to direct us to invest some or all of your cash balances outside of the sweep arrangement. Your Financial Advisor can help you identify the sweep investment or other cash options, if any, available for you to choose from. Additionally, you may elect a “no sweep” option for the cash balances held in your Account. If you select the no sweep option, your cash balances will remain in your Account until they are needed to satisfy any debits (due to securities purchases, checks, Visa® or other transactions) in your account and will not earn interest or dividends. You should carefully consider whether the no sweep option is right for you.

If you maintain your Account with an Unrelated Custodian, cash balances in that Account will not be subject to these sweep arrangements. You should establish appropriate sweep arrangements with the Unrelated Custodian.

Unless otherwise agreed, your Account will be credited with dividends, interest and principal paid on assets held in your Account.

#### **Transactions in MLPA Accounts**

In your Agreement, you authorize and direct us to cause all transactions for the Account to be effected through Merrill Lynch or our affiliates. The MLPA Fee generally covers the cost of brokerage services, including execution services and related transaction costs for Fee Covered Assets when your transactions are effected at Merrill Lynch or our affiliates. You should be aware that, under certain circumstances, you may be able to obtain better prices for transactions from other broker-dealers or third parties or obtain better pricing through different types of accounts available at Merrill Lynch. However, you will pay commissions on transactions executed for your MLPA Account through other broker-dealers or third parties, which are in addition to the MLPA Fees.

#### ***Use of Other Broker-Dealers***

When we buy or sell securities for your Account (particularly securities that customarily trade in “dealer markets”), we may, for legal or other reasons, decide to effect trades through an Unaffiliated Investment Firm. In your Agreement, you authorize us to use Unaffiliated Investment Firms to effect such transactions, which may be subject to additional transaction costs for which you will be solely responsible. When we use an Unaffiliated Investment Firm for a transaction, we try to obtain the best execution of the trade for your Account. We do not seek competitive bids, nor do we necessarily use the investment firm that charges the lowest commission. The commissions you pay may exceed those that another investment firm would charge for effecting the same transactions. We consider a variety of factors in deciding which Unaffiliated Investment Firm to use for a transaction, including the nature and quantity of the securities involved; the markets involved; the importance of speed, efficiency and confidentiality; the Unaffiliated Investment Firm’s apparent knowledge of such markets and sources from or to whom particular securities might be purchased or sold; the Unaffiliated Investment Firm’s reputation and perceived soundness; the Unaffiliated Investment Firm’s ability and willingness to facilitate purchases and sales of securities by participating in such transactions for its own account; the Unaffiliated Investment Firm’s clearance and settlement capabilities; and other factors, including best net price, which is an important but not exclusive factor.

***Aggregation of Client Orders in the Same Security***

In seeking best execution for transactions in your Account, we may combine a purchase or sale order for your Account with purchase or sale orders for our other clients, as well as those for our own accounts and those of our affiliates or employees. We may do this when the transaction is effected on the same day that the order for your Account is placed. In these aggregated transactions, generally each participating account will be charged or credited with the average price per share or unit and, when applicable, its pro rata share of any fees.

If we believe that it may be appropriate to execute an order for your Account later than on the same day we receive the order, we will ask for your written authorization to execute the transaction later.

Your Financial Advisor will enter trade orders promptly upon your instruction. In implementing your instructions, we have discretion as to the price or time at which we can execute an order for a transaction in your Account, as long as the transaction is exercised the same day the order is given and is consistent with our duty to seek best execution. In addition:

- We may, but are not required to, exercise time and price discretion to aggregate orders for the sale or purchase of securities for your Account with orders for the same security for our other clients, our own accounts, or the accounts of affiliates or employees; and
- Generally, each account in an aggregated transaction will be charged or credited with the average price per share or unit, and when applicable, a pro rata share of any fees.

***Transactions in Foreign Securities and ADRs***

When we buy or sell securities that trade in markets outside the United States, we may use the services of affiliated or unaffiliated foreign broker-dealers or banking entities. If a foreign currency conversion transaction is required to facilitate trade settlement, the foreign broker-dealer or bank (or its affiliate) effecting the currency conversion will earn compensation in the form of dealer spreads or markups and markdowns. This compensation is not disclosed to or by us in net price transactions, but we will, at your written request, seek the information from the counterparty for a given transaction for your Account. There also may be commission charges or dealer spreads of other broker-dealers when foreign issuers terminate an American Depositary Receipt (ADR) facility, causing the conversion of ADRs to foreign ordinary share form. In these cases, the prices obtained for the post-ADR security may be less beneficial to you than if the ADR remained intact.

***Transactions Under the Precious Metals Program***

When you place a purchase or sale order for Precious Metals under the Precious Metals Program, we will enter into a corresponding agency trade on your behalf with GBI. GBI is contractually obligated to seek best execution pricing from its network of dealers approved under the Precious Metals Program and will enter into a corresponding principal trade with an approved dealer. GBI will use commercially reasonable efforts to execute its order as soon as reasonably practicable and at best execution pricing. Each purchase or sale of Precious Metals executed by GBI will be subject to a transaction fee ranging from 0.40% to 1.00% that is paid to GBI. The transaction fee is calculated on a per-transaction basis and is included within the per-unit cost basis for each purchase and sale. In addition, Precious Metals held at an approved vault by us as agent for your exclusive benefit will be subject to a service fee of either 1/12 of 0.30% or 0.40% per month based on the Precious Metals held. The service fee will be allocated between GBI and Financial Data Services, an affiliate, as compensation for ongoing sub-accounting, reconciliation, transaction and related expenses. Both the transaction and service fees will be in addition to the MLPA Fees charged to your Account.



**Proxy Voting and Other Legal Matters**

We do not vote proxies or respond to corporate actions with respect to securities held in your Account. We will forward to you any information or documents we receive for distribution to our clients in regard to the voting of proxies, including all proxies and related shareholder communications for the securities held in your Account. For securities of non-U.S. issuers, we will send you proxy voting materials and related shareholder communications to the extent that we receive them from the issuer in a timely manner. If we do not receive instructions regarding the voting of proxies for securities, including Registered Funds, then we will comply with the rules of the NYSE and the SEC related to such matters.

We will not advise or act for you regarding any legal matters, including bankruptcies and class actions service, pertaining to the securities held in your Account. Unless otherwise agreed, we will send you any documents we receive for client distribution with regard to such matters.

**ACCOUNT FEES****Current Fee Schedule**

You will be charged an annual asset-based fee, calculated and paid quarterly in advance, on all assets held in your MLPA Account ("MLPA Fee"), except for assets designated as Excluded Assets and Fee Deferred Assets (for one year) as described in more detail below. Assets that are subject to the MLPA Fee are referred to in this Brochure as "Fee Covered Assets."

The current MLPA Fee is determined on the basis of the following asset-based fee schedule, or the minimum alternative transactional ("MAT") rate, as described below:

Fee Covered Assets	Fee for Equity/ Balanced/ Fixed-Income Accounts	Fee for 100% Fixed-Income Accounts
\$1–\$999,999	2.00%	0.75%
\$1,000,000–\$1,999,999	1.50%	0.75%
\$2,000,000–\$4,999,999	1.50%	0.50%
\$5,000,000–\$9,999,999	1.10%	0.45%
\$10 Million +	Customized	Customized

Only MLPA Accounts that hold exclusively fixed-income securities are eligible for the 100% Fixed-Income Account Fee rate. Accounts that hold any Funds that are Fee Covered Assets are not eligible for the 100% Fixed-Income Account Fee rate and will be billed at the Equity/Balanced/Fixed-Income Account rates. You should be aware that where an Account eligible for the 100% Fixed-Income Account Fee rate subsequently becomes ineligible for such fee rate, the Account will be automatically subject to, and without notice, the Equity/Balanced/Fixed-Income Fee rate, which will result in a higher MLPA Fee being charged on the Account.

If additional Fee Covered Assets are received into your Account during any billing period, you may be charged a pro rata fee on such assets based on the number of days remaining in the billing period. In the event that you terminate another asset-based fee program at Merrill Lynch and transfer those assets to a pre-existing MLPA Account, an adjustment may also be made to the value of the Fee Covered Assets of the current quarter used to calculate the fee for the subsequent quarter.

**Excluded Assets and Fee Deferred Assets**

The MLPA Fee does not apply to Excluded Assets such as cash (including cash swept into the Merrill Lynch sweep option you may choose to use, if available for your underlying securities account or jurisdiction in which you live), certain cash equivalents, money market funds and any other Investments designated by Merrill Lynch as Excluded Assets from time to time. We, in our sole discretion, reserve the right to designate assets as Excluded Assets and to redesignate an Excluded Asset as a Fee Covered Asset without notice to clients.

Commissions or other transaction-based compensation will apply to purchases and sales of Excluded Assets. Generally, the MLPA Fee does not apply to Excluded Assets because we receive sales-related or other fees, including ongoing fees, in connection with such assets. This compensation may be more than the MLPA Fee that would have been charged had the Excluded Asset been treated as a Fee Covered Asset.

Certain Alternative Investment Funds are available to eligible clients through a class or series of interests, units or shares or interests in a separate fund that has been structured specifically for clients subscribing to such Alternative Investment Funds through MLPA or other managed account programs ("AI Advisory Shares"). AI Advisory Shares are considered Fee Covered Assets that are subject to the MLPA Fee. Your ability to purchase AI Advisory Shares is subject to certain suitability and eligibility requirements. Non-U.S. resident clients currently are not permitted to invest in AI Advisory Shares. Retirement Accounts are generally not permitted to invest in, or hold, Alternative Investment Funds, regardless of share class, in their MLPA Account. We may, in our discretion, expand the offering of AI Advisory Shares to include additional types of clients in the future.

If you previously subscribed to Alternative Investment Funds through MLPA prior to your eligibility for AI Advisory Shares, you will not presently be required to convert those existing interests, units or shares or fund positions in Alternative Investment Funds ("AI Brokerage Shares") to corresponding AI Advisory Shares. AI Brokerage Shares held in your MLPA Account will continue to be treated as Excluded Assets that are not subject to the MLPA Fee. However, we reserve the right to require at any time that you either transfer AI Brokerage Shares out of your Account or that you convert such AI Brokerage Shares into AI Advisory Shares. We may offer the ability to convert AI Brokerage Shares to AI Advisory Shares on a periodic basis, as we determine in our discretion. Such a conversion would result in the holding of AI Advisory Shares in your MLPA Account, which are Fee Covered Assets, subject to the MLPA Fee. Prior to any such conversion, you will be provided with additional disclosures and must provide us with your written consent. The conversion of AI Brokerage Shares to AI Advisory Shares may not be available for all Alternative Investment Funds or each class of AI Brokerage Shares. If a conversion feature is not available and you elect to redeem your AI Brokerage Shares and reinvest the proceeds in AI Advisory Shares, you may, among other things, be out of the market for a period of time, pay higher fees and/or redemption fees and be subject to unfavorable tax treatment, as well as other tax liabilities and costs you may be required to bear. For the avoidance of doubt, any AI Brokerage Shares permitted to be held in your MLPA Account as an Excluded Asset remain subject to all of the terms applicable to such AI Brokerage Shares, and not to the terms applicable to AI Advisory Shares. Further, once you are eligible to purchase AI Advisory Shares you generally will not be permitted to purchase additional AI Brokerage Shares through your Account, even if you are adding to existing positions.

Prior to investing in an Alternative Investment Fund, you should consult with your Financial Advisor and carefully review the Fund's Offering Materials to evaluate all costs of investment. Depending on the amount of the MLPA Fee, your eligibility for certain classes of AI Brokerage Shares, the duration of your investment, the performance of the Fund and other factors, it may be more economical to invest in Alternative Investment Funds through a brokerage account, rather than investing in AI Advisory Shares. However, if you invest in Alternative Investment Funds through a brokerage account, you will not have access to the additional features and benefits of MLPA.

Alternative Investment Funds generally impose material restrictions on your ability to redeem or otherwise dispose of your investment. As a result, you may not be permitted to redeem all or a portion of your investment in an Alternative Investment Fund at the time of your choosing and, in certain cases, may be required to hold such investments indefinitely. If you are permitted to redeem your interest in an Alternative Investment Fund, the redemption proceeds generally will not be available to you for a substantial period of time following the effective redemption date (which in certain cases could be a number of months). You will continue to pay the MLPA Fee on the value of your investment in an Alternative Investment Fund until the effective redemption date. However, there may be certain limited circumstances in which we may determine to designate the AI Advisory Shares of a particular Alternative Investment Fund as an Excluded Asset, which may include circumstances in which an Alternative Investment Fund has suspended redemptions or the payment of redemption proceeds altogether. Any such determination will be made in accordance with our policies and procedures.

Certain assets are not subject to the MLPA Fee until they have been held for one year after being purchased in the MLPA Account, at which time they are converted to Fee Covered Assets subject to the MLPA Fee. These assets are referred to as "Fee Deferred Assets" and include available equity and fixed-income securities sold in new issue offerings, including initial offerings of interests in closed-end funds and market-linked securities sponsored or advised by us or related entities, purchased directly into an MLPA Account. Equity initial public offerings are not available through MLPA. They are not considered Fee Deferred Assets and may not be purchased directly into an MLPA Account. Commissions and other transaction-based compensation will apply to purchases and sales of Fee Deferred Assets. As with Excluded Assets, we reserve the right to designate other assets as Fee Deferred Assets and to redesignate a Fee Deferred Asset as a Fee Covered Asset without notice to clients. You need to assess your own trading patterns to determine whether purchases and sales of Fee Deferred Assets should be effected in your MLPA Account where the MLPA Fee will apply after one year or in a brokerage account where you will pay commissions.

New issue equity and fixed-income securities (including equity initial public offerings) purchased in another account or purchased prior to opening an MLPA Account and subsequently transferred to the MLPA Account will not be considered Fee Deferred Assets and will be subject to the MLPA Fee immediately. Similarly, any Fee Covered Asset purchased prior to opening an MLPA Account and subsequently transferred into an MLPA Account will be subject to the MLPA Fee immediately upon its transfer to MLPA. This means that you may pay both an up-front commission (when the security was purchased prior to enrolling in MLPA) as well as an MLPA Fee (once enrolled in MLPA) in connection with the purchase of the same security.

#### **Excessive Trading and Minimum Alternative Transactional Rate as Fee Alternative**

MLPA is not designed for day trading or other extreme trading activity, including excessive options trading or trading in mutual funds and unit investment trusts based on market timing. If your trading exceeds the thresholds shown below, we may elect to apply a fee equal to the greater of the applicable asset-based fee shown in the fee schedule above, or the MAT rate determined at the then-current rate not to exceed:

- 10 cents for each equity share equal to or above \$2 per share;
- 5% of principal for each equity share below \$2 per share; or
- \$5.00 per option contract.

The maximum amount of trades you could execute before the MAT rate would exceed the asset-based fee depends on the size of your Account as well as your trading patterns. The determination of whether the MAT rate can be applied will be made as of the end of each quarter based on whether the year-to-date MAT rate fee exceeds the year-to-date asset-based MLPA Fee, plus the next quarter's asset-based MLPA Fee. If so, you may be charged the MAT rate as an alternative to the MLPA Fee until such time as the year-to-date asset-based MLPA Fee, plus the next quarter's

asset-based MLPA Fee, exceeds the MAT rate. At the end of each calendar year, the MAT rate will reset to zero.

As an example, if your Account size is \$100,000, you may be charged \$2,000 in one year if the corresponding asset-based fee in the schedule above applies. However, if you bought 20,000 shares of equity securities priced at \$40 per share during the year and also purchased 100 option contracts, the alternative MAT fee of \$2,500 would apply.

We may, in our sole discretion, elect to waive the MAT fee for a given quarter or year, but doing so will in no way affect or restrict our right to enforce and collect any applicable MAT fees in subsequent quarters or years. You should speak with your Financial Advisor if you have any questions concerning this comparative fee calculation.

### **Valuation of Assets**

Each quarterly MLPA Fee is based on the prior quarter's average value of Fee Covered Assets in the account (or months of enrollment for the initial period), including the full value of any assets purchased on margin or other extensions of credit by us or our affiliates. The average value of these assets is based on their values on the last business day of each week in the quarter. The assets will be valued in a manner determined by us, in our sole discretion, and in some cases may be based on estimates, which are obtained from various sources. Values may vary from prices achieved in actual transactions, especially for thinly traded securities, and are not firm bids or offers or guarantees of any type with respect to the value of assets in the account. For fixed-income securities, the values assume no unusual market conditions and are generally for transactions of \$1 million or more, which may produce values that are higher than the prices that would be achieved in the sale of fewer securities. As a result, the MLPA Fee may be calculated based on values for some securities that are greater than the amount you would receive if the securities were sold from your Account. If your multi-currency Account holds a foreign currency and it is converted to U.S. dollars for purposes of fee calculation, and payment, we may conduct the foreign currency conversion through us or one of our affiliates. We will calculate the rates of exchange in relation to each multi-currency product in good faith and with reasonable care. Foreign exchange fluctuations may have an adverse effect on the value of, and income from, your Investments.

For investments in AI Advisory Shares, the MLPA Fee is generally calculated on the basis of estimated and unaudited net asset values provided by the investment managers of such Funds. In most cases, Alternative Investment Funds provide estimated valuations only periodically, typically as of a month- or quarter-end. As a result, the portion of the MLPA Fee attributable to your investments in AI Advisory Shares may be calculated using estimated net asset values provided for the prior period and, therefore, would be based on a valuation that does not reflect the current net asset value of your AI Advisory Shares as of the date the MLPA Fee is actually calculated for your Account.

There also can be no assurance that the estimated net asset values provided by the managers of the Alternative Investment Funds and used to calculate the MLPA Fee are accurate. Certain investments may be difficult to value, and investment managers retain the right to use theoretical models and/or make what are essentially subjective judgments as to the value of certain components of their portfolios. Merrill Lynch does not verify the valuations provided by the investment managers. Investment managers generally do not adjust estimated valuations retroactively; instead, they typically reflect any difference between the initial estimate and the final valuation in the following monthly or quarterly performance estimate. For more information about how net asset value is determined, please refer to the Offering Materials for the relevant Alternative Investment Fund.

Valuations of Precious Metals held under the Precious Metals Program and used to calculate the MLPA Fee and applicable service fees generally will be based on daily end-of-day valuations

provided by GBI. Daily valuations by GBI will in turn be based on the closing average of the top three indicative bids for the relevant bar type and will not be verified by Merrill Lynch.

The Account value used for the fee calculation may differ from that shown on your securities account statement due to a variety of factors including: trade date or settlement date accounting, treatment of accrued income, round lot valuation, and other considerations. Periodic performance reports generally will reflect the value of Excluded and Fee Deferred Assets over which MLPA Fees are not charged. It should be noted that the valuation of client securities reported in the periodic performance report may be subject to occasional repricing in reasonable and appropriate circumstances, but such repricing will not affect, or result in the adjustment of, previously calculated MLPA Fees.

#### **Minimum Fee and Grouping of Accounts for Billing Purposes**

The fees for MLPA may be negotiable. However, negotiated fees generally are subject to the following minimum fees. For equity/balanced accounts or groups containing equity/balanced and fixed-income, the minimum annual fee is \$1,500 (or a minimum quarterly fee of \$375), but will not exceed a maximum annual fee of 2% for equity/balanced accounts (or a maximum quarterly fee of  $\frac{1}{4}$  of 2%) and 0.75% for fixed-income accounts (or a maximum quarterly fee of  $\frac{1}{4}$  of 0.75%). For fixed-income accounts or groups containing only fixed-income accounts, the minimum annual fee is \$750 (or a minimum quarterly fee of \$187.50), but will not exceed a maximum annual fee of 0.75% (or a maximum quarterly fee of  $\frac{1}{4}$  of 0.75%). In certain instances and in our discretion, we may waive or reduce your Account's minimum MLPA Fees. MLPA Fees are payable quarterly in advance.

From time to time we may establish maximum fee rates for certain account types or securities that may reduce the rates above. We reserve the right to modify or eliminate maximum fee rates at any time for existing and new Accounts, subject to any applicable notice requirements in the MLPA Agreement.

You may group certain other investment advisory accounts with your MLPA Accounts in order to obtain lower annual MLPA Fees, with certain limitations. This is done for Accounts that you designate as being in an Account Group, if applicable. If you transitioned to MLPA from the Merrill Lynch Unlimited Advantage Service ("MLUA") or the International Asset Power Service ("IAP"), you may continue to group accounts in accordance with the account grouping requirements as described in the MLUA or IAP client agreement. Other pricing arrangements, typically involving multiple accounts, products or services, may also be available to certain clients. The grouping of accounts for MLPA Fee purposes, and linking of accounts for other purposes, is your sole responsibility. We and our Financial Advisors will not link or group accounts automatically without your instructions or contrary to Merrill Lynch requirements. Please discuss grouping of accounts with your Financial Advisor.

#### **Frequency of Billing and Services Covered by the MLPA Fee**

Quarterly MLPA Fees are calculated based on the average value of your Fee Covered Assets in your Account (including the full value of any assets purchased on margin or other extensions of credit or our Affiliates and Fee Deferred Assets that have converted to Fee Covered Assets after being held for one year) as determined on the last business day of each week in the prior quarter and the last business day of December. The quarter typically ends on the last Friday of March, June and September and on the last business day of December. Each quarterly MLPA Fee is typically charged on the second Tuesday of January, April, July and October. The MLPA Fee covers our brokerage services, including clearance and settlement of transactions and custody of assets, advice and guidance, as well as the investment advisory services, as described in this Brochure. In addition to these services, the MLPA Fee covers the following if available to you:



- Annual account fees for all enrolled MLPA Accounts;
- Electronic bill payment through MyMerrill;
- ATM fees imposed by Merrill Lynch (but not other institutions); and
- Secretarial/executive checks, stop payment orders, returned checks, returned deposits and canceled check requests.

Certain of these services are not available in all types of securities accounts and/or the jurisdiction in which you reside. Please speak with your Financial Advisor about the availability of these services. The full amount of the MLPA Fee payable under the MLPA Agreement will be charged in accordance with the terms of such Agreement, regardless of your use of any of the MLPA services offered or of the amount of transactions you choose to effect in your Account.

The initial MLPA Fee will be prorated to cover the period from the date your Account is accepted in MLPA until the last Friday of the calendar quarter or the last business day of December (the quarter typically ends on the last Friday of March, June and September and on the last business day of December) and will be based on the valuation of Fee Covered Assets in your Account as of the last Friday of the first month (for Accounts enrolling after the last Friday in December, the last business day will be used instead of the last Friday) that your Account has been accepted in MLPA

For accounts enrolling in MLPA without Fee Covered Assets as of the last Friday of the first month that the account has been accepted in the service, the fee will be based on the valuation of Fee Covered Assets in the account as of the last Friday of the first month that Fee Covered Assets or Fee Deferred Assets are detected and will be prorated to cover the period from the date that Fee Covered Assets or Fee Deferred Assets are detected until the last Friday of the calendar quarter or the last business day of December. The initial MLPA Fee is typically charged on the second Tuesday of the month following the month of enrollment. No MLPA Fee adjustment will be made for partial withdrawals.

#### **Negotiability of MLPA Fees**

MLPA Fees may be negotiable depending upon a number of factors. However, the negotiated MLPA Fees cannot be lower than the minimum annual MLPA Fees described in the *Account Fees* section above. Fees may differ based on a number of factors including, but not limited to, the amount of your assets, the number and size of your other accounts maintained at Merrill Lynch, the range and extent of services provided or to be provided to you, and the Financial Advisor assisting you. In some circumstances, MLPA Fees may be charged on an “unbundled” basis, whereby you would pay separately for some or all of Merrill Lynch’s services available through MLPA. Moreover, fees and other account requirements may vary as a result of prior policies and the date the account opened. MLPA Fees that are negotiated are subject to change. Upon request, and at no charge, we will provide additional detailed information regarding your MLPA Fees. Please contact your Financial Advisor if you would like to receive this more detailed MLPA Fee information.

In addition to the other services discussed in this Brochure, we may, from time to time, enter into specialized agreements to provide particular or unique services to certain clients, subject to negotiated fees. The fees for certain of the services described in this Brochure may be reduced for our employees or be subject to prior fee schedules. For more information regarding the above programs or any other services that we offer, please contact your Financial Advisor.

#### **Deduction of MLPA Fee**

Unless otherwise agreed by you and us, MLPA Fees will be automatically deducted from your Account. If you have a multi-currency Account or pledged collateral Account enrolled in MLPA on our Global Platform, the MLPA quarterly fees generally will be debited from the Identified Billing Account (U.S. dollar account), although we reserve the right to collect the fees from any Account in your Account Group. Even if we have agreed to bill you directly for MLPA Fees or to deduct MLPA

Fees from another account that you hold at Merrill Lynch, you authorize us to deduct the MLPA Fees from the MLPA Account, to the extent permitted by law, if full payment has not been timely received or, if earlier, at the time the MLPA Agreement is terminated. In addition, unless otherwise agreed to by you and Merrill Lynch, MLPA Fees will be paid first from free credit balances and second from the liquidation or withdrawal (which you authorize us to do) by us of your shares of any money market funds or balances in any money market or bank deposit account. If such assets are insufficient to satisfy payment of your MLPA Fee, we may sell other assets in your Account, or you will be billed by us. You agree to make timely payment of all amounts due to us. You understand that any service fees associated with an investment in Precious Metals offered through the Precious Metals Program can only be deducted from the MLPA Account in which such investment is held.

To the extent permitted by law, all assets in the MLPA Account or otherwise held by Merrill Lynch or its affiliates will be subject to a lien for the discharge of your obligation to make timely payment to us, and by your authorization, we may sell assets in your Account to satisfy this lien. If you have selected an outside custodian other than Merrill Lynch, then that custodian may rely on a copy of the MLPA Agreement as evidence of your instructions; however, the custodian may not verify the accuracy of the fee calculations.

**Ability to Obtain MLPA Services Separately**

You should discuss the brokerage and investment advisory services we make available with your Advisor to determine which may be most appropriate for you. You may be able to obtain some or all of the types of services described herein from us without participating in MLPA. If you were to do so, your total cost may be lower or higher than the MLPA Fee.

You also may be able to obtain some or all of these types of services from other firms, and if they are available, the fees associated with them may be higher or lower than the fees we charge.

You should discuss the services and Investments that we make available with your Financial Advisor to determine which may be most appropriate for you. With respect to MLPA in particular, you should consider the different features of and services available depending on whether your Account is on our U.S. or Global Platform.

More broadly, when you compare the account types and programs and their relative costs, you should consider various factors, including, but not limited to:

- Your preference for an advisory or brokerage relationship;
- Your preference for a discretionary or a non-discretionary relationship;
- Your preference for a fee-based or commission-based relationship;
- The types of investment products that are available in each program or service;
- Whether a particular investment strategy offered in one program or service is available through another Merrill Lynch program or service;
- How much trading activity you expect to take place in your Account;
- How much of your assets you expect to be allocated to cash;
- Whether you wish to invest in mutual funds, and which mutual funds (if any) are available in particular programs;
- The frequency and type of client profiling reports, performance reporting and account reviews that are available in each program or service; and
- The scope of ancillary services that may be available to you in a brokerage account, but which are not available in an advisory program.

You should also be aware that we may act as a broker-dealer and investment adviser to you at the same time if you maintain multiple accounts with us (some of which are brokerage accounts and



some of which are investment advisory accounts). However, the fact that we do so does not mean that our brokerage relationships are subject to the same fiduciary obligations as our investment advisory relationships with you.

You should also understand that we are offering the Merrill Lynch Investment Advisory Program (the “New Program”), a new investment advisory program with certain similar features to MLPA, to clients and prospective clients with Financial Advisors and that MLPA is generally closed to new account enrollments, subject to exceptions in our sole discretion. However, it is anticipated that existing clients in MLPA will be able to remain enrolled until such time, in our discretion, MLPA is closed.

You should carefully consider if and when you will enroll in the New Program. While the New Program and MLPA have certain similar features, there are important differences that should be discussed with your Financial Advisor. For example, MLPA does not offer clients the ability to group accounts with a common goal and different strategies in a portfolio. Likewise, MLPA does not have the same fee schedule as the New Program. Some existing clients may find that the New Program fee schedule will result in a reduced advisory fee, while others may find that their advisory fee will increase. Fee rates that you negotiated with your Financial Advisor in MLPA will not automatically be applied to any account that you enroll in the New Program, and it is important that, in addition to the factors listed above, you discuss with your Financial Advisor how enrollment in the New Program will affect these fees and the services that will be available to you.

#### **OTHER FEES AND EXPENSES**

MLPA Fees do not cover:

- Transaction charges on trades effected through or with an Unaffiliated Investment Firm other than us (including on fixed-income or over-the-counter transactions in which we act as agent);
- Applicable transfer charges on purchases as described in more detail below; and sales of Excluded Assets and Fee Deferred Assets;
- Transfer taxes;
- Margin interest;
- Fees charged by us or third parties that are not affiliates in connection with short-sale transactions;
- Fund redemption and other fees as described in more detail below;
- Transaction charges and ongoing service charges for Precious Metals purchased and sold under the Precious Metals Program as described in more detail below;
- Exchange or similar fees (such as for ADRs) charged by third parties, including issuers, and fees required by the SEC;
- Alternative trading system fees;
- Electronic fund, wire and other account transfer fees; and
- Any other charges imposed by law or otherwise agreed to with regard to the Account.

When your Account invests in Funds that are Fee Covered Assets, you generally will purchase shares that have no front-end sales load or CDSC, or for which such loads or charges are waived. In the case of Alternative Investment Funds, you may purchase AI Advisory Shares, which are not subject to an upfront sales commission, if you meet applicable suitability and eligibility requirements. However, as a Fund investor, you will bear your proportionate share of such Fund's fees and expenses including, but not limited to, management fees and performance-based compensation paid to the Fund's investment managers or their affiliates, fees payable to the Fund's professional and other service providers, transaction costs and other operating costs (all of which may be material). An investor in a fund-of-funds vehicle will also bear a proportionate share of the

fees and expenses of each underlying investment fund. MLPA Fees do not cover or offset any of the fees and expenses of any Fund purchased for your Account, including commissions and other transaction-related charges incurred by the Fund, even if we effect these transactions for the Fund.

You will pay the public offering price on securities purchased from an underwriter or dealer involved in a distribution.

When we execute transactions in foreign ordinary securities outside the United States, we may use the services of unaffiliated foreign broker-dealers. These foreign broker-dealers may handle your order as agent and assess a commission charge, or they may transact as principal and receive a dealer spread or markup/down. Additionally, to the extent a foreign currency conversion transaction is required to facilitate trade settlement, the foreign broker-dealer (or its affiliate) effecting the currency conversion will be remunerated in the form of a dealer spread or markup/down. Although the remuneration received by foreign broker-dealers is not disclosed to or by us in net price transactions, we shall undertake, at your written request, to determine this remuneration in a given transaction. The commission charges and/or dealer spreads of other broker-dealers also may accrue when foreign issuers terminate an ADR facility, thereby necessitating conversion of ADRs to foreign ordinary share form. In such circumstances, the prices obtained for the post-ADR security may be less beneficial to you than if the ADR remained intact. These commissions/dealer spreads are in addition to the fees payable under the Agreement.

When you trade and hold Precious Metals under the Precious Metals Program, you will be subject to transaction and service fees which will be in addition to the MLPA Fees and will not be covered or offset by the MLPA Fees. A per-transaction fee will be charged on each purchase or sale of Precious Metals and will be paid to GBI. The transaction fee will be calculated on a per-transaction basis and is included within the per-unit cost basis for each purchase and sale and will range from 0.40% to 1.00%, as further described in the Precious Metals Disclosure Document, based on the size of the transaction amount.

In addition, Precious Metals owned and held by us as agent for your exclusive benefit at approved vaults and reflected on your Account statement will be subject to a monthly fee for administrative and liquidity services. The service fee will be 1/12 of 0.30% for investments in gold, platinum or palladium and 1/12 of 0.40% for investments in silver and will be debited from your Account on a monthly basis, in arrears, based upon the average daily valuation of the Precious Metals held in your Account. The service fee will be allocated between GBI and an affiliate, as compensation for ongoing sub-accounting, reconciliation, transaction and related expenses. The service fee must be paid out of your MLPA Account regardless of whether you have designated a different account for purposes of paying your MLPA Fee. Please consult the Precious Metals Disclosure Document for further details on the allocation of the service fee.

#### **COMPENSATION FOR RECOMMENDING MLPA**

In addition to the conflicts of interest described elsewhere in this Brochure, we and our affiliates and employees benefit from the compensation that you and our other clients pay us. We compensate our Financial Advisors (and Financial Advisors in fee sharing arrangements with those Financial Advisors) who provide ongoing services to you. The amount of this compensation may vary, depending on which program(s) or services (including the type of account, Investments or strategy) you select and other factors. Your Financial Advisor's compensation may vary as a result of these choices, and the compensation that we and our affiliates and Financial Advisors receive may be greater (or less) than if you were to purchase the services provided through MLPA on an "unbundled" basis. Many of the Investments available to you through MLPA also may be available through a Merrill Lynch brokerage account, and your Financial Advisor's compensation may vary depending on whether you purchase particular Investments through a Merrill Lynch advisory or brokerage account. If there is a difference in compensation, the Financial Advisor may have a financial incentive to recommend that you select MLPA over other programs or services offered by Merrill Lynch or our affiliates, that you establish an advisory or brokerage relationship with Merrill

Lynch, or that you purchase particular Investments through a Merrill Lynch advisory or brokerage account.

## **ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

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### **CLIENT ELIGIBILITY**

Investors eligible to participate in MLPA include, but are not limited to, individuals, trust and estates (to the extent allowed by state law), charitable organizations, banks, Retirement Accounts, corporations, or such other participants as we determine in our discretion and in accordance with applicable law.

Offshore Funds are only available to people or entities that do not qualify as “U.S. persons” under Regulation S of the Securities Act.

### **ACCOUNT MINIMUMS**

A minimum average across all of your MLPA Accounts of \$25,000 is required to open your Account. If you do not maintain the minimum balance, we may terminate your Account. In very limited circumstances, the minimum Account requirement may be waived, in our sole discretion. Generally, Alternative Investment Funds held in your MLPA Account will have higher minimum investment amounts than the minimum investment amount otherwise required by MLPA.

### **CLOSING AN ACCOUNT AND/OR TERMINATING THE CLIENT AGREEMENT**

We may make changes to the services provided to you by giving written notice to you and your continued acceptance of services under the MLPA Agreement will be deemed consent to the amendment. Either you or we may terminate the MLPA Agreement at any time upon verbal or written notice to the other party. If you become dissatisfied with MLPA after receiving notice of any change, you may terminate the MLPA Agreement in accordance with its terms, upon verbal or written notice to us. Upon termination of the MLPA Agreement, you will receive a pro rata refund of any prepaid MLPA Fees for the remainder of the billing period.

If you have more than one MLPA Account on our U.S. Platform, you may terminate one specific Account without terminating the others. If you have a multi-currency or pledged collateral Account on our Global Platform, you may terminate an individual Account's enrollment without terminating the entire Agreement. However, termination of your Identified Billing Account will result in the termination of each Account in your Account Group.

In limited situations, when you terminate an Account, certain Funds and other securities held in your Account may be liquidated or redeemed as early as the next business day. For certain securities, such as foreign ordinary, convertible, fixed-income, or securities that trade on a when-issued basis or as odd lots, the process may take longer. Investments in Alternative Investment Funds are subject to material restrictions on redemption and you may be required to participate in such Funds indefinitely, irrespective of whether your Account is terminated. AI Advisory Shares generally are not permitted to be transferred to or held in a brokerage account. In the event you hold AI Advisory Shares at the time of account termination, we will contact you regarding the disposition of such AI Advisory Shares, which may include, among other things, a conversion to an appropriate class of AI Brokerage Shares, a redemption of your AI Advisory Shares and repurchase of an appropriate class of AI Brokerage Shares (which may result in time out of the market), or in certain circumstances, a forced redemption of your AI Advisory Shares, in each case subject to the terms and conditions set forth in the Offering Materials for the relevant Alternative Investment Fund. You are responsible for all tax liabilities arising from the transactions in your account, including the disposition of your assets in connection with the termination of your Account.

Your disability or incompetency will not automatically terminate or change the terms of your Agreement. However, your properly appointed guardian, attorney-in-fact or other authorized representative may terminate the Agreement, effective upon our receipt of written notice. Upon notification of your death, your Agreement shall terminate immediately.

The termination of your Financial Advisor's employment with us will not automatically terminate your Agreement. In the event that your Financial Advisor is no longer able to service your Account, we may terminate your Account or transfer your Account to a different Financial Advisor, and you will be notified of any such changes.

## **PORTFOLIO MANAGER SELECTION AND EVALUATION**

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Not applicable.

## **CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

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Not applicable.

## **CLIENT CONTACT WITH PORTFOLIO MANAGERS**

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Not applicable.

## **ADDITIONAL INFORMATION**

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### **DISCIPLINARY INFORMATION**

In the past, we have entered into certain settlements with our regulators and other third parties and have been the subject of adverse legal and disciplinary events. Below are summaries of certain events that may be material to your decision of whether to retain us for your investment advisory needs. Please note that certain disclosures discuss disciplinary events associated with Banc of America Investment Services, Inc. ("BAI") and Banc of America Securities LLC ("BAS"). BAI merged with Merrill Lynch on October 23, 2009, and BAS merged with Merrill Lynch on November 1, 2010. In addition to the descriptions below, you can find additional information regarding these settlements in Part 1 of Merrill Lynch's Form ADV at:

[http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd\\_Search.aspx](http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx).

On June 16, 2014, Merrill Lynch, without admitting or denying the findings, entered into an AWC with FINRA. The AWC related to Merrill Lynch's failure to have an adequate supervisory system to ensure that certain clients received Class A shares with sales charge waivers when purchasing certain mutual funds. As a result, those clients paid sales loads when purchasing Class A shares, or purchased Class B or C shares with higher expenses, during various periods. The clients included those having two types of retirement accounts and another type of client in brokerage accounts offered by Merrill Lynch. Merrill Lynch reported certain of these issues to FINRA and all impacted clients have been or are in the process of being reimbursed as set forth in the AWC. Merrill Lynch consented to the imposition of a censure and a fine of \$8 million, and agreed to provide additional reimbursement to impacted clients as set forth in the AWC.

On June 21, 2012, Merrill Lynch, without admitting or denying the findings, entered into an AWC with FINRA related to the following five issues: (1) Merrill Lynch failed to have an adequate supervisory system to ensure that clients in certain investment advisory programs were billed in accordance with applicable contract and disclosure statements, and, as a result, overcharged certain client accounts unwarranted fees from April 2003 to December 2011; the client accounts

impacted were less than 5% of Merrill Lynch's total advisory accounts, and the fees overcharged represented less than one-half of 1% (\$32,174,369) of the total advisory fees billed during that period; all impacted clients have been reimbursed; (2) between July 2006 and November 2010, Merrill Lynch failed to send contemporaneous and/or periodic trade confirmations to certain client accounts for ten investment advisory programs; (3) between 1992 and June 2011, Merrill Lynch did not include or accurately state whether Merrill Lynch acted as an agent or a principal on trade confirmations and account statements relating to certain mutual fund transactions; (4) between 2007 and 2010, Merrill Lynch, either directly or through third-party vendors, failed to deliver proxy materials to certain clients or to their designated investment advisers, and to have an adequate supervisory system to detect its failure to deliver proxies; the clients impacted constituted less than 1% of Merrill Lynch's clients during that period; and (5) between October 2001 and June 2010, Merrill Lynch failed to send margin risk disclosure statements and/or business continuity plans to certain clients upon the opening of their accounts; the clients impacted constituted less than 1% of Merrill Lynch's clients during that period. In determining the appropriate sanctions, FINRA considered Merrill Lynch's internal review through which it identified the violations, the remedial measures that Merrill Lynch took to correct its systems and procedures, and Merrill Lynch's efforts to provide remediation to affected clients. Merrill Lynch consented to the imposition of a censure and a fine of \$2.8 million.

On October 4, 2011, Merrill Lynch entered into a consent agreement with FINRA regarding the following events. FINRA alleged that Merrill Lynch failed to have a supervisory system to ensure that all accounts in which an employee either had a financial interest or over which the employee had control were monitored and reviewed for potential misconduct. In addition, FINRA found that Merrill Lynch failed to establish, maintain and enforce written procedures to adequately supervise a registered representative who was subsequently found to have used a business account at the firm to implement a fraudulent scheme. Without admitting or denying the findings, Merrill Lynch consented to the entry of findings, a censure, and a fine of \$1,000,000.

On June 6, 2009, the United States District Court for the Southern District of New York entered a judgment enjoining BAI and BAS from violating, directly or indirectly, Section 15(c) of the Exchange Act. The SEC had filed a complaint alleging that BAI and BAS misled customers regarding the fundamental nature and increasing risks associated with auction rate securities ("ARS") underwritten, marketed and sold by BAS and BAI and that by engaging in such conduct, BAI and BAS had violated Section 15(c) of the Exchange Act. Without admitting or denying the allegations, BAI and BAS entered into a consent, whereby they agreed to a series of undertakings designed to provide relief to "individual investors" (as defined in the consent) including: (1) through their affiliate, offering to purchase at par from individual investors certain ARS; (2) agreeing to use reasonable efforts to identify individual investors who sold certain ARS below par, and to pay such investors the difference between par and the price at which they sold the securities; (3) agreeing to participate in a special arbitration process for the purpose of arbitrating any individual investor's consequential damage claim related to its investment in ARS; (4) agreeing to refund certain refinancing securities through the firms; and (5) undertaking to make their best efforts to work with issuers and other interested parties to seek to provide liquidity solutions for institutional investors that are not considered "individual investors." Two similar regulatory actions involving the marketing and sale of ARS occurred on January 10, 2012: (1) Merrill Lynch (as successor by merger to BAS and BAI, the "Respondents") agreed to a settlement with the Illinois Securities Department (the "Department"); and (2) Merrill Lynch agreed to a settlement with the North Carolina Department of the Secretary of State, Securities Division (the "Division"). In both actions, it was alleged that inappropriate marketing and sales of ARS occurred without adequately informing certain customers of the increased risks of illiquidity associated with ARS. Both the Department and the Division of the respective states alleged that, through the aforementioned conduct, there occurred dishonest and unethical practices in the offer and sale of securities and failure to supervise agents resulted. In the Illinois action, the Respondents agreed, among other things, to repurchase at par certain illiquid ARS held by certain clients of Merrill Lynch. Additionally, the Respondents agreed to pay a total fine of \$1,578,320.87 to the State of Illinois representing Illinois's portion of a total civil penalty of \$50,000,000 that will be distributed among the states and U.S. territories that enter into similar



administrative or civil consent orders related to ARS. With respect to the North Carolina action, Merrill Lynch agreed, among other things, to repurchase at par certain illiquid ARS held by certain clients of Merrill Lynch. Additionally, Merrill Lynch agreed to pay a total fine of \$3,193,552.24 to the Division representing its portion of a total civil penalty of \$125,000,000 that will be distributed among the states and U.S. territories that enter into similar administrative or civil consent orders related to ARS.

On March 11, 2009, the SEC issued an order against Merrill Lynch alleging that from 2002 to 2004, several Merrill Lynch retail brokers permitted day traders to hear confidential information regarding Merrill Lynch institutional customers' unexecuted orders as they were transmitted over Merrill Lynch's squawk box system. According to the SEC, Merrill Lynch lacked written policies or procedures to limit access to the equity squawk box, to track which employees had access to the equity squawk box or to monitor employees' use of the equity squawk box in violation of Section 15(f) of the Exchange Act and Section 204A of the Advisers Act. Without admitting or denying the SEC's findings, Merrill Lynch consented to the entry of the order that: (1) found violations of Section 15(f) of the Exchange Act and Section 204A of the Advisers Act for allegedly failing to maintain written policies and procedures reasonably designed to prevent the misuse of customer order information; (2) required that Merrill Lynch cease and desist from committing or causing any future violations of the provisions charged; (3) censured Merrill Lynch; (4) imposed a \$7,000,000 civil money penalty; and (5) required Merrill Lynch to comply with certain undertakings regarding the enhancement of certain policies and procedures.

On January 30, 2009, the SEC issued an order against Merrill Lynch regarding the Merrill Lynch Consulting Services program and the offering of those services through a Florida branch office for a period of several years concluding in 2005. The Order found that material misrepresentations had been made and certain conflicts of interest not disclosed, and that Merrill Lynch had not maintained adequate records or reasonably supervised certain Florida investment advisory representatives. Without admitting or denying the non-jurisdictional findings thereof, Merrill Lynch consented to a censure, to cease and desist from violations of sections 204 and 206(2) of the Advisers Act and Rule 204-2(a) (14) thereunder, and a fine of \$1,000,000. In accepting the settlement, the SEC noted the voluntary and significant remedial acts promptly undertaken by Merrill Lynch.

On May 1, 2008, the SEC issued an administrative order in which it found that BAI had willfully violated Sections 17(a)(2) and 17(a)(3) of the Securities Act, Sections 206(2), 206(4) and 207 of the Advisers Act and Advisers Act Rule 206(4)-1(a)(5) for failing to disclose to clients that in selecting investments for discretionary mutual fund wrap fee accounts, it favored two mutual funds affiliated with BAI. In the Order the SEC also found that Columbia Management Advisors, LLC ("Columbia Management"), as successor in interest to Banc of America Capital Management, LLC willfully aided and abetted and caused BAI's violations of Sections 206(2) and 206(4) of the Advisers Act, and Advisers Act Rule 206(4)-1(a)(5). In the order, BAI and Columbia Management were censured and ordered to cease and desist from committing or causing such violations and future violations. In addition, BAI was ordered to pay disgorgement plus prejudgment interest in the aggregate amount of \$793,773.00 to certain entities specified in the Order, and a civil monetary penalty of \$2,000,000; and Columbia Management was ordered to pay disgorgement plus prejudgment interest in the aggregate amount of \$516,382 to certain entities specified in the Order, and a civil monetary penalty of \$1,000,000. BAI and Columbia Management consented to the Order without admitting or denying the SEC's findings. BAI also agreed to certain undertakings contained within the Order.

On February 14, 2008, Merrill Lynch consented to an AWC issued by FINRA. FINRA alleged that from at least January 2001 until January 2006, as a result of certain operational and supervisory deficiencies Merrill Lynch failed to timely and consistently update the firm's record system relating to certain investment advisory and fee-based accounts. When clients change investment advisers or terminated enrollment in certain investment advisory or fee-based accounts, Merrill Lynch failed to consistently make changes in account proxy delivery addresses and/or remove traits that suppressed trade confirmation delivery in the firm's record systems. Additionally, Merrill Lynch

failed to maintain written supervisory procedures and a reasonable system of follow-up and review with respect to such operational changes. Without admitting or denying the findings, Merrill Lynch consented to a censure and a fine of \$175,000.

On March 4, 2005, Merrill Lynch entered into a consent order with the State of New Jersey Office of the Attorney General Department of Law and Public Safety and the New Jersey Bureau of Securities ("Attorney General"). The Attorney General alleged: (1) market timing conduct by three Merrill Lynch Financial Advisors engaged in market timing on behalf of their principal client, a hedge fund and that despite warnings from supervisors that they were violating Merrill Lynch's policies, the Financial Advisors continued to market time for the client until they were fired in October 2003, using among other things, multiple accounts and undisclosed agreements to conduct and disguise their trading; (2) that Merrill Lynch failed to adequately supervise certain activities in connection with the conduct described above including failure to keep adequate books and records in violation of the Exchange Act and New Jersey law; (3) the client entered into variable annuity contracts and certain other variable life insurance contracts with certain non-proprietary insurance carriers through the Financial Advisors to engage in short term trading in the investment sub-accounts of these products and although the client's reallocation instructions were relayed through the Financial Advisors to the insurance companies, Merrill Lynch gave no specific instruction to the Financial Advisors concerning the reallocation of the underlying sub-accounts of variable products; and (4) that Merrill Lynch failed to adequately enforce its established policy prohibiting market timing. Without admitting or denying the findings in the order, Merrill Lynch agreed to pay a civil monetary penalty of \$10 million and to certain undertakings including implementation of new procedures to maintain, as a required book and record under New Jersey and federal securities laws, records of all client reallocation requests made through a Merrill Lynch employee that involve mutual funds held as sub-accounts of variable annuity products of outside insurance carriers.

On February 9, 2005, pursuant to an offer of settlement by BAS in which it neither admitted nor denied the findings, the SEC issued an administrative order. The SEC found that from July 2000 through July 2003, BAS, Banc of America Capital Management, LLC ("BACAP") and BACAP Distributors, LLC ("BACAP Distributors") facilitated market timing and late trading by some introducing broker-dealers and a hedge fund at the expense of shareholders of Nations Funds and other mutual fund families, provided account management tools and other assistance, and enabled introducing broker-dealers to conceal their client's market timing activities from mutual funds. In the order, BAS was: (1) censured; (2) ordered to cease and desist from committing or causing any present or future violations of 17(a) of the Securities Act, 10(b), 15(c) and 17(a) of the Exchange Act and Rules 10b-5, 15c1-2, and 17a-4 thereunder and Rule 22c-1, as adopted under 22(c) of the Investment Company Act, and from causing any present or future violations of 34(b) of the Investment Company Act and 206(1) and 206(2) of the Advisers Act; (3) ordered to pay, jointly and severally with BACAP and BACAP Distributors \$250 million in disgorgement plus a civil monetary penalty of \$125 million. BAS also agreed to comply with certain undertakings including: (1) maintaining a compliance and ethics oversight infrastructure having, among other things, a code of ethics oversight committee, an internal compliance controls committee, a senior level compliance officer for conflicts of interest and a corporate ombudsman; (2) retaining an independent compliance consultant to, among other things, review compliance, supervisory and other policies and procedures and adopt such procedures; (3) undergoing third party compliance review every other year; and (4) retaining an independent distribution consultant.

On April 28, 2003, as part of a joint settlement with the SEC, NYSE and NASD arising from a joint investigation by the SEC, NYSE and NASD into research analysts' conflicts of interest, Merrill Lynch, without admitting or denying the allegations of the complaint filed by the SEC, consented to the entry of a final judgment ("Final Judgment"). Pursuant to the settlement, which was entered on October 31, 2003 and modified on March 15, 2010, Merrill Lynch: (1) was permanently enjoined from violating Section 15(c) of the Exchange Act and Rule 15c1-2 thereunder, NASD Conduct Rules 2110, 2210 and 3010, and NYSE Rules 342, 401, 472 and 476; (2) was ordered to pay a penalty of \$100,000,000, which was deemed satisfied by prior payments to the states in a related



proceeding; (3) was ordered to pay substantial amounts for third party research and investor education; and (4) was ordered to comply with certain additional undertakings. In a related disciplinary event, Merrill Lynch (as successor by merger to BAS) entered into an amended offer of settlement with the SEC on October 9, 2012. The settlement stems from an SEC Order dated March 14, 2007 against BAS (the "2007 BAS Order") claiming that BAS investment bankers inappropriately influenced equity research analysts, resulting in the publication of materially false and misleading research during the period of January 1999 through December 2001. The 2007 BAS Order censured BAS and ordered BAS to: (i) cease and desist from committing or causing any violations or future violations of Section 15(c) and 15(f) of the Exchange Act, and Rule 15c1-2(a); (ii) pay \$26 million in disgorgement and penalties into a fair fund for distribution to its affected customers; (iii) retain an independent consultant to conduct a comprehensive review of the firm's internal controls to prevent the misuse of material nonpublic information concerning BAS research; (iv) certify to the SEC's staff in the second year following the issue of the 2007 BAS Order that BAS had established and continued to maintain Exchange Act Section 15(f) policies, practices, and procedures consistent with the findings of the 2007 BAS Order; and (v) comply with Addendum A to the 2007 BAS Order, which implemented certain structural changes to the operations of the firm's equity research and investment banking departments. In the Merrill Lynch action, the District Court, on March 15, 2010, modified Addendum A to the October 31, 2003 Final Judgment by, among other things, removing similar provisions that remained in Addendum A to the 2007 BAS Order. The 2007 BAS Order, which remains in effect and binding on Merrill Lynch (as successor by merger to BAS), was modified on October 9, 2012, to strike Addendum A and provide that Merrill Lynch analysts, including ex-BAS analysts, must comply with the Final Judgment.

#### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Merrill Lynch, an indirect wholly-owned subsidiary of Bank of America, is a leading global investment banking firm and a registered broker-dealer, investment adviser and futures commission merchant. In the United States, Merrill Lynch acts as a broker (*i.e.*, agent) for corporate, institutional and governmental and private clients and as a dealer (*i.e.*, principal) in the purchase and sale of corporate securities, primarily equity and debt securities traded on exchanges or in the over-the-counter markets. Merrill Lynch also acts as a broker and/or a dealer in the purchase and sale of mutual funds, money market instruments, government securities, high-yield bonds, municipal securities, financial futures contracts, and options. The futures business and foreign exchange activities are conducted through Merrill Lynch and other affiliates. Merrill Lynch operates the firm's U.S. retail branch system, and also provides financing to clients, including margin lending and other extensions of credit as well as a wide variety of financial services, such as securities clearing, retirement services, and custodial services. As a registered investment adviser, Merrill Lynch completes a Form ADV, which contains additional information about itself, Bank of America and their affiliates. Information is available through publicly available filings at the SEC or at [http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd\\_Search.aspx](http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx).

For purposes of Form ADV Part 2, certain Merrill Lynch management persons are registered as registered representatives or associated persons of Merrill Lynch. In the future, additional Merrill Lynch personnel may be considered management persons and, as such, may be registered, or have applications pending to register, as registered representatives and associated persons of Merrill Lynch to the extent necessary or appropriate to perform their job responsibilities.

Bank of America, through its subsidiaries and affiliates, provides broker-dealer, investment banking, financing, wealth management, advisory, asset management, insurance, lending and related products and services on a global basis. These products and services include: securities brokerage, trading and underwriting; investment banking, strategic advisory services (including mergers and acquisitions) and other corporate finance activities; wealth management products and services including financial, retirement and generational planning; asset management and investment advisory and related record-keeping services; origination, brokerage, dealer and related activities in swaps, options, forwards, exchange-traded futures, other derivatives, commodities and foreign exchange products; securities clearance, settlement financing services and prime

brokerage; private equity and other principal investing activities; proprietary trading of securities, derivatives and loans; banking, trust and lending services, including deposit-taking, consumer and commercial lending, including mortgage loans, and related services; insurance and annuities sales and research across the following disciplines: global equity strategy and economics, global fixed-income and equity-linked research, global fundamental equity research, and global wealth management strategy. Bank of America is subject to the reporting requirements of the Exchange Act and additional information about Bank of America can be found in publicly available filings with the SEC.

We, through our Financial Advisors, may suggest or recommend that you use Merrill Lynch's securities account, execution, custody or other services, or such services of an affiliate. Similarly, Financial Advisors, who also handle clients' securities accounts, may suggest or recommend that clients purchase Merrill Lynch's products or products of an affiliate. Where you use or purchase Merrill Lynch's or our affiliates products or services, we or our affiliates and employees will receive fees and compensation. Financial Advisors may, as permitted by applicable law, receive compensation (the amount of which may vary) in connection with these products and services.

We address these conflicts through disclosure in this Brochure. Our Financial Advisors are required to recommend investment advisory programs, investment products and securities that are suitable for each client based upon the client's investment objectives, risk tolerance and financial situation and needs. In addition, we have established a variety of restrictions, procedures and disclosures designed to address potential conflicts of interest – both those arising between and among Accounts as well as between Accounts and our business.

#### **Receipt of Compensation from Investment Advisers**

As discussed above, you may invest your MLPA Account assets in Funds, including Related and Unrelated Funds, from which we or our affiliates receive certain additional compensation from the Funds, their principal underwriters, investment managers, other agents or their respective affiliates in connection with investments in such Funds by MLPA clients ("Additional Compensation"). We may have a conflict when evaluating or recommending Funds, whether or not they are Related Funds, as a result of our business or other relationships with a Fund, its investment manager or the underlying funds or financial products in which the Fund invests. These relationships may include revenue sharing on asset management services for other funds and accounts advised by the Fund's manager and the receipt of revenue sharing for the Funds in which you invest. Please also see the section entitled *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading - Funds and Related Investing* and the section entitled *Client Referrals and Other Compensation* for related discussion.

We or our affiliates have negotiated fee sharing arrangements with substantially all of the managers of the Alternative Investment Funds available through MLPA. Pursuant to these arrangements, we or our affiliates receive Additional Compensation equal to portions of the management fees, performance-based compensation and/or other asset-based fees payable by such Funds to the manager or an affiliate thereof that are attributable to investments made in the Fund through us or our affiliates (including investments made by your Account, either directly or indirectly through a Related Fund). We may also receive Additional Compensation from the managers in the form of one-time up-front payments or periodic flat fee payments. The managers may also reimburse certain Alternative Investment Fund expenses, which has the effect of reducing or eliminating payments that we and our affiliates would otherwise bear. We or our affiliates have negotiated to receive such amounts from the Funds, the investment manager or an affiliate thereof in order to defray costs incurred in connection with and in consideration of certain administrative and operational support that we and our affiliates provide to Related Funds that have been organized to facilitate our clients' access to Alternative Investment Funds, and/or in connection with and in consideration of certain distribution, marketing, administrative or other investor services we provide in connection with a client's direct investment in an Unrelated Fund. The amounts and types of such Additional Compensation that we and our affiliates receive: (i) varies among

Alternative Investment Funds, including those that pursue the same or similar strategies, based on the arrangements that are negotiated with the managers and the performance of the Alternative Investment Funds; (ii) may be structured as escalating payments meaning that the amount of Additional Compensation increases as the amount of the Alternative Investment Fund assets attributable to AI Advisory Shares that are purchased through us or our affiliates increases; and (iii) may substantially exceed the cost of the services provided in any given year. The actual terms of our fee sharing arrangements with Fund managers may be disclosed in the Offering Materials of the relevant Alternative Investment Fund, subject to confidentiality requirements and other obligations imposed by the Fund managers.

For investments in AI Advisory Shares (either directly or indirectly through a Related Fund), which are Fee Covered Assets, we or our affiliates receive: (i) on an on-going basis, a portion of the management fees, services fees or other asset-based fees payable by an Alternative Investment Fund to its manager or an affiliate thereof in an amount ranging from 0% to 1% of the average net asset value attributable to AI Advisory Shares that are purchased through us or our affiliates; (ii) on an ongoing basis, an amount ranging from 0% to 25% of the total performance-based compensation (*i.e.*, up to approximately 5% of new appreciation over a high water mark or hurdle rate, as applicable) payable by an Alternative Investment Fund to its manager or an affiliate thereof that is attributable to AI Advisory Shares that were purchased through us or our affiliates; and/or (iii) one time up-front payments which generally do not exceed \$250,000. Third party investment managers may also reimburse Alternative Investment Funds sponsored by our affiliate for certain fund expenses, the amounts of which will vary, but which generally in the aggregate do not exceed \$250,000. The amount of Additional Compensation we or our affiliates receive in connection with any additional AI Advisory Shares made available through MLPA after the date of this Brochure may exceed the foregoing amounts and ranges. In addition, the amount and nature of the Additional Compensation that we and our affiliates receive may change over time. As a result of such payments, we may have a conflict of interest in selecting certain Alternative Investment Funds for inclusion in MLPA over others. You should be aware that the amount of fees paid by the different Fund managers varies and that Fund managers who would otherwise meet our criteria for inclusion on our alternative investments platform or in MLPA but who do not agree to pay such fees may not be selected, thereby limiting the available universe of Alternative Investment Funds available to our clients. The presence of these payments and fee sharing arrangements with certain Alternative Investment Funds, and the fact that they vary with respect to different Alternative Investment Funds, may also create an incentive for us to recommend that you invest in Alternative Investment Funds that pay higher fees to us or our affiliates. In addition, escalating fee arrangements create an added financial incentive to recommend particular Alternative Investment Funds in order to reach breakpoints necessary to increase the fees paid to us and our affiliates. The presence of these compensation arrangements may also cause us and our affiliates to forego opportunities to negotiate more favorable financial terms for client investments in Alternative Investment Funds or to recapture all or a portion of the amount of such Additional Compensation for your benefit.

Any Additional Compensation we and our affiliates receive in connection with your investment in an Alternative Investment Fund will be in addition to the MLPA Fee and, except to the extent required by applicable law, or as otherwise provided herein, we and our affiliates do not offset any fees and expenses you may owe to us (including, but not limited to, the MLPA Fee) by the amount of such Additional Compensation we receive. You should consider this Additional Compensation when evaluating the amount and appropriateness of the fees we earn in connection with your Account and MLPA. Furthermore, we may acquire an economic interest in or enter into a joint venture with one or more managers pursuant to which we share in fees or receive economic rights. Any such arrangement will be disclosed in the Offering Materials for the relevant Alternative Investment Fund.

We address the conflicts of interests associated with our compensation arrangements by calculating the compensation paid to our Financial Advisors on the same basis for all Fee Covered Assets, including the AI Advisory Shares, without regard to the amount of Additional Compensation

we or our affiliates receive in connection with the Investments. Additionally, we and our affiliates select the Alternative Investment Funds and managers that are available on our brokerage and advisory platforms and offered through MLPA based on qualitative and quantitative evaluation of such factors as performance, risk management policies and procedures and consistency of the execution of their strategy. We have adopted various policies and procedures reasonably designed to prevent the receipt of the Additional Compensation, and other business arrangements from affecting the nature of the advice we provide, although such policies and procedures do not eliminate such conflicts of interest. For more information about Additional Compensation received, see the section below entitled *Funds and Related Investing*.

**Receipt of Compensation under the Precious Metals Program**

As discussed above, investments in Precious Metals through the Precious Metals Program will be subject to a per-trade transaction fee and an ongoing monthly service fee, both of which will be in addition to the MLPA Fees. GBI has agreed to share a portion equal to 0.05% of the service fee with Financial Data Services, an affiliate, as compensation for ongoing sub-accounting, reconciliation, transaction and related expenses. While Merrill Lynch itself will not be allocated a portion of the service fee with respect to investments by MLPA clients, Merrill Lynch will be allocated a portion of the service fee with respect to investments by its brokerage clients in the Precious Metals Program. Such relationships and fee-sharing may result in a conflict of interest in Merrill Lynch's retaining GBI and/or recommending investments in Precious Metals through the Precious Metals Program. The presence of these compensation arrangements may cause us to recommend the Precious Metals Program to our MLPA clients over other alternative means of investing in Precious Metals.

Although Merrill Lynch has no equity ownership in GBI and there are no current Merrill Lynch senior officers serving on the board of GBI, several of GBI's senior executives previously served in management roles at Merrill Lynch.

Please refer to the Precious Metals Disclosure Statement for more information about the additional charges and the associated risks and conflicts of interest.

**CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

**Conflicts of Interest and Information Walls**

Merrill Lynch is an indirect wholly-owned subsidiary of Bank of America. Bank of America engages in a wide range of activities and businesses across a broad spectrum of clients. As a result, we recognize actual, potential and perceived conflicts of interest may develop in the normal course of operations in various parts of the Bank of America organization. To address these potential conflicts, information walls are in place to allow multiple businesses to engage with the same or related clients at the same time while mitigating the conflicts which may arise from such a situation. For example, information walls prevent the unauthorized disclosure of material nonpublic information and allow public side sales, trading and research activities to continue while other businesses within Bank of America possess material nonpublic information. Additionally, Bank of America maintains a Code of Ethics which provides guidelines for the business practices and personal conduct all associates and board members are expected to adopt and uphold.

Managing conflicts of interest is an integral part of Bank of America's risk management process. We believe that no organization can totally eliminate conflicts that exist explicitly or implicitly. Bank of America, including Merrill Lynch's investment advisory business, evaluates its business activities and the actual and possible conflicts that may emerge from its activities on an ongoing basis. To the extent that existing or new business activities raise an actual conflict of interest, or even the appearance of a conflict, we endeavor to provide you with full and clear disclosure or to take action to avoid them.

**Code of Ethics**

We have adopted an Investment Adviser Code of Ethics (the “Code of Ethics”) covering our personnel who are involved in the operation and offering of investment advisory services. The Code of Ethics is based on the principle that clients’ interests come first, and requires employees to meet the high standards that we follow in conducting our business with integrity and professionalism. The Code of Ethics covers such topics as the:

- Requirement that all employees comply with all applicable securities and related laws and regulations;
- Reporting and clearance of employee personal trading;
- Prevention of misuse of material nonpublic information; and
- Obligation to report possible violations of the Code of Ethics to management or other appropriate personnel.

All covered personnel must certify receipt of the Code of Ethics. We will provide a copy of the Code of Ethics to you upon request.

We also have imposed policy restrictions on all personnel regarding transactions for their own accounts and accounts over which they have control or a beneficial interest. In addition, we have special policies requiring certain personnel obtain specific approval of their securities transactions and have implemented procedures for monitoring these transactions as well as those of all employees.

We acknowledge that we are subject to fiduciary responsibilities under the Advisers Act with respect to the investment advisory services provided pursuant to the Agreement. If your Account is subject to ERISA or the prohibited transaction rules of the Code, in providing its non-discretionary investment advice or recommendations with respect to client trades, Merrill Lynch will be acting as a fiduciary under ERISA and the Code (as applicable). Where Merrill Lynch executes client trades at the client’s direction in Excluded Assets or other assets for which Merrill Lynch has not provided the client with advice or a recommendation, Merrill Lynch will not be acting as a fiduciary under ERISA or the Code. If you are a Retirement Account fiduciary, you may invest the Retirement Account assets in Related Products, including Related Funds, as part of MLPA, but you must make an independent determination that the Related Products are suitable and appropriate for the Retirement Account (and permitted under any applicable plan document or instrument) and you will be responsible for any such decision to invest in any such product. We will not be considered to have fiduciary responsibility in connection with that selection.

**Participation or Interest in Client Transactions**

Your Financial Advisor may suggest or recommend that you use our or our affiliates’ securities account execution, custody or other services. Similarly, your Financial Advisor may suggest or recommend that you purchase our or our affiliates’ products, including insurance products, mortgage, trust and credit services and mutual funds. Where you purchase or use our or an affiliate’s services or products, we or our affiliates and employees will receive fees and compensation. Compensation received in connection with your purchases or sales of stocks, bonds, mutual funds, other securities or insurance products through us or our affiliates may include commissions, spreads, markups and markdowns and distribution or other fees. Your holdings of certain types of securities may subject you to charges such as CDSCs, commissions, markups/markdowns or other fees.

In MLPA, your Financial Advisor’s investment advice may be largely based on the research opinions of BofAML Research and also on opinions and guidance of IMG. We do, and seek to do, business with companies covered by BofAML Research and IMG and as a result, we may have a conflict of interest that could affect the objectivity of research and other investment-related reports



as well as those securities that are recommended for purchase and/or sale in your Account which may be covered by such reports. In addition, Merrill Lynch, your Financial Advisor and other personnel may hold the securities of companies subject to such coverage. We may also provide bids and offers, and may act as principal market-maker to the same securities or issuers of securities held in your Account.

We address these conflicts through disclosure in this Brochure. Our Financial Advisors are required to recommend investment advisory programs, investment products and securities that are suitable for each client based upon the client's investment objectives, risk tolerance and financial situation and needs. In addition, we have established a variety of restrictions, procedures and disclosures designed to address potential conflicts of interest.

**Principal, Agency-Cross and Cross Trades**

***Principal Transactions***

We or an affiliate may execute transactions in your Account on a principal basis (that is, when we or an affiliate sell a security to you, or buy a security from you, for our own account) as permitted by law. Principal transactions may give you access to investment opportunities or trade executions that might not otherwise be available to you. Examples of principal transactions include the purchase of equity or fixed-income securities in a new issue offering where we are an underwriter and the purchase or sale of fixed-income securities from or to us in the over the counter markets. Principal transactions may not be effected for Retirement Accounts, except in accordance with applicable law.

There are conflicts of interest present when we execute transactions in your Account on a principal basis. If Merrill Lynch effects a principal transaction for your Account, then in addition to the MLPA Fee, we may receive a commission, markup or markdown, underwriting fee or selling concession, or other compensation with respect to the transaction, which would result in additional compensation or other benefit to us or our affiliate. We may also benefit from the "spread" or the difference between the price we pay for a security and the price at which we sell it to you, or between the price we may pay for a security that we may buy from you and the price for which we may later sell it. In addition, we may have an incentive to recommend a transaction in a security that we maintain in our inventory that is otherwise difficult to sell. The receipt of additional compensation and an incentive to recommend a transaction involving our inventory present conflicts between our interest and yours.

By signing the "Consent to Principal Transactions" form, you will authorize and provide your initial written consent to allow us to execute transactions in your Account on a principal basis as permitted by law. You may refuse to provide this initial consent or may revoke this initial consent to principal transactions at any time, in writing, by requesting a revocation form from your Financial Advisor. Where you choose not to provide your initial consent or otherwise revoke your initial consent to principal transactions, there will be limitations on certain securities transactions that may be executed in your Account. For instance, you will not have access to our inventory of securities that trade in principal markets, including securities for which we serve as the principal market maker. The inability to trade with us may limit the securities that are available to you and/or may limit your ability to sell securities that are held in the Account at competitive prices. It is important to note that even if you have provided us with your initial written consent to principal transactions, you make all decisions concerning your Account, including whether we may effect a transaction as principal. We will inform you (orally or otherwise) that we may execute a transaction on a principal basis and at the time of the trade, you will have the opportunity to withhold your consent and may refuse to authorize your Financial Advisor to proceed with the transaction on a principal basis.

The types of securities that may be purchased or sold on a principal basis in your Account pursuant to the terms of your Agreement may change in the future and could become more limited. Additionally, in certain cases, if a client makes an unsolicited request to sell a security, we may,



after agreeing on a price with the selling client, recommend the purchase of that security by another client or brokerage customer and execute both sale and purchase transactions simultaneously. Such a transaction involves conflicts of interest similar to those of other principal transactions, and in addition involves a risk that the Financial Adviser may have an incentive to recommend inappropriate trades in order to generate additional income for Merrill Lynch and the Financial Adviser or to unfairly favor one client over another. We address these additional conflicts by requiring that the initial sale be unsolicited, that the sale price be agreed upon before recommending the purchase by another client, following procedures intended to ensure that execution of the sale transaction is not unreasonably delayed, and by reducing the normal spread that Merrill Lynch would charge on the sale and purchase transactions.

***Agency-Cross Transactions***

We may, at times, have the opportunity to act as agent for both buyer and seller in a transaction for your Account. This is called an agency-cross transaction. Since we generally will receive compensation from each party to an agency-cross transaction, there is a potential conflict between our responsibilities and loyalties to you and to the other party to the transaction. Any compensation we receive will be in addition to the MLPA Fee. The Agreement generally gives us permission to engage in agency-cross transactions for your Account, except where prohibited by law. You may revoke your consent at any time by notifying us in writing.

For a Retirement Account that is subject to ERISA, transactions, including agency-cross transactions, will be effected by or through Merrill Lynch or our affiliates in compliance with U.S. Department of Labor Prohibited Transaction Exemption 86-128, or otherwise in a manner that is not prohibited by ERISA or the Code.

***Internal Cross Transactions***

At times, we may consider a security being sold by one client to be appropriate for purchase by another client account. In such cases, we may arrange to transfer or “cross” the security directly between the affected accounts. Any cross transactions in your Account would be effected in accordance with applicable law and your Agreement. Cross transactions generally will be effected at an independently determined market price and will not result in any additional compensation to us. Internal cross transactions for Retirement Accounts subject to ERISA will be effected for your Account in compliance with U.S. Department of Labor Prohibited Transaction Exemption 2002-12 or otherwise in a manner that is not prohibited by ERISA.

**Exchange-Traded Notes**

We may recommend that you purchase certain exchange-traded notes, such as ELEMENTS<sup>SM</sup>, that are distributed by us. Investors will pay a per annum investor fee, and in certain circumstances a repurchase fee, each of which is disclosed in the prospectus or prospectus supplement for such note. We expect to receive from issuers of these notes a portion of the investor fee in return for establishing ELEMENTS and for other services that we have or will render in connection with ELEMENTS, including, among other things, structuring the terms of ELEMENTS, preparing marketing materials, proposing hedging transactions to the issuer, developing and maintaining a public Website, and if agreed for a particular series of ELEMENTS, acting as calculation agent. These fees will be negotiated individually with issuers, and we currently expect that the fee we will receive will not exceed 0.75% per annum of the aggregate outstanding value of each ELEMENTS. In addition, we may also act as counterparty to the issuer’s hedge transactions and will receive fees for such transactions. These services are more fully discussed in the respective prospectus or prospectus supplement for each ELEMENTS. With respect to any Retirement Account, any portion of the investor fee paid by the issuer to us in connection with the issuance of ELEMENTS in excess of its costs in structuring ELEMENTS will be credited to your Retirement Account pro rata on a monthly basis.

Our receipt of a portion of these investor fees, and also other business relationships that we may have with the issuers of ELEMENTS, may result in a conflict of interest since we may have an incentive to recommend that you purchase ELEMENTS in your Account. The ELEMENTS prospectus or prospectus supplement also describes certain other conflicts of interest.

### **Funds and Related Investing**

When you invest in a Fund, you will pay your proportionate share of such Fund's fees and expenses including, but not limited to, management fees and performance-based compensation paid to the Fund's investment managers or their affiliates, fees payable to the Fund's professional and other service providers, transaction costs and other operating costs and, in the case of certain Registered Funds, Rule 12b-1 fees (all of which may be material). In certain cases, these fees and expenses may be payable to Merrill Lynch or a Related Company. You will receive the Offering Materials for each Fund in which you invest, which will describe the Fund's fees and expenses in detail. These fees and expenses represent the Fund's costs for services that may be similar to, or duplicative of, services that we provide to your Account and for which you pay the MLPA Fee. Certain Accounts may receive a credit for these Fund fees and expenses in their MLPA Account, to the extent required by law.

We and our affiliates will receive fees from each mutual fund in which you invest, or from that fund's investment adviser, principal underwriter or other agent, for performing subaccounting and related services (such as account recordkeeping, processing, reporting and dividend reinvestment services) for shareholders of such fund who maintains their shares in a Merrill Lynch securities account, including participants in MLPA. Merrill Lynch and its affiliates receive subaccounting fees for the performance of these services, which are either borne by the mutual fund (like other mutual fund expenses) or by its adviser, principal underwriter or other agent. These subaccounting and related services arrangements generally vary by Fund and vary between Offshore Funds and U.S. Funds. Depending on the Fund's or its adviser's, principal underwriter's or other agent's arrangement with Merrill Lynch and its affiliates, Merrill Lynch or its affiliate will receive from the mutual fund or a fund service provider or its affiliate, subaccounting fees of either up to 0.15% per annum of the amount invested in such mutual fund or up to \$21 annually per Merrill Lynch client position in the mutual fund. These subaccounting fee rates are subject to change from time to time. Subaccounting fee rates may be received individually, or may be part of a "bundled" arrangement with a mutual fund that includes other types of fees, such as distribution and marketing support payments. For more information, please refer to the document entitled "Mutual Fund Investing at Merrill Lynch" available at [www.ml.com/funds](http://www.ml.com/funds) and also available from your Financial Advisor upon request. These fees are not paid directly out of your Account, but are either borne by the mutual fund, like other fund expenses, or by the fund's principal underwriter or other agent.

For Offshore Funds, MLPF&S and its affiliates perform similar distribution, marketing, shareholder servicing, sub-accounting and related services as described above for which MLPF&S and its affiliates receive asset based compensation from the Offshore Fund's distributor or other service provider.

Sponsors or other affiliates of ETFs and similar products may pay fees to us or our affiliates for licensing or other arrangements. These fees are typically calculated as a percentage of the assets of the ETF or other product, and they are generally paid directly by the sponsor or its affiliate and are generally borne by the ETF or other similar product.

The investment adviser(s) for the BofA Funds are Related Companies and Program Accounts may be invested in these Related Funds. Due the additional economic benefit to Merrill Lynch, our Related Companies or their respective affiliates, as applicable, and, potentially, a Financial Advisor, from investments in Funds, a conflict of interest may exist. For Funds advised, sponsored or distributed by Merrill Lynch, a Related Company or their respective affiliates, Merrill Lynch, a

Related Company or their respective affiliates, as applicable, will receive investment management fees and, if applicable Rule 12b-1 fees or other service fees from the Funds. For other Funds, Merrill Lynch and its affiliates also may receive Rule 12b-1 fees or other services fees from the Funds. Rule 12b-1 fees generally cover shareholder servicing and distribution services relating to the Funds. We potentially benefit from our economic interest in Related Companies and our relationship with Bank of America whenever such entities or their affiliates receive compensation for providing investment advisory, administrative, transfer agency, distribution or other services to their Related Funds or other investment products. The extent of this benefit may be greater than when we or our affiliates do not have an economic interest in the firm providing such services. As a result, we may benefit from increased sales of Funds and other investment products of Related Companies and Bank of America affiliates for you to a greater extent than from increased sales of funds or investment products sponsored by other firms in which we and our affiliates do not have a similar economic interest or relationship.

Each of the Related Funds pays investment management fees to its investment adviser and, like Unrelated Funds, incurs other expenses. The current annual rates of management fees paid by the BofA Funds to a Bank of America affiliate range from 0.15% to 0.25% of average daily net assets and are described in each BofA Fund's Offering Materials.

In addition, we and our affiliates receive Rule 12b-1 fees with respect to shares of certain money market funds in which your Account (other than Retirement Account investments in money market funds) may be invested. We and our affiliates may provide other services to the Related Funds for compensation (which are not considered in the MLPA Fee calculation), such as transfer agency, administrative, accounting and printing services. These fees (as well as Fund expenses) will vary among the Related Funds as described in the Funds' Offering Materials, including their statements of additional information and are in addition to MLPA Fees. In the case of Alternative Investment Funds, we or our affiliates may receive all or a portion of the placement agent fees, services fees and other fees and expense reimbursements, and may receive a material portion of the management fee and/or performance-based compensation paid to the manager or its affiliates. Please refer to the section entitled *Receipt of Compensation from Investment Advisers* for more information about the compensation we or our affiliates receive and the related conflicts of interest.

In addition to the investment management fees and other compensation that we and our affiliates may earn in connection with Account investments in Related Funds, we and our affiliates may earn other forms of compensation for services rendered in connection with such products. For example, we may execute brokerage transactions for a Fund that you invest in (including on a principal basis, when permitted by law), or we may provide shareholder subaccounting services to a Fund, for which we will be paid. Due to the additional economic benefits we may receive from your investments in mutual funds, there may be a conflict of interest. More complete information about any of the Funds, including risks, management fees and other charges and expenses, is contained in the Fund's Offering Materials. See also the section entitled *Investment of Cash Balances* for related conflict of interest information.

You may be able to purchase the same Funds directly from the Funds or their agents or through us without enrolling in MLPA and paying the MLPA Fee. However, such investments may be subject to different financial and other terms including, but not limited to, a sales charge and other fees and expenses, that would not apply if acquired through MLPA. Nonetheless, it may be possible to invest in certain Funds more economically in an account outside of MLPA, although you would be doing so without the additional features and benefits of MLPA.

We have arrangements with certain Funds or their principal underwriters or other agents, pursuant to which we may receive or have received certain additional compensation from these Funds or principal underwriters or other agents. This additional compensation may be based upon the length of time our customers remain invested in these Funds or gross sales of Fund shares by us. We will not retain this additional compensation in connection with assets in Retirement Accounts.

We may receive or have received payments from certain Unrelated Fund sponsors (or certain Related Fund sponsors before the Funds became Related Funds) or their affiliates in connection with our becoming a selling agent for the shares of these Funds. In addition, we may at times act as placement agent (or selling agent) for certain Alternative Investment Funds and we may receive compensation based on the sale of interests in the Funds. Any compensation we or our affiliates receive will be in addition to the MLPA Fee. In our capacity as placement agent, we will be acting both as agent on behalf of the Alternative Investment Funds and as your agent or investment adviser. As a result, there may be a conflict of interest between our responsibilities and loyalties to you and to the Fund.

Certain of the Funds, including Related Funds and Alternative Investment Funds, may use Merrill Lynch and our affiliates for brokerage and related services and pay us for these services, subject to any applicable legal requirements.

Certain of the Funds, including Related Funds, or their principal underwriters or other agents, reimburse us to cover various costs arising from sales and marketing materials, client and prospective client meetings, or educational and training meetings held with Financial Advisors and other Merrill Lynch personnel relating to our investment management programs and asset management. These Funds or their principal underwriters or other agents may also participate in other conferences and seminars sponsored by us and may reimburse us to cover various costs of those conferences and seminars. The Funds' principal underwriters, investment managers or other agents may also make charitable contributions in connection with Merrill Lynch sponsored or client-related events.

From time to time, Merrill Lynch may enter into distribution agreements with one or more asset managers pursuant to which Merrill Lynch distributes certain products and services sponsored or advised by the asset manager. Some of these agreements include arrangements with asset managers who are former Related Companies such as BlackRock and Columbia Management. A former executive officer of Merrill Lynch serves on the board of directors of BlackRock.

Consistent with applicable laws, management and employees of Bank of America affiliates may be provided a broader level of access and exposure to Merrill Lynch, our management, Financial Advisors and other personnel, marketing events and materials, and client-related and other information. Such access and exposure may not be available to other asset managers and may enhance the ability of BlackRock and Bank of America affiliates to distribute their funds and other investment products through us.

Any fees or compensation we and our affiliates receive from a Fund or a Fund's principal underwriter, agent or sponsor in connection with your investment in the Fund ("Fund-Related Compensation") will be in addition to the MLPA Fee and, except to the extent required by applicable law, we and our affiliates do not offset any fees and expenses you may owe to us (including, but not limited to, the MLPA Fee) by the amount of such Fund-Related Compensation we receive. You should consider this Fund-Related Compensation when evaluating the amount and appropriateness of the fees we earn in connection with your Account and MLPA.

As a result of such Fund-Related Compensation, we may have a conflict of interest in selecting certain Funds for inclusion in MLPA over others. You should be aware that the amount of fees paid by the different Funds and/or Fund sponsors varies and that Funds that would otherwise meet our criteria for inclusion in MLPA but whose principal underwriters, agents or sponsors do not agree to pay such fees may not be selected, thereby limiting the available universe of Funds. The presence of Fund-Related Compensation which may vary with respect to different Funds may also create an incentive for us to recommend that you invest in Funds that pay higher fees to us or our affiliates. The presence of these compensation arrangements may also cause us and our affiliates to forego opportunities to negotiate more favorable financial terms for client investments in Funds or to recapture all or a portion of the amount of such Fund-Related Compensation for your benefit.

We address the conflicts of interests associated with the payment of Fund-Related Compensation by calculating the compensation paid to our Financial Advisors on the same basis for MLPA assets without regard to the amount of Fund-Related Compensation we or our affiliates receive in connection with the investments. Additionally, we and our affiliates select Funds that are available on our brokerage and advisory platforms and offered through MLPA based on qualitative and quantitative evaluation of such factors as performance, risk management policies and procedures, and consistency of the execution of their strategy. We have adopted various policies and procedures reasonably designed to prevent the receipt of Fund-Related Compensation and other business arrangements from affecting the nature of the advice we and our Financial Advisors provide, although such policies and procedures do not eliminate such conflicts of interest.

Bank of America is a diversified financial services company that together with Merrill Lynch and their affiliates generally seeks to provide a wide range of services to retail and institutional clients for which it receives compensation. As a result, Bank of America and Merrill Lynch can be expected to pursue additional business opportunities with the firms whose Funds Merrill Lynch makes available to its clients, and their affiliates through MLPA. Consistent with industry regulations, these services could include (but are not limited to): banking and lending services, sponsorship of deferred compensation and retirement plans, recordkeeping services, investment banking, securities research, institutional trading and prime brokerage services, custody services, investment advisory services, and effecting portfolio securities transactions for Funds and other clients. Merrill Lynch professionals (including your Financial Advisor), involved with the offering of Funds to individual investor clients may introduce Fund distributors, sponsors, service providers or their affiliates to other services that Bank of America, Merrill Lynch and their other affiliates provide. As such, Merrill Lynch and its affiliates may earn additional compensation for these services.

Financial Advisors may, as permitted by applicable law, receive compensation (the amount of which may vary and could be significant) in connection with these introductions and/or services. Revenue paid for, or generated by, such services may not be used by Fund distributors, sponsors or service providers to compensate Merrill Lynch, directly or indirectly, for any of the Fund fees described throughout this Brochure. Information about a particular Fund's policies regarding selection of brokers may be found in the Fund's statement of additional information, which you may request from the Fund.

Please also see the section entitled *Receipt of Compensation from Investment Advisers* and the section entitled *Client Referrals and Other Compensation – Other Compensation* for related discussion. Please refer to the section entitled *Retirement Accounts* for more information about the compensation we or our affiliates receive and the related conflicts of interest for Retirement Accounts.

### **Investments under the Precious Metals Program**

When you invest in Precious Metals through the Precious Metals program, each purchase and sale will be subject to a per-trade transaction fee of up to 1.00%, and an ongoing service fee of up to 0.40% per annum, which will be debited from your Account on a monthly basis, and each of these fees will be in addition to the MLPA Fees charged to your Account. GBI has agreed to allocate a portion equal to 0.05% of the service fee to Financial Data Services, an affiliate, as compensation for ongoing sub-account, reconciliation, transaction and related expenses, while the remainder of the service fee will be allocated to GBI. As a result of this fee-sharing arrangement, there may be a conflict of interest in our decision to retain GBI and/or recommendation of investments in the Precious Metals Program over alternative means of investing in Precious Metals.

### **Loans and Collateral**

Where your MLPA Account assets are “pledged” or otherwise used as collateral in connection with any Lending Program, the lender may exercise certain rights and powers over the assets in the Account, including the disposition and sale of any and all assets pledged as collateral for the loan,



which may be contrary to your interests and the investment objective of your MLPA Account. In particular, securities (including concentrated positions) may be liquidated from your Account without prior notice to you or your Financial Advisor, resulting in adverse tax and other consequences. In some instances, you or your Financial Advisor may not be entitled to choose which securities are to be liquidated. In addition, in any Lending Program for which we or our affiliate serve as the lender, we or our affiliate, as lender, may exercise the same rights and powers as a lender that is not also acting as an investment adviser or fiduciary over the assets held in your MLPA Account. Any recommendation to participate in a Lending Program, as well as the related compensation that we or our affiliate may receive in connection with any such loan, could create conflicts of interests between you and us or, if applicable, our affiliate. For instance, such recommendation to participate in a Lending Program could result in a circumstance in which your Financial Advisor is required to liquidate securities he would otherwise not sell, and which may not otherwise be in your best interests to sell, to satisfy a collateral call in the Account. Your Financial Advisor will seek to manage your MLPA Account as agreed to between you and your Financial Advisor, provided that, if a collateral call takes place, your Financial Advisor may not be able to manage your MLPA Account consistent with his/her overall strategy. Any action taken by us, or an affiliate, against the assets held in your MLPA Account pursuant to the loan documents will not constitute a breach of our fiduciary duties as an investment adviser to you under the Agreement. Furthermore, the costs associated with such an arrangement are not included in your MLPA Fees and may result in additional compensation to us, our affiliates and our Financial Advisor. We address these conflicts through disclosure in this Brochure.

**Retirement Accounts**

If your Retirement Account is invested in shares of a Related Fund, including a Related Money Market Fund, then your Retirement Account's pro rata share of the advisory fees paid by such Related Fund to a Merrill Lynch affiliate will be used to offset the MLPA Fees payable to Merrill Lynch, as required by applicable law. Shares of a Related Money Market Fund held in your Account are not subject to the MLPA Fee, and therefore, such offset will not be made with respect to any such Related Money Market Fund shares held in your account. A Retirement Account will also be credited, on a monthly basis, with your Account's pro rata share of any Rule 12b-1 fees (calculated daily) and subaccounting fees paid by a Fund to us or our affiliates as required by applicable law. ETFs advised or sponsored by Related Companies may be considered Related Funds. Where required by applicable law, we will rebate the operating expenses for such ETFs in certain account types enrolled in MLPA. Retirement Accounts are generally not permitted to invest in or hold Alternative Investment Funds.

If your Account was established for a U.S. Retirement Account and your Account is invested in shares of Related Funds, including money market funds, by signing the Agreement, you:

- (i) Represented that you are independent of and unrelated to Merrill Lynch and our affiliates;
- (ii) Acknowledged receipt of the prospectuses or other required disclosure documents for the Related Funds, if applicable, and agreed to acknowledge receipt of such documents in the event of any contemplated investment in Related Funds in the future; and
- (iii) Approved the level of investment advisory and other fees paid by the Related Funds, if applicable, in relation to the fees payable pursuant to the Agreement.

You may revoke or modify the approval reflected in the prior sentence at any time by notifying your Financial Advisor. Such notice should include instructions regarding the disposition of the proceeds of the sale of Related Fund shares then held in the Retirement Account.



**Acting as General Partner**

Certain affiliates of Merrill Lynch act as general partners in a variety of limited partnerships as well as in other capacities for investment vehicles such as hedge funds and other investment funds in which clients of Merrill Lynch may invest, or may be solicited to invest by Merrill Lynch. These clients may be advisory clients of Merrill Lynch. The investments of the limited partnerships and other entities may vary but include, without limitation, real estate, futures, hedge funds and other alternative investments.

**Other Financial Interests**

We and our affiliates may have business relationships with the officers, directors, or employees of a variety of clients, including corporations, pension and retirement plans, and other entities. These business arrangements may create a conflict of interest to the extent that these individuals have any role or influence in the hiring or retention of us and our Financial Advisors or with respect to their compensation. It is the responsibility of each client to determine whether any such Merrill Lynch business relationship creates a conflict of interest, to implement appropriate policies and procedures for the disclosure and handling of such matters and to resolve any such conflicts in its best interest.

Cash balances invested in money market funds will be subject to the Funds' fees and expenses as described in the section entitled *Investments in Cash Balances*. If your cash balances are swept to a bank deposit account with a depository institution that either is affiliated or has a contractual relationship with Merrill Lynch (a "related depository institution"), the related depository institution will benefit from its use of the deposits in excess of the interest it pays to you. The related depository institution also will compensate us for such deposits. This compensation will be in addition to, and will not reduce, your MLPA Fee. The terms of these bank deposit arrangements are described in disclosures that you receive when you establish your Merrill Lynch securities account for your Account. Because we receive an additional economic benefit from your cash investments, we have a conflict of interest in relation to a recommendation to maintain a cash balance in your Account.

We will receive additional compensation in connection with any assets purchased for your Account on margin. This is due to the fact that the MLPA Fee is applied to all Fee Covered Assets in your Account, including those that have been bought on margin, as well as the imposition of margin interest. Your Financial Advisor may also receive additional compensation as a result of your using margin to purchase securities, and therefore has an incentive to recommend the use of margin. This also gives your Financial Advisor an incentive to encourage the use of margin to purchase additional Fee Covered and Fee Deferred Assets for your Account instead of selling an existing asset in your Account in order to buy new assets. Using margin to buy additional assets for your Account keeps the total value of your Account, and the MLPA Fee, higher than it would otherwise be if you did not use margin.

As discussed above, the only MLPA Accounts eligible for the 100% Fixed-Income Account Fee rate are those that exclusively hold fixed-income securities and money market funds. Accounts holding any mutual funds that are Fee Covered Assets are not eligible for the 100% Fixed-income Account Fee rate and will be billed at the Equity/Balanced/Fixed-income Account rates. If you wish to invest in 100% fixed-income securities and instruments, it may be more expensive to invest exclusively in fixed-income mutual funds as opposed to fixed-income securities. In this case, your Financial Advisor may have a conflict of interest in recommending that you buy shares of mutual funds as opposed to fixed-income instruments.

Because revenue paid to us from Excluded Assets or Fee Deferred Assets may be more than revenue paid on Fee Covered Assets, Financial Advisors may have an incentive to recommend transactions in Excluded Assets and Fee Deferred Assets.

As noted above, you may be charged the greater of the MLPA Fee rate or the MAT rate. The MAT rate applies only to the extent that you effect excessive trades in your MLPA Account. In addition, your Financial Advisor is paid based on the fees generated in your MLPA Account. Because the fee calculation is based on the greater of the MLPA Fee or the MAT rate, your Financial Advisor has an incentive to recommend that you engage in sufficient trading so that the MAT rate applies. You should remain aware of the amount of trading effected in your MLPA Account so as to avoid being assessed the higher MAT rate.

You will not pay an MLPA Fee on Fee Deferred Assets in your MLPA Account for one year after the Fee Deferred Asset was purchased in the MLPA Account. Once these Assets are treated as Fee Covered Assets, the MLPA Fee will apply. If you had bought the Fee Deferred Asset in another account in which commissions are charged upon sale of that Asset, the commission paid upon the sale of that Asset may be more or less than the portion of the MLPA Fee attributable to that Asset. You should consider the differences in commission versus asset-based charges that will apply to Fee Deferred Assets before buying these securities in your MLPA Account.

As a registered broker-dealer, we may also benefit from the possession or use of any free credit balances in your Accounts, subject to certain limitations.

We seek to effect transactions correctly, promptly and in the best interests of clients. In the event an error occurs in our handling of client transactions, we seek to identify and correct any errors as promptly as possible without disadvantaging the client. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the client. In general, in instances where we are responsible for effecting the transaction, we may: (i) reimburse clients for any losses directly resulting from trade errors; (ii) credit to the client any profits directly resulting from such trade errors that are corrected after the settlement of the transaction; or (iii) retain any profits directly resulting from such trade errors that are corrected prior to the settlement of the transaction.

**Investment in Securities by Merrill Lynch and our Personnel**

We and our affiliates act in a variety of capacities to a wide range of clients. For example, we may have investment banking or other relationships with certain publicly traded companies, which relationships may from time to time compel us to forego trading in the securities of these companies. Moreover, in addition to managing your Account and the MLPA accounts of other clients (the number of which may vary), your Financial Advisor may also service brokerage or investment advisory accounts for clients who do not participate in MLPA and have other relationships or dealings with us or our affiliates. From time to time in the course of these other activities, we or your Financial Advisor may obtain confidential information that may prevent us or your Financial Advisor from purchasing, selling or recommending particular securities for your Account for some period of time. We are not permitted to divulge or to act upon this information with respect to our advisory or brokerage activities. Similarly, we may give advice or take action with regard to certain clients which may differ from that given or taken with regard to other clients. In some instances, our affiliates provide similar services to their clients, and yet may take actions that conflict with the actions we may take. This may happen for a variety of reasons, including differences in the nature of the investment advisory services provided by each entity and differences in their processes and the criteria they use in making investment decisions. We or one of our affiliates may have a position in or enter into "proprietary" transactions in securities that are purchased or sold for your Account, and therefore may benefit from such securities positions or transactions.

We address these conflicts through disclosure in this Brochure. Moreover, our Financial Advisors are required to recommend investment advisory programs, investment products and securities that are suitable for each client based upon your investment objectives, risk tolerance, financial situation and needs. In addition, we have established a variety of restrictions, procedures and disclosures designed to address potential conflicts of interest – both those arising between and among Accounts as well as between Accounts and our business. For example, our personnel also are subject to personal trading restrictions as detailed in our policies and procedures and Code of Ethics. These policies and procedures and the Code of Ethics require our Financial Advisors to obtain preapproval for certain securities transactions, disclose their investment accounts, and provide or cause Merrill Lynch to receive annual holdings reports and quarterly transaction reports.

## **REVIEW OF ACCOUNTS**

You will have the opportunity to participate in reviews of your Account with your Financial Advisor, generally on a semi-annual basis. These reviews provide important information, and we strongly encourage you to take advantage of these opportunities. An account may be terminated if the Account has not been reviewed in accordance with the program policies and procedures. In addition, you are not limited in your ability to contact your Financial Advisor and are welcomed and encouraged to discuss any questions or concerns you may have at any time. You may also discuss any questions with the Office Management Team within the Merrill Lynch branch office in which your Financial Advisor is located. Merrill Lynch can also be contacted at our 24-hour Assistance Line at 1-800-MERRILL.

### **Account Reviews**

We may use internal investment guidelines as we supervise activity in MLPA Accounts, which include levels of or targets for diversification, concentration, and certain other guidelines and oversight measures. You and your Financial Advisor may agree to target asset allocations that are different from any published or suggested Merrill Lynch asset allocation models, and you may establish reasonable investment restrictions on your Account, which will be reflected in your Relationship Policy Statement. We review an Account's adherence to the internal guidelines, its target asset allocation and your investment restrictions, as applicable. We or your Financial Advisor may notify you if and when your Account deviates from the target asset allocation or the internal investment guidelines. You may be required to take action in order to bring your Account back in line with these parameters. If you decide not to do so, the MLPA Account may need to be terminated. We reserve the right to modify our practices regarding the internal investment guidelines, target asset allocation or client-imposed restrictions in our sole discretion without notice.

Our supervision and monitoring of MLPA Accounts does not substitute for your own continued review of your Account and the performance of your Investments. You are responsible for reviewing your Relationship Policy Statement and performance reports in light of your chosen asset allocation and investment performance, trade confirmations, account statements, and other information sent to you. If you identify any discrepancies, you should promptly report them to your Financial Advisor.

### **Client Reports**

When we act as custodian for your Account, we will send you quarterly Account statements (or monthly statements when there is trading or other activity in your Account), as well as periodic performance reports containing detailed performance information about your Account. We will also send you year-end tax information for your non-Retirement Account(s).

If you use a third-party custodian, that custodian will send you periodic account statements. We are not responsible for the accuracy of statements provided by third-party custodians, though we will rely upon the data and other information in those statements or in other reports that the third-party

custodian sends us to calculate the amount of your fees under the Agreement and to prepare performance reports for you. We will send you a confirmation of each transaction in your Account.

You should carefully review all statements and reports that you receive, and discuss them with your Financial Advisor. Comparing statements will allow you to determine whether Account transactions, including deductions to pay fees, are proper. Please report any questions, concerns or discrepancies promptly to your Financial Advisor and, if you have one, your third-party custodian.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

### **Other Compensation**

We have arrangements with certain Funds or their principal underwriters, investment managers or other agents, pursuant to which we may receive Additional Compensation. The Additional Compensation relates to the investment in such Funds by clients in MLPA and may be based on a variety of different factors. These Funds, principal underwriters or other agents may pay for, or reimburse us to cover, various costs arising from sales and marketing materials, client and prospective client meetings, and educational, training and sales meetings held with Financial Advisors and other Merrill Lynch personnel relating to MLPA and asset management. The Funds, principal underwriters, investment managers or other agents may also make charitable contributions or cover the costs of reasonable entertainment in connection with Merrill Lynch sponsored or client-related events. The Funds, principal underwriters, investment managers or other agents may also participate in other conferences and seminars unrelated to MLPA but sponsored by us and may reimburse us to cover various costs of those conferences and seminars. Please also see the section entitled *Receipt of Compensation from Investment Advisers* and the section entitled *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading - Funds and Related Investing* for related discussions.

We address these conflicts through disclosure in this Brochure.

### **Compensation for Client Referrals**

We have entered into solicitation arrangements with certain third-party entities to refer prospective clients to us ("Solicitors"). Generally, the fees paid to Solicitors will be paid from investment advisory fees received and retained by us relating to your Account. This fee will generally be a percentage of the investment advisory fee ordinarily credited to your Financial Advisor for the applicable account. We will pay this fee to the Solicitor from the date you establish an account in the applicable program for as long as your Account remains enrolled in MLPA and the agreement between us and the Solicitor is effective. If we terminate the agreement with the Solicitor for certain reasons, we may continue to pay the Solicitor for a period of time after termination. We will not increase the fees you pay as a result of our payments to the Solicitor. The fees we charge will not be higher than our usual fees because of the payments to the Solicitor.

Our employees may refer advisory clients to Bank of America, N.A., including its including its private bank, U.S. Trust, Bank of America Private Wealth Management, and other affiliates for products and services. Similarly, employees of the Bank of America, N.A. and its affiliates may refer clients to us for brokerage or advisory services. These referrals may involve the payment of referral fees between Merrill Lynch and Bank of America, N.A. or its affiliates.

## **FINANCIAL INFORMATION**

Not applicable.

## **GLOSSARY**

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“Account” means each of the securities accounts to which the Agreement applies.

“Account Group” means the Accounts on our Global Platform that the client designates as such, if any, in the Relationship Policy Statement. Any reference to the Account in this Brochure should be read to include the Account Group, if any, unless the context requires otherwise.

“Additional Compensation” means certain additional compensation received by Merrill Lynch or an affiliate from certain Funds, their principal underwriters, investment managers, other agents or their respective affiliates in connection with the investment in such Funds by MLPA clients.

“ADR” means American Depositary Receipt, which is a receipt for shares of a foreign company held by a U.S. financial institution that entitles you to rights and obligations of the underlying shares, including dividends and capital gains and losses.

“Advisers Act” means the U.S. Investment Advisers Act of 1940, as amended.

“Agreement” means the MLPA client agreement between you and Merrill Lynch, as it may be amended from time to time.

“AI Advisory Shares” means a separate class or series of interests, units or shares or interests in a separate fund (as the case may be) that has been structured specifically for clients subscribing to Alternative Investment Funds through MLPA or other managed account programs.

“AI Brokerage Shares” means a class or series of interests, units or shares or interests in a separate fund (as the case may be) that are not AI Advisory Shares.

“Alternative Investment Fund” means a hedge fund, private equity fund, managed futures fund, commodity pool, or other Fund (excluding a mutual fund or ETF) that invests in: (i) alternative asset classes, or (ii) other Funds that invest in whole or in part in any of the foregoing types of Funds, in each case, as we designate from time to time in our sole discretion.

“Automatic Service” means the automatic contribution or automatic withdrawal service in which a client, by completing a Letter of Authorization, may enroll an Account on the U.S. Platform.

“Automatic Transaction” means a scheduled securities transaction for an Account that is enrolled in the Automatic Service.

“AWC” means a FINRA Letter of Acceptance, Waiver and Consent.

“Bank of America” means Bank of America Corporation.

“BlackRock” means BlackRock, Inc., and its affiliates.

“BofA Funds” means certain Funds sponsored, managed and/or distributed by BofA<sup>™</sup> Global Capital Management Group, LLC.

“BofAML Research” means BofA Merrill Lynch Global Research.

“Brochure” means the Merrill Lynch wrap program brochure relating to MLPA, as amended or updated from time to time. The Brochure is also known as the Disclosure Statement.

“Cash Rebalance” means on demand rebalancing transaction that creates buy orders across certain Eligible Assets.

## **Merrill Lynch Personal Advisor<sup>®</sup> Program**

### **Wrap Fee Program Brochure**

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“CDSC” means contingent deferred sales charge.

“Code” means the U.S. Internal Revenue Code of 1986, as amended.

“Code of Ethics” means the Merrill Lynch Investment Adviser Code of Ethics.

“Disclosure Statement” means the Merrill Lynch wrap program brochure relating to MLPA, as amended or updated from time to time. The Disclosure Statement is also known as the Brochure.

“Eligible Assets” means, with respect to the optional rebalancing service and the optional Automatic Service, the equity securities in an Account that can be included in the target asset allocation for each of the services, including equity securities, certain Funds (mutual funds, ETFs and publicly traded closed-end funds, but excluding certain Alternative Investment Funds and certain other Funds) and cash and cash alternatives. Certain securities, such as fixed-income securities, foreign ordinary shares and Precious Metals in the Precious Metals Program, cannot be purchased through these optional services and are not Eligible Assets.

“ELEMENTS<sup>SM</sup>” means an exchange-traded note that is distributed by Merrill Lynch.

“ERISA” means the U.S. Employee Retirement Income Security Act of 1974, as amended.

“ERISA Plan” means a plan subject to the fiduciary responsibility provisions of ERISA or any other entity deemed to hold assets of such a plan, including SIMPLE, SEP and other IRAs subject to ERISA’s fiduciary responsibility provisions.

“ETF” means a pooled investment vehicle that is traded on a securities exchange or other secondary market and commonly referred to as an exchange-traded fund.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended.

“Excluded Assets” means assets that are not subject to the MLPA Fee.

“Fee Covered Assets” means assets that are subject to the MLPA Fee.

“Fee Deferred Assets” means assets that do not become subject to the MLPA Fee until one year after they are purchased in an MLPA Account.

“Financial Advisor” means the Merrill Lynch Financial Advisor who provides non-discretionary investment advice to the client in MLPA.

“FINRA” means the Financial Industry Regulatory Authority, Inc.

“Full Rebalance” means a rebalancing transaction that execute trades (purchases or exchange-purchases and sales or exchange-sales) which result in bringing all Eligible Assets in a client’s MLPA Account as close as possible back to their target allocation percentages.

“Funds” means registered and unregistered investment companies, including mutual funds, closed-end funds, ETFs, exchange traded notes, Alternative Investment Funds, real estate investment trusts and other pooled investment vehicles, and, to the extent applicable, Offshore Funds.

“GBI” means Gold Bullion International, LLC.

“Global Platform” means the Accounts opened via the Global Financial Workstation used by Financial Advisors to service their Accounts. Generally, International Cash Management Account (“ICMA”) documentation will be used for the underlying securities accounts.



## **Merrill Lynch Personal Advisor® Program**

### **Wrap Fee Program Brochure**

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“IAP” means the International Asset Power Service.

“Identified Billing Account” means, when a client has a multi-currency account or pledged collateral account on our Global Platform, the U.S. dollar account indicated on the Relationship Policy Statement as the account from which the MLPA Fee is to be deducted.

“IMG” means the Investment Management & Guidance group of Merrill Lynch.

“Investment Company Act” means the U.S. Investment Company Act of 1940, as amended.

“Investments” mean securities or other financial instruments of any kind, including, but not limited to, common and preferred stocks, convertible stocks or bonds, warrants, listed and over-the-counter options, rights, corporate, municipal or government bonds, mutual fund shares, shares of ETFs, interests in unit investment trusts, shares of closed-end funds, interests in Alternative Investment Funds, notes or bills or other instruments or repurchase or reverse repurchase agreements for any of the foregoing, or any other type of asset which may be legally held in the Account, including, without limitation, foreign currencies and listed futures and options contracts, whether on commodities, futures or securities, such as ETFs and Precious Metals under the Precious Metals Program.

“Lending Programs” means, collectively, certain unaffiliated or affiliated loan programs, such as, but not limited to, the securities based lending Loan Management Account® (“LMA”) and Mortgage 100®/Parent Power® mortgage programs.

“LMA” means the securities based lending Loan Management Account® program.

“Merrill Lynch,” “us,” “we” or “our” means Merrill Lynch, Pierce, Fenner & Smith Incorporated.

“MLPA” means the Merrill Lynch Personal Advisor program.

“MLPA Fee” means the applicable fee that MLPA clients must pay.

“MLUA” means the Unlimited Advantage Service.

“NASD” means the National Association of Securities Dealers.

“NTFs” means mutual funds and exchange-traded funds that are classified as alternative investments because their principal investment strategies utilize alternative investment strategies or provide for alternative asset exposure as the means to meet their investment objectives.

“NYSE” means the New York Stock Exchange LLC.

“Offering Materials” means the prospectus or other offering and disclosure documents relating to certain Investments, as applicable

“Offshore Funds” mean investment companies organized in jurisdictions not within the United States or its territories or possessions, not registered under the Investment Company Act and whose securities are not registered under the Securities Act.

“Precious Metals” mean bars of gold, silver, platinum or palladium and/or gold, silver and palladium coins.

“Precious Metals Disclosure Statement” means the Gold Bullion International, LLC Physical Precious Metals Program Global Disclosure Statement.

“Precious Metals Program” means the Gold Bullion International, LLC Physical Precious Metals Program.

“Private Equity Fund” means an Alternative Investment Fund so designated as such by us which is usually typified by a fixed and finite life span and a capital cycle consisting of upfront client commitments, the calling of capital commitments, investment of the capital, and distribution of the capital over time.

“Program” means the Merrill Lynch Personal Advisor program.

“Registered Fund” means any Fund that is registered under the Investment Company Act, including mutual funds, closed-end funds, ETFs, and money market funds.

“Related Company” means a company that is an affiliate of Merrill Lynch or in which Merrill Lynch or an affiliate of Merrill Lynch has a material ownership interest. BlackRock is not considered a Related Company. “Related Fund” means a Fund sponsored or advised by Merrill Lynch or a Related Company.

“Related Money Market Fund” means a registered money market fund managed by a Related Company.

“Related Product” means a product sponsored or advised by Merrill Lynch or a Related Company, including, but not limited to, Related Funds. “Relationship Policy Statement” means a client report that summarizes an MLPA account’s overall goals, objectives and overall asset allocation.

“Relationship Policy Statement Questionnaire” means information clients must provide, which may include their overall goals, objectives and overall asset allocation.

“Retirement Account” means an ERISA Plan, a U.S. tax-qualified plan of self-employed persons, a U.S. individual retirement account, or any other plan, arrangement or entity subject to Section 4975 of the Code.

“Rule 12b-1 fees” means fees pursuant to Rule 12b-1 under the Investment Company Act.

“SEC” means the U.S. Securities and Exchange Commission.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Solicitors” means third-party entities that Merrill Lynch has entered into solicitation arrangements with to refer prospective investment advisory clients to Merrill Lynch.

“Unaffiliated Investment Firm” means a bank, broker or dealer other than Merrill Lynch or a Related Company.

“Unrelated Custodian” means a custodian that is not Merrill Lynch or a Related Company.

“Unrelated Funds” means shares of Funds that are not advised by Merrill Lynch or a Related Company and that are available through MLPA.

“Unrelated Money Market Fund” means a registered money market fund that is not managed by Merrill Lynch or a Related Company.

“U.S. Platform” means the Accounts opened via the Wealth Management Workstation used by Financial Advisors to service their Accounts. Generally, U.S. domestic securities account documentation will be used for the underlying securities accounts.

	ADVICE AND PLANNING		ESTATE PLANNING SERVICES
	RETIREMENT		INVESTMENTS
	BANKING		SOLUTIONS FOR BUSINESS
	CREDIT AND LENDING		TRACKING PROGRESS



Bank of America Corporation

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