

NextGen College Investing Plan

BROCHURE

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Additional information about Merrill Lynch also is available on the SEC's website at http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx.

October 1, 2018



MATERIAL CHANGES

On March 26, 2018, Merrill Lynch filed its last annual update for its NextGen College Investing Plan 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.

BELOW ARE MATERIAL CHANGES MADE TO THE BROCHURE AS PART OF AN UPDATE ON OR ABOUT OCTOBER 1, 2018.

The following was added to the “Disciplinary Information” section.

On August 20, 2018, the SEC announced that Merrill Lynch, without admitting or denying the findings, entered into a settlement related to willful violations of Sections 206(2) and 206(4) of the Advisers Act and Advisers Act Rule 206(4)-7. Specifically, the SEC’s administrative order found: (1) a failure to disclose that the portfolio manager process employed in connection with a January 2013 termination recommendation was exposed to a conflict of interest (less than one-seventh (1/7) of 1% of total advisory accounts (approximately 1,500) were invested in the products subject to the termination recommendation); and (2) a failure to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act. In determining the appropriate sanctions, the SEC considered Merrill Lynch’s remedial acts promptly undertaken and cooperation afforded the SEC staff. Merrill Lynch consented to the imposition of a cease-and-desist order, a censure, and disgorgement and a financial penalty totaling approximately \$8.8 million.

BELOW ARE MATERIAL CHANGES MADE TO THE BROCHURE AS PART OF AN UPDATE ON OR ABOUT AUGUST 23, 2018.

On May 25, 2018, the State of Maine Office of Securities (“Maine Securities”) issued a Consent Order (“Order”) in connection with Merrill Lynch’s activities as distribution agent of Maine’s NextGen 529 College Investment Plan-Client Select Series (“NextGen”) and the fees associated with the different classes of units available to NextGen investors (Class A units and Class C units). The Order related to violations of certain Maine securities regulations relating (i) to recommendations made of Class C units of NextGen to investors for whom Class A units likely would have been less expensive over the investors’ anticipated investment horizon given the age of the investors’ beneficiaries, and (ii) for failure to reasonably supervise its agents and establish and maintain policies and procedures, and effective monitoring or other controls reasonably designed to ensure that its agents properly considered the beneficiaries’ age, investment time horizon, and relative expense of Class A and Class C units when representatives recommended NextGen. Merrill Lynch has undertaken to make financial remediation payments, which are estimated to total approximately \$18.9 million, to all Maine and non-Maine residents who purchased NextGen Class C units during a specified period (“Eligible Investors”) through Merrill Lynch as distribution agent pursuant to a voluntary written plan submitted to the Maine Securities Administrator. Merrill Lynch has also agreed to make a payment in the amount of \$500,000 to the Maine Securities Investor Education and Training Fund; in recognition of Merrill Lynch’s cooperation with Maine Securities, including its development of a voluntary plan of remediation, the Maine Securities Administrator has agreed to forgo the imposition of a civil penalty.



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ADVISORY BUSINESS

Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch," "MLPF&S," "we," "us," or "our"), an indirect wholly-owned subsidiary of Bank of America, is a global investment banking firm and a registered broker-dealer, investment adviser and futures commission merchant. Merrill Lynch offers a broad range of brokerage, investment advisory, retail and other services and has been registered with the Securities and Exchange Commission ("SEC") as an investment adviser since 1978. This brochure relates to the NextGen College Investing Plan ("NextGen") offered by Merrill Lynch. Capitalized terms that are not defined in this Brochure have the meanings provided in the Glossary.

NEXTGEN

NextGen is a Section 529 tuition plan administered by the Finance Authority of Maine ("FAME" or "you"). Merrill Lynch serves as the Program Manager and underwriter.

Pursuant to the terms of the Program Management Agreement ("PMA") between FAME and Merrill Lynch, we and our affiliate, Financial Data Services, LLC. ("FDS"), will perform certain administrative, recordkeeping and investment services. Merrill Lynch will market and distribute NextGen. We and FDS are permitted to delegate certain of our responsibilities to our affiliates. We have delegated certain of our investment advisory responsibilities to Third Party Sub-Advisors who are Investment Managers that have entered into agreements with us.

NextGen offers two programs to participants: the NextGen Client Direct Series (the "NextGen Direct Series") and the NextGen Client Select Series (the "NextGen Select Series"). NextGen is available to individuals, custodial and trust accounts or tax-exempt organizations or certain other entities, as well as, via the NextGen Direct Series only, state or local government. Participants in the NextGen Select Series, with the assistance of Merrill Lynch Financial Advisors acting in a brokerage capacity or Maine Distribution Agents, make their investment decisions regarding the types of portfolios they would like to invest in. Participants in the NextGen Direct Series invest directly in NextGen. Additional information about NextGen, including fees, expenses, sales charges and risks, and the services provided by Merrill Lynch and our affiliates, can be found in the NextGen Program Description and Participation Agreement that are each available through a Financial Advisor or at www.nextgenplan.com and as previously delivered to you.

We perform due diligence on the Investment Managers who manage the Portfolios available in NextGen. We recommend them to NextGen and assist NextGen in selecting Investment Managers that are appropriate to the Portfolios' strategies. We monitor Investment Managers, including their performance, investment selection and their investment strategies.

In addition to NextGen, 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 Defined Contribution Investment Consulting Services, Merrill Lynch Fiduciary Advisory Services Program, Merrill Lynch Institutional Investment Consulting Program, and Merrill Lynch Strategic Portfolio Advisor® Service. Merrill Lynch also offers the following investment advisory services, however, these are generally closed to new enrollments: Merrill Lynch Consults®, Merrill Lynch Unified Managed Account, Merrill Lynch Personal Investment Advisory® program, and Merrill Lynch Personal Advisor® Program. We also offer impersonal investment advice (general advice not tailored to the specific needs of any individual) in the form of publications or research. In addition, we offer financial planning services, including (but not limited to) Wealth Management Analysis Report. 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 through the SEC's website at http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx.



WRAP FEE PROGRAMS

We do not make NextGen available through wrap fee programs.

ASSETS UNDER MANAGEMENT

As of August 31, 2018, Merrill Lynch had assets under management of \$878.93 billion, of which \$273.57 billion was managed on a discretionary basis and \$605.35 billion was managed on a non-discretionary basis. These amounts do not include any assets in connection with NextGen.

FEES AND COMPENSATION

Our compensation for our program management services to NextGen is bundled with overall compensation for all services provided to FAME. We are compensated for our sales and distribution efforts to participants in NextGen out of certain sales charges and ongoing compensation from the subadvisers of underlying funds, underlying funds and/or other investments or the providers of such investments. The fee arrangement between us and FAME is individually negotiated and is set forth in our PMA with FAME.

CALCULATION AND DEDUCTION OF ADVISORY FEES

Merrill Lynch and our affiliate, FDS, receive certain program management and portfolio servicing fees related to administrative, recordkeeping, investment services, marketing and distribution services we perform related to NextGen. These fees are deducted directly from the NextGen portfolios and are calculated on assets as disclosed in the Program Description and Participation Agreement. Merrill Lynch may pay a portion of its program management fee or other compensation to FDS for acting as the portfolio servicing agent.

OTHER FEES AND EXPENSES

NextGen participants may be subject to non-sufficient funds fees and wire transfer fees.

COMPENSATION FOR THE SALE OF SECURITIES

Selling Compensation for Select Program:

A Class Units:

We are compensated for our sales and distribution efforts out of the Initial Sales Charges on the A Class Units and ongoing compensation from the underlying funds and/or other underlying investments. With regard to the Principal Plus Portfolio and the NextGen Savings Portfolio, we do not receive up-front selling compensation on purchase of the A Unit Class, but receive ongoing compensation only. Our Financial Advisors receive a portion of this compensation as disclosed in the NextGen Program Description and Participation Agreement.

C Class Units:

We are compensated for our sales and distribution efforts out of the management fee on the C Class Units and ongoing compensation from the underlying funds and/or other underlying investments. Our Financial Advisors receive a portion of this compensation as disclosed in the NextGen Program Description and Participation Agreement. Effective September 22, 2017, all C Units purchased will be automatically



converted into A Units, not subject to an Initial Sales Charge, after five years from their respective dates of purchases.

Selling Compensation for Direct Program:

Direct Units:

We are compensated for our distribution efforts out of the management fee and ongoing compensation from the underlying funds and/or other underlying investments. Our Financial Advisors cannot offer these Units. However, our Financial Advisors may assist clients in opening NextGen Direct Series accounts and can be compensated by us for providing such assistance.

Other Compensation:

With respect to ongoing compensation from the underlying funds, we receive certain payments from Third Party Sub-Advisors or from portfolio investments or the providers of the Principal Plus Portfolio investments for a variety of services with respect to NextGen assets invested in the underlying funds or Principal Plus Portfolio investments. We provide various sub-transfer agency and other related administrative services with respect to underlying funds positions. These services include, for example, processing purchases, redemptions, and exchanges, dividend reinvestments, consolidated statements, tax reporting, and other recordkeeping. We also provide a variety of marketing services and other support to Third Party Sub-Advisors. In consideration for these services, we receive compensation from Third Party Sub-Advisors, portfolio investments or the providers of the Principal Plus Portfolio investments to up to 0.30% of the average annual amount invested by the Portfolios in the portfolio investments.

The receipt of selling compensation may give us or our Financial Advisors an incentive to recommend investments based on the compensation received. Fees and commissions may be higher for some investments, and as a result, Financial Advisors may receive variable compensation depending on the investment portfolio(s) they offer. In addition, fees and commissions may also be higher for some products or services, and the remuneration and profitability to us and our Financial Advisors resulting from transactions on behalf of or management of certain accounts may be greater than the remuneration and profitability resulting from other advisory accounts, products or services. (See section entitled *Participation or Interest in Client Transactions* for more information about the receipt of compensation for the sale of securities and other investment products.)

We address these conflicts through disclosure in this Brochure.

We do not reduce our advisory fees to offset the sales and distribution compensation we receive through the NextGen Select Series and the distribution compensation we receive through the NextGen Direct Series.

SOURCES OF REVENUE

As a broker-dealer, Merrill Lynch offers a wide variety of securities and brokerage services. Our principal sources of income, which include commissions and other compensation for the sale of investment products, are derived from our business as a broker-dealer. Less than 1% of our revenues are expected to be generated from NextGen on an annual basis.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Neither we nor our Financial Advisors receive performance-based fees for NextGen.



TYPES OF CLIENTS

Merrill Lynch's only investment advisory client in connection with NextGen is NextGen. Merrill Lynch, as Program Manager of NextGen, does not provide investment advisory services to participants enrolled in NextGen.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Merrill Lynch uses various analyses in developing its recommendations including quantitative, fundamental, technical, strategic and economic analyses. Merrill Lynch will draw upon analyses and strategies developed by various groups within Merrill Lynch and its affiliates, as well as third party sources.

NextGen is considered a long-term investment vehicle. The NextGen Direct Series is designed to offer choice and flexibility with investment portfolios ranging from age-based portfolios, to static portfolios such as 100% equity and 100% fixed income, as well as the Principal Plus Portfolio and the NextGen Savings Portfolio as described further within this section. NextGen participants decide what options are appropriate for their risk tolerance and time horizon.

NextGen also offers the NextGen Select Series, an advisor-sold program through Merrill Lynch Financial Advisors and Maine Distribution Agents, that provides more investment options than are available in the NextGen Direct Series, as well as the professional assistance of a Financial Advisor, acting in a brokerage capacity, who will work with participants to help tailor their investment strategies toward their risk tolerance and investment timelines, and to help them achieve their college savings goals. The NextGen Select Series offers two separate Unit Classes each with its own fee and expense structure. With the exception of the NextGen Savings Portfolio and the Principal Plus Portfolio, all NextGen Portfolios are managed by various Third Party Sub-Advisors which are recommended by the Program Manager and approved by FAME. The investments of the NextGen Savings Portfolio and the Principal Plus Portfolio, which are described in more detail below, are not managed by a Sub-Advisor but recommended by the Program Manager and chosen by FAME. Current Third Party Sub-Advisors within NextGen are American Century Investment Services, Inc. ("American Century"), BlackRock Investment Management, LLC ("BlackRock"), Franklin Templeton Investments ("Franklin Templeton"), Lord, Abbett & Co. LLC ("Lord Abbett"), Massachusetts Financial Services Company ("MFS"), Neuberger Berman LLC ("Neuberger Berman"), and New York Life Investment Management ("MainStay"). These Portfolios mostly invest in one or more mutual funds or exchange traded funds ("ETFs"). The ETFs within the NextGen Portfolios are similar to mutual funds, but are passively managed and tied to an index. They are traded throughout the day (unlike mutual funds that are priced once per day at the close of business). Some of these Portfolios also invest in the Cash Allocation Account.

NextGen's investment portfolios include:

Age-Based Portfolios

These portfolios are designed to take into account the number of years until the participant's beneficiary attends college and the participant's risk tolerance and offer convenient, professionally managed, asset allocated portfolios that are more aggressive when the beneficiary is young and are automatically reallocated to be more conservative as the beneficiary nears college age.

Diversified Portfolios

Diversified portfolios help participants spread their account holdings among many investments, thus potentially reducing risk. Generally, diversified portfolios hold investments in many types of funds and/or securities. For example, investments may span different sectors (such as bio-tech or utilities) and/or geographic regions (such as Asia or Europe).

**Single Fund Portfolio**

A single fund portfolio is invested in one single underlying fund, and is a static investment.

NextGen Savings Portfolio

The NextGen Savings Portfolio is comprised exclusively of the Bank Deposit Account currently held at BANA, an affiliate of the Program Manager. That portion of the underlying deposits in the Bank Deposit Account attributable to a Participant's Units held in the NextGen Savings Portfolio, together with other deposits the participant may have at BANA, is eligible for FDIC insurance up to a standard maximum amount, currently set at \$250,000 for a single ownership account, in accordance with the FDIC rules.

Principal Plus Portfolio

The Principal Plus Portfolio invests in a guaranteed interest account (GIA) issued by an insurance company, corporate fixed-income investments, cash equivalents and/or similar instruments.

The asset allocations of the NextGen portfolios are recommended by the respective investment manager and approved by FAME. NextGen participants do not have any direct ownership interest in the underlying funds.

MATERIAL RISKS

Clients should understand that all investment strategies and investments in securities involve risk of loss and clients should be prepared to bear such losses. NextGen participants receive the NextGen Program Description that discusses investment options and their risks.

DISCIPLINARY INFORMATION

The following is a summary of certain adverse legal and disciplinary events and regulatory settlements that may be material to your decision of whether to retain us for your investment advisory needs. Certain disclosures below relate to disciplinary events that occurred with predecessor firms, Banc of America Investment Services, Inc. ("BAI") and Banc of America Securities LLC ("BAS"), which merged with MLPF&S in the 2009-2010 time period. 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.

On August 20, 2018, the SEC announced that Merrill Lynch, without admitting or denying the findings, entered into a settlement related to willful violations of Sections 206(2) and 206(4) of the Advisers Act and Advisers Act Rule 206(4)-7. Specifically, the SEC's administrative order found: (1) a failure to disclose that the portfolio manager process employed in connection with a January 2013 termination recommendation was exposed to a conflict of interest (less than one-seventh (1/7) of 1% of total advisory accounts (approximately 1,500) were invested in the products subject to the termination recommendation); and (2) a failure to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act. In determining the appropriate sanctions, the SEC considered Merrill Lynch's remedial acts promptly undertaken and cooperation afforded the SEC staff. Merrill Lynch consented to the imposition of a cease-and-desist order, a censure, and disgorgement and a financial penalty totaling approximately \$8.8 million.

On May 25, 2018, the State of Maine Office of Securities ("Maine Securities") issued a Consent Order ("Order") in connection with Merrill Lynch's activities as distribution agent of Maine's NextGen 529 College Investment Plan-Client Select Series ("NextGen") and the fees associated with the different classes of units available to NextGen investors (Class A units and Class C units). The Order related to violations of certain Maine securities regulations relating (i) to recommendations made of Class C units of NextGen to investors for whom Class A units likely would have been less expensive over the investors' anticipated investment horizon given the age of the investors' beneficiaries, and (ii) for failure to reasonably supervise its agents and establish and maintain policies and procedures, and effective monitoring or other controls reasonably designed to ensure that its agents properly considered the beneficiaries' age, investment time horizon, and



relative expense of Class A and Class C units when representatives recommended NextGen. Merrill Lynch has undertaken to make financial remediation payments, which are estimated to total approximately \$18.9 million, to all Maine and non-Maine residents who purchased NextGen Class C units during a specified period ("Eligible Investors") through Merrill Lynch as distribution agent pursuant to a voluntary written plan submitted to the Maine Securities Administrator. Merrill Lynch has also agreed to make a payment in the amount of \$500,000 to the Maine Securities Investor Education and Training Fund; in recognition of Merrill Lynch's cooperation with Maine Securities, including its development of a voluntary plan of remediation, the Maine Securities Administrator has agreed to forgo the imposition of a civil penalty.

On June 16, 2014, MLPF&S, without admitting or denying the findings, entered into a FINRA settlement relating to its failure to have an adequate supervisory system to ensure that certain clients received sales charge waivers for purchases of certain mutual funds' Class A shares which affected certain retirement accounts and certain clients with a particular type of brokerage account. This settlement resulted from MLPF&S self-identifying certain of these issues. MLPF&S consented to the imposition of a censure and a fine of \$8 million and agreed to provide additional reimbursement to the agreed upon impacted clients and has reimbursed all such impacted clients.

On June 21, 2012, MLPF&S, without admitting or denying the findings, entered into a FINRA settlement related to the following: (1) failure to have an adequate supervisory system around billing processes for certain investment advisory programs and, as a result, overcharging certain client accounts during the 2003-2011 time period (client accounts impacted were less than 5% of its total advisory accounts and the aggregate fee overcharge amount was less than $\frac{1}{2}$ of 1% (approximately \$32 million) of the total advisory fees billed during that period); (2) failure to send contemporaneous or periodic trade confirmations to certain client accounts for ten investment advisory programs; (3) having inaccurate or incomplete trade confirmations for certain mutual fund transactions by failing to state trade capacity (agent or a principal) on trade confirmations and account statements; (4) failure to deliver (directly or through a vendor) proxy materials to certain clients or to their designated investment advisers and failure to have an adequate supervisory system to detect this failure (clients impacted constituted less than 1% of its clients during the relevant period); and (5) failure to send margin risk disclosure statements and/or business continuity plans to certain clients upon the opening of their accounts (clients impacted were less than 1% of its clients during the relevant period). In determining the appropriate sanctions, FINRA considered MLPF&S' internal review through which it identified the violations, the remedial measures that it took to correct its systems and procedures, and its efforts to provide remediation to affected clients. MLPF&S consented to the imposition of a censure and a fine of \$2.8 million. All overcharged accounts were reimbursed.

On October 4, 2011, MLPF&S entered into a consent agreement with FINRA regarding its alleged failure 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 MLPF&S 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, MLPF&S consented to the entry of findings, a censure, and a fine of \$1 million.

On June 6, 2009, BAI and BAS, two of our predecessor firms, were enjoined by the United States District Court for the Southern District of New York from violating, directly or indirectly, Section 15(c) of the Exchange Act. The injunction was the result of an SEC complaint alleging that BAI and BAS had violated Section 15(c) of the Exchange Act by allegedly misleading customers about the nature and risks associated with auction rate securities ("ARS"). Without admitting or denying the allegations, BAI and BAS entered into a consent decree and agreed to a series of undertakings designed to provide relief to certain individual investors. On January 10, 2012, MLPF&S agreed to settlements with the Illinois Securities Department (for alleged activities of BAS and BAI, its predecessors by merger) and the North Carolina Department of the Secretary of State, Securities Division (for ARS activities of MLPF&S) involving the marketing and sale of ARS. In both actions, it was alleged that the inappropriate marketing and sales of ARS occurred without adequately informing certain customers of the increased risks of illiquidity associated with ARS that constituted an occurrence of dishonest and unethical practices in the offer and sale of securities and failure to supervise. In the Illinois action, MLPF&S agreed, among other things, to repurchase at par certain illiquid ARS and to pay a total fine of \$1,578,321 to the State of Illinois out of a total civil penalty of \$50 million that was to be



distributed among the other state regulator parties to an ARS-related consent order. With respect to the North Carolina action, MLPF&S agreed, among other things, to repurchase at par certain illiquid ARS held by certain of its clients and to pay a total fine of \$3,193,552 to the North Carolina regulator representing its portion of a total civil penalty of \$125 million that was to be distributed among the other state regulator parties to an ARS-related consent order.

On March 11, 2009, the SEC issued an order against MLPF&S alleging that from 2002 to 2004, several of its financial advisors permitted day traders to hear confidential information regarding MLPF&S institutional customers' unexecuted orders as they were transmitted over the internal squawk box system. According to the SEC, MLPF&S 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, MLPF&S consented to the entry of a cease and desist order as to violations of these provisions, a censure and the payment of a \$7 million civil money penalty. It was obligated to comply with certain undertakings regarding the enhancement of certain policies and procedures.

On January 30, 2009, the SEC issued an order against MLPF&S 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 MLPF&S had not maintained adequate records or reasonably supervised certain Florida investment advisory representatives. Without admitting or denying the non-jurisdictional findings, MLPF&S consented to a censure, to cease and desist from violations of sections 204 and 206(2) of the Advisers Act and its Rule 204-2(a)(14), and a fine of \$1 million. In accepting the settlement, the SEC noted the voluntary and significant remedial acts promptly undertaken by MLPF&S.

On May 1, 2008, BAI, one of our predecessor firms, and Columbia Management Advisors, LLC, an Affiliate of BAI at the time ("Columbia"), without admitting or denying the findings, consented to an SEC administrative order relating to (1) BAI's alleged failure to disclose to clients that in selecting investments for discretionary mutual fund wrap fee accounts, it favored two mutual funds managed by Columbia and (2) Columbia's allegedly willful acts to aid and abet and cause such acts. BAI and Columbia consented to a censure and to cease and desist from committing or causing violations and future violations of 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). In addition, BAI was ordered to pay an aggregate amount of \$793,773 to certain entities specified in the Order and penalty of \$2 million to the SEC. Columbia was ordered to pay an aggregate amount of \$516,382 to certain entities specified in the Order, and a fine of \$1 million. BAI also agreed to certain undertakings contained within the Order.

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. In July 2015, Bank of America announced a decision to separate the retail and institutional broker-dealer activities currently operating through Merrill Lynch into two distinct legal entities. Retail customers will continue to be serviced through Merrill Lynch, while institutional clients currently transacting through Merrill Lynch will move to a new broker-dealer entity, BofAML Securities, Inc., which is also a wholly-owned indirect subsidiary of Bank of America. This separation



and migration of institutional broker-dealer activities to BofAML Securities, Inc. is subject to regulatory approvals and is intended to conclude in 2018. 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.

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 funds, 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 clients use our securities account, execution and 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 our products or products of an affiliate. Where Merrill Lynch's or our affiliate's services are used or products are purchased by clients, we and our affiliates 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.

RECEIPT OF COMPENSATION FROM INVESTMENT ADVISERS

Certain potential conflicts may arise, including the fact that Investment Managers may engage in other business activities with us and our affiliates. For example, we and our affiliates may provide investment banking services, advisory services, prime brokerage services, brokerage services, placement agent, referral or other services for some or all of the Investment Managers. These other business activities, along with the fact that we are responsible for recommending particular Investment Managers to NextGen, may influence our recommendation or selection of particular Investment Managers.

We address these conflicts through disclosure in this Brochure.

**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 Bank of America 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.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

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. We also act as a broker and/or dealer in the purchase and sale of mutual funds, money market instruments, government securities, high-yield bonds, municipal securities, financial futures contracts and options. We and other affiliates also conduct the futures business and foreign exchange activities. We operate the firm's U.S. retail branch



system, and also provide 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 result of the involvement in multiple business activities, we and our employees may have interests unrelated to clients which may give rise to potential conflicts of interest, including those discussed below. This discussion does not seek to identify all actual or potential conflicts. Information about certain additional conflicts is described throughout this Brochure and in many of the contracts and offering documents that govern the specific products and services we offer.

We, through our Financial Advisors, may suggest or recommend that clients also use Merrill Lynch securities accounts, execution, custody, or other services, or such services of an affiliate. Similarly, Financial Advisors may suggest or recommend that clients purchase Merrill Lynch products or products of an affiliate, including insurance products, mortgage, trust and credit services, and mutual funds. Where Merrill Lynch's or an affiliate's products or services are purchased by clients, we, our affiliates and employees will receive fees and compensation. Compensation received in connection with clients' purchase or sale of stocks, bonds, mutual funds, other securities or insurance products through Merrill Lynch or its affiliates may include commissions, spreads, markups and markdowns, and distribution or other fees.

As a broker-dealer effecting transactions on behalf of clients, including those clients who have purchased financial planning products, we or an affiliate may act as agent or as principal for our own account, as permitted by applicable law. Similarly, we or an affiliate may, in transactions involving such clients' securities, act as agent while also representing another client on the other side of the transaction. In addition, we or our affiliates may have a position in, or enter purchase or sale orders for, securities recommended to clients in the normal course of our business as a broker-dealer. We and/or our affiliates may profit from these positions or transactions in securities.

We, acting in our broker-dealer capacity, may recommend that clients invest in a variety of limited partnerships and limited liability companies, for which certain of our affiliates may act as general partners or managing members. The investments of the limited partnerships may vary but include, without limitation, securities, real estate and futures.

INVESTMENTS IN SECURITIES BY MERRILL LYNCH AND OUR PERSONNEL

We and our affiliates act in a variety of capacities to a wide range of clients. From time to time in the course of those duties, confidential information may be acquired that cannot be divulged or acted upon for advisory or other clients. 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. This includes the advice given or actions taken with respect to certain securities or investment managers. In some instances, the actions taken by affiliates with respect to similar services and programs may conflict with the actions taken by us. This is due to, among other things, the differing nature of the affiliate's investment advisory service and differing processes and criteria upon which determinations are made.

Many of the conflicts related to participation or interest in client transactions and personal trading are less pronounced in NextGen. We nevertheless attempt to address conflicts of interest through disclosure in this Brochure and other disclosure documents. We have established a variety of restrictions, procedures and disclosures designed to address potential conflicts of interest – both those arising between and among client accounts as well as between client 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 pre-approval for certain securities transactions, disclose their investment accounts, and provide or cause Merrill Lynch to receive annual holdings reports and quarterly transaction reports.



BROKERAGE PRACTICES

As described above, our client is NextGen. Any investment advice we or our Financial Advisors provide is incidental to our role as a broker-dealer.

REVIEW OF ACCOUNTS

Various Directors and Vice Presidents of Merrill Lynch conduct quarterly reviews of all NextGen investment portfolios (other than the Principal Plus Portfolio and the NextGen Savings Portfolio) and report to FAME. The reviews may involve both qualitative and quantitative analysis, including, among other things, quarterly presentations by each of the Third Party Sub-Advisors and comparisons to portfolio benchmarks and Lipper peer group indices.

CLIENT REPORTS

Annually, typically in the month of May, the Third Party Sub-Advisors will present Merrill Lynch and FAME with recommendations to make changes to portfolio allocation and portfolio investment offered through NextGen.

Every semi-annual period ending June 30 and December 31, Merrill Lynch prepares a presentation for FAME used to review investment performances of the NextGen Savings Portfolio and the Principal Plus Portfolio. The presentation includes a comparison of the two-year gross average return of the NextGen Savings Portfolio and Principal Plus Portfolio with their corresponding benchmarks, as agreed upon with FAME and stated in the PMA.

CLIENT REFERRALS AND OTHER COMPENSATION

As described above, we are compensated for our sales and distribution efforts to participants in NextGen out of certain sales charges and ongoing compensation from the underlying funds and other investments. Our Financial Advisors receive a portion of this compensation. In addition, we may receive compensation from Third Party Sub-Advisors to the underlying funds, the underlying funds or from providers of other investments available through NextGen. Our Financial Advisors whose clients are participants in NextGen receive a portion of the sales/distribution efforts compensation paid to us. Moreover, our Financial Advisors may assist clients in opening NextGen Direct Series accounts and can be compensated by us for providing such assistance.

CUSTODY

NextGen assets generally are custodied with us in our capacity as a broker-dealer and qualified custodian, with the exception of the iShare Portfolios, the GIA held within the Principal Plus Portfolio, the Bank Deposit Account, and any certificates of deposit issued by banks or financial institutions. We will provide you with periodic account statements for the assets held with us. You should carefully review those statements.

For iShares Portfolios, BlackRock is the custodian of the assets. You will receive account statements directly from BlackRock regarding iShares Portfolios and may also receive account statements and performance reports from us that reflect those assets. You should understand that BlackRock will provide the official records of the holdings and transactions for the iShares Portfolios. You are urged to compare the account statements you receive from BlackRock with any that you receive from us.

The GIA assets are considered part of the general assets of New York Life Insurance Company, the GIA's issuer, and therefore, these assets do not have a custodian.

The Bank Deposit Account is an omnibus bank deposit account with BANA and certificates of deposit are issued by various banks and/or financial institutions. You will receive account statements directly from BANA for the Bank Deposit Account and from the applicable banks and/or financial institutions for the



certificates of deposit. You should carefully review those statements.

INVESTMENT DISCRETION

We do not accept discretionary authority in connection with NextGen.

VOTING CLIENT SECURITIES

FAME, in its capacity as Plan Administrator of NextGen, votes client securities on behalf of the Plan.

FINANCIAL INFORMATION

Not applicable.



GLOSSARY

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

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

“BANA” means Bank of America, N.A.

“Bank of America” means Bank of America Corporation.

“Bank Deposit Account” means an interest-bearing omnibus bank deposit account with Bank of America, N.A., an affiliate of the Program Manager, in which deposits are FDIC-insured up to \$250,000 per Participant.

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

“BlackRock Funds” means Funds sponsored, managed and/or distributed by affiliates of BlackRock, Inc.

“Brochure” means the Merrill Lynch program brochure relating to NextGen College Investing Plan, as amended or updated from time to time. The Brochure is also referred to as the Disclosure Statement.

“Cash Allocation Account” means a separate account that seeks current income, preservation of capital and liquidity. The Cash Allocation Account is invested directly in a diversified portfolio of money market securities and may also be invested in certificates of deposit issued by Maine financial institutions. BlackRock serves as the investment manager for the Cash Allocation Account under a separate agreement with Merrill Lynch.

“Code of Ethics” means Merrill Lynch’s Investment Adviser Code of Ethics.

“Disclosure Statement” means the Merrill Lynch program brochure relating to NextGen College Investing Plan, as amended or updated from time to time. The Disclosure Statement is also referred to as the Brochure.

“ETF” means an Exchange Traded Fund.

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

“FAME” means the Finance Authority of Maine.

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

“FDS” means Financial Data Services, LLC., an affiliate of Merrill Lynch.

“Financial Advisor” means a Merrill Lynch Financial Advisor.

“GIA” means guaranteed interest account.

“Initial Sales Charge” means a fee based on a percentage of a contribution that is deducted from certain contributions prior to their investment in the account.

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

“Investment Manager” means an investment adviser that is registered with the SEC or one or more state regulatory authorities, or which is exempt from the registration requirement.

“Maine Distribution Agents” means participating broker-dealers (other than Merrill Lynch).

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

“NextGen” means the NextGen College Investing Plan.

“NextGen Savings Portfolio” means the Bank Deposit Account.

“Participation Agreement” means the contract between the participant and FAME, which establishes the account and the obligations of FAME and the participant, as amended.



“PMA” means the Program Management Agreement, as amended, between FAME and Merrill Lynch.

“Principal Plus Portfolio” means the guaranteed investment contract (GIC) issued by an insurance company, deposits in the Bank Deposit Account, and, to the extent approved by FAME, corporate fixed-income investments and/or similar instruments.

“Program Description” means the current NextGen College Investing Plan’s Program Description and any effective supplements to it.

“Program Manager” means the company that is responsible for the day-to-day operation of the program as well as its marketing and distribution. Currently, Merrill Lynch is the Program Manager.

“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.

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

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

“Third Party Sub-Advisors” means a registered investment advisor, other than the Program Manager, that recommends underlying funds and the allocation of such underlying fund for one or more portfolio comprised of underlying funds advised by such investment adviser or any of its affiliates.

“Unit Class” means the A, or C, Units that represent investments within each of the portfolios in the Client Select Series, each of which has its own sales charge and expense structure.

“Units” means interests in a portfolio that are purchased with contributions to an account.

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