

# Country by Country Reporting

Merrill Lynch International

Year ended 31 December 2023



# Country by Country Reporting – Merrill Lynch International (“MLI”)

Reported under UK GAAP for year ended 31 December 2023



A Country by Country Reporting (“CBCR”) obligation was introduced through the requirements of the Capital Requirements (Country-by-Country) Reporting Regulations 2013 (Statutory Instrument 2013 No. 3118). This document satisfies our reporting obligations for the 2023 financial year.

## Nature of activities and geographical location

MLI is Bank of America Corporation’s (“BAC”) largest entity outside the United States and helps serve the core financial needs of global corporations and institutional investors. MLI’s head office is in the United Kingdom, with branches in Qatar and Dubai, and a representative office in Zurich. MLI has the following subsidiary undertakings:

- Merrill Lynch Pierce Fenner & Smith Limited (“MLPF&S”)
- Bank of America UK Retirement Plan Trustees Limited
- Merrill Lynch Nominees Limited
- Citygate Nominees Limited
- S. N. C. Nominees Limited
- N.Y. Nominees Limited
- Chetwynd Nominees Limited
- Fundo de Investimento Multimercado Iceberg - Credito Privado - Investimento No Exterior (“Iceberg”)
- ML UK Capital Holdings Limited

MLI is authorised by the Prudential Regulation Authority (“PRA”) and regulated by the Financial Conduct Authority and the PRA (Firm Reference Number: 147150). It is a private unlimited company incorporated in England and Wales (Registered Number: 2312079). MLI is a wholly-owned indirect subsidiary of BAC, a regulated United States entity. An organisational chart depicting select major operating subsidiaries of BAC is available at <https://investor.bankofamerica.com>

Registered Address: 2 King Edward Street, London, EC1A 1HQ United Kingdom. Contact Number: +44 (0) 20 7628 1000.

MLI’s primary business activities are as follows:

- Broker and dealer in equities and fixed income, currency and commodities financial instruments
- Investment banking advisory and underwriting services
- Post trade related services
- Equity and fixed income research



## Country by Country Reporting for year ended 31 December 2023

False Jurisdiction	Net operating income	Profit/ (Loss) before tax	Total tax paid	Corporation tax paid	Social security paid	Irrecoverable VAT paid	Bank Levy paid	Withholding tax paid	Public subsidies received	Average number of employees
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	
United Kingdom	6,583,990	1,543,073	445,908	161,727	125,036	(12,106)	44,200	127,051	0	1,961
United Arab Emirates	40,787	533	18	0	17	0	0	0	0	71
Brazil	68,939	67,123	0	0	0	0	0	0	0	0
Qatar	884	138	9	9	0	0	0	0	0	0
Consolidation	(29,552)	3	0	0	0	0	0	0	0	0
<b>MLI Consolidated Total</b>	<b>6,665,048</b>	<b>1,610,870</b>	<b>445,935</b>	<b>161,736</b>	<b>125,053</b>	<b>(12,106)</b>	<b>44,200</b>	<b>127,051</b>	<b>0</b>	<b>2,032</b>

See page 4 for additional information.



## Notes to the report

The table above contains the following for MLI for the year ending 31 December 2023:

- The CBCR is prepared on a consolidated basis for MLI and its subsidiaries. Note that MLI's published financial statements are not consolidated as MLI is not required to prepare group accounts.
- Total tax paid shows the total tax MLI and its subsidiaries paid/suffered in each country in 2023. The total tax paid is then analysed into its components.
- Corporation tax, Bank Levy, Withholding Tax and Social Security represent the actual payments made to the tax authorities during 2023. Corporation tax is paid by MLI as 'paying entity' on behalf of MLI and group companies and the amount disclosed represents the total paid which is attributable to MLI. The actual payments made reflect elements relating to prior years and therefore the figures will not represent taxes charged in the period.
- Social security paid represents the payroll taxes paid by MLI, for MLI and one other group company, based on individual country rules.
- Irrecoverable VAT ('Value Added Tax') has been calculated on the basis of the amounts accrued in the profit and loss account for the period. This is considered to be an appropriate representation of cash paid /reclaimed by the entity. The numbers do not include any element of VAT collected or reclaimed on behalf of others. The irrecoverable VAT for MLI before adjustments was \$33.3m. This was reduced by a VAT refund of \$45m relating to adjustments in the VAT recovery rates covering the FICC and Equity business units resulting in the \$12 credit.
- Bank levy is paid by another group company as 'paying entity'. The amount disclosed represents the amount of the total paid which is attributable to MLI. This tax does not relate directly to profits earned in the year and is a tax paid in the UK based on balance sheet liabilities.
- Withholding tax represents overseas tax suffered on dividends or other income received by the Head Office or branches that cannot be recovered by the company.
- In accordance with IFRS 10 - consolidated financial statements Iceberg is disclosed as a subsidiary undertaking. Under its legal form, Iceberg would not be classed as a subsidiary.
- The average number of employees is an average of monthly total employees legally employed by MLI and its subsidiaries excluding contractors. The financial statements include contractors.



# ***Independent auditors’ report to the directors of Merrill Lynch International***

## **Report on the audit of the country-by-country information**

### **Opinion**

In our opinion, Merrill Lynch International’s (the ‘company’) country-by-country information for the year ended 31 December 2023 has been properly prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

We have audited the country-by-country information for the year ended 31 December 2023 in the Country-by-Country Report.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”), including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors’ responsibilities for the audit of the country-by-country information section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the country-by-country information in the UK, which includes the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Emphasis of matter - Basis of preparation**

In forming our opinion on the country-by-country information, which is not modified, we draw attention to page 4 of the country-by-country information which describes the basis of preparation. The country-by-country information is prepared for the directors for the purpose of complying with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. The country-by-country information has therefore been prepared in accordance with a special purpose framework and, as a result, the country-by-country information may not be suitable for another purpose.



## ***Independent auditors' report to the directors of Merrill Lynch International (continued)***

### **Conclusions relating to going concern**

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- performing a risk assessment to identify factors that could impact the going concern basis of accounting;
- understanding and evaluating the company's current financial position and financial forecasts;
- understanding and reviewing the company's current and forecast capital and liquidity position. This included reviewing the results of stress testing performed by management of both liquidity and regulatory capital, including considering the severity of the stress scenarios that were used; and
- reading and evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the date on which the country-by-country information is authorised for issue.

In auditing the country-by-country information, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the country-by-country information is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



# ***Independent auditors' report to the directors of Merrill Lynch International (continued)***

## **Responsibilities for the country-by-country information and the audit**

### *Responsibilities of the directors for the country-by-country information*

The directors are responsible for the preparation of the country-by-country information in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 as explained in the basis of preparation in the notes to the country-by-country information, and for determining that the basis of preparation and accounting policies are acceptable in the circumstances. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of country-by-country information that is free from material misstatement, whether due to fraud or error.

In preparing the country-by-country information, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the country-by-country information*

It is our responsibility to report on whether the country-by-country information has been properly prepared in accordance with the relevant requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Our objectives are to obtain reasonable assurance about whether the country-by-country information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this country-by-country information.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.



## ***Independent auditors' report to the directors of Merrill Lynch International (continued)***

Based on our understanding of the company/industry, we identified that the principal risks of non-compliance with laws and regulations related to the rules of the Financial Conduct Authority and rules of the Prudential Regulatory Authority, and we considered the extent to which non-compliance might have a material effect on the country-by-country information. We also considered those laws and regulations that have a direct impact on the country-by-country information such as applicable tax legislation and the Capital Requirements (Country-by-Country Reporting) Regulations 2013. We evaluated management's incentives and opportunities for fraudulent manipulation of the country-by-country information (including the risk of override of controls), and determined that the principal risks were related to management overstating tax payments; for example by incorrectly categorising other payments.

Audit procedures performed included:

- obtaining an understanding of the relevant laws and regulations, including the relevant requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013;
- enquiring with management and, where appropriate, those charged with governance;
- testing taxes paid; and
- reviewing correspondence with the relevant tax authorities.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the country-by-country information. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the country-by-country information is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.



# ***Independent auditors' report to the directors of Merrill Lynch International (continued)***

## *Use of this report*

This report, including the opinion, has been prepared for and only for the company's directors in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London, United Kingdom  
19 March 2024