

# Currency conversions for equity award transactions



## Quick tip

Bank of America supports the payment of proceeds from equity award transactions in currencies other than the U.S. dollar. More than 80 currencies are available by wire transfer and more than 20 currencies are available by check.

The participant receives the proceeds in his/her selected currency at the spot exchange rate (the current market rate), plus a variable markup. This markup is, generally, 50 to 100 basis points. (A basis point is 1/100th of one percent.)

Bank of America works to provide participants with very competitive exchange rates. To do so, Bank of America uses several sources of market data to determine interbank rates, including their own systems and traders. Generally, the systems look first at sources that reflect real transactions.

However, since not all currency pairs are traded on such platforms and at times the market may be illiquid (evidenced by wide bid-to-offer spreads), Bank of America will also look to other indicative rate feeds, such as Reuters, to help determine the price. Even then, rate sources may be stale or the market may be effectively “closed.” In these cases, Bank of America will make prices for clients and assume the risk. In these cases, Bank of America traders or internal systems provide the competitive price.

Depending on the transaction’s nature, risk and processing cost, the interbank rate is adjusted before it is presented to a participant or applied to a transaction. Bank of America tries to provide consistent pricing across transaction sizes, but the costs of assuming the risk in some cases and processing small payments can lead to a price differential.

### Example 1:

Here’s an example for currencies quoted in direct terms (U.S. dollars per currency), such as the British Pound, Euro and Australian dollar. In this case, to determine the approximate net proceeds in your local currency upon conversion, you would divide the U.S. dollar proceeds by the exchange rate plus the markup.

For this example, assume that the net proceeds from the exercise of stock options was \$5,000 and are converted into British Pounds. This example uses an exchange rate of 1.4536 Dollars per Pound.

<b>A. Net Proceeds In U.S. Dollars</b>	\$5,000
<b>B. Exchange Rate</b>	1.4536 (Dollars per Pound)
<b>C. Markup</b>	0.005
<b>D. Exchange rate plus markup</b>	1.4609 [1.4536 x 1.005]
<b>E. Proceeds in Pounds</b>	3422.62 (A/D)

In this example, the U.S. proceeds of \$5,000 would be converted into 3,422.62 British Pounds.

*Example is for illustrative purposes only. Exchange rates are subject to change.*

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**Are Not FDIC Insured**

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**May Lose Value**

## Example 2:

Here's an example for currencies quoted in indirect terms (currency per U.S. dollar), such as the Japanese Yen, Canadian Dollar and Swiss Franc). In this case, to determine the approximate net proceeds in your local currency upon conversion, you would multiply the U.S. dollar proceeds by the exchange rate less the markup.

For this example, assume that the net proceeds from the exercise of stock options was \$5,000 and are converted into Japanese Yen. This example uses an exchange rate of 106.60 yen per dollar.

<b>A. Net Proceeds In U.S. Dollars</b>	\$5,000
<b>B. Exchange Rate</b>	106.60 (Yen per Dollar)
<b>C. Markup</b>	0.005
<b>D. Exchange rate minus markup</b>	106.07 [106.60 / 1.005]
<b>E. Proceeds in Yen</b>	530,348 (A x D)

In this example, the U.S. proceeds of \$5,000 would be converted into 530,348 Japanese Yen.

*Example is for illustrative purposes only. Exchange rates are subject to change.*

The conversion from dollars into your local currency occurs one business day after the day your trade (the sale of shares from a stock option exercise, for example) is executed.

## How to choose a currency

When you conduct a transaction (for example, stock option exercise or sale of stock) that results in cash proceeds to you, and choose to receive the proceeds by check or wire, you can also choose the currency in which to receive your proceeds.

When you conduct your transaction on Benefits OnLine®, and select Check or Wire Transfer as your distribution method, you will be presented with a list of available currencies in which you can receive your proceeds. When you request a transaction through a participant service representative, and want to receive your proceeds by check, the representative will ask you for your currency.

There is a service fee for both a wire transfer and a non-U.S. currency check. Please note that wire transfers and non-U.S. currency checks may not be available in all currencies.

The screenshot shows a web form with the following sections:

- Select Your Net Proceeds Distribution Method**
- Distributed As:** Radio buttons for:
  - Proceeds to remain in brokerage account
  - Direct Deposit (U.S. Dollars only)
  - Wire Transfer
  - Check (will be mailed upon settlement) - This option is selected.
- Address Information:** A dropdown menu for currency selection.

The dropdown menu is open, showing a list of currencies: AUD, AUSTRALIAN DOLLAR; CAD, CANADIAN DOLLAR; CHF, SWISS FRANC; DKK, DENMARK KRONE; EUR, EURO; GBP, U.K. POUND STERLING; HKD, HONGKONG DOLLAR; JPY, JAPANESE YEN; KWD, KUWAITI DINAR; MXN, MEXICAN NEW PESO; SEK, SWEDISH KRONA; SGD, SINGAPORE DOLLAR; USD, US DOLLAR; ZAR, SOUTH AFRICA RAND. The ZAR option is highlighted in blue.

## Already have cash in your account?

If you have had cash from a transaction deposited into the Merrill Lynch brokerage account you use for your equity awards, you will need to call Merrill Lynch if you want to have that cash sent to you in the currency you want. You cannot do so online.

## Learn more

The Equity Awards Education Center on Benefits OnLine features a series of videos to help you understand your awards. You'll also find a library of "Quick Tips" to help you manage and monitor your awards, a series of articles on equity award topics, and more. Visit now — [go.ml.com/equityed](http://go.ml.com/equityed)

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