



Corporate & Investment Banking

Information Statement & Disclosure for Daily Marks (Non-Equities)

For swaps and security-based swaps conducted by Wells Fargo Bank, N.A. (“WFBNA”) through its Wells Fargo Securities business unit and WFBNA in these asset classes: interest rates, currencies, commodities, municipal products, and credit.

Daily Mark

The Daily Mark is the “daily mark” of swaps or security-based swaps (each a “Covered Product”) and is described in the U.S. Commodity Futures Trading Commission (“CFTC”) Rule § 23.431(d)(2) and U.S. Securities and Exchange Commission (“SEC”) Rule 240.15Fh-3(c) as the mid-market mark of the Covered Products determined as of the close of business or such other time as the parties may agree in writing. Daily Marks are provided for informational purposes only and are not an offer or commitment of any kind.

Manner of Disclosure & Availability

If WFBNA provides you with Daily Marks for uncleared Covered Products through internet-based applications using one or more password protected websites, you may access such Daily Marks for at least thirty calendar days from the respective valuation date unless otherwise indicated on the website or notified to you.

For cleared swaps, it is expected that you will obtain Daily Marks pursuant to CFTC Regulation 23.431(d)(1) directly from your CFTC-registered futures commission merchant (“FCM”) or the derivatives clearing organization on which the relevant swaps are cleared. Accordingly, such Daily Marks for cleared swaps will not be made available to you on a WFBNA website, provided that if you are clearing swaps through WFBNA’s affiliate, Wells Fargo Securities, LLC (“WFS, LLC”) as your CFTC-registered FCM, Daily Marks for such cleared swaps may be posted on a website that, although shared with WFBNA, is appropriately partitioned to restrict access, including to administer information barriers between WFBNA and WFS, LLC.

For cleared security-based swaps, WFBNA will arrange, upon request and for the life of the security-based swap between WFBNA and you, i.e., until such time as the security-based swap is terminated upon the novation and termination as part of the clearing process, for you to receive Daily Marks pursuant to SEC Rule 240.15Fh-3(c) directly from the clearing agency, clearing member, or other agent. Accordingly, such Daily Marks for cleared security-based swaps will not be made available to you on a WFBNA website.

Daily Marks for cleared and uncleared security-based swaps will be provided free of charge and without restrictions for your internal use.

Timing & Scope

To the extent required by CFTC Rule 23.431(d)(2) and SEC Rule 240.15Fh-3(c), Daily Marks are provided by WFBNA for relevant Covered Products and each valuation date, in each case calculated as of the close of business on the New York business day preceding the valuation date, or in WFBNA’s discretion as of the close of business in the locality specified by WFBNA for such purpose, taking into account (i) any foreign currency denomination of Covered Products, (ii) any price, level or value for Covered Products the source of which is in a foreign jurisdiction, and (iii) any other factors that may be appropriate, including market practice (“valuation time”). Unless otherwise indicated, valuation dates are New York business days (which will exclude Saturdays, Sundays and certain bank holidays).

This Information Statement & Disclosure for Daily Marks is provided for Covered Products in the following asset classes: interest rates, currencies, commodities, municipal products, and credit (including credit default swaps (“CDS”) and structured CDS). WFBNA reserves the right to provide you with this Information Statement & Disclosure for Daily Marks in connection with transactions you conduct with one business unit of WFBNA and one or more other forms of an information statement and disclosure for Daily Marks (however described) in connection with transactions you conduct with another business unit of WFBNA. Any such other form may contain other or different information and/or reflect methodologies and assumptions that may be similar to or different from those described herein.

Composition and Format

The Daily Mark for Covered Products generally represents the mid-point between an estimated bid price and an estimated offer price for the Covered Products as of the valuation time, assuming your position in the Covered Products were to be terminated early, replaced or novated. The Daily Mark shall be expressed as a lump sum that would be paid or received if such early termination, replacement or novation were to occur at such mid-point. As a lump sum, the Daily Mark may differ from a pre-trade mid-market mark, *see* CFTC Rule 23.431(a)(3)(i), since a pre-trade mid-market mark may be expressed in the same format as a swap's price (*e.g.*, as a rate per annum or a price per unit instead of a lump sum). There are no requirements for pre-trade mid-market marks under the SEC's Security-Based Swap regime.

Notwithstanding this difference, the Daily Mark may be determined by marking the Covered Products' projected cash flows, option rights or other economic terms of the Covered Products contract against mid-market prices (which may be expressed as rates, spreads, prices, upfront payments or other measures or amounts) available to or from WFBNA as Covered Products dealer for equivalent cash flows, options rights or other economic terms of Covered Products transactions or otherwise prevailing in the relevant market or available from an independent pricing source, without including in, or otherwise adjusting, such mid-market prices to account for any profit, credit reserve, hedging, funding, liquidity or other costs or adjustments, as required by CFTC Rule 23.431(d)(2). In the case of projected or equivalent cash flows, such cash flows would be discounted to present value using a discount rate selected by WFBNA in its reasonable discretion.

The Daily Mark provided to you for Covered Products may not reflect the mid-point between a bid (or offer) price that WFBNA might quote to you for an early termination, replacement or novation of your position in the Covered Product and a corresponding offer (or bid) price that WFBNA may quote to other market participants to replace or assume your position in the Covered Products or for an early termination of comparable Covered Products. Rather, the Daily Mark may be based on the midpoint between bid and offer prices that (i) WFBNA may be willing to quote to other Covered Products dealers, market makers or liquidity providers for replacing or assuming your position in the Covered Products or terminating comparable Covered Products, or (ii) other Covered Products dealers, market makers or liquidity providers may be willing to quote to WFBNA for replacing or assuming your position in the Covered Product or terminating a comparable Covered Products. In either case, the determination of the Daily Mark may be based on trader information, market data and proprietary models as outlined below and not on specific quotations provided or received from Covered Products dealers, market makers or liquidity providers.

Daily Marks may be derived from pricing data available for comparable transactions in the over-the-counter market or alternatively for Covered Products, or for the underlying asset, conducted on designated contract markets, Covered Products execution facilities, securities exchanges or other venues over which comparable Covered Products or such assets 3 Information Statement & Disclosure for Daily Marks (Non-Equities) may be traded. To the extent WFBNA determines that comparable Covered Products do not exist or are not representative of a market price or do not provide sufficient data, WFBNA may make such determination or estimate by interpolation between two or more reference Covered Products (for example, by using reference Covered Products with longer or shorter maturities than the relevant Covered Products) and may consider prices in the cash markets, futures markets, or other related markets. When basing a Daily Mark for uncleared Covered Products on pricing data for cleared Covered Products, WFBNA may convert such pricing data into their uncleared equivalent to arrive at such Daily Mark.

Not an Indicative, Actual, Margin or Booking Price

A Daily Mark is not intended to be an indicative price, and you should not expect a Daily Mark to be a price at which either you or WFBNA would agree to replace, terminate, unwind, cash settle, exercise or assign Covered Products or your position in Covered Products, or a price at which another Covered Products dealer or other third party would agree to purchase or take an assignment of the Covered Products or your position or WFBNA's position in the Covered Products. You should assume that actual market prices would be different, that the difference between the Daily Mark and actual market prices could be substantial, particularly in volatile or illiquid markets, and that the availability of market prices is not guaranteed. Unless otherwise agreed in writing, calls for margin (if applicable) may be based on considerations other than the Daily Mark provided to you. The Daily Mark provided may not necessarily be the value of the Covered Products that WFBNA attributes to the Covered Products for its own accounting purposes or that is marked on WFBNA's books.

Use of Market Data and Pricing Models

The Daily Mark for Covered Products is usually prepared by using proprietary pricing or valuation models, which may include various assumptions and rely on inputs of trader information and market data. For more information on our pricing and valuation models, see the below Disclosure of Methodologies and Assumptions. To the extent that WFBNA personnel determine that pricing or valuation models would be inappropriate or are unavailable for particular Covered Products (*e.g.*, structured Covered Products for which WFBNA's models do not fully capture critical pricing elements or methods), WFBNA personnel may determine the Daily Mark on the basis of individualized computations and other methodologies that rely on trader information, market data (which may include quotations) and such other information as WFBNA personnel involved in pricing or valuing Covered Products deem appropriate for such purposes. No adjustments are made to any such models, computations or methodologies (and related market data and inputs) for profit, credit reserve, hedging, funding, liquidity or other costs or adjustments, as required by CFTC Rule 23.431(d)(2) and SEC Rule 240.15Fh-3(c).

Features of models used by WFBNA in preparing Daily Marks may overstate or understate market factor sensitivities *vis-a-vis* other models, depending on the relevant circumstances, and such other models could produce results different from the models used by WFBNA. There can be no assurance that the methodology, assumptions and inputs used in a pricing or valuation model for Daily Marks are the same as the methodology, assumptions and inputs that WFBNA may use in any pricing or valuation model used to prepare the pre-trade mid-market mark for the swaps pursuant to CFTC Rule 23.431(a)(3), which pre-trade mid-market mark is also disclosed to you with the respect to the price of a swap whether you are entering into or unwinding the swap by mutual agreement, or that the results produced by the two models would be the same.

Time Sensitive and Dealer Specific

A Covered Product's Daily Mark for a valuation date is always time sensitive and will be subject to change as trader information or market data used in preparing the Daily Mark changes. Therefore, the Daily Mark for one valuation date may be different from the Daily Mark for another valuation date, just as the Daily Mark may vary during a valuation date if it were to be determined as of a point in time other than the close of business.

The daily mark is also specific to the swap or security-based swap dealer, or major swap or security-based swap participant providing it. There can be no assurance that a Covered Product's Daily Mark provided to you by WFBNA would be the same as a Daily Mark or valuation that another swap or security-based swap dealer, or major swap or security-based swap 4 Information Statement & Disclosure for Daily Marks (Non-Equities) participant may provide to you for that Covered Product or a similar Covered Product even if determined as of the same date and time. Variances could be substantial, depending on what models, methodologies, assumptions, sources and data are used by other swap or security-based swap dealers, or major swap or security-based swap participants. A Daily Mark for a Covered Product may also vary from an actual or indicative price or quotation provided to you by WFBNA personnel, who may use other models, methodologies, assumptions, sources and data or make calculations as of a different time.

Disclosure of Methodologies & Assumptions (General)

In preparing the Daily Mark for a Covered Product, WFBNA uses the "Income Approach" within the meaning of ASC 820 "*Fair Value Measurements and Disclosures*" (formerly FAS 157). This involves using (i) quoted prices for economically equivalent Covered Products, or (ii) valuation methodologies, assumptions and inputs, which in the case of projected future cash flows, discount such cash flows to a single net present value amount.

ASC 820 establishes a "fair value hierarchy" of assets and liabilities to be measured based on the reliability of valuation measurement "inputs". There are three input levels:

- *Level 1* inputs are the "quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date".
- *Level 2* inputs are "inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly". Examples of Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable (e.g., interest rates and yield curves); inputs derived principally from or corroborated by observable market data by correlation or other means.
- *Level 3* inputs are "unobservable inputs for the asset or liability".

Certain Level 3 fair value estimates are based on internally-developed models, such as discounted cash flow or market comparable pricing techniques. Some of the inputs used in these valuations are unobservable. Unobservable inputs are generally derived from or can be correlated to historic performance of similar portfolios or previous market trades in similar instruments where particular unobservable inputs may be implied. We attempt to correlate each unobservable input to historical experience and other third-party data where available. Internal valuation models are subject to review prescribed within our model risk management policies and procedures, which include model validation.

Pricing or valuation curves (including forward curves, currency curves and discount curves), discount rates, implied volatility figures and other factors that determine inputs into models or computations may vary by Covered Product type and material characteristics and are time sensitive, subject to revision at any time as market conditions and data change or are re-evaluated. They also may vary among swap dealers, security-based swap dealers, major security-based swap participants, and major swap participants, creating differences that may result in figures more favorable or less favorable to you, depending upon whether your position is in or out of the money. Discount rates may also vary, depending upon (i) estimated interest rate levels associated with funding positions or offsetting positions in the event of early termination, or (ii) the presence or absence of margin or collateral arrangements, and taking into account the types and currencies of such margin or collateral and whether such margin or collateral may be segregated, commingled, or re-hypothecated. Since WFBNA would be placed at a competitive disadvantage if its curves, discount rates and other inputs became known, WFBNA considers them part of its proprietary models and, to the extent permitted by applicable law, reserves the right to not disclose them. If WFBNA discloses such curves, discount rates or inputs to you or any other counterparty, such disclosure shall not be presumed to operate as a waiver of such right or preclude any subsequent or further exercise of such right.

Unless otherwise indicated, Daily Marks do not include amounts that have become due under a Covered Product on any date prior to the valuation date.

When computing Daily Marks for Covered Products, WFBNA does not take into account either party's nonperformance risk (*i.e.*, credit risk or default risk). Since ASC 820 requires that certain adjustments be made to fair values to account for 5 Information Statement & Disclosure for Daily Marks (Non-Equities) nonperformance risk, you should consult with your own accountants and financial professionals or advisors to discuss making adjustments for nonperformance risk should you choose to use our Daily Marks in your fair value determinations under ASC 820.

Please note that the methodologies and assumptions used by WFBNA in computing Daily Marks may produce calculations that may not be indicative of net realizable values or reflective of future values. The use of different methodologies or assumptions could result in different values, and it should not be assumed that they are the only appropriate methodologies and assumptions for computing Daily Marks or values should you choose to use our Daily Marks in your fair value determinations under ASC 820. Nothing herein, express or implied, is intended to be a suggestion or recommendation that you use or rely on our Daily Marks in your fair value determinations or for any other purpose.

**Disclosure of Methodologies & Assumptions
(for swaps and security-based swaps in the interest rate, currency or commodity asset classes)**

WFBNA's Daily Marks may be based on (i) Level 1 inputs directly, or (ii), except as otherwise noted herein, the application of valuation models, which may be proprietary, that take into account Level 1, Level 2 and Level 3 inputs. Level 1 and Level 2 inputs are market-based, utilizing observable market data, including swap rates, spread and/or index levels, basis rates and FX rates, interest rates generally and FX rates, and information from Bloomberg, Reuters and other sources that WFBNA believes to be reliable (but which we have not independently verified). Level 3 inputs may be used if WFBNA determines that Level 1 and Level 2 inputs are unavailable or, in illiquid or dislocated markets, unreliable. In general, these inputs are used to construct interest rate, currency exchange rate, commodity price or other curves that are placed into our proprietary valuation models to compute the Daily Mark.

SOFR Futures are used to construct SOFR forward curves for USD interest rate swaps. For non-USD interest rate swaps, currency curves are constructed by reference to bank or money market deposits, interest rate futures, foreign exchange forwards and swap rates in the relevant currency.

Discount curves for present value purposes are constructed using discount rates reflecting rates associated with funding or maintaining Covered Product positions or supporting collateral or margin arrangements as described below, which may be based on SOFR rates, federal funds rates, or another appropriate measure.

Cash flows in foreign currencies are converted to USD using spot and forward FX rates and then discounted to present value using USD discount curves.

Basis forward curves (Prime, BMA, etc.) are constructed using market quotes as a spread to a base curve (*e.g.*, SOFR Overnight Index Swaps). Forward curves are used to determine implied resets for each future flow, which is discounted to present value using an appropriate discount rate.

Options are generally valued using the same curves with the projected flows weighted by the probability of the options being in the money (not worthless). Market implied volatilities are used as inputs in an option pricing model.

Foreign currency cash flows (non-USD currency amounts to be delivered on future payment or settlement dates) are discounted via curves generated by the two following methods: converting such cash flows to USD using spot and forward FX rates and then discounting such converted cash flows to present value using USD discount curves, and by discounting on foreign currency discounting basis curves. If a daily mark is in a currency other than USD, such non-USD currency will be displayed along with the numerical value.

Swaps based on commodity prices or indices are generally valued with commodity forward curves constructed using exchange and brokerage market data for the same or similar products and internal assumptions to establish curve points. Volatility surfaces are constructed using similar methodologies. Covariance and related data are constructed using a combination of historical analysis and implied data. Appropriate discount curves are selected from internal discount curves. Trade valuations are then achieved by using these data sets in appropriate proprietary or vendor models.

**Disclosure of Methodologies & Assumptions
(for swaps in the credit asset class)**

WFBNA's Daily Marks may be based on (i) Level 1 inputs directly, or (ii) except as otherwise noted herein, the application of valuation models, which may be proprietary, that take into account Level 1, Level 2 and Level 3 inputs. Level 1 and Level 2 inputs are market-based, utilizing observable market data, including swap rates, spread and/or index levels, interest rates generally as well as interests rates paid by particular issuers on particular securities (and the differential between those rates and other rates), the prices of securities in the cash markets, and FX rates (when a CDS is on a non-U.S. security), and information from Bloomberg, Reuters and other sources that WFBNA believes to be reliable (but which we have not independently verified). Level 3 inputs may be used if WFBNA determines that Level 1 and Level 2 inputs are unavailable or, in illiquid or dislocated markets, unreliable, or in the case of valuing assets that are not traded. Level 3 inputs may also be used to determine the likelihood of certain events such as the likelihood of a "credit event," such as a bankruptcy happening with respect to an issuer that is the subject of a CDS. In the case of CDS, they may also include valuations of, for example, the expected recovery rate and the timing of such recovery from a defaulted issuer. Certain Level 3 data, such as expected recovery rates, may be obtained from third-party sources such as credit rating agencies. In general, these inputs are used to construct interest rate, currency exchange rate, commodity price or other curves that are placed into our proprietary valuation models to compute the Daily Marks.

Covered Products based on credit indices are valued using proprietary internal or vendor provided valuation models that utilize probability curves derived from inputs including upfront payment levels, assumed recovery rates, CDS spread levels and present value discount factors. The proprietary internal models and vendor provided models are similar in principle but vary in the manner in which they interpolate inputs. Since these transactions can be quoted on a spread or upfront payment basis, the models are designed to accept either CDS spread levels or upfront payment levels as inputs.

Swap or Security-based Swap Dealer Capacity

The provision of Daily Marks, together with the disclosures and information contained herein, are furnished to you pursuant to CFTC Rule 23.431(d) and SEC Rule 240.15Fh-3(c) in WFBNA's capacity as a registered swap dealer and security-based swap dealer. Nothing herein, express or implied, is intended to be (i) a suggestion or recommendation that you use or rely on the Daily Marks for any purpose, (ii) an indication of the accounting treatment or results you may receive for any Covered Products (or for any hedged item), or how any Covered Products (or any hedged item) should be reflected on your books and records or be valued, categorized or reported for accounting or financial reporting purposes or otherwise, which are matters for your own accountants and advisors to address and opine on, or (iii) financial, accounting, tax or legal advice.

Conflict of Interest

WFBNA and/or its affiliates may from time to time, for its own account or the account of others, purchase, sell or hold a long or short position, or act as a lender, market-maker, advisor, broker or commercial and/or investment banker to other customers or market participants, in loans, securities, commodities, instruments, options, warrants, rights or swaps or security-based swaps relating to, or that may affect market prices in, Covered Products for which we have provided a Daily Mark to you or similar transactions.

No Liability for Use of Daily Marks

Daily marks are provided to you in good faith pursuant to CFTC Rule 23.431(d) and SEC Rule 240.15Fh-3(c), and WFBNA accepts no liability or responsibility for their use, whether losses or damages are direct, indirect, incidental or consequential, even if we are advised of their possibility.

Questions

If you have any questions about a Daily Mark, please contact the WFBNA swap or security-based swap marketer or trader with whom you transact or are considering transacting. 7 Information Statement & Disclosure for Daily Marks (Non-Equities) This Information Statement & Disclosure for Daily Marks may be revised from time to time without notice.

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