

## Wholesale Client Notice: Potential Impact on Payment and Settlement Activity if BNY Mellon Was to Be Subject to a Resolution Event

This notice is being given to wholesale clients of BNY Mellon (the “Firm”) with accounts or services that may from time to time receive intraday credit (including clients who effect certain transactions without a pre-funding requirement or on a contractual settlement basis) in accordance with the 2017 FDIC and Federal Reserve Guidance<sup>1</sup> directing the Firm to provide transparency into the potential impacts on such clients’ accounts and services if it were to implement its resolution plan (also commonly known as a “living will”). In our resolution plan we must describe our strategy for rapid and orderly resolution in the event of material financial distress or failure of our Firm<sup>2</sup>.

In the event that the Firm implements its resolution plan or other potential resolution scenario, the Firm could face significant liquidity pressures. Under such conditions, the Firm may limit or discontinue intraday credit, which helps facilitate payment and settlement activity, and may implement actual settlement in place of contractual settlement or may require prefunding of certain transactions. It is important for you to consider the potential impact of a resolution scenario, including the need to (1) maintain sufficient funds with the Firm to prevent suspension or rejection of your payment and settlement activity; and/or (2) establish relationships with alternative payment or settlement providers, as applicable, who may continue to extend intraday credit in such a scenario.

Absent a specific contractual obligation, the Firm is not legally obligated to provide intraday credit, process transactions on a contractual settlement basis or allow transactions without prefunding, and generally does so on a discretionary basis as an accommodation to its clients. Accordingly, absent such obligation, in a potential resolution scenario the Firm may limit or discontinue the provision of intraday credit, may implement actual settlement in place of contractual settlement and/or may require the prefunding of certain transactions, resulting in the suspension or rejection of unfunded transactions. In such circumstance, you will need to track and forecast your real-time cash availability in your payments and settlements accounts to ensure that adequate funds are available to meet your payment and settlement needs.

If you do not monitor intraday activity, you will need to either adjust your activity with us or ensure that your accounts have sufficient funds to avoid the need for intraday credit. Please note that payments and settlement of transactions might not occur until the end of the relevant transaction day.

If you have any questions regarding this notice, please contact your BNY Mellon representative.

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<sup>1</sup> Guidance for 2017 §165(d) Annual Resolution Plan Submissions By Domestic Covered Companies that Submitted Resolution Plans in July 2015 is available at: <https://www.fdic.gov/news/news/press/2016/pr16031b.pdf>.

<sup>2</sup> The resolution plan is not binding on a bankruptcy court or other resolution authority, and the failure scenarios and associated assumptions set forth in the resolution plan are hypothetical and do not necessarily reflect an event or events to which the Firm is or may become subject. The public section to our resolution plan is available on the Federal Reserve’s and FDIC’s websites.