

CHINA TELECOM CORP LTD
Form SC 13G
June 04, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

(Rule 13d-102)

(Amendment No. **)

Information Statement Pursuant to Rules 13d-1 and 13d-2

Under the Securities Exchange Act of 1934

China Telecom Corporation Limited

(Name of Issuer)

Common H shares, par value RMB1.00 per share

(Title of Class of Securities)

Y1505D102

(CUSIP Number)

September 30, 2010**

Date of Event Which Requires Filing of the Statement

Edgar Filing: CHINA TELECOM CORP LTD - Form SC 13G

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page. The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

** This report on Schedule 13G is being filed to reflect holdings which, as a result of an administrative error, were not identified as requiring a filing on Schedule 13G at the time such reports were due. Upon discovering this oversight, the reporting persons promptly took steps to file this Schedule 13G, which reflects information that should have been reported for the month ending September 30, 2010, the years ending December 31, 2010, 2011 and 2012 and the month ending March 31, 2013. See Item 4 of the disclosure for additional information.

1. NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Commonwealth Bank of Australia

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) (b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Australian Capital Territory, Commonwealth of Australia

5. SOLE VOTING POWER

NUMBER OF

0

SHARES 6. SHARED VOTING POWER

BENEFICIALLY

OWNED BY

1,852,888,795 shares*

EACH 7. SOLE DISPOSITIVE POWER

REPORTING

PERSON

0

8. SHARED DISPOSITIVE POWER

WITH

1,852,888,795 shares*

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,852,888,795 shares*

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

..

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

Approximately 13.35% (based on 13,877,410,000 shares outstanding as of December 31, 2012, per Form 20-F dated April 29, 2013)*

12. TYPE OF REPORTING PERSON

BK/HC

* As of March 31, 2013. See Item 4 of the disclosure for information regarding holdings as of December 31, 2012, December 31, 2011, December 31, 2010, and September 30, 2010.

13G

CUSIP No. Y1505D102

Page 3 of 14

1. NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Colonial Holding Company Limited

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) (b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

New South Wales, Commonwealth of Australia

5. SOLE VOTING POWER

NUMBER OF

0

SHARES

6. SHARED VOTING POWER

BENEFICIALLY

OWNED BY

1,852,888,795 shares*

EACH

7. SOLE DISPOSITIVE POWER

REPORTING

PERSON

0

8. SHARED DISPOSITIVE POWER

WITH

1,852,888,795 shares*

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,852,888,795 shares*

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10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

..

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

Approximately 13.35% (based on 13,877,410,000 shares outstanding as of December 31, 2012, per Form 20-F dated April 29, 2013)*

12. TYPE OF REPORTING PERSON

HC

* As of March 31, 2013. See Item 4 of the disclosure for information regarding holdings as of December 31, 2012, December 31, 2011, December 31, 2010, and September 30, 2010.

13G

CUSIP No. Y1505D102

Page 4 of 14

1. NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

2. **Commonwealth Insurance Holdings Limited**
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) (b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

New South Wales, Commonwealth of Australia

5. SOLE VOTING POWER

NUMBER OF

SHARES **0**
6. SHARED VOTING POWER

BENEFICIALLY

OWNED BY **1,852,888,795 shares***
EACH 7. SOLE DISPOSITIVE POWER

REPORTING

PERSON **0**
8. SHARED DISPOSITIVE POWER

WITH

1,852,888,795 shares*
9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,852,888,795 shares*

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10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

..

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

Approximately 13.35% (based on 13,877,410,000 shares outstanding as of December 31, 2012, per Form 20-F dated April 29, 2013)*

12. TYPE OF REPORTING PERSON

HC

* As of March 31, 2013. See Item 4 of the disclosure for information regarding holdings as of December 31, 2012, December 31, 2011, December 31, 2010, and September 30, 2010.

CUSIP No. Y1505D102

Page 5 of 14

1. NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Colonial First State Group Limited

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) (b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Victoria, Commonwealth of Australia

5. SOLE VOTING POWER

NUMBER OF

0

SHARES 6. SHARED VOTING POWER

BENEFICIALLY

OWNED BY

1,836,538,800 shares*

EACH 7. SOLE DISPOSITIVE POWER

REPORTING

PERSON

0

8. SHARED DISPOSITIVE POWER

WITH

1,836,538,800 shares*

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,836,538,800 shares*

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

..

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

Approximately 13.234% (based on 13,877,410,000 shares outstanding as of December 31, 2012, per Form 20-F dated April 29, 2013)*

12. TYPE OF REPORTING PERSON

HC

* As of March 31, 2013. See Item 4 of the disclosure for information regarding holdings as of December 31, 2012, December 31, 2011, December 31, 2010, and September 30, 2010.

13G

CUSIP No. Y1505D102

Page 6 of 14

1. NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

2. **First State Investment Management (UK) Limited**
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) (b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Scotland, United Kingdom

5. SOLE VOTING POWER

NUMBER OF

SHARES **0**
6. SHARED VOTING POWER

BENEFICIALLY

OWNED BY **775,966,000 shares***
EACH 7. SOLE DISPOSITIVE POWER

REPORTING

PERSON **0**
8. SHARED DISPOSITIVE POWER
WITH

9. **775,966,000 shares***
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

775,966,000 shares*

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES

CERTAIN SHARES

..

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

Approximately 5.592% (based on 13,877,410,000 shares outstanding as of December 31, 2012, per Form 20-F dated April 29, 2013)*

12. TYPE OF REPORTING PERSON

HC

* As of March 31, 2013. See Item 4 of the disclosure for information regarding holdings as of December 31, 2012, December 31, 2011, December 31, 2010, and September 30, 2010.

CUSIP No. Y1505D102

Page 7 of 14

Item 1(a) Name of Issuer: China Telecom Corporation Limited

Item 1(b) Address of Issuer's Principal Executive Offices:

31 Jinrong Street, Xicheng District
Beijing,
China 100032

Item 2(a) Name of Person Filing

Item 2(b) Address of Principal Business Office

Item 2(c) Citizenship

Commonwealth Bank of Australia
Ground Floor, Tower 1
201 Sussex Street
Sydney, New South Wales, 2000
Commonwealth of Australia
Australian Capital Territory

Colonial Holding Company Limited
Ground Floor, Tower 1
201 Sussex Street
Sydney, New South Wales, 2000.
Commonwealth of Australia
New South Wales

Commonwealth Insurance Holdings Limited
Ground Floor, Tower 1
201 Sussex Street
Sydney, New South Wales, 2000
Commonwealth of Australia
New South Wales

Colonial First State Group Limited
Ground Floor, Tower 1
201 Sussex Street
Sydney, New South Wales, 2000
Commonwealth of Australia
Victoria

First State Investment Management (UK) Limited
23 St Andrew Square
Edinburgh EH2 1BB
Scotland

CUSIP No. Y1505D102

Page 8 of 14

Item 2(d) Title of Class of Securities:
Common H shares, par value RMB1.00 per share

Item 2(e) CUSIP Number: Y1505D102

Item 3 If this statement is filed pursuant to Rules 13d-1(b), or 13d-2(b) or (c), check whether the person filing is a:

- (a) Broker or dealer registered under Section 15 of the Exchange Act;
- (b) Bank as defined in Section 3(a)(6) of the Exchange Act;
- (c) Insurance company as defined in Section 3(a)(19) of the Exchange Act;
- (d) Investment company registered under Section 8 of the Investment Company Act;
- (e) An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);
- (f) An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F);
- (g) A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G);
- (h) A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act;
- (i) A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act;
- (j) A non-U.S. institution in accordance with §240.13d-1(b)(1)(ii)(J);
- (k) Group, in accordance with Rule 13d-1(b)(1)(ii)(K).

If filing as a non-U.S. institution in accordance with §240.13d-1(b)(1)(ii)(J), please specify the type of institution: First State Investment Management (UK) Limited are investment advisers registered pursuant to the law of the jurisdiction in which each is located.

If this statement is filed pursuant to Rule 13d-1(c), check this box:

Item 4 Ownership:

(a) Amount beneficially owned:

(b) Percent of Class:

(c) Number of shares as to which such person has: (i) sole power to vote or to direct the vote of; (ii) shared power to vote or to direct the vote of; (iii) sole power to dispose or to direct the disposition of; and/or (iv) shared power to dispose or to direct the disposition of:

This report on Schedule 13G is being filed to reflect positions which, as a result of an administrative error, were not identified as requiring a filing on Schedule 13G at the time such reports were due. Upon discovering this oversight, the reporting persons promptly took steps to file this Schedule 13G, which reflects information that should have been included for the month ending September 30, 2010, the years ending December 31, 2010, 2011 and 2012 and month ending March, 31 2013.

As of March 31, 2013, (1) Commonwealth Bank of Australia had shared voting and dispositive power over 1,852,888,795 shares of the issuer's common stock, representing approximately 13.35% of the class; (2) Colonial Holding Company Limited had shared voting and dispositive power over 1,852,888,795 shares of the issuer's common stock, representing approximately 13.35% of the class; (3) Commonwealth Insurance Holdings Limited had shared voting and dispositive power over 1,852,888,795 shares of the issuer's common stock, representing approximately 13.35% of the class; (4) Colonial First State Group Limited had shared voting and dispositive power over 1,836,538,800 shares of the issuer's common stock, representing approximately 13.234% of the class; (5) First State Investment Management (UK) Limited had shared voting and dispositive power over 775,966,000 shares of the issuer's common stock, representing approximately 5.59% of the class (all percentages based on 13,877,410,000 shares outstanding as of December 31, 2012, per Form 20-F dated April 29, 2013).

As of December 31, 2012, (1) Commonwealth Bank of Australia had shared voting and dispositive power over 1,540,562,795 shares of the issuer's common stock, representing approximately 11.10% of the class; (2) Colonial Holding Company Limited had shared voting and dispositive power over 1,540,562,795 shares of the issuer's common stock, representing approximately 11.10% of the class; (3) Commonwealth Insurance Holdings Limited had shared voting and dispositive power over 1,540,562,795 shares of the issuer's common stock, representing approximately 11.10% of the class; and (4) Colonial First State Group Limited had shared voting and dispositive power over 1,523,936,800 shares of the issuer's common stock, representing approximately 10.98% of the class (all percentages based on 13,877,410,000 shares outstanding as of December 31, 2012, per Form 20-F dated April 29, 2013).

As of December 31, 2011, (1) Commonwealth Bank of Australia had shared voting and dispositive power over 1,041,900,681 shares of the issuer's common stock, representing approximately 7.51% of the class; (2) Colonial Holding Company Limited had shared voting and dispositive power over 1,041,900,681 shares of the issuer's common stock, representing approximately 7.51% of the class; (3) Commonwealth Insurance Holdings Limited had shared voting and dispositive power over 1,041,900,681 shares of the issuer's common stock, representing approximately 7.51% of the class; and (4) Colonial First State Group Limited had shared voting and dispositive power over 1,027,574,800 shares of the issuer's common stock, representing approximately 7.41% of the class (all percentages based on 13,877,410,000 shares outstanding as of December 31, 2011, per Form 20-F dated April 30, 2012).

As of December 31, 2010, (1) Commonwealth Bank of Australia had shared voting and dispositive power over 1,574,070,000 shares of the issuer's common stock, representing approximately 11.34% of the class; (2) Colonial Holding Company Limited had shared voting and dispositive power over 1,574,070,000 shares of the issuer's common stock, representing approximately 11.34% of the class; (3) Commonwealth Insurance Holdings Limited had shared voting

and dispositive power over 1,574,070,000 shares of the issuer's common stock, representing approximately 11.34% of the class; and (4) Colonial First State Group Limited had shared voting and dispositive power over 1,571,682,000 shares of the issuer's common stock, representing approximately 11.33% of the class (all percentages based on 13,877,410,000 shares outstanding as of December 31, 2012, per Form 20-F dated April 29, 2011).

As of September 30, 2010, (1) Commonwealth Bank of Australia had shared voting and dispositive power over 1,389,727,200 shares of the issuer's common stock, representing approximately 10.01% of the class; (2) Colonial Holding Company Limited had shared voting and dispositive power over 1,389,727,200 shares of the issuer's common stock, representing approximately 10.01% of the class; (3) Commonwealth Insurance Holdings Limited had shared voting and dispositive power over 1,389,727,200 shares of the issuer's common stock, representing approximately 10.01% of the class; and (4) Colonial First State Group Limited had shared voting and dispositive power over 1,395,044,000 shares of the issuer's common stock, representing approximately 9.98% of the class (all percentages based on 13,877,410,000 shares outstanding as of September 30, 2012, per Forms 20-F dated June 25, 2010 and April 29, 2011).

Item 5 Ownership of Five Percent or Less of a Class:
Not Applicable.

Item 6 Ownership of More than Five Percent on Behalf of Another Person:
Not Applicable.

Item 7 Identification and Classification of the Subsidiary which Acquired the Security Being Reported on by the Parent Holding Company:
See Exhibit 99.2.

Item 8 Identification and Classification of Members of the Group:
Not Applicable.

Item 9 Notice of Dissolution of Group:
Not Applicable.

Item 10 Certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect. I also certify that, to the best of my knowledge and belief, the foreign regulatory schemes applicable to the relevant subsidiaries referenced in Exhibit 99.2 to this Schedule 13G are substantially comparable to the regulatory scheme applicable to the functionally equivalent U.S. institution(s), and that I undertake to furnish to the Commission staff, upon request, information that would otherwise be disclosed in a Schedule 13D.

CUSIP No. Y1505D102

Page 11 of 14

After reasonable inquiry and to the best of its knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated this 3rd day of June, 2013.

Commonwealth Bank of Australia

By: /s/ John Damien Hatton
Name: John Damien Hatton
Title: Company Secretary

Colonial Holding Company Limited

By: /s/ John Damien Hatton
Name: John Damien Hatton
Title: Director

Commonwealth Insurance Holdings Limited

By: /s/ John Damien Hatton
Name: John Damien Hatton
Title: Director

Colonial First State Group Limited

By: /s/ John Damien Hatton
Name: John Damien Hatton
Title: Director

First State Investment Management (UK) Limited

By: /s/ Chris Turpin
Name: Chris Turpin
Title: Director

13G

CUSIP No. Y1505D102

Page 12 of 14

INDEX TO EXHIBITS

Exhibit No.	Exhibit
99.1	Joint Filing Agreement
99.2	Item 7 Information
6">	
Accelerated Return Notes®	

TS-4

Accelerated Return Notes[®]

Linked to the S&P 500[®] Index, due January 25, 2019

Redemption Amount Calculation Examples

Example 1

The Ending Value is 80.00, or 80.00% of the Starting Value:

Starting Value: 100.00

Ending Value: 80.00

= **\$8.00** Redemption Amount per unit

Example 2

The Ending Value is 102.00, or 102.00% of the Starting Value:

Starting Value: 100.00

Ending Value: 102.00

= **\$10.60** Redemption Amount per unit

Example 3

The Ending Value is 130.00, or 130.00% of the Starting Value:

Starting Value: 100.00

Ending Value: 130.00

= **\$19.00, however, because the Redemption Amount for the notes cannot exceed the Capped Value, the Redemption Amount will be \$10.906 per unit**

Accelerated Return Notes[®]

TS-5

Accelerated Return Notes®

Linked to the S&P 500® Index, due January 25, 2019

Risk Factors

There are important differences between the notes and a conventional debt security. An investment in the notes involves significant risks, including those listed below. You should carefully review the more detailed explanation of risks relating to the notes in the Risk Factors sections beginning on page PS-6 of product supplement EQUITY INDICES ARN-1, page S-4 of the Series A MTN prospectus supplement, and page 7 of the prospectus identified above. We also urge you to consult your investment, legal, tax, accounting, and other advisors before you invest in the notes.

Depending on the performance of the Index as measured shortly before the maturity date, your investment may result in a loss; there is no guaranteed return of principal.

Your return on the notes may be less than the yield you could earn by owning a conventional fixed or floating rate debt security of comparable maturity.

Payments on the notes are subject to our credit risk, and the credit risk of BAC, and actual or perceived changes in our or BAC's creditworthiness are expected to affect the value of the notes. If we and BAC become insolvent or are unable to pay our respective obligations, you may lose your entire investment.

Your investment return is limited to the return represented by the Capped Value and may be less than a comparable investment directly in the stocks included in the Index.

We are a finance subsidiary and, as such, will have limited assets and operations.

BAC's obligations under its guarantee of the notes will be structurally subordinated to liabilities of its subsidiaries. The notes issued by us will not have the benefit of any cross-default or cross-acceleration with other indebtedness of BofA Finance or BAC; events of bankruptcy or insolvency or resolution proceedings relating to BAC and covenant breach by BAC will not constitute an event of default with respect to the notes.

The initial estimated value of the notes considers certain assumptions and variables and relies in part on certain forecasts about future events, which may prove to be incorrect. The initial estimated value of the notes is an estimate only, determined as of a particular point in time by reference to our and our affiliates' pricing models.

These pricing models consider certain assumptions and variables, including our credit spreads and those of BAC, BAC's internal funding rate on the pricing date, mid-market terms on hedging transactions, expectations on interest rates and volatility, price-sensitivity analysis, and the expected term of the notes. These pricing models rely in part on certain forecasts about future events, which may prove to be incorrect.

The public offering price you pay for the notes exceeds the initial estimated value. If you attempt to sell the notes prior to maturity, their market value may be lower than the price you paid for them and lower than the initial estimated value. This is due to, among other things, changes in the level of the Index, BAC's internal funding rate, and the inclusion in the public offering price of the underwriting discount and the hedging related charge, all as further described in Structuring the Notes on page TS-11. These factors, together with various credit, market and economic factors over the term of the notes, are expected to reduce the price at which you may be able to sell the notes in any secondary market and will affect the value of the notes in complex and unpredictable ways.

The initial estimated value does not represent a minimum or maximum price at which we, BAC, MLPF&S or any of our other affiliates would be willing to purchase your notes in any secondary market (if any exists) at any time. The value of your notes at any time after issuance will vary based on many factors that cannot be predicted with accuracy, including the performance of the Index, our and BAC's creditworthiness and changes in market conditions.

A trading market is not expected to develop for the notes. None of us, BAC or MLPF&S is obligated to make a market for, or to repurchase, the notes. There is no assurance that any party will be willing to purchase your notes at any price in any secondary market.

BAC and its affiliates' hedging and trading activities (including trades in shares of companies included in the Index) and any hedging and trading activities BAC or its affiliates engage in that are not for your account or on your behalf, may affect the market value and return of the notes and may create conflicts of interest with you.

The Index sponsor may adjust the Index in a way that affects its level, and has no obligation to consider your interests.

You will have no rights of a holder of the securities represented by the Index, and you will not be entitled to receive securities or dividends or other distributions by the issuers of those securities.

While BAC and our other affiliates may from time to time own securities of companies included in the Index, except to the extent that BAC's common stock is included in the Index, we, BAC and our other affiliates do not control any company included in the Index, and have not verified any disclosure made by any other company.

There may be potential conflicts of interest involving the calculation agent, which is an affiliate of ours. We have the right to appoint and remove the calculation agent.

Accelerated Return Notes®

TS-6

Accelerated Return Notes®

Linked to the S&P 500® Index, due January 25, 2019

The U.S. federal income tax consequences of the notes are uncertain, and may be adverse to a holder of the notes.

See Summary Tax Consequences below and U.S. Federal Income Tax Summary beginning on page PS-26 of product supplement EQUITY INDICES ARN-1.

Accelerated Return Notes®

TS-7

Accelerated Return Notes®

Linked to the S&P 500® Index, due January 25, 2019

The Index

All disclosures contained in this term sheet regarding the Index, including, without limitation, its make up, method of calculation, and changes in its components, have been derived from publicly available sources. The information reflects the policies of, and is subject to change by, S&P Dow Jones Indices LLC (the Index sponsor). The Index sponsor, which licenses the copyright and all other rights to the Index, has no obligation to continue to publish, and may discontinue publication of, the Index. The consequences of the Index sponsor discontinuing publication of the Index are discussed in the section of product supplement EQUITY INDICES ARN-1 beginning on page PS-20 entitled Description of ARNs—Discontinuance of an Index. None of us, BAC, the calculation agent, or MLPF&S accepts any responsibility for the calculation, maintenance or publication of the Index or any successor index.

The Index is intended to provide an indication of the pattern of common stock price movement. The calculation of the level of the Index is based on the relative value of the aggregate market value of the common stocks of 500 companies as of a particular time compared to the aggregate average market value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943.

Eleven main groups of companies constitute the Index, with the approximate percentage of the market capitalization of the Index included in each group as of October 31, 2017 indicated in parentheses: Consumer Discretionary (11.9%); Consumer Staples (7.9%); Energy (5.9%); Financials (14.7%); Health Care (14.1%); Industrials (10.0%); Information Technology (24.5%); Materials (3.0%); Real Estate (2.9%); Telecommunication Services (1.9%); and Utilities (3.2%). The Index sponsor may from time to time, in its sole discretion, add companies to, or delete companies from, the Index to achieve the objectives stated above.

The Index sponsor calculates the Index by reference to the prices of the constituent stocks of the Index without taking account of the value of dividends paid on those stocks. As a result, the return on the notes will not reflect the return you would realize if you actually owned the Index constituent stocks and received the dividends paid on those stocks.

Computation of the Index

While the Index sponsor currently employs the following methodology to calculate the Index, no assurance can be given that the Index sponsor will not modify or change this methodology in a manner that may affect the Redemption Amount.

Historically, the market value of any component stock of the Index was calculated as the product of the market price per share and the number of then outstanding shares of such component stock. In March 2005, the Index sponsor began shifting the Index halfway from a market capitalization weighted formula to a float-adjusted formula, before moving the Index to full float adjustment on September 16, 2005. The Index sponsor's criteria for selecting stocks for the Index did not change with the shift to float adjustment. However, the adjustment affects each company's weight in the Index.

Under float adjustment, the share counts used in calculating the Index reflect only those shares that are available to investors, not all of a company's outstanding shares. Float adjustment excludes shares that are closely held by control groups, other publicly traded companies or government agencies.

In September 2012, all shareholdings representing more than 5% of a stock's outstanding shares, other than holdings by block owners, were removed from the float for purposes of calculating the Index. Generally, these control holders will include officers and directors, private equity, venture capital and special equity firms, other publicly traded companies that hold shares for control, strategic partners, holders of restricted shares, ESOPs, employee and family trusts, foundations associated with the company, holders of unlisted share classes of stock, government entities at all levels (other than government retirement/pension funds) and any individual person who controls a 5% or greater stake in a company as reported in regulatory filings. However, holdings by block owners, such as depositary banks, pension funds, mutual funds and ETF providers, 401(k) plans of the company, government retirement/pension funds, investment funds of insurance companies, asset managers and investment funds, independent foundations and savings and investment plans, will ordinarily be considered part of the float.

Treasury stock, stock options, equity participation units, warrants, preferred stock, convertible stock, and rights are not part of the float. Shares held in a trust to allow investors in countries outside the country of domicile, such as

depository shares and Canadian exchangeable shares are normally part of the float unless those shares form a control block. If a company has multiple classes of stock outstanding, shares in an unlisted or non-traded class are treated as a control block.

For each stock, an investable weight factor (IWF) is calculated by dividing the available float shares by the total shares outstanding. Available float shares are defined as the total shares outstanding less shares held by control holders. This calculation is subject to a 5% minimum threshold for control blocks. For example, if a company's officers and directors hold 3% of the company's shares, and no other control group holds 5% of the company's shares, the Index sponsor would assign that company an IWF of 1.00, as no control group meets the 5% threshold. However, if a company's officers and directors hold 3% of the company's shares and another control group holds 20% of the company's shares, the Index sponsor would assign an IWF of 0.77, reflecting the fact that 23% of the company's outstanding shares are considered to be held for control. As of July 31, 2017, companies with multiple share class lines are no longer eligible for inclusion in the Index. Constituents of the Index prior to July 31, 2017 with multiple share class lines will be grandfathered in and continue to be included in the Index. If a constituent company of the Index reorganizes into a multiple share class line structure, that company will remain in the Index at the discretion of the S&P Index Committee in order to minimize turnover.

The Index is calculated using a base-weighted aggregate methodology. The level of the Index reflects the total market value of all component stocks relative to the base period of the years 1941 through 1943. An indexed number is used to represent the results of

Accelerated Return Notes®

TS-8

Accelerated Return Notes®

Linked to the S&P 500® Index, due January 25, 2019

this calculation in order to make the level easier to work with and track over time. The actual total market value of the component stocks during the base period of the years 1941 through 1943 has been set to an indexed level of 10. This is often indicated by the notation 1941- 43 = 10. In practice, the daily calculation of the Index is computed by dividing the total market value of the component stocks by the index divisor. By itself, the index divisor is an arbitrary number. However, in the context of the calculation of the Index, it serves as a link to the original base period level of the Index. The index divisor keeps the Index comparable over time and is the manipulation point for all adjustments to the Index, which is index maintenance.

Index Maintenance

Index maintenance includes monitoring and completing the adjustments for company additions and deletions, share changes, stock splits, stock dividends, and stock price adjustments due to company restructuring or spinoffs. Some corporate actions, such as stock splits and stock dividends, require changes in the common shares outstanding and the stock prices of the companies in the Index, and do not require index divisor adjustments.

To prevent the level of the Index from changing due to corporate actions, corporate actions which affect the total market value of the Index require an index divisor adjustment. By adjusting the index divisor for the change in market value, the level of the Index remains constant and does not reflect the corporate actions of individual companies in the Index. Index divisor adjustments are made after the close of trading and after the calculation of the Index closing level.

Changes in a company's shares outstanding of 5.00% or more due to mergers, acquisitions, public offerings, tender offers, Dutch auctions, or exchange offers are made as soon as reasonably possible. Share changes due to mergers or acquisitions of publicly held companies that trade on a major exchange are implemented when the transaction occurs, even if both of the companies are not in the same headline index, and regardless of the size of the change. All other changes of 5.00% or more (due to, for example, company stock repurchases, private placements, redemptions, exercise of options, warrants, conversion of preferred stock, notes, debt, equity participation units, at-the-market offerings, or other recapitalizations) are made weekly and are announced on Fridays for implementation after the close of trading on the following Friday. Changes of less than 5.00% are accumulated and made quarterly on the third Friday of March, June, September, and December, and are usually announced two to five days prior.

If a change in a company's shares outstanding of 5.00% or more causes a company's IWF to change by five percentage points or more, the IWF is updated at the same time as the share change. IWF changes resulting from partial tender offers are considered on a case by case basis.

The following graph shows the daily historical performance of the Index in the period from January 1, 2008 through the pricing date. We obtained this historical data from Bloomberg L.P. We have not independently verified the accuracy or completeness of the information obtained from Bloomberg L.P. On the pricing date, the closing level of the Index was 2,599.03.

Historical Performance of the Index

This historical data on the Index is not necessarily indicative of the future performance of the Index or what the value of the notes may be. Any historical upward or downward trend in the level of the Index during any period set forth above is not an indication that the level of the Index is more or less likely to increase or decrease at any time over the term of the notes.

Before investing in the notes, you should consult publicly available sources for the levels of the Index.

Accelerated Return Notes®

TS-9

Accelerated Return Notes[®]

Linked to the S&P 500[®] Index, due January 25, 2019

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Supplement to the Plan of Distribution; Conflicts of Interest

Under our distribution agreement with MLPF&S, MLPF&S will purchase the notes from us as principal at the public offering price indicated on the cover of this term sheet, less the indicated underwriting discount.

MLPF&S, a broker-dealer subsidiary of BAC, is a member of the Financial Industry Regulatory Authority, Inc.

(FINRA) and will participate as selling agent in the distribution of the notes. Accordingly, offerings of the notes will conform to the requirements of Rule 5121 applicable to FINRA members. MLPF&S may not make sales in this offering to any of its discretionary accounts without the prior written approval of the account holder.

We will deliver the notes against payment therefor in New York, New York on a date that is greater than two business days following the pricing date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes more than two business days prior to the original issue date will be required to specify alternative settlement arrangements to prevent a failed settlement.

The notes will not be listed on any securities exchange. In the original offering of the notes, the notes will be sold in minimum investment amounts of 100 units. If you place an order to purchase the notes, you are consenting to MLPF&S acting as a principal in effecting the transaction for your account.

MLPF&S may repurchase and resell the notes, with repurchases and resales being made at prices related to then-prevailing market prices or at negotiated prices, and these will include MLPF&S's trading commissions and mark-ups. MLPF&S may act as principal or agent in these market-making transactions; however, it is not obligated to engage in any such transactions. At MLPF&S's discretion, for a short, undetermined initial period after the issuance of the notes, MLPF&S may offer to buy the notes in the secondary market at a price that may exceed the initial estimated value of the notes. Any price offered by MLPF&S for the notes will be based on then-

Accelerated Return Notes®

TS-10

Accelerated Return Notes[®]

Linked to the S&P 500[®] Index, due January 25, 2019

prevailing market conditions and other considerations, including the performance of the Index and the remaining term of the notes. However, neither we nor any of our affiliates is obligated to purchase your notes at any price, or at any time, and we cannot assure you that we or any of our affiliates will purchase your notes at a price that equals or exceeds the initial estimated value of the notes.

The value of the notes shown on your account statement will be based on MLPF&S's estimate of the value of the notes if MLPF&S or another of our affiliates were to make a market in the notes, which it is not obligated to do. That estimate will be based upon the price that MLPF&S may pay for the notes in light of then-prevailing market conditions and other considerations, as mentioned above, and will include transaction costs. At certain times, this price may be higher than or lower than the initial estimated value of the notes.

Structuring the Notes

The notes are our debt securities, the return on which is linked to the performance of the Index. The related guarantees are BAC's obligations. As is the case for all of our and BAC's respective debt securities, including our market-linked notes, the economic terms of the notes reflect our and BAC's actual or perceived creditworthiness at the time of pricing. In addition, because market-linked notes result in increased operational, funding and liability management costs to us and BAC, BAC typically borrows the funds under these types of notes at a rate that is more favorable to BAC than the rate that it might pay for a conventional fixed or floating rate debt security. This rate, which we refer to in this term sheet as BAC's internal funding rate, is typically lower than the rate BAC would pay when it issues conventional fixed or floating rate debt securities. This generally relatively lower internal funding rate, which is reflected in the economic terms of the notes, along with the fees and charges associated with market-linked notes, resulted in the initial estimated value of the notes on the pricing date being less than their public offering price.

At maturity, we are required to pay the Redemption Amount to holders of the notes, which will be calculated based on the performance of the Index and the \$10 per unit principal amount. In order to meet these payment obligations, at the time we issue the notes, we may choose to enter into certain hedging arrangements (which may include call options, put options or other derivatives) with MLPF&S or one of our other affiliates. The terms of these hedging arrangements are determined by seeking bids from market participants, including MLPF&S and its affiliates, and take into account a number of factors, including our and BAC's creditworthiness, interest rate movements, the volatility of the Index, the tenor of the notes and the tenor of the hedging arrangements. The economic terms of the notes and their initial estimated value depend in part on the terms of these hedging arrangements.

MLPF&S has advised us that the hedging arrangements will include a hedging related charge of approximately \$0.075 per unit, reflecting an estimated profit to be credited to MLPF&S from these transactions. Since hedging entails risk and may be influenced by unpredictable market forces, additional profits and losses from these hedging arrangements may be realized by MLPF&S or any third party hedge providers.

For further information, see Risk Factors—General Risks Relating to ARNs beginning on page PS-6 and Use of Proceeds on page PS-15 of product supplement EQUITY INDICES ARN-1.

Summary Tax Consequences

You should consider the U.S. federal income tax consequences of an investment in the notes, including the following:

There is no statutory, judicial, or administrative authority directly addressing the characterization of the notes.

You agree with us (in the absence of an administrative determination, or judicial ruling to the contrary) to characterize and treat the notes for all tax purposes as a single financial contract with respect to the Index.

Under this characterization and tax treatment of the notes, a U.S. Holder (as defined beginning on page 50 of the prospectus) generally will recognize capital gain or loss upon maturity or upon a sale or exchange of the notes prior to maturity. This capital gain or loss generally will be long-term capital gain or loss if you held the notes for more than one year.

No assurance can be given that the IRS or any court will agree with this characterization and tax treatment.

Under current Internal Revenue Service guidance, withholding on dividend equivalent payments (as discussed in the product supplement), if any, will not apply to notes that are issued as of the date of this pricing supplement

unless such notes are delta-one instruments.

You should consult your own tax advisor concerning the U.S. federal income tax consequences to you of acquiring, owning, and disposing of the notes, as well as any tax consequences arising under the laws of any state, local, foreign, or other tax jurisdiction and the possible effects of changes in U.S. federal or other tax laws. You should review carefully the discussion (including the opinion of our counsel, Morrison & Foerster LLP) under the section entitled U.S. Federal Income Tax Summary beginning on page PS-26 of product supplement EQUITY INDICES ARN-1.

Accelerated Return Notes[®]

TS-11

Accelerated Return Notes®

Linked to the S&P 500® Index, due January 25, 2019

Validity of the Notes

In the opinion of McGuireWoods LLP, as counsel to BofA Finance and BAC, when the trustee has made an appropriate entry on Schedule 1 to the Master Registered Global Note dated November 4, 2016 that represents the notes (the Master Note) identifying the notes offered hereby as supplemental obligations thereunder in accordance with the instructions of BofA Finance, and the notes have been delivered against payment therefor as contemplated in this pricing supplement and the related prospectus, prospectus supplement and product supplement, all in accordance with the provisions of the indenture governing the notes and the related guarantee, such notes will be legal, valid and binding obligations of BofA Finance, and the related guarantee will be the legal, valid and binding obligations of BAC, subject, in each case, to the effects of applicable bankruptcy, insolvency (including laws relating to preferences, fraudulent transfers and equitable subordination), reorganization, moratorium and other similar laws affecting creditors' rights generally, and to general principles of equity. This opinion is given as of the date of this pricing supplement and is limited to the laws of the State of New York and the Delaware Limited Liability Company Act and the Delaware General Corporation Law (including the statutory provisions, all applicable provisions of the Delaware Constitution and reported judicial decisions interpreting the foregoing) as in effect on the date hereof. In addition, this opinion is subject to customary assumptions about the trustee's authorization, execution and delivery of the indenture governing the notes and due authentication of the Master Note, the validity, binding nature and enforceability of the indenture governing the notes and the related guarantee with respect to the trustee, the legal capacity of individuals, the genuineness of signatures, the authenticity of all documents submitted to McGuireWoods LLP as originals, the conformity to original documents of all documents submitted to McGuireWoods LLP as copies thereof, the authenticity of the originals of such copies and certain factual matters, all as stated in the letter of McGuireWoods LLP dated August 23, 2016, which has been filed as an exhibit to the Registration Statement of BofA Finance and BAC relating to the notes and the related guarantees initially filed with the Securities and Exchange Commission on August 23, 2016.

Where You Can Find More Information

We and BAC have filed a registration statement (including a product supplement, a prospectus supplement, and a prospectus) with the SEC for the offering to which this term sheet relates. Before you invest, you should read the Note Prospectus, including this term sheet, and the other documents relating to this offering that we and BAC have filed with the SEC, for more complete information about us, BAC and this offering. You may get these documents without cost by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, we, any agent, or any dealer participating in this offering will arrange to send you these documents if you so request by calling MLPF&S toll-free at 1-800-294-1322.

Market-Linked Investments Classification

MLPF&S classifies certain market-linked investments (the Market-Linked Investments) into categories, each with different investment characteristics. The following description is meant solely for informational purposes and is not intended to represent any particular Enhanced Return Market-Linked Investment or guarantee any performance.

Enhanced Return Market-Linked Investments are short- to medium-term investments that offer you a way to enhance exposure to a particular market view without taking on a similarly enhanced level of market downside risk. They can be especially effective in a flat to moderately positive market (or, in the case of bearish investments, a flat to moderately negative market). In exchange for the potential to receive better-than market returns on the linked asset, you must generally accept market downside risk and capped upside potential. As these investments are not market downside protected, and do not assure full repayment of principal at maturity, you need to be prepared for the possibility that you may lose all or part of your investment.

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TS-12

