

# ING's Foreign Exchange Disclosure Notice

The purpose of this FX Disclosure Notice is to clarify the nature of the trading relationship between you and any of the following ING entities: ING Bank N.V., ING Belgium SA/NV and ING Luxembourg SA ("ING" or the "Firm") and to disclose relevant practices of ING when acting as a dealer, on a principal basis, in the foreign exchange ("FX") markets. We want to ensure that there are no ambiguities or misunderstandings regarding those practices.

This FX Disclosure Notice supplements any other disclosures or agreements regarding such matters as ING may provide to or agree with you including, without limitation, ING's Wholesale Banking Terms of Business, any relevant master agreement and such other disclosures as may be provided by ING from time to time. To the extent that you continue to discuss and/or enter into FX transactions with us and except as otherwise expressly agreed between ING and you, it will be on the basis of the disclosures in this FX Disclosure Notice. This notice is not intended to conflict with or override any relevant law, regulatory rule or other applicable requirement in any jurisdiction in which ING operates, the terms of which may vary depending on the precise nature of your relationship with us and the jurisdiction(s) in which we operate.

## I. Introduction

ING is a global financial services firm that has operated and continues to operate as a dealer and market maker in the FX market. As such, ING engages in price quoting, order taking, trade execution and other related activities.

This notice sets forth our standard arrangements for dealing generally with our customers (together with other market participants, "counterparties") in principal-to-principal transactions in the FX markets (as well as when you act as agent for another principal).

It sets forth how we will communicate and transact in relation to requests for quotes, requests for indicative prices, discussion or placement of orders and all other expressions of interests that may lead to the execution of transactions and our management of potential or actual conflicts of interest in our principal-dealing and market-making activities.

ING takes all reasonable steps to avoid conflicts of interest. Nonetheless, ING and its counterparties may have divergent or conflicting interests. Where conflicts arise, such conflicts will be managed in

accordance with our policies and procedures designed to identify and manage conflicts of interest.

ING has committed to industry best practices on FX, as outlined in the FX Global Code of Conduct.

## II. Trading Capacity

- Unless otherwise explicitly agreed in writing, ING engages in transactions in a principal capacity only. We do not act as broker, agent, fiduciary, financial advisor or in any similar capacity on behalf of a customer and thus do not undertake any of the duties that an entity acting in that capacity ordinarily would perform.
- Any statements made by ING should not be construed as recommendations or investment advice. Unless required otherwise by applicable law, a customer is expected to evaluate the appropriateness of any transaction based on its own assessment of the transaction's merits and all facts and circumstances in connection therewith.

### III. Order Management

- When ING agrees to work a customer's "FX order" (as such term is used herein) at a price, ING is indicating a willingness to attempt to enter into all or a portion of a trade under the conditions requested by the customer.
- Subject to a pre-agreed fee, ING also offers algorithmic trading strategies for the execution of FX orders, accessing both internal and external liquidity.
- Unless otherwise specifically agreed, ING will exercise its reasonable discretion in deciding, whether to work an order, which orders it would be willing to execute, when it would be willing to execute them, and how it would execute them, including whether to execute all or part of the order unless we have otherwise expressly agreed to different terms of execution. As such, ING's receipt of an order or any indication of working an order received from a customer does not create a contract between the customer and ING that commits the Firm to execute any or all of the order in any particular way.
- When executing an order, ING operates on a principal basis and as such it is understood by customers that a transfer of market risk occurs when ING has confirmed that an order has been filled (including in case of a partial fill). You will face ING on a principal basis on the relevant transaction(s) and ING will have one or more separate transaction(s) facing the relevant liquidity provider(s).
- A partial fill of your FX order may occur where ING is unable to satisfy the whole of your order and therefore only provides you with a partial execution of your requested order(s). Depending on market conditions, the nature and size of the order, the need for timely execution, your order may be executed in several small transactions. ING will assume that partial fills are acceptable to you, unless otherwise agreed in advance.
- As it relates to timing, ING may look for market opportunities that satisfy both a price where we can execute a customer's order at the customer's price and earn a reasonable return for that activity, including while managing and prioritizing other interests, positions and executions for ING and other counterparties. When ING is willing to execute an order with a customer, the price at which ING would do so may include a mark-up over the price at which ING transacted, or may have been able to transact, with other counterparties.
- Although we endeavor to service the needs of our customers, ING reserves the right to reject acceptance of a request for trade or an order. Reasons for such rejection may include, but are not limited to, notional size (for example, lack of sufficient credit limits, lack of sufficient market capacity to absorb the transaction, outside of ING's risk appetite), currency pair (for example, a pair outside ING's trading mandate) or the last look (see below).
- ING will retain an accurate and timely record of orders and transactions that have been accepted and triggered/executed, as well as the reasons behind electronic trade request and order rejections, to create an effective audit trail for review and to provide transparency to counterparties.
- Voice orders are time stamped when the order is accepted as soon as is practical and again at the time of trigger and execution or at the time when the order is amended or cancelled. Orders submitted via an electronic platform or interface are automatically time stamped when they are submitted and accepted as well as at the point of execution, amendment or cancellation.
- Customers selecting e-mail or other forms of electronic messaging as a mode of communicating their FX orders should understand that these orders, if accepted by ING, will only be actioned once the ING representatives responsible for their handling have actually opened and read the mail or other electronic communication. A delay in reading could result in the order either not being filled or filled at a much later time than when first received into ING's e-mail or other electronic system. During the period between electronic transmission of an order and the point at which it is opened and read, the customer will be exposed to the risk that its order may not be filled (including where the market may have moved in the customer's favour) or may be filled at a worse level

because market levels have changed in the interim.

#### IV. Market Making and Pricing

- As a market maker that manages a portfolio of positions for multiple counterparties' competing interests, as well as ING's own interests, ING may trade prior to or alongside a customer's transaction to execute transactions for ING or to facilitate executions with other counterparties, to manage risk, to source liquidity or for other reasons. These activities can have an impact on the prices we offer a customer on a transaction and the availability of liquidity at levels necessary to execute customer orders. They also can trigger stop loss orders, barriers, knock-outs, knock-ins and similar conditions.
- In addition, as a market maker, ING may receive requests for quotations and multiple orders for the same or related currency pairs. ING may seek to satisfy the requests of all of its customers and its independent risk management objectives, but it retains discretion with respect to how to satisfy its customers, including with respect to order execution, aggregation, priority and pricing. ING is not required to disclose to a customer when the customer attempts to leave an order that ING is handling other counterparties' orders or ING orders ahead of, or at the same time as, or on an aggregated basis with, the customer's order. ING is under no obligation to disclose to a customer why ING is unable to execute the customer's order in whole or in part, but we may agree to disclose such information if requested.
- Unless otherwise agreed, any firm or indicative price quoted by ING to a customer is an "all in" price, inclusive of any mark-up above the price at which ING may be able to transact, or has transacted, with other counterparties, regardless of the circumstances under which a customer receives or overhears a price. ING's sales and trading personnel are not obligated to disclose the amount of revenue ING expects to earn from a transaction, nor are they required to disclose the components of ING's all-in price, unless required by applicable law(s). While we do not have a duty to disclose to a customer

any mark-up included in the order price in all circumstances, we may agree to disclose whether and how much mark-up is included in the order price.

- If and when a customer's order can be executed at the order price, it does not mean that ING held, acquired, or would acquire, inventory to complete the transaction at the order price level or that there exists a tradable market at that level. As principal, ING always attempts to execute an order to make an appropriate return on the transaction if possible, taking into account ING's position, including its inventory strategy and overall risk management strategies, its costs, its risks and other business factors and objectives, in ING's discretion.
- ING has discretion to offer different prices to different customers for the same or substantially similar transactions.

#### V. Pre-Hedging

- Pre-hedging refers to the management of risks associated with one or more anticipated customer request to trade, in order to benefit customers in connection with such requests and any resulting transactions. ING may pre-hedge to ensure that a customer's order is executed in an orderly fashion and in a manner that does not disadvantage the customer or disrupt the market, while mitigating the risk that ING may assume as a consequence of ING entering into the transaction. When a customer indicates interest in a potential transaction or provides ING with a transaction request, ING may use that information to engage in pre-hedging and hedging activities, which may include entering into transactions prior to executing a potential transaction or request for a customer. Any pre-hedging or hedging transactions entered into by ING will be commensurate with the size and nature of the customer order, could be at different prices from the price at which ING executes the customer transaction, may affect the market price of or liquidity for the product(s) the customer is buying and/or selling and may result in profit or loss to ING. Unless otherwise explicitly agreed, ING will not inform you, as a matter of standard practice, on a request by request basis of an intention to pre-hedge or not.

## VI. Last Look

- In some circumstances when transacting with ING on electronic platforms, ING will use a “last look” methodology, meaning that before finally confirming a trade done the executed price is referred to the latest market price and if the executed price is outside pre-defined tolerances to the latest price the trade will not be executed. Specifically, trades will be rejected if the executed price is through the mid of the latest market price. It is noted that the tolerance levels set within the ING last look methodology are symmetrical with regard to ING and the customer, so that a move in favor of the customer but within tolerance will be executed in the same manner as a move of the same magnitude in ING’s favor. Last look rejects trade requests whenever the market price moves beyond the price tolerance in place, so other factors such as technical errors, pricing errors, and market moves may also cause trade requests to be rejected. Last look methodologies are utilized to protect both ING and our customers from possible miss-pricing due to latency issues when trading on electronic platforms.
- In addition to ING’s last look screening, customer trades may also be rejected due to, but not limited to, insufficient credit limit availability. ING assigns specific credit limits per customer. On receipt of an electronic request to trade from a customer, that request is automatically checked against available credit limit. If the assigned limit is insufficient to accommodate the trade request the transaction will be rejected.

## VII. Benchmarks and reference price transactions

- In some circumstances, the terms of a foreign exchange transaction may provide that the value of the exchange rate or fallback exchange rate is to be determined by a benchmark fixing. ING may be requested to provide quotations from time to time to benchmark administrators that are used to establish a benchmark fixing. When ING provides such quotations and also acts as principal in foreign exchange transactions in the same currency pair, then ING faces a potential conflict of interest which will be managed through ING’s relevant policies, procedures and other controls as ING chooses to put in place to mitigate conflicts and enhance the integrity of the submitted contribution to the benchmark.

- In some circumstances, ING may enter into an agreement with a customer to execute a foreign exchange transaction at a benchmark or reference price that is established by an administrator based on trading during a specific time window during the trading day, for example under the WM-Reuters benchmark. Risk management relating to such transactions may lead ING to execute hedging transactions before, during or after the specific time window. Although such hedging activities, as well as unrelated transactions and other ordinary course of business transactions executed by ING prior to, during or after the window, are not undertaken with the intention of impacting benchmark fixings or reference prices or related markets, this activity may have such an unintended consequence in certain cases and this could result in price movements adverse to customer’s interests.

## VIII. Information Handling

- ING has policies and controls that are designed to protect a customer’s confidential information. However, a customer should understand that ING makes use of information provided to it as principal in order to effectuate and risk manage client transactions. Specifically, unless otherwise agreed, ING may use the economic terms of a transaction (but not the customer identity) in order to source liquidity and/or execute risk-mitigating transactions in the customer’s best interest. In addition, as part of its obligations as a regulated entity, ING also shares customer information as required by its global regulators.
- With regard to executed transactions, ING analyses this information on an individual and aggregate basis for a variety of purposes, including customer risk management, sales coverage, and customer relationship management.
- We also may analyse, comment on, and disclose anonymized and aggregated information regarding executed transactions, together with other relevant market information, internally and to third parties.

- Customer specific FX trading information is shared internally within ING on a need- to-know basis only, in order to ensure the relevant staff is engaged with the aim of acting in the best interest of the customer.

If you have questions after reading this FX Disclosure Notice or concerning ING's dealings with you, we encourage you to contact your senior ING representative. This notice is also available at [www.ingwb.com](http://www.ingwb.com) and may be updated from time to time in order to address changing regulatory, industry and other developments.