

# Ex-Ante Cost & Charges disclosure

## Scope and aim of this document

This document applies to ING's Financial Markets Business (hereafter: '**ING**'), to the extent this business is subject to the revised EU Markets in Financial Instruments Directive and any related rules and regulations (hereafter: '**MIFID II**').<sup>1</sup>

The aim of this document is to provide you with indicative information on the cost and charges applicable to (transactions in) financial instruments and related services, in accordance with MiFID II. Where relevant and required pursuant to MIFID II, we will also provide you with a personalised overview of cost and charges at the point of sale (i.e. prior to execution of a specific transaction). This overview will contain the costs and charges related to a specific transaction that you wish to conclude. An itemised breakdown of our information on cost and charges is available on request, where relevant and to the extent required pursuant to MIFID II.

## Nature of ING's cost and charges

### One-off transaction cost

In principle, ING solely charges one-off transaction cost as a mark-up or mark-down on the 'all-in' transaction price. This means that all applicable cost and charges are embedded in the price applicable to a transaction in a particular financial instrument.

These costs reflect, besides ING's profit, elements such as the costs of conception, structuring, sales, distribution, settlement of the financial instrument, balance sheet and capital usage and as well as expenditure for the hedging of market risks and where applicable may also include compensation for the credit risk that ING is taking. ING considers these embedded costs as directly related to the financial instrument, and not as cost related to any investment or ancillary services provided to you.

The embedded transaction costs are calculated as the difference between the purchase price or sale price of a financial instrument (i.e. the client price) and its fair value at the point of sale. Where, for a specific financial instrument, the mid-market price is available this price will be used as representative of fair value. Where a mid-market price is not available, for instance because there is no active (i.e. liquid) secondary market, the fair value will be based on other relevant market data or ING's internal pricing model.

ING does not separately charge you for execution services in respect of transactions in financial instruments, unless we have explicitly agreed otherwise or unless otherwise stated below. For transactions in which ING acts as your agent/broker, ING may charge a broker commission. This commission will be disclosed to you, and/or agreed with you, separately and does not form part of the information contained in this document. Unless explicitly indicated otherwise in a separate (transaction-specific) cost disclosure document, ING does not receive any payments from third parties in connection with transactions in financial instruments or with its services to you relating thereto.

### Other cost

No ongoing costs (i.e. recurring cost and charges for a specific financial instrument or service), incidental cost or exit cost are charged to you as part of a financial instrument or service, unless explicitly indicated otherwise in a separate (transaction-specific) cost disclosure document. The termination or unwinding of an existing transaction prior to its maturity date, whether in a whole or in part, may involve the conclusion of a new transaction for a transaction price that contains embedded transaction cost. The cost information provided in this document is also

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<sup>1</sup> The term "MiFID II" in this policy also includes the equivalent cost and charges rules in the UK pursuant to the EU Withdrawal Act 2018, the Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018 and any rules made by the UK Financial Conduct Authority, as well as equivalent cost and charges rules in Switzerland pursuant to the Swiss Financial Services Act (FinSA) and the Swiss Financial Services Order (FinSO).

relevant for those types of transactions. Where applicable, you will also receive a personalised overview from us at the point of sale, which sets out the cost and charges applicable to such transactions.

## Explanation of the table of indicative cost and charges

The table of cost and charges below reflects indicative levels of one-off transaction cost and charges. These cost levels are calculated by using as a proxy the costs and charges applicable to transactions executed by ING with/for its clients in the course of 2019. Please note that the actual level of cost and charges for a transaction in a specific financial instrument will depend amongst others on the following factors:

- transaction size;
- liquidity;
- market conditions;
- funding costs;
- clearing and settlement cost;
- market risk;
- credit and counterparty risks;
- operational risks; and
- for OTC derivative transactions, the existence of a Credit Support Annex (CSA).

These factors may cause that the cost and charges to be higher or lower than the indicative cost and charges given below.

The indicative cost and charges are provided in relation to an assumed notional, investment or transaction amount and are shown both as percentage of that amount and as an absolute amount in EUR. For transactions in any currency other than EUR, the indicative cost and charges may be read as if the amounts in the table were set out in that currency.

## Indicative cost and charges

Product class	CCY	Notional	Cost of services	Cost of financial instruments	Total cost in CCY	Total cost in %
BOND	EUR	1,000,000	0	1,053	1,053	0.11
COMMODITY DERIVATIVES	EUR	1,000,000				
EQUITY DERIVATIVES	EUR	1,000,000	0	0	2,704	0.27
FX FORWARD	EUR	1,000,000	0	801	801	0.08
FX OPTION	EUR	1,000,000	0	1,064	1,064	0.11
FX SWAP	EUR	1,000,000	0	128	128	0.01
INTEREST RATE EXOTIC	EUR	1,000,000	0	4,469	4,469	0.45
INTEREST RATE OPTION	EUR	1,000,000	0	374	374	0.04
INTEREST SWAP	EUR	1,000,000	0	3,177	3,177	0.32
INTEREST SWOPTION	EUR	1,000,000	0	805	805	0.08
CD/CP	EUR	1,000,000	0	46	46	0.00
SECURITY FINANCE	EUR	1,000,000	3,574	0	3,574	0.36

The amount of third party payments to be received by ING is 0.

## Effect of the cost on the return of the financial instrument

One-off transaction cost will be incurred immediately at the execution of the transaction in a financial instrument. The effect of these costs is to reduce the return or value of the financial instrument with this amount (or this percentage of the notional). The lack of any ongoing cost, incidental cost or exit cost means that there are no anticipated spikes or fluctuations in the cost after execution of the transaction that could affect the return of the financial instrument.

In exceptional cases, where ongoing cost, incidental cost and/or exit cost would apply to a specific (transaction in a) financial instrument or a service, ING will provide you separately with an illustration showing the cumulative effect of costs on return.