

DODD-FRANK: EXTERNAL BUSINESS CONDUCT DISCLOSURES

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”), prior to entering into a swap transaction (“Transaction”), Commerzbank AG (“Commerzbank” or “we”) as a Non-U.S. Swap Dealer must provide several disclosures to a U.S. person who is not a “Swap Dealer”, “Major Swap Participant”, “Security Based Swap Dealer” or “Major Security Based Swap Participant”.

The disclosures that we send may not be relevant to all recipients. These disclosures are only required to be made where all of the following circumstances apply:

- (i) You are a "U.S. person", as defined by the CFTC;
- (ii) You are not a “Swap Dealer”, "Major Swap Participant", "Security Based Swap Dealer", or "Major Security Based Swap Participant"; and
- (iii) You are entering into or contemplating entry into a Transaction with Commerzbank AG that constitutes a "swap".

Counterparties who are “Conduit Affiliates” or “Guaranteed Affiliates” may also require disclosures based on the location of Commerzbank personnel.

For ease of reference, the table below sets out which disclosures are applicable based on counterparty type:

Disclosure Type	Counterparty Classification					
	U.S. Person	Swap Dealer / Major Swap Participant / Security-based Swap Dealer / Major Security-based Swap Participant	Commerzbank U.S. personnel - covered Guaranteed Affiliate	Commerzbank U.S. personnel - covered Conduit Affiliate	Commerzbank non-U.S. personnel - covered Guaranteed Affiliate	Commerzbank non-U.S. personnel - covered Conduit Affiliate
General Disclosures & Product Specific Disclosures	Yes	No	Yes	Yes	No	No
Material Characteristics	Yes	No	Yes	Yes	No	No
Scenario Analysis	Yes	No	Yes	Yes	No	No
Clearing Notice	Yes	No	Yes	Yes	No	No
Daily (Post-Trade) Mid Market Marks	Yes	No	Yes	Yes	Yes	No

If any of the foregoing circumstances do not apply, then the disclosures are not relevant to you and you need not read any further. If the above circumstances do apply, then you should read the following documents carefully:

General Disclosures and Product Specific Disclosures

The International Swaps and Derivatives Association (ISDA) has created standard industry documentation, such as general and product specific risk disclosures, to capture general risks of Transactions. These disclosures describe generally the material characteristics, material risks, and typical material incentives and conflicts of interest. These Transactions may relate to one or more of the following classes of reference assets: interest rates, foreign exchange rates and currencies, credit instruments, asset-backed instruments, equities, and commodities. The latest published documents are included on our website:

ISDA General Disclosure Statement
ISDA Disclosure Annex Commodity Derivative Transactions
ISDA Disclosure Annex for Credit Derivatives Transactions
ISDA Disclosure Annex for ABS Derivatives Transactions
ISDA Disclosure Annex for Equity Derivatives Transactions
ISDA Disclosure Annex for FX Transactions
ISDA Disclosure Annex for Interest Rate Transactions

From time to time ISDA may update these documents, therefore please refer to <http://www2.isda.org/functional-areas/legal-and-documentation/disclosures> to ensure that you are familiar with the latest versions.

Material Characteristics Disclosures

Disclosure Statement Regarding Transaction Terms

This disclosure statement describes the manner in which the terms of any Transaction that Commerzbank may enter into with you will be determined. The term "Transaction" has the meaning set forth in the ISDA General Disclosure Statement .

Before entering into any Transaction, you should conduct a thorough and independent evaluation of the terms of the Transaction in light of your particular circumstances and the nature and extent of your exposure to, and willingness to incur, risk. You should also consider whether the Transaction is appropriate for you in light of your experience, objectives, financial and operational resources and other relevant circumstances. Unless expressly agreed in writing, we are not providing you with legal, financial, tax, accounting or other advice in connection with any Transaction.

The terms of any Transaction that you and we enter into will be set forth in the confirmation or other agreement evidencing the Transaction, including any terms incorporated by reference therein. Subject to the exceptions described below, any Transaction that you and we enter into will have the terms that you and we expressly agree upon (orally, via email or in any other manner) in connection with the Transaction and other terms determined as follows:

- (1) Specified prior transaction, form confirmation or terms spreadsheet. If we notify you that the Transaction will have the terms set forth in a specified prior transaction, form confirmation or terms spreadsheet, the Transaction will have such terms, subject to any express agreement between you and us in connection with the Transaction.
- (2) Master confirmation agreement. If (1) does not apply and you and we are party to a master confirmation agreement that governs the Transaction, the Transaction will have the terms set forth in the master confirmation agreement, subject to any express agreement between you and us in connection with the Transaction.
- (3) Unspecified prior transaction. If neither (1) nor (2) applies and you and we have previously entered into a transaction of the same type, the Transaction will have the terms set forth in the most recent transaction of the same type that you and we entered into, subject to any express agreement between you and us in connection with the Transaction.
- (4) Unspecified form confirmation or terms spreadsheet. If none of (1), (2) or (3) applies and the Transaction is of a type that is covered by a form confirmation and/or a terms spreadsheet that is available on this site, then the Transaction will have the terms set forth in the form confirmation and/or terms spreadsheet, as applicable, subject to any express agreement between you and us in connection with the Transaction. In the event of any inconsistency between a form confirmation and a terms spreadsheet that relate to the same type of transaction, the terms set forth in the terms spreadsheet control.

The description above of the manner in which the terms of any Transaction that you and we enter into will be determined is subject to the following important exceptions:

- (A) If you and we enter into a Transaction that is cleared through a clearinghouse or executed through a trading platform that prescribes the terms of the Transaction, the Transaction will have the terms specified by the applicable clearinghouse or trading platform and, subject to the rules of the clearinghouse or trading platform, any additional terms that you and we expressly agree upon in connection with the Transaction.
- (B) If you and we enter into a Transaction for "give-up" to a third party, the terms of the Transaction will be subject to the terms of any agreement with that third party.

Our website contains forms of confirmations and spreadsheets of material economic terms relating to a variety of types of transactions (“Transactions”) that we may enter into with counterparties from time to time. Any confirmation or other documentation we directly provide to you in respect of an actual or potential Transaction will supersede the information on our website and, to the extent inconsistent, such confirmation or other documentation will control. In addition, the agreed upon terms of any Transaction that we enter into with you will be set forth in the confirmation or other agreement that you and we enter into with respect to that Transaction and may differ materially from the terms set forth in the forms and spreadsheets found on our website. By making this information available to our counterparties, we are not indicating that we are willing to enter into any Transaction with any counterparty on any terms.

With respect to the material terms and characteristics of any Transaction entered or to be entered into between Commerzbank and you, you should also refer to the applicable transaction-level and relationship-level documentation including, without limitation, any termsheet, confirmation (including any confirmation relating to a previously-executed Transaction), master agreement, or master confirmation agreement.

If you believe that a material term of the Transaction has not been provided to you, please contact your usual Commerzbank sales representative, who will provide this information to you upon request. Relevant documentation provided by Commerzbank may incorporate by reference certain other documents and definitions, including those published by ISDA which can be made available upon request. In the event of any conflict between transaction-specific pre-trade information provided to you by Commerzbank AG and any template, standard product terms or market convention, or the standardized disclosures provided above, the transaction-specific information will prevail.

It is your responsibility to notify your usual Commerzbank sales contact if you have any additional questions regarding any Transaction that have not been otherwise addressed by the information and documents that have been provided to you prior to entry into the Transaction. By entering into a Transaction, you will be deemed to acknowledge that you have received from Commerzbank AG prior to entry into such Transaction, and in a manner acceptable to you, disclosures, notifications and other information sufficient for you to evaluate: (i) the material risks of the Transaction, including market, credit, liquidity, foreign currency, legal, operational and other applicable risks, (ii) the material characteristics of the Transaction, including the material economic terms, operational terms, and the rights and obligations of the parties during the term of the Transaction, and (iii) the material incentives and conflicts of interest that may apply with respect to the Transaction. Where applicable or relevant, we may from time to time provide you with additional notifications and disclosures relating to a particular Transaction or trading strategy, including disclosures regarding the material risks and characteristics of such Transaction or trading strategy, in addition to the notifications and disclosures provided on our website.

Scenario Analysis

We hereby notify you that prior to entering into a Transaction with us that is not available for trading on a designated contract market or swap execution facility, you may request and consult with us on the design of a scenario analysis to allow you to assess your potential exposure in connection with the Transaction. If you wish to request a bespoke analysis beyond what is contained in Commerzbank’s standard scenario analysis, you should contact our usual sales person who will assist you accordingly. Any such requests will be handled appropriately in accordance with our internal processes consistent with the relevant CFTC rules.

Clearing Notice

You have the sole right to select the derivatives clearing organization in respect of any Transaction you execute with us that is subject to the mandatory clearing requirements under Section 2(h) of the Commodity Exchange Act and with respect to any Transaction you execute with us that is not subject such mandatory clearing requirements, you may elect to clear such Transaction and you have the sole right to select the derivatives clearing organization at which the Transaction will be cleared.

Daily (Post-Trade) Mid Market Marks

Cleared Transactions:

We hereby notify you for cleared Transactions originally executed by you with us, you have the right to receive the daily mark from the relevant derivatives clearing organisation upon request.

Uncleared Transactions:

With respect to uncleared Transactions executed by you with us, we will provide you with a daily mid-market mark.

The value shown by us to you for each uncleared Transaction represents our current indicative daily mark which is the mid-price of the marked-to-market product (each, the "DM") (including as relevant, any underlying or related transactions or securities) as at the date shown and at the close of business in Frankfurt. The value is based on the notional/nominal amount of the product rather than on a per unit basis. The DM excludes amounts for profits, credit reserves, hedging, funding, liquidity, collateral or any other costs or adjustments.

The DM is provided in good faith and was determined by using our standard methodology for valuing transactions or securities of this kind or we have sourced such DM from third parties. That methodology may involve models, empirical data and assumptions regarding past, present and future market conditions or other factors. Vanilla products (e.g. FX forwards, NDF, IRS, CCS) are in general priced from zero coupon discounting cashflow based methodologies or screen quotations; however in certain cases, we may use probabilistic models, simulation models or other mathematical pricing models to determine the expected value of future cash flows before discounting. The models may utilise inputs from volatility levels, forward curves, spot, forward rates, correlations and other factors. Products with optionality or path dependency would use the bank's proprietary models in most cases. All values used to: i) directly mark a product or ii) mark a product as an input to a model are assumed to be at mid-market and are based on our view of the market at that particular time.

The DM may not reflect our internal records or our theoretical valuation models. Any value shown herein is not an indicative quotation of the price at which we would agree to replace, buy, unwind or terminate the product. Without limitation, any such value may not reflect such factors as hedging and transaction costs, credit considerations, market liquidity, etc all of which could be relevant in establishing a firm price quotation. Any calls for margin and collateral top-up (as relevant) may not be based on the DM.

The DM may reflect the components of a structured product and value those components individually. If it is the case that these components form a single product that has been entered into with us, nothing contained in the statement shall imply that these components can be treated as individual transactions.

The DM is provided for information purposes only, and is not intended to be relied upon by any party as the basis for making any trading, hedging or investment decision. We believe that the methodologies and models used to determine the DM are accurate and reasonable but we make no representation or warranty as to their accuracy or appropriateness.

We expressly disclaim any responsibility for the accuracy of the values shown, any errors or omissions in any statement provided by us to you, and any uses to which the statement is put. No representation or warranty is made as to the value other dealers might ascribe to the relevant Transaction. This DM therefore does not constitute any offer (or solicitation of any offer) by us, nor does it represent the price at which we would be willing to replace, buy, unwind or terminate the Transaction.