

Corporate Clients

Fixed Income, Currencies, Commodities, Precious Metals and Money Markets Trading Disclosure (“Disclosure”)

This Disclosure sets out the nature of the trading relationship between Commerzbank AG (“we” or “Commerzbank”) and its clients where Commerzbank trades in the fixed income, foreign exchange, commodities, precious metals and money markets trading market (the “Fixed Income, FX, Commodities, Precious Metals and Money Markets Trading Market”, and respectively the “Fixed Income Market”, “FX Trading Market”, “Commodities Market”, “Precious Metals Market” and “Money Markets”) as a market maker acting in a principal capacity.

This Disclosure shall not apply in situations where Commerzbank is giving investment advice to its clients. By “Fixed Income Transactions” we mean transactions in interest rate derivatives (e.g. swaps, options) and bonds (e.g. government bonds, covered bonds, supranational/sub-sovereign/agency bonds). When referring to “FX Transactions” we mean transactions related to currency exchange (i.e. spot, forwards, swaps, non-deliverable forwards and options). By “Commodities Transactions” we mean transactions (e.g. spot, forwards, swaps, options) in commodities (i.e. base metals, agricultural goods, oil & distillates, power, emissions, coal and indices underlyings). By “Precious Metals Transactions” we mean transactions related to precious metals (e.g. spot, lease/loans, forwards, non-deliverable forwards, swaps, options). By “Money Markets Transactions” we mean transactions related to trading short-term financial instruments (e.g. Commercial Paper, Certificates of Deposit) as well as (unsecured) Deposits, Repurchase Agreements, and Securities Borrowing/Lending.

This Disclosure shall not supersede any general business terms and conditions, e.g. a COMMANDER, FX Live Trader or API (Application Platform Interface) agreement, any master agreement (e.g. ISDA or German Master Agreement for Financial Derivative Transactions), or any agreement relating to a different activity or different capacity which is documented separately, in place between the client and Commerzbank.

To the extent that Commerzbank enters into Fixed Income Transactions, FX Transactions, Commodities Transactions, Precious Metals Transactions or Money Markets Transactions with its clients and unless otherwise agreed with a client or otherwise required by law or regulation, it will be on the basis of this Disclosure.

Commerzbank’s Approach to Fixed Income, Currencies, Commodities, Precious Metals and Money Markets Trading

Commerzbank usually operates as a market maker in the Fixed Income, FX, Commodities and Precious Metals Trading Market. If this is not the case for a particular product or in a certain circumstance, Commerzbank will let you know in advance of entering into a transaction. Commerzbank’s service for its clients comprises quoting of prices, accepting orders and executing trades as a market maker. Commerzbank enters into risk positions within the normal course of its market making business, in fulfilment of client requests and in expectation of future client demand. Unless Commerzbank is providing investment advice, Commerzbank shall not be construed as making any recommendations, or acting as a financial advisor, as an agent, fiduciary, or acting in any similar capacity when engaging in Fixed Income, FX, Commodities, Precious Metals or Money Markets Transactions. If you need advice, you should communicate that clearly to your sales representative at Commerzbank.

Commerzbank aims to conduct business with transparency and integrity and to implement the guidelines and requirements of industry groups and regulatory bodies in all our relationships with clients. However, we draw attention to the fact that, due to the nature of the business, Commerzbank and its clients may have divergent or conflicting interests.

When negotiating transactions or orders, Commerzbank will always make clear whether the prices (or rates) provided are firm or merely indicative. Any firm price (or rate) provided to customers is binding at this particular time only and subject to market moves thereafter.

As a market maker, Commerzbank manages a portfolio of risks arising from trades with many counterparties with divergent interests as well as positions acquired in expectation of future client demand. A market maker may trade before or at the same time as a client's transaction to enable that market maker to conduct efficient risk management, or to be able to execute with other counterparties, or to manage orders placed previously with it. These activities may have an impact on market prices. For example, trading foreign exchange may trigger stop losses or barriers on foreign exchange option trades. Commerzbank takes reasonable measures to avoid undue market impact but, dependent on the size, execution style and market conditions, such impact cannot be eliminated completely.

Your transaction requests may also be subject to priorities or aggregation resulting from Commerzbank's own trades or other client trades ahead of or in parallel to the timing of your transaction execution. Commerzbank may choose to leave positions unhedged or partially hedged, and decide to change any hedge from time to time. Any profit or loss resulting out of hedging activity will accrue to Commerzbank. When negotiating any particular transaction with us, you may ask that we do not pre-hedge your transaction. In this case we will clearly communicate to you and agree with you the conditions under which we would refrain from any pre-hedging for the specific transaction in question.

Unless otherwise agreed, the rate at which Commerzbank transacts is an all-in rate. It includes any margin above the price at which Commerzbank may be able to transact with other counterparties, regardless of how the client becomes informed of the rate.

Any order or transaction can include a Mark-Up. Mark-Up is the spread or charge that may be included in the final price of a transaction or the order level quoted in order to compensate Commerzbank for a number of considerations, which may include but are not limited to the following: credit charges, return on capital, deal type and complexity, size of the transaction, market timing and liquidity, sales efforts and support services provided to you, risk limit usage, operational margin, processing the transaction, balance sheet usage, credit line usage and other aggregated operational and infrastructure costs. Therefore, Mark-Up in general may vary for different clients even if transactions are the same or similar. In addition, clients should note that factors such as liquidity, size of trade, market conditions, anticipated market impact and hedging costs all affect Commerzbank's determination of a commercially reasonable market price and these factors will vary as well from client to client and trade to trade.

Relevant Commerzbank staff may consult together on a need-to-know basis in order to understand a client's trading behaviour, expectations and interests and thereby to manage spreads and Mark-Ups applied, for the purpose of managing Commerzbank's market making activities and risk positions and for managing other counterparties' transactions.

Orders

Whenever receiving a client order (an "order"), Commerzbank will act as a principal taking on one or more risks in connection with that order, including market and credit risk. In this context, Commerzbank will always act on its own behalf and there is no obligation to execute the order until both parties are in agreement. Where the acceptance of an order grants Commerzbank discretion as to when the order will be executed, we will exercise this discretion reasonably, fairly, and in such a way that is not designed or intended to disadvantage the client. In case Commerzbank cannot work on an order due to force majeure and the client is not reachable during a reasonable period of time, Commerzbank shall cease to work the order at its sole discretion. In that case, Commerzbank will notify the client as soon as practicable by phone, email and/or approved chat functionality (i.e. Bloomberg, Reuters Dealing or ICE Chat).

Commerzbank may fill orders by taking them onto its own book, by executing on the market or potentially by matching the order with another client's opposite interest – however, this is an exception to normal operation. Commerzbank does not operate a matching platform in the Fixed Income, FX, Commodities, Precious Metals and Money Markets Trading Markets.

Commerzbank will not deliberately use orders placed by clients for its own benefit to the detriment of clients. For example, Commerzbank will not attempt to trade in the market to trigger stop losses. If Commerzbank places orders in the market to attempt to satisfy limit orders, Commerzbank will give the whole of the filled amount to the client and not partially fill such orders to take advantage of market movement. Neither will Commerzbank take advantage of large orders and anticipated market movement for its own benefit to the detriment of clients. However, it should be noted that when solicited for, and prior to a transaction, Commerzbank may risk-mitigate any potential future exposure that might arise should such a transaction be executed, within the normal operation of its market making activities.

As a general principle, Commerzbank will always execute any order only on a best efforts basis and only when market levels reach the specified trigger rates. Even if a client does not specify a level at which to execute an order, the prevailing market conditions may prevent immediate execution, at Commerzbank's discretion. The market risk of any order transfers to Commerzbank at the point at which the order is executed. Commerzbank may decline to accept an order if Commerzbank has reason to believe that executing the order would be a breach of an applicable law or regulation or credit line. Commerzbank will prioritise order execution so as not to favour one client over another at Commerzbank's discretion in a commercially reasonable manner. Clients' orders at the same level or for the same interest would be prioritised based on time of receipt of the order, except that large orders may only be partially filled to allow other clients to participate. Commerzbank's own orders will be prioritised in the same way as any client orders. Once Commerzbank has executed the order, any risk arising from the order remains with Commerzbank. Commerzbank will provide time stamps and market rates to audit these events to answer commercially reasonable requests. Commerzbank will not work orders received via email. Orders have to be discussed and acknowledged/accepted via an approved electronic channel where possible/applicable (e.g. Commander, Bloomberg, FX Live Trader, 360T), or by phone or an approved chat functionality (i.e. Bloomberg, Reuters Dealing or ICE Chat).

A binding transaction will occur as soon as Commerzbank, in its sole discretion, determines that an order has been filled or partially filled.

Orders in Foreign Exchange Trading Markets

This section is only relevant to clients giving orders relating to the FX Trading Market.

Under normal circumstances, Commerzbank will accept stop loss or limit orders and other variants of orders across multiple currency pairs, but Commerzbank is under no obligation to accept clients' orders and reserves the right to cancel a client's orders by giving reasonable notice to the client.

Limit orders may be executed in whole, in part, or not at all, depending on the liquidity available to Commerzbank and Commerzbank's risk preferences in its role as principal to the trade.

In the event of market events or system failure, stop loss orders may be executed in whole, in part, or not at all, with a slippage that Commerzbank considers, acting in good faith and in a commercially reasonable fashion, appropriate for the size of the trade and market conditions.

At-best orders will be executed by Commerzbank at a rate determined by Commerzbank, post-execution of the order, acting in good faith and in a commercially reasonable fashion that is a fair reflection of the aggregate rate achieved. At-best orders rates include a commercially reasonable Mark-Up. Commerzbank will always disclose to you upon request how your order was managed.

Commerzbank will execute orders either directly on the FX Trading Market available to Commerzbank, or by retaining the resulting trade within its own portfolio of trades. Execution of an order at a given rate does not imply that Commerzbank will trade at the specified level in the future, or that it has traded at that level in the past, or that there is a tradable market at all at that level. While Commerzbank is under no obligation to explain why orders were or were not executed or how the rate for the order was achieved, we will make commercially practicable efforts to explain these upon request in a transparent manner.

Orders in Commodity and Precious Metals Markets

This section is only relevant to clients giving orders relating to the Commodities and Precious Metals Trading Market.

Premise of the trading relationship with Commerzbank AG is the client having every official permission necessary for the conclusion and execution of the transaction(s) or the client complying with any applicable exemption regulations which allow him to act without such permissions.

Commerzbank reserves the right to accept or decline orders of any type and at any time, for any reason. Commerzbank may take account of a variety of factors (including but not limited to market conditions, liquidity, size, nature and risk of the transaction) in reaching its decision as to whether to accept an order. In particular, note that Commerzbank accepts Stop Loss Orders in certain products and underlying assets only. Commerzbank will execute a Stop Loss Order at the prevailing market levels and there is no guarantee of price execution as Stop Loss Orders are subject to slippage between the order price and the actual fill due, inter alia, to market liquidity. The customer bears any consequences of such slippage.

Following acceptance of an order (via phone or approved chat functionality), Commerzbank will send a post order acceptance notification of the order parameters by email to you. This communication will be sent to the person who communicated the order to Commerzbank on behalf of your company.

Each party reserves the right unilaterally to amend or cancel an order provided that, in the sole discretion of Commerzbank, the order has not been filled or partially filled. In the event that you wish to cancel an order, our salesperson will need to check with our trader that nothing has yet been filled before the order can be terminated.

In respect of Closing Orders (also known as Fixing Orders), you acknowledge that a binding transaction might have taken place prior to the publication of the "Closing" or "Fixing" price but that we might not be able to confirm execution of the order for you, along with the full final terms of the transaction, until the publication occurs.

Precious Metal ("PM") Orders (including gold, silver, platinum, palladium) will be executed at the daily closing or fixing price only when such a PM Order has explicitly been requested as a Closing or Fixing Order. Only specified Closing or Fixing Orders will be executed with reference to the closing or fixing price. All other types of orders shall be monitored, and upon becoming executable will be transacted with reference to prevailing market conditions in general. In addition, due to the current electronic PM auction and fixing process, Commerzbank will only accept new PM Fixing Orders or amendments or cancellations to existing PM Fixing Orders up to 10 minutes prior to the start of the daily PM fixing period.

Commerzbank will reconfirm with you Good Till Cancelled Orders on your instruction, but notwithstanding this will reconfirm Orders on at least a daily basis.

Electronic Market Making

When a client transmits a trade request to Commerzbank on any electronic platform, Commerzbank shall follow the procedures applicable to the execution method and platform selected by the client. Clients may prefer to split larger trades into many requests to multiple market makers and markets. Clients may prefer, from time to time, to trade using high-frequency techniques and technology. Clients may employ other algorithms and techniques unknown to Commerzbank. A single client may trade with Commerzbank over one or more electronic platforms.

Therefore, in order to mitigate risks deriving from technological anomalies, latencies, or excessive order splitting, trade requests based on and referring to previously quoted indicative prices from Commerzbank may be subject to a delay, beyond the minimum delay caused by communication protocols and other technical and compliance checks, before being considered for execution on some electronic platforms. The indicative price provided by Commerzbank, the extent of the delay and the potential withdrawal of previously displayed indicative prices may depend upon factors applicable to the electronic trading platform and the trading preference of the client via that or other platforms, and so the factors for one client on one platform may differ from those applicable to other platforms or other clients and may lead to differences

in pricing and acceptance rates among clients and platforms. During the period of delay, Commerzbank will neither attempt to hedge the trade request nor in any way disclose the existence of the trade request to other parties by, for example, altering prices to said parties.

As a default setting, Commerzbank has implemented a symmetrical procedure with regard to trade request acceptance or rejection. Reasons for rejections of trades may be technical, credit related, last look rejections or other issues. We do not enumerate the reasons on our trade messages but Commerzbank will always fully explain the reasons for a rejection on demand from its clients including the reason for any delays in response. For example, Commerzbank may reject trades where, during the delay, the latest price has moved relative to the indicative price beyond a threshold determined by Commerzbank acting reasonably, regardless of whether the price has moved against or in favour of the bank, or may reject trades based on a measure of how old the indicative rate referenced is relative to the current market. Clients that may prefer to have other strategies in order to gain more certainty of execution and increase their acceptance rate should contact their Commerzbank sales representative.

Note that in the case of FX or PM Transactions via our single dealer platforms COMMANDER and FX Live Trader, Commerzbank considers that risks due to latencies and excessive order splitting are not present. Therefore, there is no period of additional delay before a trade is considered for execution. The same applies to any FX Transaction requested by a client on any other electronic platform, where Commerzbank at its sole discretion has good reason to believe that the aforementioned risks are not present. For example, this would be the case on a platform where a human trader submits a request for quote (RFQ) and the system trades on the best price without splitting the overall order into smaller parts.

However, even if there is no period of delay, if a trade request is submitted based on and referring to a previously quoted indicative price that has been superseded by a later update, the same symmetrical procedure will be employed with regard to trade acceptance, unless a client has agreed a different process.

Information Handling

Commerzbank treats all client information with confidentiality. However, clients' transactions are analysed on an individual or aggregate basis for purposes such as risk management (including counterparty risk management), relationship management and sales coverage. Commerzbank may be forced to disclose specific counterparty information as required by applicable law, regulation or a regulatory body. Commerzbank may use aggregated and anonymised fixed income, foreign exchange, commodities, precious metals or money market flow information derived from executed transactions to provide its counterparties with market colour.

For transactions of large market size, Commerzbank may use anonymised information to help source liquidity or to execute transactions to reduce market risk.

Should you have any questions, please speak to your Commerzbank sales representative.

Recording of Electronic Communication

Subject to the requirements of any relevant provision of any privacy legislation in force, Commerzbank has installed recording equipment and is recording communication channels and transactions.

This Disclosure may be updated from time to time to address legal, regulatory or industry developments.