



To: Clients of Rabobank

Subject: Client Disclosure - Rabobank Trading Practices

Overview

The purpose of this disclosure is to provide clarity on our business practices and the nature of the trading relationship between you and the Cooperatieve Rabobank UA and its affiliates (together, “**Rabobank**”, “We”, “Us”); to disclose relevant practices and certain terms of dealings when acting as a dealer or counterparty, on a principal basis, of credit, interest rate, currency, and commodity products.

It sets forth how we will communicate and transact in relation to a counterparty’s expressions of interest in the above said products and our management of potential or actual conflicts of interest in our principal-dealing and market-making activities.

We aim to uphold a high level of integrity and to adhere to industry best practices in our dealings with counterparties. In doing so, we also want to ensure that there are no ambiguities or misunderstandings regarding our practices and certain terms of dealing.

Principal Trading and Market Making Activities

We act in a principal capacity with our counterparties and at an arm’s length in transactions with them. We do not act as agent, fiduciary, broker or in any similar capacity on behalf of a counterparty and thus do not undertake any of the duties that an entity acting in that capacity ordinarily would perform.

The assessment, appropriateness and execution of any transaction should be performed by the counterparty based on their own circumstances and independent evaluation of the transaction.

As a market maker or liquidity provider we may trade prior or alongside a counterparty’s transactions to facilitate executions with other counterparties (including trading based on use of algorithms or other execution methodologies), to manage risk, to source liquidity or for other reasons. These activities can have an impact on the prices we offer a counterparty on a transaction and the availability of liquidity at levels necessary to execute counterparty orders. They can also trigger stop loss orders, barriers, knock-outs, knock-ins and similar conditions.

Any firm or indicative bid, offer or price quoted by us to a counterparty is an “all-in” price, inclusive of any spread or markup above the price at which we may be able to transact, or have transacted, with other counterparties, regardless of the circumstances under which a counterparty receives or otherwise learns of a price, unless otherwise expressly agreed. Appendix A below describes possible charges applicable to counterparty trades and will be disclosed to counterparties in accordance with all prudential regulatory rules.

We have discretion to offer different prices or services to different counterparties for the same or substantially similar transactions. We may risk-mitigate or hedge any exposure that would be created when solicited for, and prior to the execution of a transaction.

Liquidity Sourcing

In markets such as foreign exchange and interest rates, an internally developed tools designed to access both external and internal sources of liquidity are employed in order to provide the most competitive bids, offers and executions, that are available under the circumstances.

These tools may include algorithms and order routers that route orders or transaction requests to various external liquidity sources, including certain trading venues that electronically provide information to us regarding their available and accessible liquidity. In addition, to the extent we execute a trade with you through internal sources of liquidity, and that liquidity is sourced from another counterparty, we may also receive additional compensation of, and fees from, the trade with our other counterparty.

Conflicts of Interest

We are a global financial services firm that engages in activities such as price discovery, price quoting, order taking, trade execution and other related activities. It should be noted that we and our counterparties may have divergent or conflicting interests.

We may on a regular basis trade (taking long or short positions, or both concurrently) in instruments identical or economically related to your transactions or the underliers. We may engage in these activities for our own principal accounts, for accounts under management or to facilitate transactions (including block transactions) on behalf of counterparties. Subject to any express agreement in the governing documentation, we may, in our discretion, decide to hedge our exposure under transactions by taking positions in the underliers or related instruments. We may adjust our hedge dynamically by purchasing or selling the underliers or related instruments, and may close out or unwind our hedge positions.

Our market activities in connection with such hedging may occur, or become more frequent or of greater magnitude, in connection with or in anticipation of the initiation or termination or exercise of your transactions, on or before a valuation or observation date, or, in the case of option transactions, when the price, level or value of the underlier is near the exercise level or level at which a “barrier” or other condition may be satisfied. We may also structure, trade and market instruments that may take opposing economic positions to your transactions.

Information Handling

The confidentiality and security of our counterparties’ information is an important part of how we do business. We have policies and controls that enable us to protect their confidential information. However, we make use of information provided to us as principal in order to execute and risk manage transactions. Specifically, unless otherwise agreed, and subject to applicable laws, regulations and internal policies, we may use the economic terms of a transaction (but not the counterparty identity) in order to source liquidity and/or execute risk-mitigating transactions. In addition, we may share your information as required by applicable laws or our regulators as part of our obligations as a regulated entity.

With regard to executed transactions, we analyze this information on an individual and aggregate basis for a variety of purposes, including counterparty risk management, sales coverage, and counterparty relationship management.

We also may analyze, comment on, and disclose anonymized and aggregated information regarding executed transactions, together with other relevant market information, internally and to third parties, as market color, subject to applicable laws, regulations and internal policies.

Conclusion

We are dedicated to upholding a high level of integrity and adhering to rules, regulations and requirements published by relevant international groups and regulatory bodies in our dealings with counterparties.

This disclosure is meant to underscore our commitment to providing counterparties transparency on our business practices. If you have questions after reading this disclosure or concerning our dealings with you, we encourage you to contact your Rabobank's senior representative.

Appendix A: Rabobank Markets Trading Practices and Information

Pricing Factors

There are a number of factors that can determine the price you trade with us. The list below is not exhaustive and other factors may be taken into account in determining that price.

1. Trading/Execution by product and market

- (i) The Execution Venue (e.g. electronic, voice)
- (ii) The type of request/expression (e.g. firm order (including “stop loss”, “at best” or “limit”..))
- (iii) Transaction type, size and direction
- (iv) Market Conditions: volatility, market events and time of execution;
- (v) Market Transparency: visible liquidity, trading volume and available external venues or platforms; and availability of other parties quotations or other pricing information;

2. Internal Costs: market risk, counterparty credit risk, hedging, funding, capital and overhead;

3. Counterparty Specific Factors: types and frequency of trades the counterparty executes with us and in the market; credit quality; volume, potential market impact;

4. Regulatory requirements that affect the above.