

Ex-ante cost and charges disclosure¹

Introduction

An important element which needs to be taken into consideration when trading with Rabobank, is the cost of our services and the cost related to the financial instruments. MiFID II requires us to disclose an estimation of the costs you will incur prior to servicing you (ex-ante).

This document informs Rabobank Wholesale clients about the estimated average transaction costs and charges, as a margin from mid-market on the financial instrument, when trading with us, for different tenors and clients types (the estimated transaction costs). The estimation takes into account all costs and charges. If we execute an order on behalf of a client (which is an investment service) we charge EUR 0, - for the service.

The above mentioned elements determine the total price you as a client pay to Rabobank to purchase a financial instrument. We advise you to carefully study the information below, prior to entering into a transaction.

Considerations

While reading this document, please take the following into account:

- When you enter into a transaction, the price of the instrument includes the costs and charges of the instrument. We do not charge these costs separately.
- The cost of the investment service as well as the cost of the financial instrument are related to the transaction. You will not be charged other costs, such as incidental or on-going costs. This document does not include product costs (mid-price), as those costs vary per product and transaction.
- The transaction costs compensate for, amongst others, risks, costs and capital consumption considerations and may include sales margins. Actual transaction costs are determined by a number of factors including, but not limited to, transaction size, market environment, liquidity, clearing and settlement fees, broker/platform costs, market and counterparty risk and your past trading activity.
- The figures displayed are no guarantee of future transaction costs and may be subject to change. The figures presented are an estimation and do not take into account specific client situations or unusual conditions which may influence costs. The amount of transaction costs may vary according to the unique circumstances of a particular transaction. Additionally, pricing will be offered in accordance with our Best Execution policy², where applicable.
- The majority of our financial instruments fulfil a hedging need. Therefore we do not provide an illustration showing the cumulative effect of costs on return.
- CSA: perfectly collateralised, zero threshold, Euro cash only collateral, daily margining, two way CSA.

¹ This is an updated version from the documents published January 2nd and 22nd 2018

² <https://www.rabobank.com/en/images/order-execution-policy-20171113.pdf>

Estimated transaction costs

FX forwards and FX swaps

The table below sets out the estimated costs, as a margin from mid-market, for FX forwards and FX swaps. 0,10% means 10bp on an annualized basis, so a 6 months deal with 5bp, or a two year deal with 20bp. The estimated margin depends on the tenor and client type.

FX Forward/FX Swap (excluding FX Spot margin)			
G10			
	Investment Grade	Non-Investment Grade	CSA
0-1y	0.05%	0.14%	0.05%
1-2y	0.09%	0.16%	0.08%
2-3y	0.10%	0.22%	0.10%
>3y	0.15%	0.40%	0.10%
FX Forward/FX Swap (excluding FX Spot margin)			
Non-G10 and NDF			
	Investment Grade	Non-Investment Grade	CSA
0-1y	0.10%	0.28%	0.10%
1-2y	0.12%	0.32%	0.12%
2-3y	0.15%	0.44%	0.12%
>3y	0.20%	0.60%	0.12%

Interest rate, inflation and cross currency swaps

The table below sets out the estimated costs, as a margin from mid-market, for interest rate, inflation and cross currency swaps. 0.10% means each year 10bp margin. The estimated margin depends on the tenor and client type.

Interest Rate and Inflation Swap: EUR / USD / GBP			
	Investment Grade	Non-Investment Grade	CSA
0-5 y	0.03%	0.10%	0.005%
5-10 y	0.07%	0.15%	0.005%
>10y	0.12%	0.25%	0.01%
Interest Rate and Inflation Swap: Other CCY			
	Investment Grade	Non-Investment Grade	CSA
0-5 y	0.07%	0.15%	0.02%
5-10 y	0.14%	0.20%	0.03%
>10y	0.18%	0.30%	0.04%
Cross Currency Swap: EUR / USD / GBP			
	Investment Grade	Non-Investment Grade	CSA
0-5 y	0.10%	0.20%	0.02%
5-10 y	0.15%	0.45%	0.03%
>10y	0.20%	0.60%	0.04%
Cross Currency Swap: Other CCY Pairs			
	Investment Grade	Non-Investment Grade	CSA
0-5 y	0.20%	0.25%	0.04%
5-10 y	0.30%	0.50%	0.06%
>10y	0.40%	0.75%	0.08%

Commodity swaps

The table below sets out the estimated costs, as a margin from mid-market, for commodity swaps; 1,50% means 150bp on an annualized basis, so a 6 months deal with 75bp, or a two year deal with 300bp. The estimated margin depends on the tenor and client type.

Commodity Swap			
	Investment Grade	Non-Investment Grade	CSA
0-1y	0.65%	1.25%	0.50%
1-2y	0.90%	1.50%	0.50%
2-3y	1.10%	1.75%	0.70%
>3y	1.50%	2.00%	0.75%

FX, interest rate, inflation and commodity options:

The table below sets out the estimated costs, as a margin on premium value to mid. The estimated margin depends on the tenor and client type.

FX Option (At the money option as % of premium value to mid)			
	Investment Grade	Non-Investment Grade	CSA
0-1y	10%	15%	8%
1-2y	15%	20%	10%
2-3y	20%	25%	12%
>3y	25%	30%	15%
IR Option (At the money option as % of premium value to mid)			
	Investment Grade	Non-Investment Grade	CSA
0-5y	15%	20%	10%
5-10y	20%	25%	12%
>10y	25%	30%	15%
Inflation Option (At the money option as % of premium value to mid)			
	Investment Grade	Non-Investment Grade	CSA
0-5y	19%	25%	13%
5-10y	25%	31%	15%
>10y	31%	38%	19%
Commodity Option (At the money option as % of premium value to mid)			
	Investment Grade	Non-Investment Grade	CSA
0-1y	10%	15%	8%
1-2y	15%	20%	10%
2-3y	20%	25%	12%
>3y	25%	30%	15%

Bonds

The table below sets out the estimated costs, as a margin in cents of the face value, for bonds. The estimated margin depends on the tenor and bond type.

Bonds		
	Credit bond	Government bond
0-2Y	1.0 ct	0.5 ct
2-7Y	2.0 ct	1.0 ct
7-12Y	3.0 ct	1.5 ct
>12Y	4.0 ct	2.0 ct

Repos

The table below sets out the estimated costs, as an annualized margin on the reference rate, over the cash notional. The estimated margin depends on the tenor and client type.

Standard (reverse) Repo ³			
	Investment grade	Non-Investment grade	Zero threshold GMRA
O/N – 1M	N/A	N/A	0.15%
1M – 3M	N/A	N/A	0.20%
3M – 6M	N/A	N/A	0.20%

CD-CP

The table below sets out the estimated costs as a margin from mid-market on an annualized basis. 0.010% means 1bp margin.

CD-CP	
	All client types
O – 3M	0.010%
3M – 6M	0.010%
6M – 12M	0.010%

Table coverage

These tables do not cover the full offering of financial instruments offered by Rabobank. For example, some bespoke instruments will not be covered. When a financial instrument is not covered, you will receive a separate notification from your Rabobank representative before trading.

Hypothetical transactions

To make our costs and charges disclosure more concrete, we have constructed a few examples which provide insight into estimated total costs and charges based on hypothetical transactions. We strongly encourage you to read these examples in order to estimate the impact of costs when trading with us.

1. If you are an investment grade client trading a G-10 foreign exchange swap with a notional of EUR 5 mln and a 1.5 year maturity the estimated margin from mid would be 0.09% per annum. This results in a total estimated cost of EUR 6,750 (EUR 5 mln x 1.5 years x 0.09% per annum), which amounts to 0.135% of the notional.
2. If you are a non-investment grade client trading an EUR interest rate swap in which you pay fixed interest with a non-amortizing notional of EUR 10 mln and a 6 year maturity, the estimated margin from mid would be 0.15% per annum. This results in a total estimated lifetime costs of EUR 90,000 (EUR 10 mln x 6 years x 0.15% per annum), which amounts to 0.90% of the notional.
3. If you are an investment grade client trading a commodity swap with a notional of EUR 900,000 and 2.5 year maturity (e.g. 2000 metric tonnes of diesel for 30 months, with a price of EUR 450 per metric tonne) the estimated margin from mid would be 1.1%. This results in a total estimated costs of EUR 24,750 (EUR 900,000 x 2.5 years x 1.1% per annum), which amounts to 2.75% of the notional.
4. If you are an investment grade client buying an interest rate option with a duration of 4 years and an upfront invested premium (value to mid) of EUR 100,000, the estimated costs would amount to 15% of the premium. This results in a total estimated cost of EUR 15,000 (EUR 100,000 x 15%).
5. If you are trading a NL government bond with a face value of EUR 10 mln and 5 year maturity the estimated flat rate from mid is 1 ct. This results in total estimated costs of EUR 1,000 (EUR 10 mln x 0.01%).
6. If you are a client trading a repo under a GMRA with a cash notional of EUR 100 mln and a maturity of 2 months, the estimated margin is 0.20% per annum. This results in a total estimated cost of EUR 33,333 (EUR 100 mln x 2/12 year x 0.20% per annum), which amounts to 0.033% of the notional.

³ For the purpose of this overview a standard (reverse) repo is defined as a (reverse) repo with (or up to) the mentioned maturity in EUR on General Collateral (GC) government bonds issued by: Germany, France, Netherlands, Belgium and Austria and eligible under a clearable GC basket (and US Treasuries or Gilts in case of USD or GBP respectively). In the standard repo the bond and the cash are both denominated in the same currency.

Disclaimer

Under MIFID II, Rabobank is required to disclose cost and charges related to the financial instruments and investment services provided by Rabobank. The numbers shown above are the average cost and charges that Rabobank expects that you will incur. This is based, where possible, on actually incurred cost and charges, and when not available Rabobank has made reasonable estimations on a best effort basis.

Rabobank reserves the right to review and amend the figures shown above. Rabobank accepts no liability to you for the information stated in this notification except to the extent provided for in the Rabobank terms of business or other contractual arrangements in place between Rabobank and you.

This notification does not constitute or form any part of any offer to sell or issue and is not a solicitation of any offer to purchase any financial instrument. To the extent that any transaction is entered into between Rabobank and you, such transaction will be entered into upon such terms as are provided for in the Rabobank terms of business or other contractual arrangements in place between Rabobank and you.

The fact that the cost and charges shown should not be taken as any representation, warranty, undertaking or implication that the cost and charges expected in respect of: (i) a similar transaction executed at or around the same time; or (ii) the same transaction executed in future, will be the same as or similar to those shown in this notification.