



Last Look Client Disclosure

Background

Rabobank currently provides indicative FX prices to its clients across a range of electronic platforms, when a client sends an FX trade request in response to indicative pricing, the pricing engine performs a series of reviews before accepting or rejecting the trade at the client requested price. All FX trade requests go through a series of pre-trade risk management controls, any of which can cause a trade request to be rejected, the principle reasons for rejection include:

- Technical malfunction
- Failed or undetermined regulatory checks
- Failed or undetermined credit checks
- Non-permissioned currency pairs
- System latency
- P/L tolerance

This review is commonly known as 'Last Look'. According to best practices, Rabobank never uses Last Look for the purposes of:

- Gathering market information
- Pre-hedging
- The disclosure of any confidential information other than to the extent of executing the transaction
- Extending hold times greater than what is required to complete validity checks

A P/L tolerance price check is intended to confirm whether the trade request price remains consistent with the current prevailing market price. Rabobank applies a symmetrical tolerance band methodology for FX Spot to promote fairness and client transparency. The price loss¹ tolerance band from mid will exactly equal the profit price tolerance band from mid.

How does the symmetric tolerance band methodology work in practice?

On deal request, two symmetrical price tolerance bands - a loss tolerance band (LTB) and profit tolerance band (PTB) - are both set equally above and below the perceived internal market mid. If the most recent internal price² comparison rate shows a resulting loss greater than the LTB then the trade will be rejected. Likewise, if the most recent internal price comparison rate shows a resulting profit greater than the PTB then the trade will also be rejected, or - if technically possible on the execution venue and specifically requested by the client - the price improvement can be passed onto the client instead of the trade being rejected. The price improvement rate³ will reflect the original client execution rate plus/minus the difference between the PTB and the internal price comparison rate.

¹ The term 'loss' and 'profit' in this document refers to an estimation of the expected financial value rather than actual realised losses or profits.

² The 'internal price' is a programmatically derived price using multiple data sources.

³ The price improvement rate will be limited to five basis points. Beyond this level prices are rejected to prevent and extraordinary market fills.



Rabobank

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Our reference

Whilst Rabobank retains the sole discretion of accepting or rejecting an FX trade request, Rabobank strives for fairness and predictability in our last look process. In the interest of the client, Rabobank always endeavours to apply the price and validity checks without delay to promptly make a decision to accept or reject a trade. On FX trade rejection, confidential information will not be used by for reasons other than the purpose for which it was given.

To allow for greater comparability across liquidity providers, Rabobank has completed an FXGC Liquidity Provider Disclosure Cover Sheet which can be found on our website (www.rabobank.com).

Upon request, Rabobank will share sufficient information with clients to help evaluate their FX trade execution, including a clear high level reason for the rejection at a trade-by-trade level.