

# ING Wholesale Banking

## Best Execution and Order Handling Policy

### 1. When do we apply best execution to client transactions?

This ING Wholesale Banking Best Execution and Order Handling Policy (the Policy) sets out our execution policy and approach to providing best execution to our professional and retail clients for the handling and execution of orders in financial instruments (each as defined in the EU Markets in Financial Instruments Directive (MiFID II)). This Policy applies where ING Wholesale Banking<sup>1</sup> (we, us or our as appropriate) accept an order to execute or transmit an order on your behalf, or when we have expressly agreed to apply this Policy.

### 2. When do we not apply best execution?

The MiFID II best execution rules do not apply to eligible counterparties (ECP)s. However, in our dealings with ECPs we will act honestly, fairly and professionally and communicate in a way which is fair, clear and not misleading. In specific situations with respect to retail and professional clients MiFID II best execution rules may not apply or may be applied in a different manner. We will explain these specific situations in section 6 of this Policy.

### 3. What is best execution?

Best execution is how we ensure that we take all sufficient steps to obtain the best possible result in the execution of client orders, taking into account the following factors:

- **Price:** this refers to the resulting price of the financial instrument excluding our own execution charges. Price usually is the most important factor when we consider how to obtain the best possible result when executing client orders.
- **Costs:** these relate to commissions, costs and the fees that are charged for executing your order. If you deal with us on a fixed commission basis, these costs will have only limited influence in the way that we execute your order. If you have a commercial arrangement with us in which those costs influence our own charges to you, we will agree an appropriate way with you to incorporate these costs into our execution strategy.
- **Speed:** we interpret speed as the rate at which we are able to execute your order. Where your instructions dictate or imply a rate at which we should execute your order, we will

follow your instructions unless we identify an immediate and substantial conflict with the price. Where your instructions do not refer to speed, we will execute your order at a rate which we believe represents a balance between creating market impact and executing your order in a timely fashion so as to reduce execution risk.

- **Likelihood of execution:** we interpret this as the likelihood that we are able to execute your order, or at least a substantial part of it. This factor increases in importance in situations where access to liquidity in the relevant instrument is constrained in some way.
- **Likelihood of settlement:** we expect transactions that we execute for you to settle in a timely fashion. Generally, in equity security markets, likelihood of settlement is not a significant factor. However, in specific situations we would consider likelihood of settlement a more important factor than price.
- **Size of the client order:** size refers to the size of the order in proportion to the average turnover in a specific financial instrument. The size of the client order could be an important factor if the order exceeds the daily average turnover in a specific financial instrument, e.g. in the event of block trades. Large in scale trades could have a negative effect on the pricing of financial instruments when executed directly and in one block on an execution venue. If you submit such an order we may not consider the price and speed as most important factors. When submitting a large order, your prevailing interest may be to build up or unwind a substantial position in a specific financial instrument. In these circumstances, we may consider the likelihood of execution and settlement as the most important execution factors.
- **Nature of the client order:** sometimes the nature of the order sets out conditions or restrictions for us when we execute your order. If you, for example, submit a limit order we may face restrictions when executing your order. In case some execution venues do not accept limit orders. In such instance, we will take all the other execution factors into consideration to obtain the best possible result for you on the execution venues that are willing to process your limit order.
- Any other relevant order execution factor.

<sup>1</sup> For purposes of the ING Wholesale Banking Best Execution and Order Handling Policy, the name ING Wholesale Banking is intended, particularly, to include ING Wholesale Banking Financial Markets. ING Wholesale Banking is a trading name of ING Bank N.V. and its branches and subsidiaries. In Europe these would include: ING Bank N.V., ING Belgium S.A., ING Bank Luxembourg SA, ING Bank Śląski S.A., but may include other entities for specific countries or products. The legal entity for any transaction will be advised to you at the time of effecting a transaction with ING Wholesale Banking.

#### 4. How do we determine the relative importance of the execution factors and execution venue selection?

When executing orders on behalf of our clients, we consider best execution on the basis of the above-mentioned factors and our commercial experience and judgment in the light of available market information and liquidity in the financial instrument at the relevant time, while also taking into account the characteristics of:

- the client, including whether the client is a retail client, a professional client or an eligible counterparty;
- the order and the financial instrument;
- the execution venues to which the order can be directed.

For a client classified as “**retail**” under MiFID II, the price of the financial instrument and the costs of execution will determine best execution (total consideration). However, the other factors above may take priority where instrumental in achieving the best possible result in terms of total consideration.

For a client classified as “**professional**” under MiFID II, the price and costs will usually be the most important execution factors. However we will take the other factors into account in the context of all relevant circumstances including whether there is room for price improvement.

Regardless of any legal obligation to do so, we uphold the highest standards of integrity and fairness when executing client orders. Furthermore we will always take sufficient steps to obtain the best possible result when executing orders for our retail and professional clients.

Based on the application of these best execution factors and the above criteria, we shall select the most appropriate venue to execute your order. Where there is only one possible venue to execute your order, we will execute your order on that venue.

In annex 1 to this Policy we have set out the relative importance of the execution factors and the selection of execution venues for each of the following product types: cash equity, fixed income and derivatives. In annex 2 to this Policy we have listed the execution venues used by us. Upon request we will provide further details of the execution venues included in annex 2 of this Policy.

#### 5. Execution venues

We execute client orders by one of the following methods or combination of methods:

- **Directly** on a regulated market (RM), a multilateral trading facility (MTF) or organised trading facility (OTF), of which we are a member or participant. For an overview of our current memberships of RM, MTF and OTF's, please refer to [www.ingwb.com/mifid](http://www.ingwb.com/mifid).
- **Indirectly** on an RM, MTF or OTF, in the event that we are not a direct member or participant of the relevant trading venue. In such case we work with one or more members

or participants of such trading venue with whom we have entered into an agreement for handling client orders for that particular trading venue.

While selecting an execution venue, we will take into account the factors and considerations mentioned in this Policy and in Annex I hereof. In order to achieve best execution for our clients, we will not structure our charges and commissions in such a way that they discriminate unfairly between execution venues.

Where we execute client orders outside the rules of a RM, MTF or OTF, this is called off-exchange trading. When trading off-exchange we use one of the following methods to execute your order:

- outside a RM, MTF or OTF with selected high quality counterparties who deal against their own book or act as systematic internaliser (SI);
- outside a RM, MTF or OTF by crossing a client order with a matching order of another client to the extent permitted by law;
- against our own book (SI);
- against the book of another broker or investment firm; or
- through an ‘over the counter’ (OTC) trade, where the broker makes special arrangements with a trading facility for the execution of your order.

Without your express prior consent, we are not allowed to execute your orders off-exchange. For this purpose you must complete the off-exchange trading consent form, which is available on [www.ingwb.com/mifid](http://www.ingwb.com/mifid).

Please note, that when you trade off-exchange with us you will face counterparty risk. This risk implies that when your counterparty (us or any third-party) becomes insolvent it may not be able to meet its contractual obligations to you. When trading on-exchange counterparty risks are reduced. In these cases, your counterparty is a central counterparty (CCP). CCPs are subject to financial supervision and various risk mitigation rules, such as high capital buffers and collateralization rules which enhances your protection against counterparty risks.

#### 6. Specific situations

In some instances we may apply best execution in a specific manner, the following specific situations can be distinguished:

##### a. Request for quote

When we provide quotes or negotiate a price with you, as a retail or professional client, on request (i.e. dealing on a request for quote (RFQ) basis) we assess on a case-by-case basis, whether the execution of a client order can be seen as truly done on behalf of the client. This generally depends on whether the client legitimately relies on us to protect his or her interests in relation to the pricing and other elements of the transaction that may be affected by the choices made by us when executing the order.

For the purpose of our assessment whether this Policy applies in the context of an RFQ, we will take into account the following 4 cumulative factors:

- a) who initiated the transaction - where we approach you and suggest that you should enter into a transaction, it is more likely that you will be placing reliance on us. Where you initiate the transaction it is less likely that you will be placing reliance on us;
- b) existence of a market practice for market participants to 'shop around' - where the market practice suggests that you take responsibility for the pricing and other elements of the transaction and there is a practice that you will be obtaining quotes from other sources as well), it is less likely that you will be placing reliance on us;
- c) the level of price transparency within a market for us and for the client - if we have access to prices in the market in which we operate, whereas you do not, it is more likely that you will be placing reliance on us, whereas if our access to pricing transparency is equal or similar to yours, it is less likely that you will be placing reliance on us; and
- d) Is there any agreement or other information exchanged between ING and you under which the parties agree whether or not and the manner in which best execution will be provided by ING.

When after consideration of the above factors we conclude that you are not legitimately relying on us to apply best execution upon the execution of your order we do not consider best execution to apply.

### **b. Specific instructions and DMA**

Where you give us specific instructions, including specifying the characteristics of a bespoke product, either relating to an order or a particular aspect of an order, we will execute as far as reasonably possible in accordance with those instructions. We will warn you that such specific instruction may prevent us from taking the steps that we have put in place to obtain the best possible result for the execution of your orders with respect to the elements impacted by such specific instructions.

However, if you give us a specific instruction which covers one part or aspect of the order, this will not release us from our best execution obligations in respect of any other part or aspect of your order. For example, where you decide to execute an order via our Direct Market Access (DMA) system, you will select some or all parameters of the trade. In such cases we will be deemed to have satisfied our duty of best execution in respect of those parameters as specified by you.

### **c. Bespoke OTC derivatives transactions**

An example of a bespoke OTC derivatives transaction is when we provide our client with an OTC derivative that is tailored to the needs of our client in specific circumstances, for which no comparable alternative exists. In relation to bespoke OTC derivatives transactions, due to the unique contractual structure entered into between you and us, it may not be possible to apply best execution by comparing execution factors as applicable to other orders or instruments.

For the execution of bespoke OTC derivatives best execution is reached differently. In such case, we will check the fairness of the price proposed by gathering market data used in the estimation of the price of such financial instrument and, where possible, by comparing similar or comparable products.

We have procedures in place as well as appropriate valuation systems in order to consistently check the fairness of the prices.

### **d. Single venue transactions**

If the order given by the client relates by definition, nature or by specific instruction to a single execution venue, this may result in the most relevant execution consideration to be speed of execution. In such cases, for instance comparable prices may not be available as a consideration for achieving best execution for such client orders.

### **e. Unwinding a position for you**

Where we are required to unwind a position for you (for example, where you are in default under a contractual obligation (e.g. our ING Wholesale Banking Terms of Business, any specific master agreement with us or otherwise) the best execution obligation does not apply.

### **f. Smart order routers (SOR)**

A SOR is an automated process where algorithms are used for optimizing the routing of orders to execution venues. A SOR determines one or more parameters of the order other than determining the execution venues where the order should be submitted. As an example, a SOR may slice the order into 'child orders' or determine the time of submission of the order or the 'child orders'. A SOR may also embed other technology programmed to reflect the methodology set out in this policy. Consequently best execution is reached differently.

### **g. Securities finance transactions (SFT)**

SFTs are used as a source of funding subject to a commitment that the borrower or buyer will return equivalent securities on a future date. Since SFTs are typically defined bilaterally between the counterparties ahead of the execution, the choice of execution venues for SFTs is more limited than in the case of other transactions. Therefore, when applying the criteria for best execution in the context of SFTs, we will typically not use the same execution venues as for other transactions.

For a list of the execution venues that we use for SFTs we refer to Annex II.

## **7. General Terms of Order Handling**

### **a. General principles**

Under MiFID II we are required to execute client orders in a prompt, fair and expeditious manner relative to other client orders and our own trading interests. Therefore we will ensure that orders executed on your behalf are promptly and accurately recorded and allocated. When we execute

comparable client orders we will execute them in a sequentially and promptly manner unless:

- the characteristics of the order or the prevailing market conditions makes this impracticable; or
- your interests require otherwise.

When you are a retail client, we are obliged to inform you of any material difficulties that arise while proper carrying out your orders. When we are responsible for overseeing or arranging the settlement of an executed order, we will take all reasonable steps to ensure your financial instruments or funds are promptly and correctly delivered into your account.

In addition to the above, we will take all reasonable steps to prevent misuse of information relating to your pending orders.

#### **b. Aggregation and allocation of your order**

We will not carry out your order or a transaction for own account in aggregation with another client order unless the following conditions are met:

- the aggregation of orders and transactions will overall not work to the disadvantage of any client whose order is to be aggregated; and
- it is disclosed to each client that the aggregation may work to its disadvantage; and
- we use an order allocation policy providing for the fair allocation of the aggregated order or transaction.

The order allocation policy provides for the fair allocation of aggregated orders and transactions, including how the volume and price of orders determines allocations and the treatment of partial executions. When we aggregate an order and the aggregated order is partially executed, we will allocate the related trades in accordance with section 7 of this Policy.

#### **c. Aggregation and allocation of transactions for own account**

When we aggregate transactions for own account, we shall not allocate the related trades in a way that is detrimental to your order. If we have aggregated your order with a transaction for own account and the aggregated order is partially executed, we shall allocate your order prior to ours, unless we would not have been able to carry out your order on such advantageous terms (or at all) without the aggregation. In these circumstances, we may allocate the transaction for own account, proportionally with your order.

#### **d. Publication of your unexecuted limit order in shares**

We are obliged to facilitate the earliest possible execution of your limit order in respect of shares admitted to trading which are not immediately executed under prevailing market conditions. In such case, we will publish your limit order to the public to ensure that your order is executed as quickly as possible. We consider your limit order available to the public when we have submitted your order for execution or when a data reporting services provider has published your order and it can be easily executed as soon as market conditions allow. However, in our experience the automatic publication of unexecuted limit orders in shares is not always in your

best interest. Only if we have received your prior consent, we can consider on a case-by-case basis whether it is in your interest to immediately publish your unexecuted orders in shares. When executing your limit order, we will give priority to regulated markets and MTFs as set out in annex II for the execution of your limit order in shares.

### **8. Transmission of orders**

Where we receive and transmit orders, we will act in your best interests when placing orders with or transmitting orders to external brokers or dealers for execution (which may be located outside of the European Economic Area (EEA) and could include both ING affiliate entities and/or third party brokers).

In such case, we will either determine the ultimate execution venue ourselves on the basis of the considerations described above and instruct the other broker or dealer accordingly, or we will satisfy ourselves that the other broker or dealer has arrangements in place to enable us to provide our best execution to you and your order.

### **9. Publication top five execution venues or other entities for execution**

When placing orders with or transmitting orders to external brokers or dealers we will publish an annual report of the top five entities (brokers) to which client orders were routed during the preceding year. We will also publish an assessment of the execution quality obtained from all entities used for the transmission of your orders. For each class of financial instruments and for each relevant investment service we will publish separate best execution reports in order to allow you to assess the quality of execution provided by these entities.

When executing client orders we will also be obliged to publish best execution reports. For the execution of your orders we will annually publish a report of the top five execution venues in terms of trading volumes and of the quality of execution obtained over the preceding year. There will be separate reports for each class of financial instruments to allow you to assess the quality of execution obtained. Our best execution reports can be accessed via [www.ingwb.com/mifid](http://www.ingwb.com/mifid)

### **10. Monitoring and review**

We will monitor compliance with this Policy and assess its effectiveness on a regular basis. In particular we will monitor the execution quality of the entities identified in this Policy and where appropriate correct any deficiencies.

We will review this Policy at least annually or whenever a material change occurs that affects our ability to continuously obtain the best possible result for you.

We will notify our clients of any material changes to this Policy by publishing an updated version on [www.ingwb.com/mifid](http://www.ingwb.com/mifid). By carrying on business with us after we have published an

updated version, you shall be deemed to have consented to such changes to this Policy, unless you notify us that you do not agree with certain changes to this Policy.

### **11. Inducements and (non)-monetary benefits**

We do not receive any remuneration, discounts or non-monetary benefits for routing client orders to a particular trading venue which would infringe the requirements on conflicts of interest or the MiFID II regime on inducements.

We will only receive or provide third-party payments that comply with the MiFID II requirements regarding inducements and will disclose these to you when required. For more information about inducements we refer to our inducement policy available on [www.ingwb.com/mifid](http://www.ingwb.com/mifid).

# Annex I

## Overview of Financial Instruments, venues and relevant execution factors

### Fixed Income Products

#### (Cash Bonds, Securitized Products/Structured Notes, Exchange Traded Derivatives (futures and options), OTC Derivatives)

ING Wholesale Banking Evaluation of the Relevant Factors:

- i **Price:** For fixed income products the market is primarily OTC (over-the-counter) driven. This means that the prices are set efficiently by the market makers that are concluding transactions on a RFQ (Request for Quote) basis. Where trading is also executed over an exchange or MTF, ING Wholesale Banking will, as relevant and appropriate, take into account liquidity as a prevailing factor for determining the best execution. Transactions will in most circumstances be booked by ING Wholesale Bank against our own book.
- ii **Cost/Likelihood:** Execution is on a best efforts basis, customized to the client's requirements. If market liquidity results in reduced likelihood of execution or increased costs, then this will be explained to clients at the time of acceptance of RFQ. Execution fees will be incorporated in the final price to the client, unless otherwise communicated with the client.
- iii **Speed/Size:** In normal market circumstances orders will be executed promptly on receipt. All order sizes are accepted but issuer or national law or regulation may apply to provide restrictions.

Execution Venue Selected: ING Wholesale Bank acting against its own book.

### Currencies and Commodities

#### (OTC Derivatives, Exchange Traded Derivatives (futures and options) and Securitized Products/Structured Notes)

- i **Price:** For currency and commodity products the market is primarily OTC (over-the-counter) driven. This means that the prices are set efficiently by the market makers that are concluding transactions on a RFQ (Request for Quote) basis.

Where trading is also executed over an exchange or MTF, ING Wholesale Banking will, as relevant and appropriate, take into account liquidity as a prevailing factor for determining the best execution. Transactions will in most circumstances be booked by ING Wholesale Banking against our own book.

- ii **Cost/Likelihood:** Execution is on a best efforts basis, customized to the client's requirements. If market liquidity results in reduced likelihood of execution or increased costs, then this will be explained to clients at the time of acceptance of RFQ. Execution fees will be incorporated in

the final price to the client, unless otherwise communicated with the client.

- iii **Speed/Size:** In normal market circumstances orders will be executed promptly on receipt. All order sizes are accepted but issuer or national law or regulation may apply to provide restrictions.

Execution Venue Selected: ING Wholesale Banking acting against its own book.

### Equities

#### (Cash Equities, Securitized Products/Structured Notes, Exchange Traded Derivatives (futures and options) and OTC Derivatives)

ING Wholesale Banking Evaluation of the Relevant Factors:

- i **Price:** For equity products the market is primarily exchange driven. This means that the prices are set efficiently by the exchange market makers with whom ING will execute client orders.
- ii **Cost/Likelihood:** In achieving best execution, ING Wholesale Banking will, as relevant and appropriate, take into account liquidity as a prevailing factor for determining the best execution for listed securities. In general terms, the home market (market where the applicable equity has a primary listing) will generally be the most liquid market, although in certain circumstances the liquidity of an alternative market will be better. In most cases execution will be on a fully automated basis up to normal market size. We apply execution on a best efforts basis for care orders. Where we do not propose the exchange or when the execution costs are too high and/or when the order can be executed on another market, we might not offer the most liquid market. However, in general we will then opt for the home market as best execution market or at least offer the second liquid market.
- iii **Speed/Size:** In normal circumstances, prompt execution. For larger orders depending on liquidity and client request. Buy, sell, limit and stop orders executed on an order-by-order basis.

Execution Venue Selected: Regulated Market or a market maker which might include ING Group Entities.

# Annex II

## Execution Venues and brokers used by ING Wholesale Banking as referred to in Section 3 and 4 of the MiFID ING Wholesale Banking Best Execution and Order Handling Policy <sup>2</sup>

Note that this listing of Execution Venues is not an exhaustive listing, but rather comprises those venues on which ING Wholesale Banking places significant reliance. This list will be reviewed and updated in line with the ING Wholesale Banking Order Execution Policy. ING Wholesale Banking reserves the right to use any other Execution Venue additional to those listed here as deemed appropriate in accordance with ING Wholesale Banking's Order Execution Policy. Where ING Wholesale Banking acts as the execution venue we will use all sources of reasonably available information to ensure we obtain the best possible result for the order.

\* ING Wholesale Banking is a registered member to this execution venue.

### Fixed Income

#### Cash Bonds

We might execute client orders against our own book.

Euronext Brussels Stock Exchange\*  
Prague Stock Exchange  
Euronext Paris Stock Exchange\*  
Budapest Stock Exchange\*  
Euronext Amsterdam Stock Exchange\*  
Warsaw Stock Exchange\*  
London Stock Exchange MTS Milan  
Bloomberg MTF

#### Securitised Products/Structured Notes

We might execute client orders against our own book.

Euronext Brussels Stock Exchange\*  
Euronext Paris Stock Exchange\*  
Euronext Amsterdam Stock Exchange\*

#### Exchange Traded Derivatives (futures and options)

Euronext.liffe Eurex\*

#### OTC Derivatives

We might execute client orders against our own book.

### Currencies and Commodities

#### OTC Derivatives

We might execute client orders against our own book.

#### Exchange Traded Derivatives (futures and options)

Euronext.liffe Eurex\*  
ICE Europe  
LME

#### Securitised Products/Structured Notes

We might execute client orders against our own book.

Euronext Brussels Stock Exchange\*  
Euronext Paris Stock Exchange\*  
Euronext Amsterdam Stock Exchange\*  
Boerse Stuttgart & Boerse Frankfurt  
EuroTLX & CEDEX (Borsa Italiana)  
Nasdaq  
OMX & NDX (Sweden)

### Equities

#### Cash Equities

We might execute client orders against our own book.

Athens Stock Exchange  
Australia Securities Exchange  
Budapest Stock Exchange\*  
Bursa Malaysia Securities  
Copenhagen Stock Exchange  
Euronext Amsterdam Stock Exchange\*  
Euronext Brussels Stock Exchange\*  
Euronext Paris Stock Exchange\*  
Euronext Lisbon Stock Exchange  
Germany Exchange XETRA\*  
Helsinki Stock Exchange  
Hong Kong Stock Exchange  
Indonesia Stock Exchange  
Irish Exchange XETRA  
Istanbul Stock Exchange  
Johannesburg Stock Exchange  
Korea Stock Exchange  
London Stock Exchange\*

<sup>2</sup> For purposes of the ING Wholesale Banking Best Execution and Order Handling Policy, the name ING Wholesale Banking is intended, particularly, to include ING Wholesale Banking Financial Markets. ING Wholesale Banking is a trading name of ING Bank N.V. and its branches and subsidiaries. In Europe these would include: ING Bank N.V., ING Belgium S.A., ING Bank Luxembourg SA, ING Bank Slaski S.A., but may include other entities for specific countries or products. The legal entity for any transaction will be advised to you at the time of effecting a transaction with ING Wholesale Banking.

Luxembourg Stock Exchange  
Milan Stock Exchange  
New Zealand Stock Exchange  
NYSE (Equities)/ NASDAQ  
Oslo Stock Exchange  
Philippine Stock Exchange  
Prague Stock Exchange\*  
Russian Trading System RTS/Moscow MICEX  
Singapore Stock Exchange  
Sistema De Interconnexion Bursatil Espanol  
Stockholm Stock Exchange  
Swiss Exchange/SWX Europe  
Taiwan Stock Exchange  
Tel Aviv Stock Exchange  
The Stock Exchange of Thailand  
Tokyo Stock Exchange  
Toronto Stock Exchange  
Vienna Stock Exchange  
Warsaw Stock Exchange\*

### **Securitised Products/Structured Notes**

We might execute client orders against our own book.

Euronext Brussels Stock Exchange\*  
Euronext Paris Stock Exchange\*  
Euronext Amsterdam Stock Exchange\*  
Boerse Stuttgart & Boerse Frankfurt  
EuroTLX & CEDEX (Borsa Italiana)  
Nasdaq  
OMX & NDX (Sweden)

### **Dark Pools**

BATS  
Crossfinder  
Chi-X Delta  
Euronext SmartPool  
Instinet BlockMatch  
ITG  
JP Morgan  
Nordic@Mid  
Turquoise Mid PointCross  
Turquoise Block Discovery

### **Inter-Dealer Brokers (IDBs)**

The largest IDBs that may be utilised by ING Wholesale Banking in order to execute client orders are;

BGC Partners  
GFI Group Inc  
ICAP plc  
Tradition (UK) Ltd  
Tullett Prebon Ltd

### **OTC Derivatives**

We might execute client orders against our own book.