

# ING Bank N.V. Commercial Policy for the ING Systematic Internaliser

Effective as of 1 September 2018

## 1 Interpretation and definitions

### 1.1 Interpretation

- (a) References to times shall mean those times in London unless stated otherwise.
- (b) References to days are to Business Days unless stated otherwise.

### 1.2 Definitions

#### **AFM**

means The Dutch Authority for the Financial Markets.

#### **APA**

means an Approved Publication Arrangement as set out in art 4 (1)(52) of MiFID II. ING Bank has appointed Trax as APA.

#### **Business Day**

means the days that banks are usually open for business, being all days except Saturdays, Sundays and those national holidays ING SI Management has decided to be closed for business.

#### **Client**

means a client of ING SI admitted in accordance with clause 3.

#### **ESMA**

means the European Securities and Markets Authority.

#### **ING Bank**

means ING Bank N.V., a company incorporated in the Netherlands under company number 33031431.

#### **ING SI Management**

means the management team of ING Financial Markets.

#### **ING SI**

means those operations of ING Bank where ING Bank operates in accordance with the systematic internaliser regime as set out in MiFIR and of which ING Bank has notified the AFM.

#### **MAR**

means Regulation No 596/2014 of 16 April 2014 on market abuse (market abuse regulation), as amended and all rules and regulations made thereunder.

#### **MiFID II**

means Directive 2014/65/EU of 15 May 2014 on markets in financial instruments, as amended and all rules and regulations made thereunder.

#### **MiFIR**

means Regulation 600/2014 of 15 May 2014 on markets in financial instruments as amended, and all rules and regulations made thereunder.

#### **OTC**

means over the counter.

#### **SFTR**

means Regulation 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse as amended and all rules and regulations made there under.

#### **Short Selling Regulation**

means Regulation 236/2012 of 14 March 2012 on short selling and certain aspects of credit default swaps, as amended and all rules and regulations made there under.

#### **SI Commercial Policy**

means this SI commercial policy as amended from time to time.

#### **Trading Venue**

means a regulated market, multilateral trading facility or organised trading facility, as defined in MiFID II.

## 2 Purpose of this SI Commercial Policy

Where ING is acting as a systematic internaliser in accordance with MiFID II/MiFIR, it is required to publish firm quotes, unless a waiver applies. ING is acting as an SI when it deals on an organized, frequent and systematic and substantial basis on own account when executing client orders outside a Trading Venue without operating a multilateral system in the asset classes as set out in clause 4. This SI Commercial Policy set out the terms on which ING SI will operate.

## 3 Participation

- 3.1 In the Clients dealings with ING Bank, parties will be legally bound by this SI Commercial Policy, as amended or supplemented from time to time.

- 3.2 Subject to the requirements set out in Clause 5, Clients of ING Bank which meet the following requirements can trade through ING SI:
- i. Client must be MiFID II classified by ING Bank; and
  - ii. relevant master agreements, client agreement or ING Terms of Business must be in place to trade the relevant financial instruments;
  - iii. all relevant trading, custody and settlement accounts have been set up;
  - iv. a Client has not engaged, and shall not engage, in any conduct, in respect of its business with ING SI which is:
    - a. in breach of MAR or MiFID II/MiFIR or any other regulatory requirement;
    - b. in breach of any requirement under any master agreement, client agreement or ING Terms of Business;
    - c. likely to damage the fairness or integrity of ING SI; or
    - d. in breach of the SI Commercial Policy.
- 3.3 ING SI may refuse to enter into or discontinue business relationships with Clients on the basis of commercial considerations such as the Client credit status, the counterparty risk and the final settlement of the transaction. These considerations are laid down in the relevant master agreements, client agreements and ING Terms of Business which apply between ING Bank and the Client.

## 4 Trading rules non-equities

### 4.1 Financial instruments traded through ING SI

- 4.1.1 ING SI Management will determine in its absolute discretion which financial instruments ING Bank will opt-in for trading on ING SI.
- 4.1.2 ING SI Management has decided to opt-in to operate as an SI for bonds (excluding exchange traded notes (ETN) and exchange traded commodities (ETC)) which are Traded on a Trading Venue (ToTV) and FX and interest rate derivatives as well as securitised derivatives which are issued by ING.
- 4.1.3. ING SI is not available for trading securities financing transactions as defined in art. 3(11) of SFTR.
- 4.1.4 ING SI will operate an SI on the level of a particular financial instrument, class of financial instruments, group of issuers or issuer as specified in MiFIR, if it exceeds the regulatory thresholds as specified in MiFIR.
- 4.1.5 ING SI shall assess on a quarterly basis the trading data from the past 6 months. The assessment period starts on the first Business Day of the month in January, April, July and October. ING SI shall perform the calculations and comply with the SI regime (including notification to the AFM) by the fifteenth calendar day of the months of February, May, August and November every year.
- 4.1.6 ING SI will only take into account financial instruments for calculation purposes if the assessment of historical data covers a period of at least six weeks in the case of bonds and derivatives.

- 4.1.7 ING SI's Management shall notify the AFM if ING Bank becomes an SI for a certain financial instrument, class of financial instruments, group of issuers or issuer as specified in MiFIR.

### 4.2 Hours of operation

- 4.2.1 The SI will be open for business on Business Days during standard market trading hours.
- 4.2.2 ING SI is not available during any scheduled maintenance slots or as may otherwise be determined by ING SI Management.
- 4.2.3 There is nothing to prevent or restrict the right of ING SI to extend (or reduce) trading hours generally, or in relation to any financial instrument during the course of any Business Day.

### 4.3 Interaction with SI

- 4.3.1 Clients can interact with ING SI to request for quotes or to request access to already disclosed quotes.
- 4.3.2 ING SI can be contacted via your regular sales contact method or channels included in the table below.
- 4.3.3 In case of changes, ING SI will update the specifications in this commercial policy as to the arrangements ING SI will use to make quotes public and accessible. Clients are advised to visit the website where this SI commercial policy is published from time to time.

## 5 Pre-trade transparency

### 5.1 General

- 5.1.1 ING has appointed TRAX as its APA. TRAX APA can be reached via <http://www.traxapa.com>
- 5.1.2 ING SI shall not report for pre-trade transparency purposes with respect to transactions in financial instruments or transaction modalities which are exempt from pre-trade transparency requirements under MiFIR.

### 5.2 RFQ for liquid Financial Instruments

- 5.2.1 ING Bank shall make public firm quotes in respect of financial instruments traded on a Trading Venue for which it acts as an SI and for which there is a liquid market as determined by ESMA when the following conditions are fulfilled:
  - a) ING SI is prompted for a quote by a Client of ING SI;
  - b) ING SI agrees to provide a quote.
 The quotes are made public via the channels applicable to the financial instrument as specified in clause 4.3.2.
- 5.2.2 ING SI is not subject to the obligation to make a firm quote public if the liquidity in a financial instrument falls below the threshold as specified on the website of the AFM and the AFM temporarily suspends the pre-trade transparency obligation as set out in art. 18(6) of MiFIR in conjunction with art. 9(4) of MiFIR.
- 5.2.3 ING SI shall make the firm quotes public in accordance with clause 5.2.1 available to its other Clients for trading, where applicable adjusted for client-specific cost and charges. Clients can access the quotes via the channels

Financial Instrument	Communication channel: your regular contact method with sales as further specified below	Liquid quotes will be made public and accessible to other clients through
Bonds	<ul style="list-style-type: none"> <li>• Phone</li> <li>• Email</li> <li>• Bloomberg Chat</li> </ul>	APA TRAX
Securitised derivatives: • Sprinters and Equity Structure Notes	<p>Sprinters:</p> <ul style="list-style-type: none"> <li>• For Dutch Clients via email: info@sprinters.nl</li> <li>• For German clients via telephone: +49 69 759 362 37 or via email: zertifikate@ingbank.com</li> <li>• For French clients via email: info@ingturbos.fr</li> <li>• INGStructuredproducts@ingbank.com</li> </ul>	<ul style="list-style-type: none"> <li>• Euronext (NL/FR): <a href="https://www.euronext.com/nl">https://www.euronext.com/nl</a></li> <li>• CATS (NL / DE / FR): <a href="https://mdp.bs-cats.com">https://mdp.bs-cats.com</a></li> <li>• Deutsche Börse (DE): <a href="http://deutsche-boerse.com/dbg-de/investor-relations">http://deutsche-boerse.com/dbg-de/investor-relations</a></li> </ul> <p>Netherlands: <a href="https://www.ingsprinters.nl">https://www.ingsprinters.nl</a>  Germany: <a href="https://www.ingmarkets.de">https://www.ingmarkets.de</a>  France: <a href="https://www.ingturbos.fr">https://www.ingturbos.fr</a></p>
• Non-equity structured notes	<ul style="list-style-type: none"> <li>• Phone</li> <li>• INGStructuredproducts@ingbank.com</li> <li>• Bloomberg Chat</li> </ul>	<ul style="list-style-type: none"> <li>• Bloomberg, Reuters and ING website: <a href="https://www.ingmarkets.com">https://www.ingmarkets.com</a></li> <li>• German and Milan exchange</li> </ul>
Interest rate derivatives	<ul style="list-style-type: none"> <li>• Phone</li> <li>• Email</li> <li>• Bloomberg Chat</li> </ul>	APA TRAX
Foreign exchange derivatives	<ul style="list-style-type: none"> <li>• Phone</li> <li>• Email</li> <li>• Bloomberg Chat</li> <li>• Reuters Messenger</li> <li>• ING Trade</li> </ul>	APA TRAX

applicable to the financial instrument as specified in clause 4.3.2.

5.2.4 Published firm quotes are not available to another client for trading if:

- made in relation to cleared OTC derivatives, unless the transaction with that other client on the basis of the firm quote is to be cleared on the same CCP as envisaged by the original quote;
- made in relation to uncleared OTC derivatives, unless there is no material X-Value Adjustment (XVA) required compared the transaction envisaged by the original quote. Whether a XVA pricing adjustment is material is left to the discretion of ING SI Management;
- made in relation to transactions that are subject to specific contractual arrangements (including, without limitation, under a master agreement and/or collateral or credit support documentation) or operational arrangements, which are not in place with that other client;
- the credit status of that other client, and/or the counterparty risk, settlement risk or other relevant risk associated with a transaction with that other client, are not acceptable to ING SI in accordance with its internal risk management framework;

5.2.5 ING SI is not required to make public and available to other Clients quotes above the size specific to the instrument as set out in art. 18(10) of MiFIR.

### 5.3 RFQ for illiquid financial instruments

- 5.3.1 ING SI shall not make public firm quotes in respect of financial instruments traded on a Trading Venue for which there is not a liquid market as determined by ESMA.
- 5.3.2 ING SI shall disclose to Clients on their request firm quotes provided by ING SI to other Clients in an illiquid financial instrument. Clients can request access to the quotes via the communication channels applicable to the financial instruments as specified in clause 4.3.2.
- 5.3.3 ING SI shall not be required to disclose (firm) quotes to other Clients as set out in clause 5.3.2 with respect to financial instruments for which there is not a liquid market as set out in art. 9 (1)(c) of MiFIR.
- 5.3.4 ING SI is not required to make available to other Clients firm quotes above the size specific to the instrument as set out in art. 18(10) of MiFIR.

### 5.4 Limitation of trading on quotes

- 5.4.1 ING SI will limit the number of transactions it undertakes to enter into with Clients on the basis of a single quote to 1 (one) transaction.

5.4.2 Where relevant, any firm quote provided to a Client following the request for such a quote will be potentially executable by 1 (one) other Client when the requesting Client has decided not to trade against it. When the requesting Client has only executed a part of the quote, the remainder of the quote remains available for execution to other Clients up to full volume of the quote.

5.4.3 ING SI has limited the access to quotes as set out in clause 5.5. to protect ING Bank against undue risk. In addition, the price of a financial instrument is based on the size traded/quoted. In order to be able to quote to a Client the best price, ING SI must be able to take into account the size of the quote. Consequently, ING SI serves the interest of the requesting Client and any other Client who trades against the quote if the requesting Client has decided not to trade against it (or to execute only part of it). In justified cases ING SI may execute orders at a better price provided that the price falls within a public range close to the market conditions.

## 5.5 Validity of quotes and updating

5.5.1 Subject to Clause 5.5.2 and 5.6 ING SI's quotes remain valid for a period as specified in the below table per financial instrument:

Financial instrument	Validity of the quote
Bonds:	
• Credit	30 seconds
• Rates	5 seconds
Securitized derivatives:	
• Sprinters & Equity	
Structured Notes	1 second
• Non-Equity Structured Notes	1 minute
FX derivatives	30 seconds

5.5.2 ING SI is entitled to update its quotes (including (without limitation) due to market movements or changed market conditions) at any time within the timeframe set out Clause 5.5.1, also after a client has requested to trade on that quote, but provided that updated quotes are the consequence of, and consistent with, genuine intentions of ING SI to trade with Clients in a non-discriminatory manner.

## 5.6 Withdrawal of quotes

5.6.1 ING SI may withdraw its quotes under exceptional market conditions and if ING becomes aware of any error or omission in the quote.

5.6.2 Exceptional markets conditions are for instance:

- the Trading Venue where the financial instrument was first admitted to trading or the most relevant market in terms of liquidity halts trading for that financial instrument in accordance with art. 48 of MiFID II;
- the Trading Venue where the financial instrument was first admitted to trading or the most relevant

market in terms of liquidity allows market making obligations to be suspended;

- a Competent Authority prohibits short sales in that financial instrument according to Article 20 of the Short Selling Regulation.

## 5.7 Prices

5.7.1 The price ING makes available to the public for the purpose of pre-trade transparency is the traded quote established by normal market practice, including all the product features or other components of the quote such as the counterparty or liquidity risk, but excluding commissions and if relevant accrued interest.

5.7.2 The quoted prices ING SI makes available to Clients contain – with the exemption of the financial instruments mentioned in clause 5.2.4 (a) and (b) – any relevant risk adjustments and commissions applicable to the cohort within which the Clients fall in order for the clients to determine with a degree of certainty the price that would be applicable to them.

5.7.3 ING SI publishes the traded price of the transaction excluding, where applicable, commission and accrued interest, for the purpose of post-trade transparency.

## 6 Post trade transparency

6.1 In accordance with art. 21 of MiFIR, ING SI shall make public the volume and price of those transactions and the time at which they were concluded. That information shall be made public through the APA.

6.2 ING SI may defer publication of post-trade transparency in accordance with art. 21(4) of MiFIR, provided one of the following conditions is satisfied:

- the transaction is large in scale compared with the normal market size;
- the transaction is in a financial instrument or a class of financial instruments for which there is not a liquid market;
- the transaction is executed between an investment firm dealing on own account other than on a matched principal basis and another counterparty and is above a size specific to the financial instrument;
- the transaction is a package transaction which meets one of the following criteria:
  - one or more of its components are financial instruments which do not have a liquid market;
  - one or more of its components are transactions in financial instruments that are large in scale compared with the normal market size;
  - the transaction is executed between an investment firm dealing on own account other than on a matched principal basis and another counterparty, and one or more of its components are transactions in financial instruments that are above the size specific to the instrument.

6.3 In case ING undertakes the post-trade transparency reporting Clients need not satisfy any trade reporting requirement imposed by art. 21 of MiFIR.

## 7 Best execution

- 7.1 ING SI shall treat Clients honestly, fairly and professionally and shall act in accordance with the best interest of the client.
- 7.2 In those instances where ING SI owes the obligation of best execution vis-à-vis a Client, ING Bank's Best Execution policy will apply. This policy is published on [www.ingwb.com/mifid](http://www.ingwb.com/mifid).

## 8 Identification

- 8.1 ING SI will be identified by our registered Market Identifier Codes (MIC):
  - **ING Bank N.V. – Systematic Internaliser**
    - MIC for all financial instruments with the exception of Sprinters: **INGB**
    - MIC for Sprinters: **INGE**.

## 9 Telephone recording and electronic correspondence

- 9.1 ING SI is obliged to record and retain certain telephone conversations and electronic correspondence between ING SI and Clients that takes place via ING SI and Clients are deemed to consent to such recordings and retention. Such recordings remain the sole property of ING SI.
- 9.2 Clients may request from time to time access to the recordings.

## 10 Payments & taxes

- 10.1 The Client shall pay to ING SI all costs and charges and any other costs including interests on any late payment due to ING SI pursuant to trading through ING SI.
- 10.2 Costs and charges shall be disclosed ex ante and ex post in accordance with art. 50 of the MiFID II delegated directive of 25 April 2016, unless bilaterally agreed otherwise in writing.
- 10.3 The Client shall be liable for the payment of any applicable taxes that arise from the trading through ING SI.

## 11 Amendments

- 11.1 ING SI will review this SI Commercial Policy from time to time.
- 11.2 ING SI will notify Clients of any changes to this SI Commercial Policy by publishing an updated version on [www.ingwb.com/mifid](http://www.ingwb.com/mifid).
- 11.3 By carrying on business with us after we have published the updated version, the Client shall be deemed to have consented to such changes to the SI Commercial Policy, unless the Client notifies in writing to ING Bank that the Client does not agree with certain changes to the SI Commercial Policy.

## 12 Applicable terms of business and client agreements

- 12.1 Clients of the ING SI and ING SI are also bound by ING Wholesale Banking Terms of Business, as amended from time to time, unless agreed in writing with ING Bank that these do not apply. These terms can be found on [www.ingwb.com/mifid](http://www.ingwb.com/mifid).
- 12.2 In the event of any conflict between the ING Wholesale Banking Terms of Business and the SI Commercial Policy, the latter shall prevail.
- 12.3 The SI Commercial Policy applies to our client relationship in addition to any master agreement or other client agreement.
- 12.4 In the event of any conflict between this SI Commercial Policy and any master agreement or client agreement with respect to financial markets business or ancillary services, the SI Commercial Policy shall prevail.

## 13 Complaints

- 13.1 If a Client has a complaint relating to the ING SI, such complaint should be made in writing (including by electronic mail) and addressed to:

Postal address:  
ING Bank N.V.  
FMCC - Complaints, TRC 00.052  
P.O. Box 1800  
1000 BV Amsterdam  
The Netherlands

Website: [www.ingwb.com/mifid](http://www.ingwb.com/mifid)  
E-mail: [ing-financial-markets-complaints@ing.com](mailto:ing-financial-markets-complaints@ing.com)

## 14 Liability & indemnity

- 14.1 Unless otherwise expressly provided in any other agreement between ING SI and the Client, ING SI shall only be liable for fraud, gross negligence and wilful misconduct where there is a finding of such by a court of competent jurisdiction and shall not otherwise be liable.
- 14.2 On a continuing basis Clients will indemnify ING Bank against any loss, liability and cost which ING Bank may suffer or incur as a result of acting on any instruction which ING Bank reasonably believes to have been approved by the Client or given on the Client's behalf, or as a result of the Clients' breach of any provision of the SI Commercial Policy.

## 15 Governing law

- 15.1 This SI Commercial Policy is governed by, and shall be construed in accordance with, the laws of the Netherlands.
- 15.2 Any dispute arising out of or in connection with this SI Commercial Policy shall be subject to the exclusive jurisdiction of the Dutch courts.