

# ICBC Standard Bank Costs & Charges

Ex Ante Disclosure  
January 2018



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# 1. Background

## Ex-ante disclosure

Further to section 9 of the Terms of Business with ICBC Standard Plc (the “Bank”), and pursuant to Article 24(4) of the Markets in Financial Instruments Directive 2014/65/EU (“MiFID II”) the Bank is required to make an ex-ante disclosure of indicative costs and charges in relation to the provision of MiFID investment services and ancillary services.

The information set out below is designed to help the client understand the costs and charges associated with transacting in certain financial instruments.

The financial instruments covered by this disclosure are traded by ICBC Standard Bank on a principal basis. The financial instruments include:

- i Bonds
- ii Interest rate derivatives
- iii Foreign exchange derivatives
- iv Equity derivatives
- v Commodity derivatives
- vi Credit derivatives
- vii Securitised derivatives

## 2. Costs related to transactions

Trading financial instruments with ICBC Standard Bank Plc may involve transaction costs. These are costs and charges incurred as a result of the acquisition or disposal of a relevant financial instrument and may include the costs incurred when conducting a transaction to create, increase or decrease a position.

The price at which the Bank executes an order on your behalf or trades in principal with you in a financial instrument, will be the "Final Price" that you may pay in respect of a transaction.

That Final Price is comprised of:

- (i) the market price for the relevant instrument; and
- (ii) the Bank's transaction costs.

### **Market Price**

The market price for a relevant financial instrument will be reflective of

- Current executable market price at or around the time of the trade not directed at a particular client or class of clients;
- Recent transactions in the same instrument undertaken by ICBC Standard Bank;
- Similar transactions entered into or reported at that time by other market participants;
- Mid-market price as determined by an internal ICBC Standard Bank model.

### **Transaction Costs**

Transaction Costs will be reflective of the costs to the Bank of carrying out the relevant transaction. These will incorporate ICBC Standard Bank's operating costs which are based on a number of factors that include, but are not limited to:

- type of financial instrument;
- liquidity of the financial instrument in the market;
- whether ICBC Standard Bank is a market maker in the financial instrument;
- time, effort, cost and potential risk to ICBC Standard Bank of executing the transaction;
- the level of standardisation of the product;
- transaction size;
- credit risk of both instrument and counterparty;
- market risk;
- capital usage;
- funding costs;
- fees incurred; and

- other relevant valuation adjustments.

Any specific requests or instructions that you provide to the Bank in respect of a particular transaction may result in additional transaction costs being applied in order to reflect additional complexity or difficulty in executing your order in accordance with those instructions.

The Bank may also pass on other types of costs as agreed between us, including but not limited to:

- third party costs;
- ongoing charges;
- one off charges; and
- other charges, such as incidental costs and currency costs.

### 3. Illustrations of costs and charges

The tables below illustrate reasonable estimates of the Bank's Transaction Costs for the financial instruments covered by this disclosure. Transaction Costs vary by product and client and may exceed the below range from time to time.

The financial instruments covered under this disclosure may be traded according to different quoting conventions which include, but are not limited to:

- Basis Points - For financial instruments that can be traded as a yield, spread or interest rate;
- Volatility percentage points – For financial instruments that can be traded as a volatility spread;
- % of Notional or Premium – For financial instruments that can be traded as a % of a given notional or cash premium.

In the examples below notional can be constructed in a variety of different ways that include, but are not limited to, notional in currency terms, vega notional and financial instrument contract size multiplied by the number of contracts. As noted above the Transaction Costs are driven by a number of factors which include but are not limited to:

- type of financial instrument;
- liquidity of the financial instrument in the market;
- whether ICBC Standard Bank is a market maker in the financial instrument;
- time, effort, cost and potential risk to ICBC Standard Bank of executing the transaction;
- the level of standardisation of the product;
- transaction size;
- credit risk of both instrument and counterparty;
- market risk;
- capital usage
- funding costs
- fees incurred
- other valuation adjustments.

Any specific requests or instructions that you provide to the Bank in respect of a particular transaction may result in additional transaction costs being applied in order to reflect additional complexity or difficulty in executing your order in accordance with those instructions.

The Bank may also pass on other types of costs as agreed between us, including but not limited to:

- third party costs;
- ongoing charges
- one off charges

### Basis Points – Yield, spread or interest rate

The tables below illustrate the Transaction Costs for a notional of \$10,000,000:

Transaction Costs (\$ USD)	Duration													
	1 Day		1 Month		6 Months		1 Year		2 Years		5 Years		10 Years	
	Cost (\$)	Notional	Cost (\$)	Notional	Cost (\$)	Notional	Cost (\$)	Notional	Cost (\$)	Notional	Cost (\$)	Notional	Cost (\$)	Notional
0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.025	-	0.00%	2	0.00%	13	0.00%	25	0.00%	50	0.00%	125	0.00%	250	0.00%
0.05	-	0.00%	4	0.00%	25	0.00%	50	0.00%	100	0.00%	250	0.00%	500	0.01%
0.125	-	0.00%	10	0.00%	63	0.00%	125	0.00%	250	0.00%	625	0.01%	1,250	0.01%
0.25	1	0.00%	21	0.00%	125	0.00%	250	0.00%	500	0.01%	1,250	0.01%	2,500	0.03%
0.5	1	0.00%	42	0.00%	250	0.00%	500	0.01%	1,000	0.01%	2,500	0.03%	5,000	0.05%
1	3	0.00%	83	0.00%	500	0.01%	1,000	0.01%	2,000	0.02%	5,000	0.05%	10,000	0.10%
1.5	4	0.00%	125	0.00%	750	0.01%	1,500	0.02%	3,000	0.03%	7,500	0.08%	15,000	0.15%
2	6	0.00%	167	0.00%	1,000	0.01%	2,000	0.02%	4,000	0.04%	10,000	0.10%	20,000	0.20%
2.5	7	0.00%	208	0.00%	1,250	0.01%	2,500	0.03%	5,000	0.05%	12,500	0.13%	25,000	0.25%
5.00	14	0.00%	417	0.00%	2,500	0.03%	5,000	0.05%	10,000	0.10%	25,000	0.25%	50,000	0.50%
7.50	21	0.00%	625	0.01%	3,750	0.04%	7,500	0.08%	15,000	0.15%	37,500	0.38%	75,000	0.75%
10.00	28	0.00%	833	0.01%	5,000	0.05%	10,000	0.10%	20,000	0.20%	50,000	0.50%	100,000	1.00%
12.5	35	0.00%	1,042	0.01%	6,250	0.06%	12,500	0.13%	25,000	0.25%	62,500	0.63%	125,000	1.25%
25	69	0.00%	2,083	0.02%	12,500	0.13%	25,000	0.25%	50,000	0.50%	125,000	1.25%	250,000	2.50%
37.5	104	0.00%	3,125	0.03%	18,750	0.19%	37,500	0.38%	75,000	0.75%	187,500	1.88%	375,000	3.75%
50	139	0.00%	4,167	0.04%	25,000	0.25%	50,000	0.50%	100,000	1.00%	250,000	2.50%	500,000	5.00%
75	208	0.00%	6,250	0.06%	37,500	0.38%	75,000	0.75%	150,000	1.50%	375,000	3.75%	750,000	7.50%
100	278	0.00%	8,333	0.08%	50,000	0.50%	100,000	1.00%	200,000	2.00%	500,000	5.00%	1,000,000	10.00%
125	347	0.00%	10,417	0.10%	62,500	0.63%	125,000	1.25%	250,000	2.50%	625,000	6.25%	1,250,000	12.50%
150	417	0.00%	12,500	0.13%	75,000	0.75%	150,000	1.50%	300,000	3.00%	750,000	7.50%	1,500,000	15.00%
200	556	0.01%	16,667	0.17%	100,000	1.00%	200,000	2.00%	400,000	4.00%	1,000,000	10.00%	2,000,000	20.00%
250	694	0.01%	20,833	0.21%	125,000	1.25%	250,000	2.50%	500,000	5.00%	1,250,000	12.50%	2,500,000	25.00%
500	1,389	0.01%	41,667	0.42%	250,000	2.50%	500,000	5.00%	1,000,000	10.00%	2,500,000	25.00%	5,000,000	50.00%

Transaction Costs (\$ USD)	Duration											
	15 Years		20 Years		25 Years		30 Years		40 Years		50 Years	
	Cost (\$)	Notional	Cost (\$)	Notional	Cost (\$)	Notional	Cost (\$)	Notional	Cost (\$)	Notional	Cost (\$)	Notional
0	-	-	-	-	-	-	-	-	-	-	-	-
0.025	375	0.00%	500	0.01%	625	0.01%	750	0.01%	1,000	0.01%	1,250	0.01%
0.05	750	0.01%	1,000	0.01%	1,250	0.01%	1,500	0.02%	2,000	0.02%	2,500	0.03%
0.125	1,875	0.02%	2,500	0.03%	3,125	0.03%	3,750	0.04%	5,000	0.05%	6,250	0.06%
0.25	3,750	0.04%	5,000	0.05%	6,250	0.06%	7,500	0.08%	10,000	0.10%	12,500	0.13%
0.5	7,500	0.08%	10,000	0.10%	12,500	0.13%	15,000	0.15%	20,000	0.20%	25,000	0.25%
1	15,000	0.15%	20,000	0.20%	25,000	0.25%	30,000	0.30%	40,000	0.40%	50,000	0.50%
1.5	22,500	0.23%	30,000	0.30%	37,500	0.38%	45,000	0.45%	60,000	0.60%	75,000	0.75%
2	30,000	0.30%	40,000	0.40%	50,000	0.50%	60,000	0.60%	80,000	0.80%	100,000	1.00%
2.5	37,500	0.38%	50,000	0.50%	62,500	0.63%	75,000	0.75%	100,000	1.00%	125,000	1.25%
5.00	75,000	0.75%	100,000	1.00%	125,000	1.25%	150,000	1.50%	200,000	2.00%	250,000	2.50%
7.50	112,500	1.13%	150,000	1.50%	187,500	1.88%	225,000	2.25%	300,000	3.00%	375,000	3.75%
10.00	150,000	1.50%	200,000	2.00%	250,000	2.50%	300,000	3.00%	400,000	4.00%	500,000	5.00%
12.5	187,500	1.88%	250,000	2.50%	312,500	3.13%	375,000	3.75%	500,000	5.00%	625,000	6.25%
25	375,000	3.75%	500,000	5.00%	625,000	6.25%	750,000	7.50%	1,000,000	10.00%	1,250,000	12.50%
37.5	562,500	5.63%	750,000	7.50%	937,500	9.38%	1,125,000	11.25%	1,500,000	15.00%	1,875,000	18.75%
50	750,000	7.50%	1,000,000	10.00%	1,250,000	12.50%	1,500,000	15.00%	2,000,000	20.00%	2,500,000	25.00%
75	1,125,000	11.25%	1,500,000	15.00%	1,875,000	18.75%	2,250,000	22.50%	3,000,000	30.00%	3,750,000	37.50%
100	1,500,000	15.00%	2,000,000	20.00%	2,500,000	25.00%	3,000,000	30.00%	4,000,000	40.00%	5,000,000	50.00%
125	1,875,000	18.75%	2,500,000	25.00%	3,125,000	31.25%	3,750,000	37.50%	5,000,000	50.00%	6,250,000	62.50%
150	2,250,000	22.50%	3,000,000	30.00%	3,750,000	37.50%	4,500,000	45.00%	6,000,000	60.00%	7,500,000	75.00%
200	3,000,000	30.00%	4,000,000	40.00%	5,000,000	50.00%	6,000,000	60.00%	8,000,000	80.00%	10,000,000	100.00%
250	3,750,000	37.50%	5,000,000	50.00%	6,250,000	62.50%	7,500,000	75.00%	10,000,000	100.00%	12,500,000	125.00%
500	7,500,000	75.00%	10,000,000	100.00%	12,500,000	125.00%	15,000,000	150.00%	20,000,000	200.00%	25,000,000	250.00%

### Volatility percentage points

The tables below illustrate the Transaction Costs as a function of vega notional and volatility percentage points:

Transaction Costs (\$ USD)	Vega Notional (\$ USD)								
	50,000		100,000		150,000		200,000		
	Cost	% Notional	Cost	% Notional	Cost	% Notional	Cost	% Notional	
0.075	3,750	7.50%	7,500	7.50%	11,250	7.50%	15,000	7.50%	
0.1	5,000	10.00%	10,000	10.00%	15,000	10.00%	20,000	10.00%	
0.125	6,250	12.50%	12,500	12.50%	18,750	12.50%	25,000	12.50%	
0.15	7,500	15.00%	15,000	15.00%	22,500	15.00%	30,000	15.00%	
<b>Transaction</b>	0.2	10,000	20.00%	20,000	20.00%	30,000	20.00%	40,000	20.00%
<b>Costs</b>	0.25	12,500	25.00%	25,000	25.00%	37,500	25.00%	50,000	25.00%
<b>(Volatility</b>	0.375	18,750	37.50%	37,500	37.50%	56,250	37.50%	75,000	37.50%
<b>Percentage</b>	0.5	25,000	50.00%	50,000	50.00%	75,000	50.00%	100,000	50.00%
<b>Points)</b>	0.75	37,500	75.00%	75,000	75.00%	112,500	75.00%	150,000	75.00%
	1	50,000	100.00%	100,000	100.00%	150,000	100.00%	200,000	100.00%
	1.25	62,500	125.00%	125,000	125.00%	187,500	125.00%	250,000	125.00%
	1.5	75,000	150.00%	150,000	150.00%	225,000	150.00%	300,000	150.00%
	2	100,000	200.00%	200,000	200.00%	300,000	200.00%	400,000	200.00%
	2.5	125,000	250.00%	250,000	250.00%	375,000	250.00%	500,000	250.00%

### % of Notional or premium

The table below illustrates the Transaction Costs for a notional or premium of \$10,000,000:

Transaction	Transaction Costs	% Notional
Costs (%)	(\$ USD)	
0.00%	-	0.00%
0.01%	1,000	0.01%
0.10%	10,000	0.10%
0.50%	50,000	0.50%
0.75%	75,000	0.75%
1.00%	100,000	1.00%
2.00%	200,000	2.00%
3.00%	300,000	3.00%
4.00%	400,000	4.00%
5.00%	500,000	5.00%
7.50%	750,000	7.50%
10.00%	1,000,000	10.00%
15.00%	1,500,000	15.00%
20.00%	2,000,000	20.00%



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