

## **Interest Rates & Commodity Products Trading Practices Disclosure: Order Handling, Information Handling, Market-Making and Pre-Hedging**

This disclosure clarifies certain aspects of the trading relationship between you and Wells Fargo Bank, N.A. and Wells Fargo Commodities, LLC (collectively "Wells Fargo", "we", "us" or "our") and discloses relevant practices of Wells Fargo when acting as a Swap Dealer in interest rate swaps and commodity swaps or as a dealer in physical commodity transactions.<sup>1</sup> We urge you to consider this information in deciding whether to transact or place orders for such swap or physical commodity transaction (a "Rates or Commodities Transaction"<sup>2</sup>) with us as our counterparty ("you" or "counterparty"). By dealing with or continuing to deal with Wells Fargo you are deemed to have consented to and agree to deal with Wells Fargo under and in accordance with the terms hereof, as amended through the date on which the parties have entered the applicable Rates or Commodities Transaction.

The information provided in this disclosure applies to any Rates or Commodities Transaction you execute or discuss with us, subject to the terms of any written agreement between you and us, and supplements any other disclosures that we may furnish to you in connection with a Rates or Commodities Transaction, including the disclosures posted at [wellsfargo.com/swapdisclosures](http://wellsfargo.com/swapdisclosures) related to swaps. In the event of a conflict between the terms of this disclosure and such other agreement or disclosures, the terms herein shall prevail, provided, however, if such other agreement or disclosures meet requirements under applicable law (such as those specific to a particular jurisdiction or product), such other terms shall prevail.

### Order Handling Disclosure

Placing orders. When a counterparty places a trade request or an order (collectively for this document, an "order") for a Rates or Commodities Transaction with Wells Fargo, Wells Fargo will treat that order as an offer by the counterparty to enter into that Rates or Commodities Transaction. Wells Fargo's receipt of an order does not obligate us to accept such order, and our acceptance of an order does not constitute acceptance of such offer to execute that Rates or Commodities Transaction, nor is it a guaranty that Wells Fargo will be able to "fill" (i.e., execute) such order; and Wells Fargo is not obliged

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<sup>1</sup> For the purposes of this disclosure "interest rate swaps" includes the products defined as "Rates Transactions" in the ISDA Disclosure Annex for Interest Rates Transactions and "commodity swaps" includes the products defined as "Commodities Transactions" in the ISDA Disclosure Annex for Commodity Derivative Transactions and "physical commodity transactions" include the physical products in the definition of "Commodities Transactions" in such ISDA disclosure.

<sup>2</sup> This term does not include any product that is a security.

to give you a reason if we decline to enter into a Rates or Commodities Transaction. Instead, acceptance of an order expresses Wells Fargo's willingness to attempt to enter into the Rates or Commodities Transaction with the counterparty within the parameters of the order. Except where otherwise prohibited by applicable law, we retain discretion on handling counterparty orders. This includes, without limitation, order execution, aggregation, priority and pricing. Wells Fargo does not have any obligation to disclose to a counterparty that it is handling other counterparties' orders or its own orders ahead of, or at the same time as, or on an aggregated basis with, a counterparty's order. Unless otherwise specifically agreed, Wells Fargo exercises discretion in deciding which orders it is willing to execute, and how or if it will execute, including whether to execute all, part or none of the order.

Wells Fargo reserves the right to revoke its acceptance of any order, in whole or in part, prior to such time as the order is filled or executed. If you communicate a request to cancel, revoke or amend an order before we have begun filling it, Wells Fargo may attempt to action such a request, to the extent practicable, however, Wells Fargo reserves the right to decline any such request, in whole or in part and without incurring any liability. Once Wells Fargo fills or executes an order for a Rates or Commodities Transaction, in whole or in part as the case may be, a Rates or Commodities Transaction exists that is binding on both parties.

Order Handling. Unless otherwise agreed in writing, Wells Fargo will exercise its discretion in deciding whether, when and how to execute orders. Wells Fargo will exercise its discretion in deciding whether to time-prioritize or aggregate orders, acting fairly and based on factors including, without limitation, prevailing market conditions and order type. Wells Fargo retains the right to determine how to allocate once an aggregated order is filled. Your order may be executed either electronically or manually, or a combination of the two.

Partial fills. A partial fill means execution of only a certain portion of an order. Except as otherwise agreed or provided by an order's terms, Wells Fargo reserves the right to partially fill an order without completing the entire order. Wells Fargo typically endeavors to fully fill orders that Wells Fargo is capable of filling within the parameters of the relevant order, however a partial fill may result based on (a) fair and reasonable considerations relative to prevailing market circumstances; and (b) other factors such as the need to prioritize among counterparty orders and the availability of credit for the particular counterparty at the time. Wells Fargo will communicate partial fill decisions as soon as practicable taking into consideration the functionality of the applicable platform.

Market orders. A “market” order is an order for immediate execution. If an order is described “at best” it is interpreted by Wells Fargo as a market order, which is *not synonymous with “best execution”* as such term may be defined or applied by law or regulation.

#### Resting orders; Benchmark Orders

Resting Orders. From time to time we may accept an order (such as a limit order) that is not immediately executable (a “resting order”), with instructions to execute when a price reaches a particular level (also referred to as a “trigger level”). Wells Fargo determines in its sole discretion whether that level is reached, thereby triggering the order. Any resulting execution of that order may (a) be subject to slippage; that is the resulting price may not equal the trigger level; and (b) take into account factors in the market at the time of execution plus Wells Fargo’s mark-up. Wells Fargo may include a mark-up in its determination of whether the trigger level has been reached and in the execution price. Wells Fargo shall have no liability for resting orders that are not filled.

Benchmark Orders. A benchmark order is an order to enter into a Rates or Commodities Transaction using the requested benchmark rate or reference price at a certain time. Wells Fargo may charge you a pre-agreed fee, commission or spread in connection with a benchmark order as part of such transaction.

You should be aware that Wells Fargo may engage in activities that may impact trigger levels or benchmarks relevant to your orders or transactions. Such activities may include sourcing liquidity for other counterparty orders or for our own account, acting as a market maker or engaging in risk management activities such as hedging transactions.

#### Information Handling

Wells Fargo has policies and controls that are designed to protect a counterparty’s confidential information. Counterparties should understand, however, that Wells Fargo makes use of information provided to it in connection with Rates or Commodities Transactions in order to effectuate and risk manage such transactions. Specifically, unless otherwise agreed, Wells Fargo may use the economic terms of a Rates or Commodities Transaction (but not counterparty identity) in order to source liquidity and/or execute risk-mitigating transactions.

Wells Fargo may analyze transaction-related information on an individual and

aggregate basis for a variety of purposes, including risk management, sales coverage and counterparty relationship management. We also may disclose information regarding Rates or Commodities Transactions (but not counterparty identity) together with other relevant market information, internally and to third parties, as market color or statistical data.

Notwithstanding any existing or future agreement to the contrary, by dealing with or continuing to deal with Wells Fargo you are deemed to have consented to the disclosure of, and agree that we are authorized to disclose, information (including, as applicable and without limitation "material confidential information" within the meaning of CFTC Rule 23.410(c)) you provide to us from time to time (i) as may be requested by any regulatory, financial, taxing or other authority or organization or self-regulatory organization or judicial or governmental organization or quasi-governmental authority, agency, department or any derivatives clearing organization, designated contract market, swap execution facility, or securities exchange having or claiming authority to have jurisdiction over us that requests or requires such information from us (whether by statute, law, rule, regulation, court order, subpoena, deposition, civil investigative demand or otherwise), (ii) in connection with the investigation or defense of any actual or threatened proceeding, inquiry or investigation by any such organization or authority, or (iii) in connection with any actual or threatened proceeding or arbitration to which at least you and we are parties or are joined. In addition, by dealing with or continuing to deal with Wells Fargo, you are deemed to have consented to the disclosure of information by us or our affiliates to third parties to the extent required by, or in order for us or our affiliates to comply with, any applicable law or regulation to which we or our affiliates are subject, or any legal process, order or directive issued or commenced by any authority or body or agency to which we or our affiliates are subject, including any that mandates reporting and/or retention of transactions and similar information. Such disclosures may include pricing and other data furnished to a trade repository, and such disclosures could result in such information becoming available to the public.

You are further deemed to have consented to and agree to authorize Wells Fargo to use information, including without limitation confidential information you provide to us from time to time, and to make accessible and/or disclose such information to and between Wells Fargo's head office, branches, subsidiaries, representative offices, affiliates and their respective agents, advisors and third party providers of products or services. In any such case, the use and disclosure may be for the purposes of (i) providing products or services to you (including any successors thereof), (ii) the performance of obligations or exercise of rights under such products or services, (iii) the compliance by Wells Fargo or its affiliates with legal, compliance, accounting,

risk management policies or internal requirements, (iv) the effective execution of any transaction for or with you or any related hedging or mitigating any actual or potential exposure (whether market risk, liquidity risk, credit risk or otherwise) that may be executed for or with you (including anticipatory hedging), whether such exposure is yours, Wells Fargo's or an affiliate's, (v) evidence in any civil, regulatory or criminal proceeding in which such information is material, (vi) meeting or complying with any other applicable legal or regulatory requirements as described above, or (vii) outsourcing certain infrastructure and/or other tasks in order to streamline and/or centralize a series of processes linked to the finance, operational, back-office, credit, risk or other support or control functions.

### Principal Trading and Market Making

Wells Fargo acts as principal on an arm's length basis, does not act as your agent, fiduciary, financial advisor or in any similar capacity, and does not provide you with "best execution" for orders or transactions unless otherwise agreed in writing or required under applicable law. You and Wells Fargo, as counterparties, or you and one or more other counterparties of Wells Fargo may have divergent or conflicting interests from time to time. Each counterparty is expected to evaluate the appropriateness of any transaction, based upon its own circumstances and assessment of costs, benefits and risks. Statements made by Wells Fargo should not be construed as recommendations or advice.

Wells Fargo is a dealer and market maker in the relevant markets for Rates or Commodities Transactions. As such, we engage in price quoting, order taking, trade execution and other related activities with counterparties and other dealers and for our own account. As a market maker, Wells Fargo may receive requests from multiple counterparties for quotations and multiple orders for the same or related products, and while customer service is a high priority for us, Wells Fargo also manages its own independent risk management objectives. These activities may conflict with or adversely impact your interests, including the prices we offer you and the availability of liquidity at levels necessary to execute your order. They can also impact prices and trigger stop loss orders, barriers, knock-outs, knock-ins and similar conditions of Rates or Commodities Transactions we may execute with you.

### Pre-Hedging and Risk Management Practices

Unless prohibited by applicable law or regulation, Wells Fargo may pre-hedge anticipated orders and transactions. This activity includes entering into transactions in the market based on existing or anticipated internal and/or external counterparty needs, building up our inventory, positioning our risk

book or entering into test trades in the market, taking into consideration applicable market conditions (such as liquidity), transaction size and other factors we consider relevant.

While pre-hedging is designed to facilitate order execution, to manage risk and to benefit the pricing Wells Fargo is able to offer when filling the relevant order, there is no guarantee that pre-hedging will achieve the desired result. Pre-hedging may have an adverse effect on the market price (from your perspective; resulting in a less favorable fill) or the liquidity for transactions you are buying or selling, and it may result in profit, or loss, to Wells Fargo.

**For further information about Wells Fargo's pre-hedging practices, see <https://www.wellsfargo.com/assets/pdf/commercial/swap-disclosures/fx-rates-commodities-macro-products.pdf>.**

#### Closing Notes

This Disclosure may be revised from time to time. For additional questions or comments related to this Disclosure, please contact your Senior Sales Representative. For information regarding how to contact us with any concerns or feedback, visit [wellsfargo.com/help/feedback/](https://www.wellsfargo.com/help/feedback/).

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