

MiFID II Costs & Charges Disclosure - Macro

Macro products ex ante disclosure

The Macro businesses comprise Foreign Exchange, Rates and e-Trading of Macro products. MiFID II Costs and Charges obligations apply to transactions in products that are 'financial instruments' as defined under MiFID II. In the case of the Macro businesses this includes, but is not limited to, bonds and derivatives but does not include FX spot.

Price formation

Price formation in the Macro businesses generally takes the following approach:

- Firstly, formation of an instrument price which takes into account factors including the following: observable market prices, executed transactions, volatility data, other market data, internal models and observable trade flows. For Macro products the instrument price is the mid price.
- Followed by the application of Costs and Charges to form the final client price. The difference between the mid price and the final client price shall therefore constitute the Costs and Charges to the client.

Costs and Charges

The Costs and Charges applied to Macro products vary depending upon a number of client specific and non-client specific factors. These reflect, among other things, the risk profile of the relevant business, client behaviour, credit and funding charges, hedging costs, capital usage and, where applicable, sales mark-up or mark-down.

Examples of factors that may impact the level of Costs and Charges applied include, but are not limited to:

- **Credit support:** Where a client has in place an ISDA and Credit Support Annex with Barclays, this may decrease the level of credit charges applied to derivatives falling under the ISDA.
- **Clearing:** Where derivatives entered into between the client and Barclays are cleared through a central counterparty clearing house, this may decrease the level of credit charges applied to such trades.
- **Maturity:** Where a derivatives trade has a greater maturity, this may increase the level of funding and credit charges applied to such trade.
- **Liquidity:** Where a trade is executed at a time of lower liquidity, this may increase the level of hedging costs associated with such trade.

Unless notified otherwise, Costs and Charges for Macro products:

- In the case of bonds, represent Costs and Charges incurred for the investment and/or ancillary services that we provide to clients.
- In the case of derivatives, represent Costs and Charges related to the financial instrument.
- Do not include any third party payments received by the investment firm in connection with the investment service provided to the client.
- Are embedded in the final price received by the client.