

# **HSBC Bank Plc**

## **Global Markets MiFID II Ex-ante Costs and Charges Disclosures**

## **Introduction**

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Throughout this document references to “we”, “our” and “us” are references to HSBC Bank plc. References to “you” and “your” are references to the client.

## **What is the purpose of this document?**

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Under the Markets in Financial Instruments Directive II (MiFID II), HSBC is required to inform its clients of the costs and charges for the services offered and products traded on an ex-ante (i.e. pre-trade) basis.

This disclosure document has been prepared to provide you with ex-ante information on our costs and charges where we provide investment services and activities or ancillary services as defined under MiFID II. It forms part of our ongoing efforts to provide transparency to all our clients on our business practices.

Should you require additional information in relation to a particular transaction or service, please contact your HSBC representative.

## **Principal transactions**

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For most of our Global Markets Fixed Income, Structured Equity Derivatives and Global FX business, we trade on a principal basis. Here, the prices quoted to clients are all-in risk prices.

The following sections set out estimates of maximum costs and charges that would apply for principal transactions in different categories of financial instruments under normal market conditions. The actual costs and charges may vary depending upon the circumstances specific to each transaction.

- Fixed Income - Indicative maximum costs and charges (page 4)
- Global Foreign Exchange – Indicative maximum costs and charges (page 7)
- Structured Equity Derivatives - Indicative maximum costs and charges (page 8)

## **Agency transactions, ancillary services and others**

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In transactions where HSBC Global Markets acts in an agency capacity, such as in certain Cash Equities transactions or Exchange Traded Derivative transactions, fee agreements would typically be agreed at the initiation of the trading relationship. These agreements would specify the fees/commissions charged for each transaction type by market and flow type (e.g. voice or electronic). If there are any significant changes to the rates, you would receive an updated copy of the agreement. If the costs and charges for a particular transaction were to be different from stated, these would be agreed with you in advance of execution of that transaction.

Where we enter into securities financing transactions, the collateralised nature of these transactions will impact the cost of the relevant transaction. The information in these materials does not take account of the impact of such collateralisation nor counterparty credit risk.

In all transactions, if you wish to receive an indicative mid-market mark, please ask your HSBC representative.

For ancillary services such as clearing services, prime services, custody, settlement, research and Global Intermediary Services<sup>1</sup> (GIS), the applicable fees/commissions would typically be disclosed via the relevant service agreement documents. If you require a copy of these documents or any further information, please contact your HSBC representative.

Other regulatory obligations may also affect how we price our products and transactions. In particular, our Global Markets Best Execution Client Disclosure Statement and related asset class annexes (available [here](#)) describe how we apply best execution to transactions with our clients.

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<sup>1</sup> GIS (Global Intermediary Services) includes FX Prime Services, FX Overlay, Custody FX, Transactional FX and Execution Services

## Fixed Income - Indicative maximum costs and charges

The costs and charges set out below represent the estimated spread to mid under normal market conditions, specifically for:

- Non-packaged products – the difference between the price of a position for the firm and the price for the client
- Packaged products – the difference between the product offer price and its fair value

Unless stated otherwise, all costs are expressed in annualised bps of notional

### Illustrative examples

12.5bps annualised costs and charges for EUR 10,000 notional of a 10yr investment grade bond

Maximum level of costs	$= \frac{12.5 \times 10}{10,000} \times 10,000$	EUR 125
As a percentage of the notional	$= \frac{125}{10,000} \times 100$	1.25%

45.0bps annualised costs and charges for EUR 10,000 notional of a 10yr sub investment grade bond

Maximum level of costs	$= \frac{45.0 \times 10}{10,000} \times 10,000$	EUR 450
As a percentage of the notional	$= \frac{450}{10,000} \times 100$	4.5%

### 1. FI securities

Investment grade and above

	0 - 5Y	5 - 15Y	15Y+
<2m	9	12.5	15
2 - 5m	9	15	20
5m+	9	15	20

Sub investment grade

	0 - 5Y	5 - 15Y	15Y+
<2m	37.5	45	60
2 - 5m	45	55	67.5
5m+	60	67.5	85

Please note:

1. For products with maturity of less than one year, the costs are computed on a full year basis
2. The grids set out above are representative of costs and charges that would apply under normal market conditions for vanilla financial instruments
3. Please note that the above grids do not apply for auctions, bids wanted in competition or reference price transactions.

## 2. Vanilla OTC Derivatives (Cleared or with daily margining under a VM CSA)

IRD<sup>2</sup> (linear) – G4<sup>3</sup>

	0 - 5Y	5 - 15Y	15 - 30Y	30Y+
<10m	9	12.5	15	20
10 - 25m	9	12.5	15	20
25m+	9	12.5	15	20

IRD (linear) – Others

	1 - 5Y	5 - 10Y	10Y+
0 - 10m	17.5	20	25
10 - 25m	20	22.5	27.5
25+	22.5	25	30

CDS<sup>4</sup> – IG<sup>5</sup> and above

	< 2 years	2 - 5 years	5 years	5 - 7 years	7 years+
0 -25m	5	10	12.5	15	20
25 - 50m	7.5	12.5	15	17.5	22.5
50+	10	15	17.5	20	25

CDS – sub investment grade

	< 2 years	2 - 5 years	5 years	5 - 7 years	7 years+
0 -25m	50	90	100	110	130
25 - 50m	55	95	105	115	135
50+	60	100	110	120	140

IR options – G4

	Expiry	
	1 - 5Y	5Y+
G4 Currencies	80	100
Other Currencies	180	200

Please note:

1. For products with maturity of less than one year, the costs are computed on a full year basis
2. The grids set out above are representative of costs and charges that would apply under normal market conditions for vanilla financial instruments
3. For derivatives, our pricing also takes into account the credit risk associated with the counterparty (as applicable). This is not reflected in the grids set out above

<sup>2</sup> IRD – Interest Rate Derivatives

<sup>3</sup> G4 currencies are GBP, USD, EUR and JPY

<sup>4</sup> CDS – Credit Default Swap

<sup>5</sup> IG – Investment Grade

### 3. Structured Products and other OTC derivatives

#### 3.1 Structured Credit and EM products (including packaged products)

<b>Single Name and Index Credit Linked Notes with Floating Recovery on IG Credits</b>	2.00% + 1.00% per year for every additional year (or any part thereof)
<b>Single Name and Index Credit Linked Notes with Floating Recovery on Non IG Credits</b>	2.25% + 1.50% per year for every additional year (or any part thereof)
<b>Other Structured Credit Products</b>	2.50% + 2.00% per year for every additional year (or any part thereof)

Please note:

1. Add-on of 0.10% per annum (or any part thereof) for G7 Currencies (excluding USD, EUR, GBP), and of 0.20% per annum (or any part thereof) for Non G7 Currencies
2. Costs and Charges are expressed as a percentage of the highest notional and, for products where the notional is linked to variable parameters (e.g. certain zero-coupon, inflation linked products), as a percentage of the market implied expected notional.

#### 3.2 Structured OTC Derivatives (Compliant VM CSA) and investment products

<b>All Rates Packaged Products and Notes</b>	1.00% + 0.25% per year for every additional year (or any part thereafter)
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Please note:

1. Add-on of 0.10% per annum (or any part thereof) for G7 Currencies (excluding USD, EUR, GBP), and of 0.20% per annum (or any part thereof) for Non G7 Currencies
2. Costs and Charges are expressed as a percentage of the highest notional and, for products where the notional is linked to variable parameters (e.g. certain zero-coupon, inflation linked products), as a percentage of the market implied expected notional.

#### 3.3 OTC Derivatives (other CSAs / uncollateralised)

<b>G7 Currency</b>	1.00% per year (or any part thereof)
<b>G7 Cross Currency</b>	2.00% per year (or any part thereof)
<b>Non G7 Currency</b>	1.50% per year (or any part thereof)
<b>Non G7 Cross Currency</b>	3.00% per year (or any part thereof)

Please note:

1. For products with maturity of less than one year, the costs are computed on a full year basis
2. Costs and Charges are expressed as a percentage of the highest notional and, for products where the notional is linked to variable parameters (e.g. certain zero-coupon, inflation linked products), as a percentage of the market implied expected notional.

## Global Foreign Exchange – Indicative maximum costs and charges

### Foreign Exchange

The below table represents the indicative maximum costs and charges for vanilla FX transactions (for FX Options these will be transactions composed of a single leg only), with a tenor of less than 2 years.

Unless otherwise agreed, when HSBC transacts with its clients it does so at an “all-in” price, inclusive of any costs and charges applied to the price at which HSBC may be able to transact in the market.

The percentage values below are in relation to the notional value of the trade, where the notional falls within certain minimum and maximum sizes and apply under normal market conditions to business on HSBC’s European balance sheets. For an indication of the costs and charges on more structured FX transactions, please contact your Relationship Manager or salesperson.

FX Instruments	Indicative Maximum Costs and Charges
Forwards	2%
Swaps	2%
NDFs	2%
Options	2%

Note that FX Spot and FX transactions for payments purposes are out of scope.

### Commodities

The below table represents the indicative maximum costs and charges for vanilla Commodity transactions, (for Commodity Options these will be transactions composed of a single leg only), with a tenor of less than 2 years. Unless otherwise agreed, when HSBC transacts with its clients it does so at an “all-in” price, inclusive of any costs and charges applied to the price at which HSBC may be able to transact in the market.

The percentage values below are in relation to the notional value of the trade, where the notional falls within certain minimum and maximum sizes and apply under normal market conditions to business on HSBC’s European balance sheets. For an indication of the costs and charges on more structured Commodity transactions, please contact your Relationship Manager or salesperson.

Commodity Instruments	Indicative Maximum Costs and Charges		
	Precious Metals	Base Metals	Energy
Forwards	2%	3%	3%
Swaps	2%	3%	3%
Options	2%	N/A	N/A

Note that Spot Commodity transactions and Commodity transactions with physical delivery are out of scope.

### Illustrative example

As an example, if you buy a 1 year 10,000 EUR/CHF Forward, the costs and charges you will incur will typically be below 2%, so below EUR 200.

Maximum level of costs	$= \frac{10,000}{100} \times 2$	EUR 200
As a percentage of the notional	$= \frac{200}{10,000} \times 100$	2%

## Structured Equity Derivatives - Indicative maximum costs and charges

The costs and charges set out below represent the estimated spread to mid under normal market conditions, specifically for:

- Non-packaged products – the difference between the price of a position for the firm and the price for the client
- Packaged products – the difference between the product offer price and its fair value

Unless stated otherwise, all costs are expressed as a percentage of notional.

### Illustrative examples

20bps annualised cost and charges for GBP 10,000 notional of an OTC option with index underlying

Maximum level of costs	$= \frac{20}{100} \times 10,000$	EUR 20
As a percentage of the notional	$= \frac{20}{10,000} \times 100$	0.2%

	Price (£)	Cost (%)
Offer Price	20.30	
Mid-Market-Mark / Fair Value	20.27	
Total Entry Cost	0.03	0.148%

Product Type	Underlier Type	Indicative Maximum Cost & Charges		
		Less than 1 year	More than 1 year and less than 5 years	More than 5 years
Option(s)	Index	0.20%	0.40%	-
	Stock	0.80%	1.60%	-
Future(s)/Forward(s)	Index	0.20%	-	-
	Stock	0.80%	-	-
	Stock Dividend	3.00%	-	-
Swap - Variance	Index	1.00%	2.00%	-
	Stock	1.00%	2.00%	-
Swap - Volatility	Index	1.00%	2.00%	-
	Stock	1.00%	2.00%	-
Swap - Equity	Index	0.50%	1.00%	-
	Stock	1.00%	2.00%	-
Structured Product(s)	Equity	3.00%	4.50%	6.00%



Please note:

1. For products with maturity of less than one year, the costs are computed on a full year basis (unless it is explicitly stated otherwise)
2. The grids set out above are representative of costs and charges that would apply:
  - Under normal market conditions
  - For vanilla financial instruments
  - For traded notional being equal to £500,000 or less (or an equivalent in another major currency)
  - For derivatives where the underlying is a single stock is classified as "Developed Market"
  - for derivatives where the underlying index is Euro Stoxx 50, FTSE 100, DAX, CAC 40, SPX
3. The grids set out above do not apply to Equity Derivative products that reference hard to borrow stocks
4. The grids set out above represent the applicable cost and charges shown as an upfront cost and a difference between Mid-Market-Mark and all-in price
5. Cost and charges for financial instruments such as exotic options, structured products / swaps and other bespoke derivatives are not set out separately but can be understood as sum of the costs and charges of the underlying vanilla components as relevant