

COMMERCIAL BANKING

SYSTEMATIC INTERNALISER

COMMERCIAL POLICY

1. Overview

A Systematic Internaliser is an investment firm which, on an organised, frequent, systematic and substantial basis, deals on its own account when executing client orders outside a regulated market, a multilateral trading facility or an organised trading facility, in accordance with Article 4.1.20 of MIFID II.

1.1. Purpose of this Policy

The purpose of this policy is to set out the basis on which a Lloyds Banking Group entity - Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH ("**LBCMW**") - acting as a Systematic Internaliser ("**SI**"), will make firm quotes ("**SI Quotes**") available to its clients in non-equity instruments for which it is an SI, in accordance with Article 18 of MIFIR.

SI Quotes are firm tradeable prices that are:

- provided by LBCMW acting as a SI;
- outside of a Trading Venue;
- in respect of instruments for which there is a liquid market;
- in respect of instruments which are Traded on a Trading Venue ("TOTV");
- at or below the Size Specific to the Instrument ("SSTI"); and
- not subject to the exemption set out in MIFIR Article 1(6) or other temporary suspensions.

1.2. LBCMW as Systematic Internaliser

LBCMW has opted to be a SI for the following non-equity products that are TOTV.

- Bonds
- Structured Finance Products



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2. Policy

2.1. Publication of Firm Quotes

LBCMW shall publish any SI Quotes via its Approved Publication Arrangement (<http://quotes.tradecho.com>). Any SI Quote may be updated by LBCMW at any time but will be withdrawn only in exceptional market conditions.

2.2. Making SI Quotes available to other clients

In this policy “making SI Quotes available to other clients” means providing such clients with the opportunity to request that a transaction is entered into in accordance with a SI Quote. LBCMW subject to the criteria in 2.3 and 2.4 below shall endeavour to make available to its other clients on request any SI Quote that has not been withdrawn or updated, and which is still valid given prevailing market conditions provided that the requesting client has been on boarded for the instrument subject to LBCMW’ normal procedures, and all relevant documents and other applicable requirements are in place.

Any request for a transaction to be executed at a SI Quote should be directed through normal sales channels.

2.3. Client Criteria

The SI Quote is an all-in price provided to the original requesting client.

Where a requesting client does not have substantially the same profile as the original client, LBCMW may be unable to execute a transaction with the requesting client at the relevant SI Quote. LBCMW will consider the following factors objectively and in a non-discriminatory manner when determining whether to execute a transaction at the SI Quote:

- Credit risk characteristics, including client, sector or jurisdiction specific considerations, counterparty risk profile and internal risk limits, and the cost of hedging credit risk exposure.
- Substance or form of governing documentation (which may include Master Agreements, Collateral Agreements and other Credit Support Documentation).
- Clearing and settlement arrangements.
- Operational preferences and capabilities (including, without limitation, speed of execution, level of straight through processing (STP) with LBCMW, use of 3rd party tools (e.g. Markitwire) and/or making quotes available for longer periods to smaller clients which will require more time to request that a transaction is entered into in accordance with an SI Quote).



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2.4. Market Criteria

LBCMW will take into account the following market factors when determining whether to execute a transaction at the relevant SI Quote:

- The size and direction of the SI Quote and subsequent request;
- Market events, market price changes, market price volatility and time elapsed since the SI Quote;
- LBCMW' inventory or risk position in the relevant instrument or related instruments; and/or
- The number and timing of requests from clients to execute at the SI Quote. LBCMW may impose non-discriminatory and transparent limits on the number of transactions it will undertake to execute at any SI Quote. In the absence of any SI Quote specific limit, the maximum number of transactions LBCMW will undertake to execute at any SI Quote will be one.

2.5. Automatic Expiry

SI Quotes where applicable will be made available for a limited time dependent on the particular instrument, liquidity and market volatility, but in any event shall not be valid and executable for a period of more than two (2) minutes from the time of the original quote.

The systematic internaliser commercial policy may be updated from time to time.



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FREQUENTLY ASKED QUESTIONS

Is Lloyds Bank Corporate Markets Wertpapierhandelsbank a Systematic Internaliser, and for what products?

As part of Markets in Financial Instruments Directive II (MiFID II), LBCMw has opted in to be a Systematic Internaliser (SI) for the following products, based on MiFID II classifications, that are Traded on a Trading Venue (TOTV):

- Bonds
- Structured Finance Products

What is your Systematic Internaliser market identifier and LEI code?

Our SI market identifier code is LBCW and the Legal Entity Identifier for Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH is 2138008P9NOMBRMROI73.

How does this affect the trade reporting obligation?

Where a trade between us is on a TOTV instrument, LBCMw will support you by having the responsibility to post trade report all trades where we are acting in a SI capacity through our approved publication arrangement (APA) TRADEcho.

Will your Systematic Internaliser status change?

Our SI status will be monitored and reviewed regularly.

What is our Systematic Internaliser approach?

For bonds, where LBCMw trades with you in a SI capacity, the firm quotes we offer you may be made public and will be accessible at quotes.tradecho.com.

For structured finance products, where LBCMw trades with you in a SI capacity, our current approach is only to enter into trades where the SI pre-trade transparency requirement does not apply. For example, we will not offer firm prices over the counter (OTC) for an instrument for which we are an SI when dealing at or below a size specific to the instrument and the instrument is considered to be both TOTV and liquid (which would otherwise trigger the SI pre-trade transparency requirement). In such circumstances, we ask that you meet us on a trading venue. On the other hand, our current approach would not prevent us from trading with you OTC in (for example): (i) illiquid instruments at or below a size specific to the instrument which are considered to be TOTV; or (ii) liquid instruments at or below a size specific to the instrument which are considered to be TOTV where the trade is with a party whose trades are exempt from pre and post trade transparency – e.g. ECSB central banks in some circumstances.

Where do I go for further information?

Please contact your Commercial Banking sales representative for further information.

Lloyds Bank is a trading name of Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH. Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH is a wholly-owned subsidiary of Lloyds Bank Corporate Markets plc. Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH has its registered office at Thurn-und-Taxis Platz 6, 60313 Frankfurt, Germany. The company is registered with the Amtsgericht Frankfurt am Main, HRB 111650. Managing director: Eva Porz and Ameet Barve. Vat number: DE321667438. Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH is authorised and supervised by the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin"), ID number 150348.



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