



National  
Australia  
Bank

# **NATIONAL AUSTRALIA BANK LONDON**

*Systematic Internaliser*

*Commercial Policy*

## NAB London – Systematic Internaliser Commercial Policy

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### 1 Purpose

National Australia Bank Limited, London Branch and NAB Europe Limited (collectively, “NAB London” or “we” / “our”) will each be a systematic internaliser (“SI”) in certain non-equity financial instruments or specified classes of non-equity financial instruments from time to time, in accordance with Regulation (EU) No 600/2014 (“MiFIR”) and associated applicable law and regulation (including Commission Delegated Regulation (EU) 2017/567) (the “Applicable Regulation”). Note that this policy will only apply to the instruments that each entity (to which the policy applies) trades and the two entities may not each trade all of the instruments in which the other is a SI.

The purpose of this Commercial Policy is to outline the following:

- the classes of financial instruments that NAB London may be a SI in, from time to time;
- when we will make firm quotes public; and
- how clients can access our firm quotes and enter into transactions.

For the avoidance of doubt, this Commercial Policy applies to NAB London only, and does not apply to any of our other branches or affiliates.

### 2 Classes of Financial Instruments

This Commercial Policy relates to the following classes of financial instruments, as set out in Commission Delegated Regulation EU 2017/583 (“RTS 2”) and its Annex:

- Bonds
- Foreign Exchange (“FX”) Derivatives
- Interest Rate Derivatives
- Commodity Derivatives

NAB London will, from time to time, be a SI in specific instruments, issuers or sub-classes of the above classes of instruments (“SI Instruments”) where:

1. The tests outlined in the Applicable Regulation are being met; or
2. NAB London voluntarily opts in under the SI regime

The specific SI Instruments in which we act as a SI will vary from time to time. For the avoidance of doubt, this Commercial Policy is not intended to specify our

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list of SI Instruments, as this will vary according to thresholds set out in the Applicable Regulation or our decision to opt into the SI regime for any bond issuer or derivative sub-class.

Our appointed Approved Publication Arrangement (“APA”) is a member of the Systematic Internaliser Registry Data Group (“APA SI Registry”). We will maintain a full list of our SI Instruments in the APA SI Registry on an ongoing basis. Alternatively, contact your NAB relationship manager for information on our SI Instruments.

### 3 Quotes Obligations

Dependent on whether ESMA considers the relevant SI Instrument to have a liquid market, NAB London has an obligation to either, make public and provide clients access to our firm quotes, or, disclose quotes to our clients, where:

- NAB London agrees to provide a quote to a client upon request,
- the financial instrument is traded on a Trading Venue (“TOTV”), as determined by ESMA,
- NAB London provides the quote outside of a Trading Venue, and
- no waiver applies.

NAB London may agree to provide a SI Quote at its discretion. Factors that influence its decision may include, but are not limited to, its own proprietary position, prevailing market conditions, including for example market volatility and liquidity, and its own risk appetite.

### 4 Liquid Instruments

#### 4.1 Publication of Quotes

As and when required by the Applicable Regulation, where we are a SI in a financial instrument which ESMA considers to have a liquid market, we will make public firm quotes in such instruments (“SI Quote”).

#### 4.2 Liquid Waivers

Where we provide a SI Quote in a liquid SI Instrument, we will not make such quote public, in the following circumstances:

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- a) The SI Quote is above the size specific to the financial instrument (“SSTI”) pursuant to the Applicable Regulation;
- b) The SI Quote is above the large in scale (“LIS”) threshold pursuant to the Applicable Regulation;
- c) In relation to SI Quotes for package transactions, there is an available pre-trade waiver under the Applicable Regulation, due to one or more components of the order being illiquid, above the LIS or SSTI and the package transaction not being “liquid as a whole”; and
- d) Any other waiver available under the Applicable Regulation (collectively the “Waivers”).

In relation to any SI Quote that is not subject to a Waiver, the quote will be published via our appointed APA Bloomberg, including publication in machine readable format. Subject to clients entering into any agreement governing connectivity and technical specifications, clients will be able to identify a SI Quote, published by NAB London, through the following identifiers:

National Australia Bank Limited

- a) Market Identifier Code (MIC): NABA
- b) Legal Entity Identifier (LEI): F8SB4JFBSYQFRQEH3Z21

NAB Europe Limited

- a) Market Identifier Code (MIC): NABU
- b) Legal Entity Identifier (LEI): ABV0IUZB6XO4Z8ZOLN77

### 4.3 Access to Quotes

NAB London will, in a non-discriminatory manner but at its discretion, make its SI Quotes available to its clients in line with the Applicable Regulation and according to the considerations set out below.

NAB London will consider its restrictions for each SI Quote in relation to the risk it is willing to take in line with its risk policies and reserves the right to refuse to provide access to a SI Quote for any reason, including:

- a) Credit Status: We will take into account any credit status, history or position of a client in accordance with our risk management framework (based on internal or external benchmarks) before permitting such client access.
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- b) Counterparty Risk: We will make this determination with reference to internal risk management factors such as our exposure to such client and external benchmarks used to calculate counterparty risk.
- c) Settlement Risk: Where the client does not provide adequate details or agreements in relation to the settlement procedures that would govern a transaction, we may not provide such client access.

### 4.4 Validity of Quotes

NAB London will keep its SI Quotes available for a reasonable period of time, taking into account the dynamic nature of the markets of the financial instruments and its underlying markets, where relevant. NAB London may at any time update its SI Quotes to account for movements in the market, risk management, credit exposures or other relevant changes.

SI Quotes may be withdrawn under exceptional market conditions as defined by the Applicable Regulation. We may also withdraw our SI Quotes where such quotes have been made in error, either due to technical or human error.

### 4.5 Entering into Transactions

Where a client has requested a SI Quote and NAB London has agreed to provide one, the client will have the ability to execute against such SI Quote, subject to our terms of business with the client and this Commercial Policy. NAB will not permit access to such quote (by the client requesting it or anybody else) in a volume which is greater than the volume on which the quote was made.

If the client does not, or not fully, execute against the provided SI Quote, the SI Quote will become executable to other clients who have been given access to the SI Quote and have expressed interest in executing against the quote. Priority will be given on a 'first-come-first-serve' basis, subject to considerations listed in section 4.3 and provided the quote remains valid in accordance with 4.4.

## 5 Illiquid Instruments

Where we are a SI a financial instrument which ESMA considers not to have a liquid market, we have an obligation to disclose quotes to our clients if we agree to provide a quote, unless a relevant waiver applies.



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For all illiquid instruments, NAB London will rely on the waiver under Rule MAR 6.4A.1 of the FCA Handbook and will not disclose its quotes to other clients.

### **6 Policy Review**

We will review this Commercial Policy annually and when a material change occurs, to consider the effectiveness of this policy or correct any deficiencies. Should you have any queries in relation to this policy please contact your business contact.