

RBC IS BANK S.A.

*Systematic Internaliser  
Commercial policy*

*January 2018*

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# Summary

This document forms the RBC Investor Services Bank S.A. ('**RBC I&TS**' or the '**Firm**') commercial policy (the '**Policy**') where it acts as a Systematic Internaliser in relation to certain financial instruments specified in Regulation (EU) No 600/2014 ('**MiFIR**'). In particular, where RBC I&TS is a Systematic Internaliser in a financial instrument or class of financial instruments, it must make public firm quotes in respect of such instruments or any relevant class ('**SI Quote**').

A '**Systematic Internaliser**' is a firm which "on an organised, frequent, systematic and substantial basis, deals on own account when executing client orders outside a regulated market, an MTF or an OTF without operating a multilateral system" (see Article 4(1) (2) of the Second Markets in Financial Instruments Directive 2014 ('**MiFID II**').

## 1. Scope

### 1.1 Categories of financial instrument

This Policy applies to all trading in Foreign Exchange ("FX") Derivatives instruments where the Firm is designated as a Systematic Internaliser. For the purposes of this Policy, FX Derivatives comprise:

- Deliverable FX Forwards; and
- Deliverable FX Swaps

ESMA has determined that at present all FX derivatives will be deemed illiquid.

### 1.2 Purpose of this Policy

This Policy is designed to set out the following:

- when RBC I&TS will make SI Quotes available;
- how clients can access RBC I&TS' SI Quotes; and
- RBC I&TS' quoting hours, identifiers and related matters.

## 2. Requirements

These requirements apply when RBC I&TS is a Systematic Internaliser in relation to FX Derivatives.

### 2.1 Provision of Quotes

Quotes will be made available during normal London trading hours (07:30 to 17:00).

#### **Illiquid Financial Instruments**

Where the underlying financial instrument is admitted to trading on a 'trading venue' and is considered 'illiquid', RBC I&TS will provide a firm quote to a client upon request.

#### **Liquid Financial Instruments**

RBC I&TS will make SI Quotes available for 'liquid' instruments through its Approved Publication Arrangement ('APA') TRAX.

RBC I&TS reserves the right to limit the amount of transactions that any SI Quote can be executed against.

RBC I&TS will make SI Quotes available for 'liquid' instruments deemed executable up to 1 second after publication.

### 2.2 Client Access to Quotes

Subject to Applicable Regulation, RBC I&TS will allow access to SI Quotes to all clients who have:

- accepted and complied with RBC I&TS' terms of business and any related contractual documentation;

not engaged in any attempt, in RBC I&TS' view, to create disorderly markets, (including, but not limited to, any action that would breach the Market Abuse Regulation 596/2014).

However RBC I&TS reserves the right to refuse to provide a client access to SI Quotes for the following reasons:

- **Credit Status:** RBC I&TS will not provide access to SI Quotes, where it considers, based on internal or external benchmarks that there is a "credit risk" in relation to a client. The Firm will therefore take into account any credit status, history or position of a client in accordance with its risk management framework before permitting such client access to SI Quotes;
- **Counterparty risk:** RBC I&TS will not provide access to SI Quotes, where it considers, based on internal or external benchmarks, that there is "counterparty risk" in relation to a client. RBC I&TS will make this determination with reference to its internal risk management factors such as exposure to such client and external benchmarks used to calculate counterparty risk;

- Settlement risk: RBC I&TS will not provide access to quotes to SI Quotes, where it considers there is a settlement risk in relation to such a client. Additionally, where the client does not provide adequate details or agreements in relation to the settlement procedures that would govern a transaction, RBC I&TS may not provide such client with access to its quotes.

## 2.3 Execution Terms

Where a client has requested and RBC I&TS has agreed to provide an SI Quote, the client will have the ability to execute against such a quote, subject to RBC I&TS' terms of business with the client and this Policy. If the client does not execute against the quote provided, RBC I&TS will not be required to provide the client with another quote unless agreed by RBC I&TS'

In relation to any SI Quote that is not executed by the receiving client, or is only executed partially by such client, the SI Quote will become executable by clients who have been given access to SI Quotes (based on the factors set out above). Where a client has only executed part of the SI Quote, only the remaining amount, in terms of volume, will be executable by other clients, who have access to SI Quotes.

## 2.4 Waivers

To the extent applicable, RBC I&TS may rely on certain pre-trade transparency waivers in accordance with MiFIR (each, a **'Waiver'**) and in such circumstances RBC I&TS will not be required to make an SI Quote public, as stipulated by the relevant Waiver.

## 2.5 Quote Access and Identifiers

In relation to any SI Quote that is not subject to a Waiver, the quote will be published and made available via (subject to a client agreeing to enter into any agreement governing connectivity and technical specifications):

- RBC I&TS's appointed APA

Where the SI Quote will be made available in accordance with Applicable Regulation, including publication in machine readable format.

A client will be able to identify an SI Quote, published by RBC I&TS, in accordance with the above procedures through the following identifiers:

- Market Identifier Code (MIC), RBSI;
- Legal Entity Identifier (LEI), 549300IVXKQHV607PY61; and
- Bank Identifier Code (BIC), FETALULL.

## 2.6 Updates, Errors and Withdrawing Quotes

RBC I&TS reserves the right to withdraw its quotes under exceptional market conditions. RBC I&TS has determined this to be where the obligation to provide firm prices to clients would be contrary to the prudent management of the risks it is exposed to in its capacity as a systematic internaliser.

RBC I&TS may update its quotes at any time, including to reflect changes in market conditions or its risk management or credit exposures.

RBC I&TS may withdraw its quotes under exceptional market conditions as permitted or required under Article 14 of Commission Delegated Regulation 2017/567.

RBC I&TS may withdraw its quotes where such quotes have been made in error, either due to technological failure or human error, such as erroneous input values.

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