



**MiFID II: Scotiabank Systematic Internaliser
Commercial Policy**
(Global Banking and Markets)

Version 3.0
October, 2019

1 Introduction

The Bank of Nova Scotia (“BNS”) is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. BNS has a branch in, amongst other countries, the United Kingdom (The Bank of Nova Scotia, London branch or “BNSL”) which is authorised by the Prudential Regulation Authority (“PRA”) and subject to regulation by the Financial Conduct Authority (“FCA”) and limited regulation by the PRA. Scotiabank Europe plc (“SBE”) is authorised by the PRA and subject to regulation by the FCA and PRA. In this document the term “Scotiabank London” refers to BNSL and SBE collectively or individually as applicable to the context of the activities being undertaken with a particular client.

Scotiabank London is permitted under its establishment to deal on own account in financial instruments and to execute orders on behalf of clients.

The amended European Union Markets in Financial Instruments Directive (2014/65/EU) and accompanying Regulation (EU) No 600/2014 (collectively “MiFID II”) introduced a number of key changes to the existing Systematic Internaliser (“SI”) regime, including an extended scope to cover non-equity instruments and specific pre-trade transparency requirements that apply to the trading of those instruments.

Where required by MiFID II, Scotiabank London will make public firm quotes in accordance with MiFID II and the terms laid out in this Commercial Policy.

As defined under MiFID II, Scotiabank London is not required to publish transactions, provide or publish firm quotes which are subject to waivers as set out in MiFID II.

This policy applies when Scotiabank London:

- acts as an SI; and
- agrees to provide a firm quote when requested by a client; and
- provides such quote in respect of financial instruments in the following asset classes:
 - bonds; and
 - interest rate derivatives.

(each an “SI quote”).

Where a client requests Scotiabank London to trade on the basis of a published SI quote, Scotiabank London shall apply this “commercial policy” to determine whether such client shall have access to the published SI quote.

2 Quotes Access and Availability

Scotiabank London may limit its obligation to make public its quotes on a regular and continuous basis in situations which may be contrary to prudent risk management. Such considerations are outlined below, which, if applicable will be applied in a non-discriminatory manner.

2.1 Client Onboarding

Scotiabank London's SI requirements shall only apply to clients who have been completely and successfully onboarded to trade with Scotiabank London. As such a particular published SI quote will not be available to clients who have not met client onboarding and associated due-diligence requirements. For additional information of Scotiabank London's onboarding procedures, please contact your Sales Representative.

2.2 Contractual Agreement Terms

Scotiabank London's published SI quotes to a client are provided on the basis of particular contractual terms with that client, and therefore may not be available to other clients in the event that different contractual terms apply.

2.3 Legal and Regulatory Factors

Scotiabank London may be unable to provide a quote or execute the trade where any legal or regulatory restrictions apply and prevent it from doing so.

2.4 Market Factors

Scotiabank London reserves the right to limit their quote provision or execution on a published quote based on the following market factors:

- Price movements in the SI instrument or its underlying since the publication of the previous quote;
- Price movements in related markets since the publication of the previous quote;
- Liquidity of the market;
- Volatility or other market risk considerations;
- Exceptional market conditions;
- A published quote is considered stale (and no longer executable) with the lapse of time.

2.5 Risk and Inventory Driven Factors

Scotiabank London reserves the right to limit quote provision based on the following risk and inventory considerations:

- Scotiabank London's inventory or risk in a given instrument;
- Scotiabank London's overall funding and capital costs.

2.6 Quote Size

Scotiabank London may decline to trade with a client on the basis of a published SI quote if a client asks for a size that is different to the size associated with the relevant published SI quote. Scotiabank London may execute with respect to the published SI quote up to the size it originally quoted, giving priority to the client that requested that quote. If the requesting client decides not to execute on the quote or executes on only part of the quote, Scotiabank London may execute with respect to the amount of the published SI quote that was not executed by the requesting client on a first-come, first-served basis with the first client that responds to the quote. If after execution of that transaction there is/are outstanding request(s) from client(s) to trade on that quote, Scotiabank London has discretion to execute some, all, or none of these transactions, but execution of additional transactions will be on a first-come, first-served basis.

3 Commercial Considerations

In providing its quotes, Scotiabank London may apply several client and instrument-specific considerations. The following considerations will be applied in a non-discriminatory manner:

3.1 Counterparty Credit Risk

As part of its risk management policies, Scotiabank London will impose client-specific counterparty credit risk limits or restrictions. Scotiabank London measures a client's counterparty credit risk according to its own internal benchmarks and risk management practices and policies. As such, Scotiabank London's SI quoting will be subject to the counterparty credit risk assessment associated with the specific client (or that client's segment) that has requested a quote that has been made public. Scotiabank London may, therefore, decline to execute on published SI quotes to clients with a counterparty credit or counterparty risk that is different from the client that had initially requested such a quote.

3.2 Capital Costs

Scotiabank London will impose client-specific capital costs in order to reflect the risk management costs associated with client collateralization.

3.3 Execution and Clearing Costs

Scotiabank London published SI quotes will include consideration of all execution and clearing arrangements. These include costs associated with directed execution orders, cleared vs uncleared derivatives, CCP-specific clearing costs.

4 Quote Access & Times

Where the obligation applies, Scotiabank London will make SI quotes public in machine readable format without charge via the Trax Approved Publication Arrangement ("Trax APA").

Clients can access the TRAX APA via the following url:

- <https://traxapa.com/apa-publication/index.html#/quotes>

Scotiabank London published SI quotes can be identified by the following identifiers:

- **MIC:** BNSX
- **LEI:** L3I9ZG2KFGXZ61BMYR72

- **MIC:** SBEX
- **LEI:** 5G6NVP4WADOI32VUUB17

For more information about a published quote, or to trade on the basis of a published SI quote, please contact your Sales Representative. The Sales Representative will determine if a published SI quote is available to you on the basis of this policy. Should the quote not be available, an updated quote may be provided which may be made public.

Where required under MiFID II, Scotiabank London will publish its SI quotes during normal trading hours.