



Scotiabank (Ireland) DAC
Systematic Internaliser Commercial Policy

Version 1.0
July 2021

VERSION CONTROL			
Version	Date	Author/Reviewer	Description of key changes
1	25/03/21	Giuliana Bruce	First draft
1	07/05/21	Conor Doyle	Approver
1	12/05/21	CCC	Approver
1	27/05/21	Mathesons	Review and final changes

DOCUMENT GOVERNANCE	
Document Title:	SIDAC Systematic Internaliser Commercial Policy
Document Type:	Policy Summary
New / Existing:	New
Effective Date:	September 2021
Supersedes:	N/A
Approval Date:	12/05/2021 (subject to external counsel review)
Approved By:	Conduct & Compliance Committee
Review Frequency:	Annual
Next Review:	25-Mar-22
Document Sponsor:	Conor Doyle, SIDAC Head of Compliance
Document Owner:	Giuliana Bruce, SIDAC, Senior Compliance Manager
Responsible Department:	Capital Markets Front Office
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Risk Category:	N/A

APPROVAL PATHWAY		
Role	Committee/Approver /Reviewer	Date
Reviewing Committee	Conduct and Compliance Committee (CCC)	12 May 2021
Final Management Approval	(CCC)	12 May 2021
External Counsel review	Mathesons	27 May 2021
Board Level Approval	N/A	

RELATED GROUP DOCUMENT	
Document Title:	N/A

ADVICE & COUNSEL (A&C)	
Is A&C required:	No
A&C provider:	N/A
Date received:	
Evidence on file:	

RELATED LEGISLATION/REGULATIONS/STANDARDS	
Name	GAP Analysis completed under Regulatory Change Process
<ul style="list-style-type: none">• RTS 2, Article 4 MIFID II, Art 13 to 17 of EU 2017/565, MIFIR (including article 14 and 18)• ESMA Q&A	YES

1 Introduction

- 1.1 Scotiabank (Ireland) Designated Activity Company (SIDAC), is authorised and subject to regulation by the Central Bank of Ireland.
- 1.2 SIDAC as an Irish authorised credit institution, is permitted to deal on own account in financial instruments and to execute orders on behalf of clients.
- 1.3 The Markets in Financial Instruments Directive II (2014/65/EU)¹ and the Markets in Financial Instruments Regulation (600/2014/EU) (collectively herein referred to as “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.
- 1.4 Where required by MiFID II, SIDAC will make public firm quotes in accordance with MiFID II and the terms laid out in this Commercial Policy.
- 1.5 As provided under MiFID II, SIDAC is not required to publish transactions, provide or publish firm quotes which are subject to waivers as set out in MiFID II.
- 1.6 This policy applies when SIDAC:
 - 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
 - convertible bonds(each an “SI quote”).
- 1.7 Where a client requests SIDAC to trade on the basis of a published SI quote, SIDAC shall apply this “commercial policy” to determine whether such client shall have access to the published SI quote.

2 Quotes Access and Availability

- 2.1 SIDAC 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.

¹ As implemented in Ireland via the European Union (Markets in Financial Instruments) Regulations 2017.

Such considerations are outlined below, which, if applicable will be applied in a non-discriminatory manner.

SIDAC 's SI Client Onboarding

2.2 Such requirements shall only apply to clients who have been completely and successfully onboarded to trade with SIDAC. 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 SIDAC 's onboarding procedures, please contact your Sales Representative.

Contractual Agreement Terms

2.3 SIDAC '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.

Legal and Regulatory Factors

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

Market Factors

2.5 SIDAC reserves the right to limit its 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.

Risk and Inventory Driven Factors

2.6 SIDAC reserves the right to limit quote provision based on the following risk and inventory considerations:

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

Quote Size

- 2.7 SIDAC 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.
- 2.8 SIDAC 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, SIDAC 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.
- 2.9 If after execution of that transaction there is/are outstanding request(s) from client(s) to trade on that quote, SIDAC 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

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

Counterparty Credit Risk

- 3.2 As part of its risk management policies, SIDAC will impose client-specific counterparty credit risk limits or restrictions. SIDAC measures a client's counterparty credit risk according to its own internal benchmarks and risk management practices and policies.
- 3.3 As such, SIDAC'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.
- 3.4 SIDAC 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.

Capital Costs

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

Execution and Clearing Costs

- 3.6 SIDAC 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

- 4.1 Where the obligation applies, SIDAC will make SI quotes public in machine readable format without charge via the Trax Approved Publication Arrangement (“Trax APA”).
- 4.2 Clients can access the TRAX APA via the following url:
<https://traxapa.com/apa-publication/index.html#/quotes>
- 4.3 SIDAC published SI quotes can be identified by the following identifiers:
 - **MIC: SIDX**
 - **LEI: 747DLM6L5TO7LXZY5T60**
- 4.4 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, SIDAC will publish its SI quotes during normal trading hours.