



CITI MARKETS & SECURITIES SERVICES COMMERCIAL POLICY

ISSUE DATE:
JANUARY 2018

REVISED DATE:
MARCH 2019

VERSION:
2.0



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1 OVERVIEW

Note: In the event that the UK withdraws from the EU, from the date of such withdrawal in respect of Citi legal entities subject to the UK Provisions, (i) references in this Policy to European Provisions shall be read as references to the equivalent or substantially similar UK Provisions, unless the context or applicable law, rules or regulations require otherwise; and (ii) references to a “Trading Venue” shall be read in light of the UK Provisions. For these purposes:

“**European Provisions**” means any EU treaty, EU directive, EU regulation, EU decision, EU instrument or EU tertiary legislation and any provision thereof or definition or designation deriving therefrom; and

“**UK Provisions**” means those provisions of UK domestic law, rules or regulation which retain, implement, adopt or set out provisions substantially similar to the European Provisions.

1.1 PURPOSE OF THIS POLICY

The purpose of this policy is to set out the basis on which a Citi legal entity (as listed below section 1.2), acting as a Systematic Internaliser (“**SI**”), (we refer to ourselves in this policy as “**Citi**”, “**we**” or “**us**”) will provide its clients with access to its SI quotes published in accordance the pre-trade transparency obligation in Article 18 of the Markets in Financial Instruments Regulation (“**MiFIR**”)¹.

1.2 INSTRUMENTS REGULATION (“**MIFIR**”)²

This policy only applies to a Citi legal entity which is in-scope of the provisions of the Markets in Financial Instruments Directive (“**MiFID II**”)³ and has been categorized as an SI in the relevant bonds, derivatives, structured financial products and emissions allowances (“**Non-Equity Instrument**”) that is the subject of the quote published in accordance with Article 18 MiFIR. This policy only applies to Citi’s firm quotes provided by the Citi SI in respect of Non-Equity Instruments which are traded on a Trading Venue (“**TOTV**”) and where Citi is executing a client order in the Non-Equity Instrument outside of a Trading Venue as an SI. This policy only applies to quotes which are of a size at or below the size specific to the financial instrument (“**SSTI**”).

This policy applies to Citi acting as an SI through any UK or EU-based Citi legal entities, including but not limited to Citigroup Global Markets Europe AG (“**CGME**”), Citibank Europe Plc. (“**CEP**”), Citigroup Global Markets Limited (“**CGML**”) and Citibank, N.A., UK and EU Branches.

Further information on the financial instruments with respect of which Citi is an SI can be found [here](#).

¹ Regulation (EU) No 600/2014 of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012

² Regulation (EU) No 600/2014 of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012

³ Directive 2014/65/EU of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast)



This Policy will be published and updated from time to time on the Citi website at

http://icg.citi.com/icg/global_markets/uk_terms.jsp

and

http://icg.citi.com/icg/global_markets/EEA_terms.jsp

2 POLICY

2.1 OBLIGATIONS ON SIS

2.1.1 MAKING QUOTES PUBLIC

Citi shall publish any firm quote that it provided to a client in respect of a Non-Equity Instrument, where the following conditions are met (“**Firm Quote Publication Obligation**”):

- (a) we are an SI in the relevant Non-Equity Instrument;
- (b) we received a client request for quote (“**RFQ**”) in the relevant Non-Equity Instrument;
- (c) we agreed to provide a quote in response to the client RFQ
- (d) there is a liquid market for the relevant Non-Equity Instrument;
- (e) the Non-Equity Instrument is considered TOTV; and
- (f) the quote size is at or below SSTI.

Where the above criteria in (a)-(f) are not satisfied, Citi will not be under the Firm Quote Publication Obligation.

2.1.2 MAKING QUOTES AVAILABLE TO CITI’S OTHER CLIENTS

In addition to the Firm Quote Publication Obligation, an SI is also required to allow its other clients access to its firm quotes which have been published in accordance with Firm Quote Publication Obligation. Such other clients should be able to execute against the published prices. However, Citi can decide, on the basis of a commercial policy, and on the basis of objective and non-discriminatory criteria, the clients that may access the published quotes and execute against the published price. The “commercial policy”, including the criteria which Citi may consider when deciding which clients can access its quotes published in accordance with the Firm Quote Publication Obligation, are set out in Section 2.1.3 below.

We reserve the right to update our quotes published in accordance with the Firm Quote Publication Obligation at any time (for example, as a result of movements in the market for the relevant Non-Equity Instrument).

We may also, under exceptional market conditions, withdraw our published quotes⁴.

2.1.3 ACCESS TO QUOTES – COMMERCIAL POLICY

If you have requested access to Citi’s quote which has been published pursuant to the Firm Quote Publication Obligation (i.e. you are looking to trade at the published price), we may decide to deny you access to the published price on the basis of the following factors, which we will apply in an objective and non-discriminatory manner:

⁴ MiFIR Article 18(3)

A. The Regulatory Status Of The Client

- (i) you are authorised to operate a Trading Venue; or
- (ii) you are an SI in the relevant Non-Equity Instrument to which the published quote relates.

B. The given size and direction (i.e. Buy vs. Sell) of a transaction you have requested to trade at is different to the published quote.

C. Market Conditions When Deciding Whether To Trade At A Published Price

you have requested access to a published quote which is no longer available as a result of market events, volatility in the relevant market for the Non-Equity Instrument and time of execution (for example, a quote in respect of a Non-Equity Instrument with a more liquid market is likely to be unavailable after a shorter passage of time).

D. Credit Risk Associated With Client

your credit risk profile, if we were to enter into a trade with you at the published price, could expose Citi to undue risk. We will take into consideration factors such as CVA, hedging and market risk to Citi.

E. Counterparty Risk Associated With Client

your counterparty risk profile, if we were to enter into a trade with you at the published price, could expose Citi to undue risk.

F. The Speed At Which A Client Executes Transactions (With Citi And In The Market Generally)

as a matter of fairness, Citi may hold open a published quote for a longer period of time for a smaller client with greater execution latency relative to others in the market.

G. Clearing And Settlement Arrangements

your trade clearing and settlement arrangements, if these are considered to expose Citi to undue clearing and settlement risk, for example, where clearing arrangements are with a CCP which Citi is not a member of.

2.1.4 EXECUTION OF CLIENT ORDERS

Citi shall execute orders received from other clients to whom the quote is made available, except where, in order to limit the risk of exposure, Citi has established transparent and non-discriminatory limits on the number of transactions it will undertake to enter into with clients pursuant to any given quote.⁵

⁵ MiFIR Article 18(7)



2.2 POLICY REVIEW

This Policy will be reviewed annually and when a material change occurs, to consider the effectiveness of this Policy to identify and correct any deficiencies.

2.3 OWNERSHIP OF THIS POLICY AND CONTACT DETAILS

This Policy is owned by Citi Compliance. Should you have any queries in relation to this policy please contact your business contact, or Citi Compliance.

You can also write to Citi at the below address:

Citigroup Centre

Canada Square

Canary Wharf

London

E14 5LB

APPENDIX A: GLOSSARY

Exceptional Market Conditions: exceptional market conditions are considered to exist where to impose on a systematic internaliser an obligation to provide firm quotes to clients would be contrary to prudent risk management and, in particular, where:

- (a) the Trading Venue where the financial instrument was first admitted to trading or the most relevant market in terms of liquidity halts trading for that financial instrument in accordance with Article 48(5) of Directive 2014/65/EU;
- (b) the Trading Venue where the financial instrument was first admitted to trading or the most relevant market in terms of liquidity allows market making obligations to be suspended;
- (c) in the case of an exchange traded fund, a reliable market price is not available for a significant number of instruments underlying the ETF or the index;
- (d) a competent authority prohibits short sales in that financial instrument according to Article 20 of Regulation (EU) No 236/2012.

Financial Instrument: those instruments specified in Section C of Annex I of MiFID II, includes both Equities and Equity-Like Instruments and also Non-Equity Instruments.

Systematic Internaliser: An investment firm which, on an organised, frequent, systematic and substantial basis, deals on own account when executing client orders outside a Trading Venue without operating a multilateral system.

Trading Venue: has the meaning given to that term in MiFID II, being a regulated market, multilateral trading facility (“**MTF**”), organised trading facility (“**OTF**”). Lists of EU Trading Venues are available on the ESMA website (<https://www.esma.europa.eu/databases-library/registers-and-data>).