

SYSTEMATIC INTERNALISER COMMERCIAL POLICY

15 October 2018



1. OBJECT

The new Directive 2014/65/EU (known as “**MiFID 2**”) and Regulation (EU) No. 600/2014 (“**MIFIR**”) on markets in financial instruments have introduced numerous changes to the Systematic Internaliser (“**SI**”) regime since they entered into force on 3 January 2018.

Under Article 4(1)(20) of MiFID 2, an SI is an investment firm which, on an organised, frequent systematic and substantial basis, deals on own account when executing client orders outside a regulated market, an MTF (Multilateral Trading Facility) or an OTF (Organised Trading Facility).

The present document (the “**Commercial Policy**”) is intended to provide information on the SI activity carried out by Crédit Industriel et Commercial, hereafter referred to as “**CIC**”. It sets out, notably, the manner in which pre-trade transparency and access to CIC’s firm quotes as an SI are made public, in accordance with MIFIR.

This Commercial Policy shall apply from 15 October 2018. Any update or amendment will replace the previous version and shall be considered applicable as of its publication on the following web site: https://www.cic-marketsolutions.com/en/disclaimer_2.html

2. DEFINITIONS

For the purposes of the present Commercial Policy, the terms employed and not defined shall have the following meanings:

AMF: *Autorité des Marchés Financiers*, i.e. the French market regulator.

APA: Approved Publication Arrangement as defined in Article 4(1)(52) of MiFID 2.

ESMA: European Securities and Markets Authority.

Actionable indication of interest: a message as defined in Article 2(1)(33) of MIFIR.

Instruments Other than Equity Securities (or individually an Instrument Other than an Equity Security): Bonds, structured finance products, emission allowances and derivatives.

Trading venue: A venue that has the status of a regulated market, an MTF or an OTF as defined in Articles 4(1)(21), 4(1)(22) and 4(1)(23) of MiFID 2.

Firm quotes: Executable prices provided by the SI that guarantee a bid or offer price for a determined quantity of a given financial instrument.

TOTV (Traded on a Trading Venue): Financial instruments admitted for trading on a trading venue.

3. PRE-TRADE TRANSPARENCY AND EXEMPTIONS

Pursuant to Article 18 of MIFIR, investment firms shall make public firm quotes in respect of bonds, structured finance products, emission allowances and derivatives (“**Instruments Other than Equity Securities**”) traded on a trading venue (“**TOTV**”) for which they are SI except in the case of exemptions provided for by the regulation.

CIC acts as an SI on Instruments Other than Equity Securities and carries out its activity under a specific MIC (Market Identifier Code) depending on the financial instrument concerned (see the Appendix for the list and detailed information).



CIC carries out its SI activities under the supervision of the AMF. It will thus apply the exemptions from pre-trade transparency as set out in the AMF's General Regulation, which refer to those provided for by MIFIR, and will not make public information for:

- Orders that are large in scale compared with normal market size ("**LIS**" orders);
- Actionable indications of interest in request-for-quote and voice trading systems that are above a size specific to the financial instrument ("**SSTI**");
- Derivatives which are not subject to the trading obligation specified in Article 28 of MIFIR and other financial instruments for which there is not a liquid market.

The liquidity and notions of TOTV, SSTI and LIS depending on the financial instrument is information that is available on the ESMA website and that is updated regularly.

4. MANNER AND CONDITIONS OF PUBLICATION

CIC, acting as an SI, will publish firm quotes on Instruments Other than Equity Securities when all the following conditions are fulfilled:

- A CIC client requests a quote on an Instrument Other than an Equity Security outside a trading venue;
- CIC is Systematic Internaliser on an Instrument Other than an Equity Security;
- The instrument is TOTV and there is a liquid market for this instrument;
- The firm quote provided is lower than the SSTI threshold;
- There is no exemption from or suspension of pre-trade transparency from the AMF, ESMA or under MIFIR that could affect the transaction.

Firm quotes that meet all these conditions will be published by means of an APA (see the Appendix).

5. ACCESS TO FIRM QUOTES

The published firm quotes shall be considered valid as of their publication and will remain so for a reasonable period so that potential clients are able to accept them.

These clients could have access to firm quotes made public under the aforementioned manner and conditions of publication subject to fulfilling the following prior conditions:

- The client has respected the entry-into-a-relationship procedure and been accepted by CIC after all the appropriate due diligence has been conducted and a classification given to the client;
- The client has signed the contracts required for the trading of these financial instruments;
- The client has sent CIC its LEI (Legal Entity Identifier) code.

With a view to the cautious management of its risk, CIC reserves the right to refuse clients access to firm quotes based on objective and non-discriminatory criteria. In particular (but not solely), this refusal may arise when (i) the client belongs to another category than the client to which the firm quote was provided or (ii) market conditions have changed since the publication of the initial firm quote. Moreover, CIC also reserves the right to withdraw all its firm quotes in the event of exceptional market conditions.

Pursuant to MIFIR, CIC may limit the number of transactions it accepts from the same client as well as the total number of transactions it undertakes with different clients at the same time at the published quote. As a result, the maximum number of transactions executed at the published quote is set at one transaction.



APPENDIX: FINANCIAL INSTRUMENTS FOR WHICH CIC IS AN SI

Legal entity	Asset class	Asset sub-class	Scope	MIC	APA used
Crédit Industriel et Commercial	Bond	Corporate bond	<u>Issuers:</u> located in the European Economic Area	CMCI	Bloomberg www.bloombergapa.com