



SYSTEMATIC INTERNALISATEUR/ SYSTEMATIC INTERNALISER

Reference Commercial Policy when Natixis is acting under the status of Systematic Internaliser

NATIXIS SA acts as a Systematic Internaliser under the MIC Code "NATX" and only on TOTV financial instruments (traded on the trading venue)

1. Why such a document?

It provides information on the commercial policy and the pre and post-transactional transaction processes when the CIB of Natixis SA acts as a Systematic Internaliser (SI) on certain asset classes.

It describes the ways for accessing to firm prices in application of the transparency rules of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and the amended Regulation (EU) No. 648/2012 ("MIFIR").

These regulations clarify the definition of SI as a "bilateral trading system, materialized by the intervention of an investment service provider acting during the execution of its clients' orders as a counterparty under its own account, in an organized, frequent and systematic way". Natixis SA thus acts under its own account in the execution of its clients' orders on instruments that are also negotiable on trading platforms ("TOTV" Traded On Trading Venue - i.e. a regulated market, an MTF or an OTF).

2. Determination of SI status

The determination of SI status results either from the choice of the provider of the investment service to join the scheme or following the exceeding of predefined limits set by the regulations for the negotiation of orders of its clients carried out over the counter (OTC).

- In the context of voluntary affiliation, the investment firm notifies the competent national authority in advance.
- Natixis SA also continuously monitors the volumes of financial products processed over the counter in order to assess for which category it may be required to become an SI. Monitoring procedures are in place to measure and alert whether trading volumes are approaching those limits set for each instrument by the regulation. In this way, Natixis SA measures and compares for each type of instrument the number

and size of its negotiations in relation to all orders processed within the European Union on this type of financial instrument. If the volumes were to exceed the prescribed thresholds, then the institution would register as SI with the competent authority for the instrument.

List of products where Natixis SA acts as a Systematic Internaliser

ETFs (ETFS)	ETFs (ETFs on which Natixis is market maker)
Bonds (BOND)	Bonds BMTN/EMTN issued by Natixis SA and subsidiaries (Natixis Structured Issuance & Purple Protected)
Derivative (DERV)	Foreign Exchange Derivatives Interest rate derivatives: - IR Options (Caps/Floors only) - Interest Rate Swap - Overnight Index Swap (OIS) - Inflation swaps
Structured Finance Products (SFPS)	Structured Finance Products (ABS/CLO only)

3. “Pre-Trade” transparency

Natixis SA strictly complies with the Financial Instruments Markets Regulations and displays firm price offers for the purchase and sale of financial instruments commonly traded on a trading platform and for which there is a liquid market. These price offers are published continuously during normal trading hours.

These price offers are announced following a customer request and to whom Natixis SA agrees to submit a firm offer. This binding offer is then published.

❖ Definition of Firm Price

A firm price is an executable price provided by the SI for a financial instrument that guarantees a purchase or sale price for a specified quantity, without negotiation.

This is different from an indicative price that is provided to a customer for information. It is not binding and cannot be enforced. Consequently, it is not published and is communicated exclusively to the client for whom it is intended.

❖ Derogation from the pre-trade publication

Natixis SA follows the recommendations of the competent national authorities who waive the obligation to make public firm prices for the following types of orders:

- Large size orders compared to the normal market size of the financial instrument (orders Large In Scale -LIS-)

- The executable indications of interest recorded in the systems of price requests or of auction trading above a size specific to the financial instrument (Size Specific To Instrument – SSTI-)¹
- Derivatives that are not subject to the trading obligation defined in Article 28 of the Regulation and other financial instruments for which there is no liquid market as determined by ESMA.
- Certain monetary policy operations exempted from pre-trade transparency by MIFIR (Specific Transactions with Central Banks).

❖ Publication

Natixis SA publishes this pre-transaction information through a reporting mechanism approved by ESMA and on the Natixis SA website dedicated to SI.

Class of equity assets determined as liquid by ESMA and where Natixis SA acts as SI and publishes the Pre-Transactional prices

Equity Asset Class	Publication Mechanisms
Listed Funds	Euronext Standard Market Flow

Class of Assets Other than shares and determined as liquid by ESMA and where Natixis SA acts as SI and publishes the pre-trade prices

Asset class of non-actions type	Publication Mechanisms
Interest rate derivatives	Natixis SA website https://cib.natixis.com/Home/pims/SystematicInternaliser
Other non-shares type assets	Electronic execution system

¹ Large-scale thresholds (LIS) and specific sizes of financial instruments (SSTI) are available on the ESMA website and are regularly updated.

4. Post-trade transparency

Natixis SA complies with the Markets in Financial Instruments regulations by stipulating the time, prices, volumes of transactions for the purchase and sale of all financial products processed by the Systematic Internaliser. This information is transmitted as soon as possible to an APA (Authorised Publication Arrangement).

When a transaction between two investment companies is concluded outside a trading platform, either for own account or on behalf of clients, only the investment company selling the financial instrument concerned makes the transaction public through an APA.

When non-SI clients place orders with Natixis SA acting as an SI, Natixis SA supports post-trade reporting as required by the regulations.

The APA chosen by Natixis SA for all post trade publications is MarketAxess.

5. Customer access to Natixis SI services

Priority is given to customers already registered in Natixis' systems.

Customers' access to Firm Prices published by Natixis SA on financial instruments is subject to the following prerequisites:

- Preliminary assessment of the prospect through the stages of the KYC of Natixis SA and final validation of the opening of the commercial relationship,
- Respectability and good reputation of the client, in particular in regard to legal, administrative and/or regulatory sanctions/penalties,
- Nature and history of client interventions in financial markets, usual order size
- Customer has obtained a legal identification code (LEI) and this code is still valid.

In this context, Natixis SA reserves the right to restrict the SI service only to customers who are already known to its Relationship Entry Services (KYC) and who have passed all the steps to establish an established and functional business relationship (called «Vetting» at Natixis). This business relationship, which is subject to regular reviews, must always be valid.

The approval of Natixis SA's clients to access the SI is given according to objective and non-discriminatory criteria. Finally, they ensure that the client's profile is compatible with the target market of the product and that the risk limits allocated to it are likely to accommodate the transaction. The client must also have signed the contracts necessary to trade these instruments.

6. Order acceptance criteria

Within the limits of its contractual and regulatory obligations, Natixis SA reserves the right not to give, suspend, delete, or restrict access to its SI to customers, if it considers that their behaviour would not be consistent with its prudent risk management policy (including regulatory and litigation risk), would adversely affect the balance of this system, other clients participating in it, or the financial markets generally.

Generally speaking, the mode of operation of an SI must implement efficient risk management. In this context, Natixis SA acts in such a way as to promote a stable and efficient SI system, respectful of regulations and appropriate risk management.

It is also brought to the attention of clients who are members of Natixis SI, that the latter, like any other order execution systems, is subject to compliance to a risk mandate. In this context, Natixis SA could be led to reject orders if they were to carry too much risk in regard to this risk mandate.

7. Criteria for the validity of prices

It is brought to the attention of the customers members of the Natixis SI, that the published price is valid for a limited time, with duration of the validity depending to the kinematics of the market of the listed products, and in any case less than one minute. Natixis SA's pre-trade quotes are, by default, valid for a single transaction. Natixis SA may not be able to transact if it has already transacted a few moments earlier with another customer of Natixis SA and Natixis SA has not had the material time to withdraw the price displayed.

Firm Prices on Instruments other than Equity Type are only accessible through the same trading systems, either electronic or voice, for an identical size to the size corresponding to the price initially provided and to the same customer category. Furthermore, if the instrument does not belong to the class of equity or similar instruments, due to the non-standard nature of the instrument and the credit risk presented by the counterparty, the published price will be only accessible to the client who initially requested it.

When Natixis SA refuses access to a firm price, in particular when the customer belongs to a category other than that of the customer to whom the initial price was provided or the validity period of the price has expired, Natixis SA then offers customers a new price. This new price for the same instrument is then applicable to this specific category of customers and the price difference corresponds to an adjustment related to market conditions at the time prevailing at the request of the new price.

8. Other Criteria

Natixis SA reserves the right not to grant, suspend, remove, or restrict access to performance to customers whose operations do not comply with Natixis' performance policy.

Natixis Corporate & Investment Banking est une marque commerciale de Natixis SA

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