

VTB Capital plc (VTBC)

MiFID II Commercial Policy for Published Quotes

1. Overview

A Systematic Internaliser (SI), is an investment firm which, on an organised, frequent, systematic and substantial basis, deals on its own account when executing client orders outside a regulated market, a multilateral trading facility or an organised trading facility, in accordance with Article 4.1(20) of MIFID II.

2. Scope of Commercial Policy

VTBC, in its capacity as a Systematic Internaliser (SI), is required to make public firm quotes in accordance with the pre-trade transparency rules in Regulation 600/2014 (MiFIR).

VTBC is permitted to decide, on the basis of its commercial policy and in an objective non-discriminatory manner, the clients to whom it provides access to these published quotes.

The purpose of this policy is to set out the framework under which VTBC is acting as SI and will make firm quotes available to its clients in instruments in which it acts as a SI.

VTBC has opted in to be an SI in the following products, which are traded or accepted to trading on a UK trading venue:

Asset Class	Sub Asset Class	Sub- Class Code
Bonds	Sovereign Bonds	EUSB
	Corporate Bonds	CRPB
	Other Public Bond	OEPB
	Convertible Bond	CVDB
	Other	OTHR

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3. Publication of Quotes

VTBC shall publish quotes via its Approved Publication Arrangements (APA).

Clients may request access to published quotes by using their standard sales channels. When looking to access a published quote a client may only execute upon that quote in accordance with all originally quoted terms, including those not explicitly displayed by (or on) the APA.

Note: VTBC is not required to publish (or to give access to) quotes in sizes above the relevant “size specific to the financial instrument” (“SSTI”) or instruments that are not deemed liquid by the Financial Conduct Authority (FCA).

4. Restriction on Access

VTBC will provide access to published quotes to a category of clients which have the same profile as the client to whom the originally published quote was provided to. A client’s profile is based on a combination of factors including:

- The client’s credit worthiness/risk, funding and capital profile,
- VTBC’s client on-boarding, tiering and credit worthiness (settlement risk) criteria.

The weight given to any factor/s may vary between different product types and unforeseen circumstances including market stress.

Additionally, to execute at a published quote, the client must already be on-boarded by VTB Capital plc for the specific product for which a quoted has been provided.

VTBC may refuse to enter into or discontinue any business relationship with its clients on the basis of commercial considerations such as the client’s credit status, counterparty risk and any risks associated with the final settlement of the transaction.

5. Execution Limits

VTBC will establish non-discriminatory and transparent limits on the number of executions it permits against a published quote noting that:

- The number of executions at a given quote will be limited to one,
- VTBC reserves the right to update pricing at any time and in justified cases may offer price improvement on the published quote,
- Quotes may be withdrawn under exceptional market conditions,
- Quotes published by the SI will be bound by all other relevant regulatory obligations.

VTBC will take into account the following market factors when determining whether to execute a transaction at a given quote:

- The size and direction of the quote and subsequent request,
- Market events, volatility and time elapsed since the publication of the quote,
- VTBCs inventory in relevant instrument.

Where an instruction to execute against a published quote is received simultaneously from both the original requesting client and an additional client, priority shall be given to the original requesting client.

6. Timing of Quote

A firm quote in respect of a transaction in a non-equity instrument may be considered stale (and thus no longer executable) if market conditions change or with the lapse of time (taking into account the liquidity and characteristics of the market for the instrument in question). In any event, the quote shall not be valid and deemed executable for a period of more than 30 seconds from the time of the original quote.

In addition, and notwithstanding that VTBC may continue to make quotes public, VTBC may be unable to execute transactions in an instrument with certain clients where applicable legal or regulatory restrictions prevent it from doing so.

7. Exceptional Market Circumstances

VTBC may withdraw its quotes under exceptional market conditions and if VTBC becomes aware of any error or omission in the quote.

Exceptional markets conditions are for instance:

- 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 MiFID II;
- 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) A Competent Authority prohibits short sales in that financial instrument according to Article 20 of the Short Selling Regulation.

8. Mechanism for Publishing and Accessing Quotes

VTBC will make its' firm quotes in liquid instruments public via the GPGX publication tool

Firm quotes in non-liquid non-equity instruments will not be made public. However, on request from a client VTBC will disclose the most recent quotes in such instruments that was provided on the day of such request.