



MACQUARIE

# Systematic Internaliser Commercial Policy: Non-Equity Instruments

RMG

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**Policy statement:** This document sets forth Macquarie's commercial policy in respect of being a Systematic Internaliser in Non-Equity Instruments.

# 1. General

## 1.1 Purpose and Explanation of This Policy

The purpose of this policy is to set out the basis on which either Macquarie Bank Limited, London Branch or Macquarie Bank International Limited (we refer to ourselves in this policy as “**Macquarie**”, “**we**” or “**us**”) will operate in its capacity as a Systematic Internaliser (“SI”) in respect of specific bonds, derivatives, structured finance products and emission allowances (each a “Non-Equity Instrument”) to meet any applicable pre-trade transparency obligations as set out in the Markets in Financial Instruments Regulation 600/2014 (“MiFIR”).

As and when required under MIFIR, Macquarie will publish quotes for Non-Equity Instruments in which it is an SI via an Approved Publication Agreement (“APA”). Further information about the APA that Macquarie is using can be found below.

Further information on the Non-Equity Instruments in respect of which a Macquarie entity is an SI can be found on the ESMA register of systematic internalisers at:

[https://registers.esma.europa.eu/publication/searchRegister?core=esma\\_registers\\_upreg#](https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_upreg#)

Additional information can also be obtained from your usual commercial contact at Macquarie.

This policy will be updated from time to time and published on our website at:

<https://www.macquarie.com/uk/about/disclosures/uk-and-eu-disclosures>

You can also find Macquarie’s commercial policy in relation to its activity as an SI in respect of equity/ equity like instruments at this link.

## 1.2 Commercial Policy

MiFIR permits SIs to:

- (i) decide, on the basis of their commercial policy and in an objective, non-discriminatory way, the clients to whom they give access to their published quotes;
- (ii) refuse to enter into or discontinue business relationships with clients on the basis of commercial considerations such as client credit status, counterparty risk and the final settlement of the transaction; and
- (iii) establish non-discriminatory and transparent limits on the number of transactions they undertake to enter into with clients pursuant to any given quote .

This policy sets out the objective, non-discriminatory basis on which a Macquarie entity acting as a SI will provide clients with access to published quotes and limit the number of transactions it will undertake in relation to those quotes in Non-Equity Instruments.

The commercial and client-specific factors that a Macquarie entity may take into account when determining whether a client should be given access to a published quote already provided to another client are set out below. These criteria will be applied in an objective, non-discriminatory way.

Clients shall only be permitted to access quotes and transact in a Non-Equity Instrument Macquarie has provided an SI quote in if they have previously been fully and appropriately onboarded for transacting in that instrument, satisfied Macquarie’s general account opening requirements, have in place all relevant and applicable documentation (including trading agreements), and meet any other relevant standard Macquarie trading requirements. Macquarie reserves the right to decline requests to transact an executable SI quotes from clients that do not meet these requirements.

## Non-Equity Instruments

When looking to access a published quote, a client may only request to transact on that quote on the same terms originally quoted to the original client (e.g, same trade size, same direction, same tenor), including those not explicitly published by the APA. If a client meets the above requirements, there are a number of standard factors that that may affect Macquarie's willingness to enter into further transactions in that Non-Equity Instrument with the same client or with a new client, and whether the price at which it is prepared to do so is the same as that made public pursuant to its regulatory obligations as an SI. These factors include:

- (i) Market factors, such as:
  - a. subsequent movements in price in the Non-Equity Instrument or any related underlying instrument since the original quote was provided; subsequent price movements in relevant or related markets to the Non-Equity Instrument; or volatility or other market risk considerations.
  - b. timing of the original quote in the Non-Equity Instrument and the request from the client, such that the original quote may be considered stale (and thus no longer executable) due to changes in market conditions, taking into account the liquidity and other characteristics of the market for the Non-Equity Instrument (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);
- (ii) Macquarie's internal risk limits and risk appetite in the Non-Equity Instrument;
- (iii) Macquarie's funding and capital costs;
- (iv) Regulatory and legal profile of the Non-Equity Instrument; and
- (v) Commercial and client-specific considerations, such as:
  - a. Macquarie's credit and risk assessment and limits of the client, both on its own and, in the case of a new client, in comparison to the original client (taking into consideration factors such as CVA, hedging and market risk), and any credit restrictions or limitations of Macquarie's with respect to the relevant client and/or its industry/sector;
  - b. regulatory and legal risk profile of the client, including the client's regulatory status;
  - c. capital costs applicable to the client, including hedging and/or collateral costs;
  - d. operational costs associated with the client, particularly if a specific service level is provided to that client;
  - e. any applicable clearing and settlement arrangements (e.g. cleared or bilateral/ uncleared transaction) that may differ from the original client;
  - f. whether the new client maintains the same intended clearing CCP as the original client, if applicable; and
  - g. whether the transactions with the new client would meet the same contractual agreement terms as the original client. If the original client is quoted in respect of a transaction that is subject to particular contractual terms under the relevant master agreement (e.g. ISDA) and/ or collateral agreement (e.g. CSA) the same price may not be available to a requesting client if a similar transaction between Macquarie and the requesting client would be subject to differing contractual terms which may or do affect trade economics, credit profile, settlement risk or any other objectively measurable economic or risk parameter.

Macquarie shall have discretion to alter the above parameters subject to compliance with MiFIR.

Macquarie shall execute orders received from other clients to whom the quote is made available in accordance with the commercial policy, except where, in order to limit the risk of exposure, we have established transparent and non-discriminatory limits on the number of transactions we will undertake to enter into with clients pursuant to any given quote<sup>1</sup>.

In addition, and notwithstanding that a Macquarie entity may continue to make quotes public, we may be unable to execute transactions in a Non-Equity Instrument with certain clients where applicable legal or regulatory restrictions prevent us from doing so.

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<sup>1</sup> MiFIR Article 18(7).

### 1.3 Availability of Quotes

Macquarie has appointed TRADEcho as its APA, and our quotes will be visible at their website:

<https://quotes.tradecho.com/>

Clients will be able to identify an SI quote in a Non-Equity Instrument, published by Macquarie, in accordance with the procedures detailed in this policy, through the following identifiers:

Macquarie Bank International Limited  
Market Identifier Code (MIC): MAQI  
LEI: 17GKQF40GFUEUUWOO622

Macquarie Bank Limited, London Branch  
Market Identifier Code: MAQU  
LEI: 4ZHCHI4KYZG2WVRT8631

Firm quotes will be published and executable for a period of time appropriate to the relevant instrument. We may update a published firm quote at any time. We may also withdraw a published quote under exceptional market conditions<sup>2</sup>.

Please note that quotes that have expired will not be updated.

Macquarie published quotes will be executable by contacting Macquarie's trading desks via voice or other channel acceptable to Macquarie. Currently, clients will not be permitted to direct orders for SI execution via electronic channels. The Macquarie trading desk will determine whether that published quote is available to you in accordance with the above. If not, you may be offered an updated quote (which may be published by Macquarie, if necessary to comply with its obligations).

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<sup>2</sup> MiFIR Article 18(3).