



Commercial Policy for Belfius Bank as a Systematic Internaliser

Effective as of 15 January 2023

1. Definitions

In this SI Commercial Policy the following words and expressions have the following meanings:

APA

means an Approved Publication Arrangement as set out in art 4 (1)(52) of MiFID II. Belfius has appointed MarketAxess as APA.

Belfius

means Belfius Bank NV/SA having its registered office at Place Charles Rogier 11, B-1210 Brussels.

Client

means a client of Belfius.

CCP

means a central counterparty clearing.

ESMA

means the European Securities and Markets Authority.

Financial Markets - FM

means the dealing room of Belfius.

MAR

means the European Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation), as amended and all rules and regulations made thereunder.

MIC

means Market Identifier Code.

MiFID II

means the European Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended and all rules and regulations made thereunder.



MiFIR

means the European Regulation (EU) 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments as amended, and all rules and regulations made thereunder.

MTF

means a multilateral trading facility.

NCA

means a national competent authority. In the case of Belfius Bank the competent authority is the FSMA.

OTC

means over the counter.

OTF

means an organised trading facility.

RFQ Client

means a client that requests Belfius Bank to provide a quote for a financial instrument.

SI Commercial Policy

means this commercial policy as amended, supplemented or restated from time to time.

SI Quote

means a quote provided by Belfius, acting as SI.

Systematic Internaliser- SI

means a systematic internaliser in accordance with MiFID II/MiFIR and as described in clause 2.

Terms of Business Financial Markets – TOB FM

means the terms of business under which Financial Markets offers its services covered by MiFID II/MiFIR to the Client.

TOTV

means Traded on a Trading Venue.

Trading Venue

means a regulated market, MTF or OTF.

Website

means www.belfius.be or any other website address notified to the Client.



2. General Principles

2.1 Background

MiFID II defines a systematic internaliser as an investment firm which, on an organised, frequent, systematic and substantial basis, deals on own account when execution client orders outside a Trading Venue without operating a multilateral system.

The frequent, systematic and substantial basis is defined in MiFID II by means of pre-set limits.

An investment firm will be a SI when it exceeds the above mentioned pre-set limits or when it chooses to opt-in under the systematic internaliser regime.

An investment firm that classifies as a SI or opts to become one has to comply with several requirements in relation to the financial instruments for which it has become a SI, depending on whether or not those instruments can be considered as TOTV and/or subject to the trading obligation.

2.2 Scope and categories of financial instruments

Belfius has decided to opt-in to operate as SI for bonds issued by Belgian public entities that are considered as illiquid by ESMA, though limited to the ESMA bond types :

- Other public bond
- Covered bond
- Corporate bond

Additionally Belfius opted to operate as SI for corporate bonds issued by Belfius Financing Company S.A.

Belfius has notified the NCA of its decision to opt-in.

Belfius will assess on a quarterly basis the trading data from the past 6 months in order to perform the pre-set limits calculation for any other financial instrument in which Belfius deals on own account when executing client orders.

In the event that Belfius would classify as SI for any other financial instrument, Clients will be notified by means of an updated version of the *“List of Financial Instruments for which Belfius Bank is Systematic Internaliser”*, made available on the Website.

2.3 Purpose

This SI Commercial Policy covers, among other topics, the SI Quote access Client criteria and the pre and post trade transparency Belfius will offer as SI when interacting with Clients, including the provision, publication and availability of SI Quotes as well as the waivers and deferral applied.

3. Quote access : Client criteria

According to MiFID II an SI must have clear standards which set out and govern the basis on which it will decide which Clients are given access to its SI Quotes. The standards must operate in an objective, non-discriminatory way.

Subject to the requirements set out in clause 4, Belfius will allow access to the SI Quote to all Clients who :

- Have accepted the TOB FM and any relevant contractual documentation (including but not limited to any master and/or collateral agreement) ;
- Have complied with all necessary on-boarding and compliance requirements of Belfius ;



- Are not engaged in any conduct in respect of its business with Belfius which is:
 - In breach of MAR, MiFID II/MiFIR or any other regulatory requirement;
 - In breach of any requirement under any master agreement, client agreement or TOB FM;
 - Likely to damage the fairness or integrity of Belfius.

Notwithstanding the above Belfius might consider the following additional factors when making a firm SI Quote available to any other Client, i.e. to be acted upon by other Clients:

- Credit status of the requesting Client;
- Counterparty risk of the requesting Client, based on internal or external benchmarks;
- The settlement risk;
- Uncleared OTC derivatives and the associated XVA pricing adjustment;
- Trade cleared on different CCPs.

4. Pre-trade transparency

4.1 Quotes for illiquid bonds

The SI Quotes that Belfius agrees to provide on request to a RFQ Client will be such as to ensure that Belfius complies with its best execution obligation and will reflect prevailing market conditions in relation to prices at which transactions are concluded for the same or similar financial instrument on a Trading Venue.

Belfius may update the SI Quote at any time subject to market-related and inventory factors, provided that the updated SI quote is consistent with the genuine intentions to trade with its Clients in a non-discriminatory manner.

Belfius may equally withdraw its SI Quotes under exceptional market conditions.

In respect of financial instruments that are TOTV for which there is not a liquid market as determined by ESMA, Belfius shall apply the waivers available under the applicable regulations.

As a result, when providing a SI Quote, Belfius will not make such SI Quote public or provide access to such SI Quote to any other Client, in the following circumstances:

- The SI Quote is in relation to a financial instrument that is considered illiquid
- The SI Quote is above the size specific to the financial instrument;
- The SI Quote is above the large in scale thresholds.

4.2 Quotes for liquid bonds

In the event that Belfius crosses the legally defined pre-set limits in its quarterly SI assessment and subsequently qualifies as SI for financial instruments (bonds) for which there is a liquid market, Belfius will provide firm SI Quotes in these bonds if and when prompted for a quote by a RFQ Client and Belfius agrees to provide such quote.

The provided SI Quotes will remain valid for a reasonable period of time allowing Clients to execute against it.

Belfius may update the SI Quote at any time subject to market-related and inventory factors, provided that the updated SI Quote is consistent with the genuine intentions to trade with its Clients in a non-discriminatory manner.

Belfius may equally withdraw its SI Quotes under exceptional market conditions.

Belfius will make public the firm SI Quotes by publication on the Trading Venue, in particular the Bloomberg MTF



Belfius will make the published firm SI Quotes available to other Clients, i.e. can be acted upon by other Clients.

However Belfius will limit the number of transactions it undertakes to enter into with Clients on the basis of a single quote to 1 (one) transaction.

In justified cases, Belfius can decide to offer Clients a price that is better than the quoted prices provided that the price falls within a public range close to market conditions hereby maximizing the possibility to obtain the best possible deal for the Client.

Additional factors Belfius might consider when making a firm SI Quote available to other Clients are described in clause 3.

In respect of financial instruments that are TOTV for which there is a liquid market as determined by ESMA, Belfius shall apply the waiver available under the applicable regulations.

As a result, when providing a SI Quote Belfius will not make such SI Quote public or available to other Clients in the following circumstances :

- The SI Quote is above the size specific to the instrument ;
- The financial instruments that fall below the threshold of liquidity determined for the purpose of the suspension of the pre-trade transparency requirement for Trading Venues.

4.3 Quotes for other financial instruments

In the event that Belfius crosses the legally defined pre-set limits in its quarterly SI assessment and subsequently qualifies as SI for financial instruments other than bonds, the governance will be similar to clause 4.1 or 4.2 relative to the financial instruments being considered illiquid or liquid by ESMA.

5. Post trade transparency

Belfius, acting as SI, undertakes the post-trade transparency reporting and will make public the volume and price of OTC transactions in financial instruments that are TOTV as well as the time at which these transactions were concluded.

The above information shall be made public through the APA.

Belfius will inform the Client of the action taken as the Client needs not satisfy any post trade reporting requirement.

Belfius may defer publication of post-trade transparency in accordance with the applicable regulations in the following circumstances :

- The transaction is large in scale compared with the normal market size;
- The transaction is in a financial instrument or a class of financial instruments for which there is not a liquid market.

6. Best execution

Belfius shall treat Clients honestly, fairly and professionally and shall act in accordance with the best interest of the Client.

Where applicable when internalising Client orders, Belfius, acting as SI will, provide SI Quotes that comply with its best execution obligation such as set out in the Belfius Best Execution policy made available on the Website.



7. Identification

Belfius will be identified as SI by its registered Market Identifier Codes (MIC) :

- BELF : operational MIC
- BELB : market segment MIC

8. Applicable terms of business

Clients of Belfius, acting as SI, are also bound by the TOB FM as amended from time to time. These terms can be found on the Website.

In the event of any conflict between the TOB FM and the SI Commercial Policy, the latter shall prevail.

9. Availability

The SI Commercial Policy is made available to Clients on the Website.

10. Amendments

Belfius will review this SI Commercial Policy from time to time.

Belfius will notify Clients of any changes to this SI Commercial Policy by publishing an updated version on the Website.

Any updated version of the SI Commercial Policy shall replace earlier versions and shall be deemed immediately applicable once published on the Website.

11. Liability & indemnity

Unless otherwise expressly provided in any other agreement between Belfius and the Client, Belfius shall only be liable for fraud, gross negligence and wilful misconduct where there is a finding of such by a court of a competent jurisdiction and shall not otherwise be liable.

On a continuing basis Clients will indemnify Belfius against any loss, liability and cost which Belfius may suffer or incur as a result of acting on any instruction which Belfius reasonably believes to have been approved by the Client or given on the Client's behalf, or as a result of the Clients' breach of any provision of the SI Commercial Policy.

12. Governing Law and jurisdiction

This SI Commercial Policy is governed by the laws of Belgium.

Any dispute arising out of or in connection with this SI Commercial Policy shall be subject to the exclusive jurisdiction of the Belgian courts.

13. Complaints

All complaints relating to Belfius, acting as SI, will be handled in accordance with the complaint procedure set forth in the TOB FM.