

General information document

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INTRODUCTION

Following the financial crisis of 2008, in May 2014 the European legislators have adopted a new legal regulatory framework, the so-called "MIF" 2 framework, in order to take into account the evolution of financial markets and address the weaknesses revealed by the implementation of MIF 1.

The MIF 2 pack includes the "MiFID 2" Directive¹ and the "MiFIR" Regulation², and will enter into force on the 3rd of January 2018, supplementing the "MIF 1" Directive³.

The new regulatory framework amends the conditions governing the activities of *investment services providers*, and therefore the activities of Natixis⁴.

The main goals of the MIF 2 framework are to improve the orderly functioning of the market and to increase transparency, while enhancing investor protection.

This document aims to present the main innovations of the MIF 2 regulatory framework.

All the italicised terms that appear in the text are defined in the Glossary at the end of this document.

//// //// I - CLIENT CATEGORISATION AND IMPACTS IN TERMS OF PROTECTION

Natixis is required to classify the clients to whom it provides *investment* and *ancillary services*, according to their aptitude and knowledge in the relevant investment field and service.

Pursuant to the regulatory classification criteria, the client is classified within one of the three following categories:

- a Non-Professional client,
- a Professional client,
- an Eligible Counterparty.

Natixis is also required to inform the client, in a durable medium, about:

- their category,
- any change of category,
- the possibility of requesting a different category and the consequences involved.

The consequence of the classification is that the business protection rules are adapted to each client category and, therefore, to the knowledge and sophistication attached to each category.

1) Non-Professional Clients

- Non-Professional Clients are those who do not fall within the scope of the definition of a Professional Client or an Eligible Counterparty (cf. the following definitions).

Knowing that the regulation does not include any list, clients considered as Non-Professional Clients by Natixis are:

- Private individuals
- Organisations under the French 1901 Association Law
- Local authorities: expressly excluded from the Professional Client category by the MiFID II Directive
- Unions
- Cooperatives (such as the French agricultural cooperative AGRALCO)
- Public health facilities
- French EARLs (private limited farming companies, whether they be single-member or pluri-partner)

¹ Directive 2014/65/EU of the European Parliament and Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

² EU Regulation no 600/2014 of the European Parliament and Council of 15 May 2014 on markets in financial instruments and amending EU Regulation no 648/2012.

³ Directive 2004/39/EC of the European Parliament and Council of 21 April 2004 on markets in financial instruments; Corrigendum to Directive 2004/39/EC of the European Parliament and Council of 21 April 2004 on markets in financial instruments; Commission directive 2006/73/EC of 10 August 2006 implementing Directive 2004/39/EC; Commission regulation (EC) n°1287/2006 of 10 August 2006 implementing Directive 2004/39/EC.

⁴ Natixis subsidiaries are outside of the scope of this document.

- companies)
- French GAECs (jointly-earned farming companies)
- French SCEAs (unlimited agricultural development companies)
- Individual companies
- Real estate companies
- IEGs (economic interest groupings)
- Non-financial corporations (French SAs, public limited companies and equivalents, French SARLs, private corporate entities with limited liability and equivalents, and French SNCs, unlimited partnerships and equivalents...)
- Regional and local authorities

Clients in the Non-Professional Client category benefit from highest level of protection.

Therefore, Non-Professional Clients enjoy special protection:

- Assessment of their knowledge, their experience in financial investments related to the specific product type or service offered or requested
- As well as their financial situation and investment objectives, including their risk tolerance where appropriate. Depending on the offered *investment service*, this assessment allows for the verification of its appropriateness to the client prior to its provision.
The assessment is presented in more detail in section III below.
- Provision of specific information on Natixis and its services, financial instruments, investment strategies offered execution venues and the related costs and charges.
- Establishment of a legal and regulatory framework listing the rights and obligations of Natixis and its clients through a financial instrument services agreement and an order execution policy which defines transaction execution methods. This policy is updated on an annual and *ad hoc* basis in order to take into account any changes.

2) Professional Clients;

Professional Clients are defined as clients who possess the experience, knowledge and expertise necessary to make their own investment decisions and properly assess the incurred risks.

The following shall be regarded as Professionals Clients *per se*:

- investment firms,
- credit institutions,
- the other authorised or regulated financial institutions;
- insurance companies,
- Collective investment schemes and their management companies
- pension funds and their management companies,
- commodities and commodity derivatives dealers
- local firms,
- and the other institutional investors,
- national and regional governments, including public bodies that manage public debt at a national or regional level, Central Banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations,
- other institutional investors whose main activity is to invest in financial instruments; including entities operating as securitisation vehicles and carrying out other financial operations,
- large undertakings meeting two out of the three following size requirements on a company basis:
 - balance-sheet total equal to or greater than €20 million;
 - net turnover equal to or greater than €40 million;
 - capital equal to or greater than €2 million;

The level of protection of Professional Clients is lower than that provided to Non-Professional Clients.

Indeed, Professional Clients are presumed to be competent and to have the knowledge of the markets necessary to understand the incurred risks, as well as financially able to bear the losses related to the investment. Taken into account their investment objectives, they only benefit from:

- an assessment of their investment objectives where Natixis provides them with *investment services* or a portfolio management services. This assessment according to the investment service provided allows for verification, prior to the provision of the service, that it is appropriate for the concerned client. The assessment is presented in more detail in section III below.
- a policy for the execution of orders which defines how the transactions are executed. This execution policy is updated annually, and
- the establishment of a legal and regulatory framework taking into account the rights and obligations of Natixis and its client through a financial instrument services agreement and an order execution policy which defines transaction execution methods. This policy is updated annually and with each modification.

3) Eligible Counterparties

AN ELIGIBLE COUNTERPARTY CONSTITUTES A CATEGORY OF PROFESSIONAL CLIENTS FOR THE FOLLOWING THREE *INVESTMENT SERVICES*:

- the reception and transmission of orders on behalf of third parties,
- the execution of orders on behalf of third parties,
- own account dealing.

Eligible Counterparties remain outside of most business conduct rules concerning these *investment services* due to their knowledge, competence and financial situation.

However, they benefit from some regulatory protection including the requirement for Natixis to act honestly, fairly and professionally in accordance with the best interests of clients, to communicate in a way that is fair, clear and not misleading, and to provide appropriate reports (confirmation of transactions). Natixis provides the Eligible Counterparties with its execution policy for their information.

Each of the following is recognised as an Eligible Counterparty:

- investment firms,
- credit institutions,
- insurance companies,
- UCITS and their management companies,
- pension funds and their management companies,
- other financial institutions authorized or regulated under Union law or under the national law of a Member State,
- national governments and their corresponding offices, including public bodies that deal with public debt at national level,
- central banks and
- supranational organisations.

Incidentally, Natixis has decided to proceed with the establishment of a legal and regulatory framework listing the rights and obligations of Natixis and its clients through a financial instrument services agreement.

II RECLASSIFICATION PROCESS AND ITS CONSEQUENCES

Client may request a change in category and opt for a different status within the rules of reclassification illustrated in the diagram below, subject to approval by Natixis (cf. scheme below⁵).

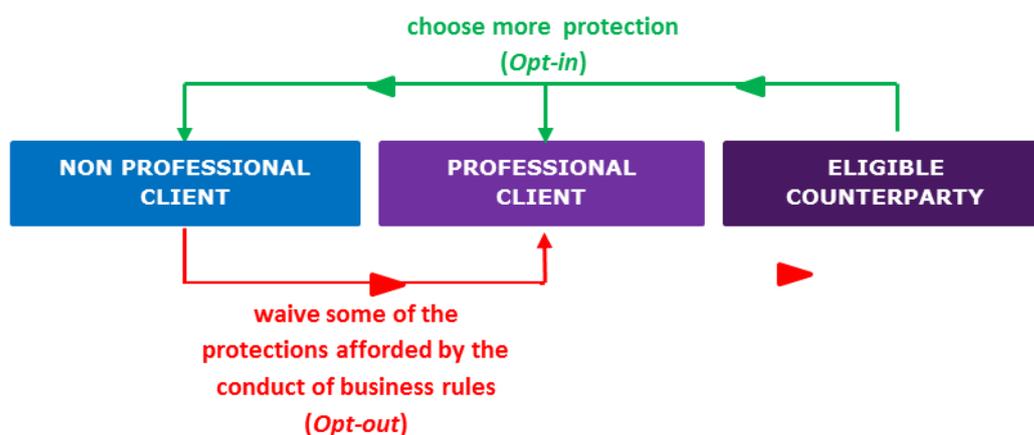
⁵ For a Non-Professional Client to opt out of his category and become a Professional Client, at least two of the following criteria shall be met:

- 1) the client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;
- 2) the size the financial instrument portfolio of the person authorised to enter into agreements on behalf of the client, defined as including cash deposits and *financial instruments*, exceeds EUR 500,000;

Thus, for example, a Non-Professional Client can only change its category and be treated as a Professional Client under the condition that the client meets the classification criteria* mentioned below but also in accordance with the process defined by the regulation.

As a consequence, insofar as the protection measures established by Natixis vary depending on the classification adopted, we draw your attention to the consequences of a change in classification category which implies a modification of Natixis's requirements regarding client protection, as well as an adaptation of our contractual policy, where appropriate.

Possible reclassification schemes



Likewise, the Professional Client or Eligible Counterparty is responsible for notifying Natixis of any changes liable to modify their classification.

Finally, if Natixis notes that a Professional Client or an Eligible Counterparty does not meet the criteria that justify its current classification, Natixis shall take the appropriate measures.

//// III - ASSESSMENT OF THE CLIENT'S KNOWLEDGE

In order to strengthen client protection, Natixis is required to gather information on each of its clients, assessing the suitability of the financial service to be provided, as well as its appropriateness for the client. This assessment is also aimed at allowing Natixis to check that the service offered to the client depending on the *investment service* that is provided.

1) Investment advice services: assessment of the suitability of the service to be provided

Where Natixis provides *investment advice services* to its Clients (Non-Professional and Professional; Eligible Counterparties being treated as Profession Clients for this type of services), it shall gather detailed information on their experience, their investment knowledge, their financial situation, their capacity to bear losses, their investment objectives and their risk tolerance in order to assess whether the offered service or instrument is appropriate to the situation of the client.

This request for information is carried out for and with Non-Professional and Professional Clients alike.

If Natixis does not obtain the required information, or is it is not accurate or none of the offered services or investments are appropriate, Natixis shall refrain from offering such *investment advice services*.

2) Other *investment services*: assessment of the appropriateness of the service to be provided

3) the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

In order to assess the appropriateness of the service to be provided, Natixis assesses its client in order to ensure that the service or product is appropriate for the client. Natixis also assesses each Non-Professional Client.

In the framework of this assessment, Natixis shall gather information on the experience and investment knowledge of the client where it provides the following *investment services*:

- o Dealing on own account,
- o Execution of orders on behalf of clients,
- o Reception and transmission of orders in relation to one or more financial instruments,
- o Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis
- o Placing of financial instruments without a firm commitment basis
- o Operation of an *MTF* or an *OTF*

With regard to Professional Clients and Eligible Counterparties, Natixis is authorised to presume that they possess the level of experience and knowledge required to understand the risks incurred with these particular *investment services* and transactions, or with the type of transaction or product for which the client is classified as a Professional Client or an Eligible Counterparty.

If Natixis considers based on the information received, that the product or service is not appropriate to the client or potential client, it shall warn him.

In the same way, if a client or a Potential client does not provide the required information, Natixis shall warn him that is not able to determine whether the service or product is appropriate for him.

//// //// IV - POLICY FOR THE MANAGEMENT OF CONFLICTS OF INTERESTS

Natixis has a policy in place, set out in writing, the aim of which is to avoid for potential conflicts of interests to affect its clients' interests, and for the identification and management of conflicts or interests and, where appropriate, mitigate those bearing a risk of affecting clients' interests.

This policy applies to conflicts of interests liable to occur during Natixis's or a service provider's provision of *investment services* and *ancillary services*, or of a combination of those services, and the existence of which bears a risk of affecting clients' interests

Where the provisions made by Natixis to prevent conflicts of interests are not sufficient to ensure that the risks of adversely affecting clients' interests is avoided, Natixis clearly informs such clients, prior to acting on their behalf, on the general nature and/or source of these conflicts of interests, as well as the measures taken to mitigate such risks.

A summary of Natixis's conflicts of interest policy is available on the firm's website. You can also directly refer to the conflicts of interest policy for further detail. These documents can also be obtained upon written request sent to the following address:

Natixis
Pole Support Client
40 Avenue des Terroirs de France - 75012 Paris
BP 4 - 75060 Paris Cedex 02

//// //// V - INVESTMENT ADVICE

The MIFID 2 Directive requires for Natixis to inform the client - prior to the provision of the investment service - about whether or not the advice is independent. Natixis has decided it will solely provide non-independent investment advice.

Investment advice is addressed to the client upon his request or at Natixis's initiative. That advice is based on the examination of the client's situation or presented as adapted to his profile, and concerns one or several transactions in financial instruments.

Should investment advice be provided, Natixis shall assess the suitability of the service to be provided (cf. section III).

//// VI - FEES AND BENEFITS

The framework of MIF 2 strictly restricts the payment or receipt of commissions or benefits. The payment to a third party and the receipt by Natixis of remuneration, commissions or non-monetary benefits related to the provision of an investment service or an ancillary service are subject to the following conditions:

- the fee or benefit aims at improving the quality of the service provided to the client;
- such payment or benefit does not impair compliance with Natixis's duty to act honestly, fairly and professionally in the best interests of its clients.
- the nature and amount of the payment or benefit or the method of calculating that amount, shall be clearly disclosed to the client prior to the provision of a service, and in a manner that is comprehensive, accurate and understandable.

This regime is not applicable to Eligible Counterparties

//// VII - PRODUCT GOVERNANCE

The regulatory framework of MIF 2 includes new requirements in terms of product governance.

Where Natixis acts as the manufacturer of financial products, the framework of MIF 2 states that:

- the establishment of dedicated organisational arrangements (internal governance, experienced staff);
- the establishment of an internal validation process for each financial instrument;
- the determination of an identified target market of end clients;
- the consideration of the charging structure proposed for each financial instrument;
- the implementation of a strategy for distribution that is compatible with the identified target market;
- an obligation to inform distributors on products;
- the regular review of each financial instrument to ensure that it remains consistent with the needs, characteristics and objectives of the target market.

Simultaneously, Natixis shall implement and maintain procedures and measures ensuring that the production of financial instruments is carried out in compliance with the requirements regarding the management of conflicts of interests, including remuneration. Natixis controls that the manufactured financial instruments do not adversely affect market integrity.

//// VIII - STRENGTHENING OF THE BEST ORDER EXECUTION POLICY

In order to strengthen the protection of Non-Professional and Professional Clients, the new MIF 2 regulatory framework tends to increase the requirements weighting on service providers regarding the execution and routing of orders towards a trading or execution venue, but also to reinforce their best order execution policy.

Natixis establishes an order execution policy in order to ensure the best possible result for clients, and to provide them with information on order execution.

Natixis shall abide by this "best execution" requirement where it executes, orders on behalf of Professional or Non-Professional Clients, receives and transmits orders on behalf of clients, or deals on own account.

To comply with this best execution requirement, Natixis undertakes, *inter alia*, to:

- ensure the best possible result to clients (taking into account the price, cost, speed, likelihood of execution and settlement, the size and nature of the order);

- provide information on the order execution policy, especially the manner in which they are executed;
- monitor the effectiveness of its order execution arrangements in order to identify and, where appropriate, correct shortcomings;
- notify clients where an important modification of such monitoring systems and evaluation arrangements related to the execution of orders or of the order execution policy has occurred;
- demonstrate (at the request of the client or the competent authority) the best execution of orders;
- summarise and make public the top five execution venues in terms of trading volumes on which Natixis has executed client orders during the previous year; Etc...

Natixis shall obtain the prior consent of its clients on its execution policy. Natixis considers that clients consent has been granted when the first order has been placed by the latter.

Natixis shall obtain the express prior consent of its clients where the order is executed outside of a *trading venue*.

/////// IX - RECORDING OF COMMUNICATIONS

For the same client protection purposes, the framework of MIF 2 includes the obligation to record communications between Natixis and the client for all services provided, all activities carried out and all sales made in order to reinforce the protection of Natixis's clients.

Therefore, Natixis shall be able to record the entirety of the records of phone conversation and electronic communications related to at least: the transactions made within the framework of own-account trading and the provision of services linked with the reception, transmission and execution of client orders, even where these conversations and communications do not lead to the conclusion of such transactions or to the provision of services related to client orders.

The content of one-on-one conversations with clients is considered as equivalent to an order placement via the phone as soon as it is recorded in writing within a report or notes.

These records must be kept for 5 years (or 7 years upon request by the competent national authorities).

The relevant client shall be informed that the communications or phone conversations will be recorded prior to the provision of investment services and activities, where such services are related to the reception, transmission and execution of client orders.

The relevant client may request that the records related to him be transmitted to him.

/////// X - INFORMATION

All the requirements pertaining to the provision of information to clients are strengthened by the framework of MIF 2.

When investment advice is provided, Natixis shall, in good time before it provides investment advice, inform the client on:

- whether the advice is provided on an independent basis;
- whether it relies on a broad or a more restricted analysis of the various types of financial instruments;
- whether NATIXIS provides a periodic assessment of the suitability of the financial instruments.

Furthermore, Natixis shall give the Non-Professional Client, prior to the execution of the transaction, a statement on suitability in a *reliable medium* specifying the advice given and in which way it fits the client's needs, objectives, and other characteristics.

In the case of a bundled offer, Natixis shall inform the client whether it is possible to buy the different components separately and shall provide for a separate evidence of the costs and charges of each component, as well as a an adequate description of the different components of the agreement or bundled offer.

The MIF 2 framework also requires for Natixis to provide the client with comprehensive information about all the costs and charges related to an investment service or a *financial instrument*, regardless of such client's classification.

For Professional Clients and Eligible Counterparties, the information to be provided are adjusted according to the service provided and the nature of the *financial instrument* if there are derivatives involved.

Where appropriate, Natixis informs the client on all the costs and charges related to the *investment services* and *ancillary services*.

/////// XI - ALGORITHMIC TRADING, HIGH FREQUENCY TRADING ("HFT") AND DIRECT ACCESS MARKET ("DEA")

In order to take into account the evolution of financial markets, the MIF 2 regulatory framework integrates the recent technological developments in trading such as *algorithmic trading*, high-frequency trading et and *direct access market*.

MIF 2 also includes a number of provisions to meet a twofold objective, namely to improve the quality of the market by preventing and managing potential or actual risks of market disruption related to technological innovations, including risks stemming from algorithmic trading, especially high-frequency trading but also to prevent the risk of these technological innovations for market manipulation.

The use of *algorithmic trading* now entails the obligation to:

- have in place effective systems and risk controls suitable to the business it operates (resilience, trading limits, appropriate thresholds and limits, prevention of any kind of market disruption, business continuity arrangements and tests);
- to notify it to the competent authorities of its Member State of origin and to the trading venue;
- To provide the competent authorities of its Member State of origin with a description of the nature of its *algorithmic trading* strategies and detailed information on the trading parameters.

MIF 2 also strengthens requirements in terms of high frequency trading by imposing the storage of accurate and time sequenced records (including cancellations of orders, executed orders and quotations on trading venues).

Finally, in case of provision of a direct access to a *trading venue*, Natixis shall:

- Have in place effective systems and controls: appropriateness of clients, trading and credit limits, risk control function, prevention of market disruptions;
- Ensure that its clients comply with the directive and market regulations;
- Monitor transactions;
- Sign an agreement with clients regarding the rights and obligations arising from the provision of that service;
- Notify the competent authorities of its Member State and the *trading venue*;
- Provide a description of systems and controls upon request.

Information gathered by Natixis is subject to data processing in order to comply with regulation for investment service providers as outlined in MiFID II. These data may be communicated to control and audit departments, supervisory authorities and Compliance. This information may be kept for a maximum of five years after the end of the contractual relationship. In accordance with the Data Protection Act of January 6 1978, amended in 2004, you are entitled to access and correct information that concerns you by contacting the Claims Service⁶. department. You can also, for legitimate reasons, oppose the processing of your data.

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⁶ Natixis Service de traitement des réclamations - Banque de Grande Clientèle 47 Quai d'Austerlitz - 75013 Paris
reclamations-bgc@natixis.com

XII - GLOSSARY

DIRECT ELECTRONIC ACCESS

Arrangement where a member or participant or client of a trading venue permits a person to use its trading code so the person can electronically transmit orders relating to a financial instrument directly to the trading venue and includes arrangements which involve the use by a person of the infrastructure of the member or participant or client, or any connecting system provided by the member or participant or client, to transmit the orders (**direct market access**) and arrangements where such an infrastructure is not used by a person (sponsored access);

INVESTMENT ADVICE

The provision of personal recommendations to a client, either upon the client's request or at the initiative of the investment firm, in respect of one or more transactions relating to financial instruments.

Financial instruments

Within the meaning of MIF 2, financial instruments include:

1. Transferable securities;
2. Money-market instruments;
3. Units in collective investment undertakings;
4. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
5. Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
6. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
7. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
8. Derivative instruments for the transfer of credit risk.
9. Financial contracts for differences;
10. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, *inter alia*, they are traded on a regulated market, OTF, or an MTF;
11. Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).

REGULATED MARKET

Multilateral system, operated by a market operator, which brings together or facilitates the bringing together of multiple experienced third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly in compliance with title III of the MIF 2 directive;

OPT IN

Change in the classification of a client towards a category which provides him with better protection than his initial category (example: from Professional to Non-Professional Client).

OPT OUT

Change in the classification of a client towards a category which provides him with a lower level of protection than his initial category (example: from Non-Professional to Professional Client).

TRADING VENUE

Means a *Regulated Market* (MR), a *Multilateral Trading Facility* (MTF), or an *Organised Trading System* (OTF). See the appended market infrastructure diagram.

INVESTMENT SERVICES

The regulation distinguishes two types of services: investment services and activities and ancillary services.

Investment services and activities:

- Reception and transmission of orders in relation to one or more financial instruments.
- Execution of orders on behalf of clients.
- Dealing on own account.
- Portfolio management.
- Investment advice.
- Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis.
- Placing of financial instruments without a firm commitment basis.
- Operation of an MTF.
- Operation of an OTF.

■ **Ancillary services**

- Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management and excluding maintaining securities accounts at the highest level.
- Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instrument, where the firm granting the credit or loan is involved in the transaction.
- Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings.
- Foreign exchange services where these are connected to the provision of investment services.
- Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments.
- Services related to underwriting.
- Investment services and activities as well as ancillary services of the type related to in sections A and B of Annex 1 regarding the underlying market of derivatives included under points (5), (6), (7) and (10) of Section C where these are connected to the provision of investment or ancillary services.

DURABLE MEDIUM

Any instrument:

- a) which enables a client to store information addressed personally to that client in a way that affords easy access for future reference for a period of time adequate for the purposes of the information and
- b) which allows the unchanged reproduction of the information stored;

MULTILATERAL TRADING FACILITY ("MTF")

A multilateral system, operated by an investment service provider or a market operator, which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract in compliance with title II of the MIF 2 directive.

ORGANISED TRADING FACILITY ("OTF")

A multilateral system operated by an investment service provider which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract in compliance with title II of the MIF 2 directive.

ALGORITHMIC TRADING

Trading system for financial instruments in which where a computer algorithm automatically determines the individual parameters of the orders (such as whether to initiate the order, the timing, price or quantity of the order or how to manage the order after its submission); with minimal or no human intervention. It does not include any system that is only used for the purpose of routing orders to one or more trading venues or for the processing of orders involving no determination of any trading parameters or for the confirmation of orders or the post-trade processing of executed transactions;

HIGH-FREQUENCY TRADING

Algorithmic trading technique characterised by three criteria:

- an infrastructure intended to minimize network and other types of latencies, including at least one of the following facilities for algorithmic order entry: co-location, proximity hosting or high-speed direct electronic access;
- determination by the system of order initiation, generation, routing or execution without human intervention for individual trades or orders; and
- high message intra-day rates which constitute orders, quotes or cancellations.

ANNEX

MARKET INFRASTRUCTURE DIAGRAM

