

Natixis Standard Foreign Exchange Terms of Dealing

Introduction

The purpose of this disclosure is to provide transparency on how Natixis' foreign exchange business prices, handles and executes foreign exchange ("FX") transactions. However, it is not intended to be an exhaustive statement of Natixis' pricing or order management practices or policies.

This document sets forth our standard terms of FX dealing generally with our clients in principal-to-principal transactions on the FX markets. It sets how we will communicate and transact in relation to requests for quote, requests for indicative prices, discussion or placement of orders and all other expressions of interests that may lead to the execution of transactions and outlines our management of potential or actual conflicts of interest in our principal-dealing and market-making activities.

Natixis is a global financial services firm (the "Firm") that operates as a dealer and market maker in the FX market. As such, Natixis engages in price-quoting, order-taking, trade execution and other related activities. Unless otherwise agreed, Natixis engages in these transactions as Principal.

Natixis is dedicated to upholding a high level of integrity and adhering to best practices and requirements published by relevant international groups and regulatory bodies in its dealings with counterparties such as the FX Global Code of Conduct published in May 2017. Natixis has confirmed its commitment in signing the "Statement of Commitment to the FX Global Code".

Ethics

Natixis strives to behave in an ethical and professional manner to promote the fairness and integrity of the FX market in acting honestly in its dealings with clients and other market participants.

Principal Trading

When Natixis acts in a Principal capacity, it acts as an arm's-length party to transactions with its counterparties. The Firm does not act as agent, fiduciary, financial advisor or in any similar capacity on behalf of a counterparty and thus does not undertake any of the duties that an entity acting in that capacity ordinarily would perform, unless otherwise explicitly agreed between Natixis and the counterparty, and then only where Natixis acts with discretion in execution. Natixis' FX sales and trading personnel and FX electronic solutions do not serve as brokers or agents to a counterparty and accordingly any statements made by, or communicated through, them should not be construed as recommendations or advice. A counterparty [or client] is expected to evaluate the appropriateness of any transaction based on its own facts and circumstances and its assessment of the transaction's merits.

Natixis takes reasonable steps to obtain the best possible execution outcome where it acts on behalf of a client as riskless Principal. In this respect, Natixis (subject to any specific instructions of the client) takes into account price, cost, speed, likelihood of execution and settlement of execution, size and other relevant factors when executing an order.

If Natixis acts in circumstances where it has a conflict of interest, Natixis will manage its activities through the relevant policies, procedures and other controls it has in place to mitigate these conflicts, consistent with its status as a market maker and a regulated entity.

When Natixis accepts a client's "order" which involves Natixis "working" that order, Natixis is indicating a willingness to attempt, and not a commitment, to enter into the trade at or near the price requested by the client.

Pre-hedging: acting as a Principal, Natixis may execute other transactions or conduct risk management activities ahead of executing a client's order. However, if Natixis pre-hedges a client's order, it will not pre-hedge more than 100% of such order and will take reasonable steps to ensure that pre-hedging is not detrimental to such order, disadvantage the clients or disrupt the market. If any client does not wish for Natixis to pre-hedge their request, the client must notify Natixis in writing to their usual salesperson.

Market Making (as Principal)

As a market maker, Natixis may receive requests for quotations and multiple orders for the same or related currency pairs. Natixis acts as Principal and may seek to satisfy the requests of all its clients and counterparties and its independent risk management objectives, but it retains discretion with respect to how to satisfy its clients and counterparties, including with respect to order execution, aggregation, priority and pricing. Natixis will exercise this discretion in accordance with policies established consistent with its status as market maker and a regulated entity. Natixis is not required to disclose to a counterparty when the counterparty attempts to leave an order that Natixis is handling other counterparties' orders or that Natixis has its own orders ahead of, or at the same time as, or on an aggregated basis with, the counterparty's order.

As Principal, Natixis attempts to execute an order when it can expect to make an appropriate return on the transaction, taking into account market conditions at the time, Natixis' position, including its inventory strategy and overall risk management strategies, its costs, its risks and other business factors and objectives it elects to consider. If and when a counterparty's order becomes executable, it does not mean that Natixis holds, acquired, or will be able to acquire, sufficient inventory to complete the transaction at the order price level, or that there exists a tradable market at that level.

As a market maker that manages a portfolio of positions which arise from trades with multiple counterparties with competing interests, as well as Natixis' own interests, Natixis acts as Principal and, subject to its internal policies outlining the balance of these competing interests consistent with its status as a market maker and regulated entity, may trade prior to or alongside a counterparty's transaction to execute transactions for Natixis or to facilitate executions with other counterparties, to manage risk, to source liquidity or for other reasons. These activities can have an impact on the prices Natixis offers a counterparty on a transaction and the availability of liquidity at levels necessary to execute counterparty orders. They may also trigger or prevent triggering of stop loss orders, take profit orders, barriers, knock-outs, knock-ins and similar conditions. In conducting these activities, Natixis endeavors to employ reasonably designed means to avoid undue market impact.

When solicited for, and prior to the execution of, a transaction, Natixis may risk-mitigate or hedge any exposure that would be created by such transaction. Where a counterparty instructs Natixis to use discretion in executing its orders (for example, an instruction to work an order over the course of the day or subject to other parameters), Natixis may enter into risk management transactions at different times and prices to be able to execute the order, including in a manner that may result in a mark-up, mark-down or spread relative to the price at which the order is executed.

Orders Handling

Natixis executes FX transactions on three channels:

- As Principal via Natixis' voice trading facilities ("Voice Trading").
- As Principal through various proprietary, interdealer or other electronic FX platforms (BloomFX, FXALL, etc.).
- As Principal via Chats (like Bloomberg, etc.).

Where Natixis acts as Principal, it does so for its own account. In contrast, where Natixis acts as riskless principal it fulfills orders, on behalf of a client by simultaneously executing an identical transaction with another market participant.

The manner in which a FX order is priced, handled or executed differs according to the platform on which trading is conducted, as further described in this disclosure.

Natixis provides the FX service in its capacity as riskless Principal. This means that Natixis will fulfill orders on behalf of clients and aim, therefore, to provide a best execution service. Natixis' receipt of an order via its FX channels does not, however, commit Natixis to executing all or part of the order received.

In addition to the above, clients should be aware of the following in relation to resting orders that confer Natixis with a degree of discretion in the execution thereof (including, but not limited to, certain stop loss orders, 'at best' or 'at worst' orders or orders worked over a period of time):

- Partial fills: Natixis permits partial fills of resting orders. Each order will be filled at the actual transacted volume. Nevertheless, Natixis does not use underfilling at all.
- Order sequencing: Resting orders with the same economic details will be filled in the order they are received irrespective of the order size.

Clients selecting e-mail or another form of electronic messaging (e.g. chats, instant messages, etc.) as the mode of communication their FX trade orders should understand and accept that these orders, if accepted by Natixis, will only be actioned once the Natixis representatives responsible for their handling has actually opened and read the e-mail or other electronic communication. This could result in the order either not being filled (if a limit order) or filled at a much later time than when first received into the Firm's e-mail or other electronic messaging system.

During the period between the electronic transmission of an order and the point at which the e-mail or other communication is opened and read, the counterparty will be exposed to the risk that its order may not be filled (including where the market has moved in the counterparty's favor) or may be filled at a worse level because market conditions have changed in the interim.

Trading Practices

Last look:

- Natixis uses this functionality as a risk control mechanism to identify whether trade requests are made at prices that are within Natixis' price tolerance for execution. This control may be applied immediately upon receipt of a submitted trade request or after a brief time delay. In each case, the refreshed price is compared to the refreshed market price.
- The purpose of last look is to protect against trading on stale prices due to latency, and against certain trading behavior. For instance, activities such as aggregation, order splitting or previous quote selection may result in more rejected trade requests. Therefore, the proportion of trade requests that are rejected due to last look will depend in part on the trading behavior of the client and the platforms through which it trades.
- Natixis has in place a governance on last look with appropriate management and compliance oversight.

Pricing:

Any firm or indicative price or spread that a client or counterparty may receive or overhear is an "all-in" price or spread that incorporates sales and trading mark-ups over the price or spread at which Natixis traded or may have been able to trade with different counterparties.

Natixis' all-in prices (including mark-up) and spreads are tailored to individual clients and are based on a broad range of standard commercial factors, including market conditions (with specific level), Natixis' own costs and transactions, overall services provided by sales or the Firm and Natixis' relationship with the client.

As market participant, Natixis applies an internal Margins Policy.

Mark-Up:

All prices enter in the thresholds defined by our Margins Policy determining an appropriate and fair mark-up that is regularly monitored by Natixis.

Natixis discloses details regarding its mark-up and can provide information to clients in order to understand how the mark-up may impact the pricing and/or execution.

Information Sharing

A counterparty should understand that Natixis makes use of information provided to it as Principal to carry out and risk manage transactions. Specifically, unless otherwise agreed, Natixis may use the economic terms of a transaction (but not the counterparty identity) to source liquidity in anticipation of counterparty needs, execute hedging or risk-mitigating transactions, and/or manage the associated trading risk Natixis assumes as market maker. In addition, as a regulated entity, Natixis also shares counterparty information with, or as requested by, markets contacts and its global regulators.

Natixis may analyze, comment on, and disclose appropriately non-specific information regarding orders and executed transactions (e.g. information that has been anonymized and aggregated), and other relevant market information, internally and to certain counterparties, to provide its view on the general state of and trends in the market and/or to provide market color. Counterparties and clients should understand that information regarding their flows may form a constituent part of the market color the Firm provides to its counterparties.

It should be expected that Natixis' sales, trading and other personnel will consult with one another, including with respect to a counterparty's interests, trading behavior and expectations, mark-up, mark-down, spread, and any other relevant factors, as part of its market making activities.

Dealer Polls / Benchmarks

In some cases, the terms of a FX transaction may provide that the value of an exchange rate or fallback exchange rate is to be determined based on a dealer poll. The Firm may be requested to provide quotations from time to time in such dealer polls. Any such quotations may affect, materially or otherwise, the settlement of FX transactions. If the Firm, or an affiliate, provides such quotations and also acts as Principal in FX transactions that refer to the corresponding exchange rate. In that case, the Firm faces an inherent conflict of interest, which will be managed through the relevant policies, procedures and other controls the Firm has in place to mitigate these conflicts and enhance the integrity of its submitted dealer poll quotations.

Natixis will not disclose information relating to benchmark orders other than on a need-to-know basis to Natixis employees or third parties.

Natixis aims to provide a best execution service in relation to benchmarks orders.

Natixis informs clients in advance about external factors that could affect the benchmark rate, e.g.: macro data, illiquid market conditions and any other relevant event. A proprietary trustful source for prices traded by Natixis is available to clients on request, with information on the assessment of accuracy of sources as well.

Risks

Natixis monitors regularly trading activities, including the identification and internal escalation, as appropriate, of failed, cancelled or erroneous trades. Globally, Natixis has practices in place to limit, monitor and control the risks related to its FX market trading activity (for example with adequate processes to manage counterparty credit risk exposure) and, to identify and manage its operational risks.

Confidentiality

Protecting the confidentiality of client information is important to Natixis. Natixis treats client information in accordance with its terms of business, relevant agreements and applicable law or regulation. If it is necessary to disclose client information internally or externally in order to execute transactions or accomplish risk management, Natixis will only do so in accordance with applicable Natixis confidentiality policies and procedures or specific agreements relating to client confidentiality.

Natixis also has regulatory obligations which may require it to disclose client information. For example, Natixis may disclose client or counterparty information to regulators pursuant to its regulatory reporting obligations. Natixis may also disclose information in the course of regulatory investigations or legal proceedings.

Business Continuity Plan (BCP)

Natixis has put in place a BCP according to the nature, scale and complexity of its FX business to address potential large-scale disasters, loss of access to significant trading platforms, settlement, other critical services or other market disruption.



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