



Securities Services Market Financing Services: Client Disclosure Letter

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Securities Services – Market and Financing Services (MFS): Trading Practices on FX on demand and Financing Collateral Services activities

This document sets out the way in which Securities Services conducts its trading activities when it acts as counterparty in currency spot, currency OTC derivatives and Securities Financing Transactions (the “SFTs”).

This disclosure is designed to supplement any other disclosures made by Securities Services and is subject to any specific agreements that Securities Services may have with its clients. The document may be updated periodically to reflect changes in the legal, regulatory or market environment, or other industry developments, as well as changes to internal policies and practices.

Any questions with respect to this document should be directed to your usual Relationship Manager.

1. Trading Capacity for FX on demand and Financing Collateral Services activities

Securities Services acts in a principal capacity when transacting with Clients, and as such:

- acts as a counterparty entering arm’s length transactions.
- in this context, Securities Services does not act as fiduciary, financial advisor or in any similar capacity on behalf of a client.
- will take on one or more risks in connection with the transaction, including market and credit risk.

Since Securities Services engages in many activities across different regions, actual or perceived conflicts of interest may arise. Where conflicts of interest have been identified, Securities Services will mitigate and manage them in line with applicable laws, rules and/or regulations as well as internal policies and procedures.



2. Orders management practices and pricing methodology

a. FX on demand activity

Securities Services acts in a principal capacity when acting as price maker.

On a general basis, when squaring itself out, FX deals exclusively liquid currencies with BNPP and restricted currencies with its sub-custodians or local approved counterparties. Therefore, Securities Services is less exposed to exchanging information with market participants.

When acting in a principal capacity, Securities Services offers clients an "all-in" price or spread for transactions. This price or spread may include mark-up associated with the transaction. The mark-up is determined by various factors, including the size and nature of the transaction, and the counterparty.

In addition, every client can ask for the quotes of their own trades, but Securities Services may refuse to enter or discontinue business relationships with clients based on several considerations such as the client credit status, the counterparty risk and the final settlement of the transaction.

During periods of extreme market volatility and/or disruption, Securities Services may experience delays in accepting and executing trade requests, pricing, price streaming, and/or market data dissemination. Securities Services is not obligated to provide pricing, price streaming, or always accept trade requests, and the electronic trading platforms it uses have position and volatility limits, and other controls that may temporarily suspend execution, pricing, and price streaming during these periods.

For restricted currencies (Group B), Securities Services will intermediate the FX on the back of underlying securities instructions and execute directly in the local market with the sub-custodian's desk, and when available and possible, in open architecture with other local counterparties (BNP Paribas can be this local approved counterparty to apply the best possible price for its clients. Securities Services is entering into transaction only as a sales player by adding a mark-up to this sub-custodian's pricing.

When applicable, all orders are accepted and worked in the order in which they are received by an execution channel (i.e., voice or electronic), the only exception being some specific instances where orders can be aggregated which includes, FX fixing orders. This means that two orders in the same direction and at the same level will be worked on a first come first served basis. This also means that an order received for voice execution may be executed after a similar order that was received via an electronic channel, even if the electronic order is received after the voice order due to the speed of straight through processing.

Whenever possible, the time stamping of orders is applied when the order is accepted. However, consistent with market practice, orders that are amended or cancelled and resubmitted by the client will be re-prioritized at the time of the amendment or resubmission.



b. Financing Collateral Services activities

Our Securities Lending services are designed to allow clients to optimize revenue opportunities. This program covers three activities: Opportunity Lending, Exclusive Lending and Fail Coverage. Securities Services does not handle any order but RFQ (Request For Quotation) and IOI (Indication of Interest) as the Financing Collateral Services desk confirms any part of the client's trade.

Because pricing is specific to each transaction, Financing Collateral Services desk faces a permanent pricing discovery link to risk weight & liquidity costs and depends on the type of lending service provided. The opportunity lending/Repo is a mark-to-market product handled through RFQ, the fail coverage is a pure execution service where we apply a standard pricing grid per country whereas for the exclusive mandate Securities Services provides a guarantee to the client.

3. Information Handling for FX on demand and Financing Collateral Services activities

Any statements made by or through the Securities Services staff member, its electronic systems or otherwise in the processing or execution of transactions should not be construed or relied upon as recommendations or advice. We expect our clients to evaluate the appropriateness of any transaction based on the facts and circumstances relevant to them and their assessment of the transaction's merits.

Securities Services has arrangements in place designed to protect and safeguard Client information in accordance with applicable local laws, rules and regulations. Client information will be handled with due care and diligence in accordance with such arrangements.

In addition, as a regulated entity, Securities Services may also be required to disclose Client information to our regulators and/or other public authorities.