

# SYSTEMATIC INTERNALISER COMMERCIAL POLICY

JULY 2020

COMPLIANCE DEPARTMENT

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## 1. SUMMARY STATEMENT

This document forms the GPB- Financial Services Ltd (hereinafter “the Company” or “GPB FS”) Systematic Internaliser Commercial Policy (hereinafter the “Policy”) where it is a Systematic Internaliser (“SI”) in relation to certain financial instruments specified in Regulation (EU) No 600/2014 (“MiFIR”).

A Systematic Internaliser is a firm which "on an organized, frequent, systematic and substantial basis, deals on own account when executing client orders outside a regulated market, an MTF or an OTF without operating a multilateral system".

## 2. SCOPE

### **Purpose of this Policy**

This Policy is designed to set out the following:

- when the Company will make SI quotes available; and
- how clients can access the Company’s SI quotes.

### **Categories of financial instruments**

GPB FS may be identified as an SI for the purposes of Directive 2014/65/EU (“MIFID II”) in liquid and non-liquid Exchange Traded Funds (“ETFs”) - equity instruments, as well as Corporate and Sovereign Russian and European bonds, as included in Appendix 1 posted on the Company’s website.

GPB FS will be considered to be a systematic internaliser in respect of all bonds belonging to a class of bonds issued by the same entity or by any entity within the same group, subject to applicable laws and regulations, including without limitation any sanction programs.

The scope of the products for which GPB FS is acting as an SI will be reviewed on a quarterly basis.

## 3. OBLIGATIONS OF GPB FS

### **Making quotes public**

#### ➤ *For liquid ETFs-equity instruments:*

In the case of liquid equity and equity-like financial instruments traded on a trading venue, for which the Company has been identified to be a Systematic Internaliser, the Company will make public the firm quotes on a regular and continuous basis during normal trading hours, through its Approved Publication Arrangement (APA), Bloomberg.

#### ➤ *For liquid non-equity financial instruments:*

In the case of liquid non-equity financial instruments traded on a trading venue, for which the Company has been identified to be a Systematic Internaliser, the Company will make public the firm quotes when the following conditions are met:

- a. the Company is prompted for a quote by a client;
- b. the Company agreed to provide a quote in response to the client’s request.

GPB FS will make such quotes public through its Approved Publication Arrangement (APA), Bloomberg.

➤ *For illiquid non-equity financial instruments:*

In the case of non-equity financial instruments traded on a trading venue, for which there is not a liquid market, the Company must disclose quotes to its clients on request only if the Company agrees to provide a quote.

It is noted that, in such a case of illiquid non-equity financial instruments, the Company does not have an obligation to make this quote available to other clients and to make it public.

It is noted that, in cases where the Company is identified to be a Systematic Internaliser on financial instruments, which are non-traded on a trading venue (non-TOTV), then the Company is not subject to any quoting obligations imposed by MiFIR. However, the Company will remain liable in relation to notifying CySEC about its status of Systematic Internaliser for non-TOTV financial instruments.

### **Access to quotes – Commercial policy**

If a client has requested access to GPB FS's quotes which have been made published, the Company may decide to deny access to the client to the published prices on the basis of the following factors, which we will apply in an objective and non-discriminatory manner:

- **The regulatory status of the client**
  - i. the client is authorised to operate a Trading Venue; or
  - ii. the client is an SI in the relevant non-equity financial instrument to which the published quote relates.
- **The given size and direction (i.e. buy vs. sell) of a transaction** the client has requested to trade at, is different to the published quote.
- **Market conditions when deciding whether to trade at a published price**

The client has requested access to a published quote which is no longer available as a result of market events, volatility in the relevant market for the non-equity instrument and time of execution (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).

- **Credit risk associated with client**

The client's credit risk profile, if the Company was to enter into a trade with the client at the published price, could expose the Company to undue risk.

- **Counterparty risk associated with client**

The client's counterparty risk profile, if the Company was to enter into a trade with the client at the published price, could expose the Company to undue risk.

- **The speed at which a client executes transactions (with GPB FS and in the market generally)**

To ensure fairness, GPB FS may hold open a published quote for a longer period of time for a smaller client with greater execution latency relative to others in the market.

- **Clearing and settlement arrangements**

The client's trade clearing and settlement arrangements will be taken into consideration, if these are considered to expose GPB FS to undue clearing and settlement risk.

GPBFS' SI quotes are available free and in real time on Bloomberg's website (<https://www.bloombergapa.com/>).

#### 4. EXECUTION OF CLIENT ORDERS

GPB FS's clients may access SI published quotes by contacting the Company's Brokerage department. Due to the dynamic nature of the underlying instruments, the Company's SI quotes may only be available to trade for a limited time that is reasonable to allow clients to execute against them.

To limit its risk exposure, GPB FS may restrict the number of transactions from the same or different clients that it enters at the published quote. This restriction may occur in cases where the number and/or volume of trades considerably exceeds the norm, such that GPB FS would expose itself to undue risk inter alia due to the Company's market risk, credit risk, counterparty risk, settlement risk and also during exceptional market conditions. If such a restriction occurred then it would apply in a nondiscriminatory manner amongst requests received from clients e.g. transactions would be agreed on a first come, first served basis.

In addition, GPB FS may be unable to execute transactions with clients where applicable legal or regulatory restrictions prevent it from doing so.

#### 5. TRADING HOURS

GPB FS will fulfil its obligation as a systematic internaliser during normal trading hours for the financial instruments which has been identified as a systematic internaliser. Outside of normal trading hours, GPBFS reserves the right not to show a public SI quote or to widen out to a level it deems appropriate.

#### 6. POLICY REVIEW AND PUBLICATION

The most recent version of this Systematic Internaliser Commercial Policy will be made available on our website [www.gpbs.com.cy](http://www.gpbs.com.cy). This Policy will be reviewed annually and when a material change occurs to consider the effectiveness of this Policy to identify and correct any deficiencies.