

SANTANDER UK PLC
SYSTEMATIC INTERNALISER
COMMERCIAL POLICY

1. BACKGROUND

- 1.1 Santander UK plc ("**San UK**" or "**we**"/"**our**"/"**us**") will be a systematic internaliser ("**SI**") in certain non-equity financial instruments or specified classes of financial instruments from time-to-time, in accordance with Regulation (EU) No 600/2014 ("**MiFIR**") and associated applicable law and regulation (including Commission Delegated Regulation (EU) 2017/567) (the "**Applicable Regulation**").
- 1.2 Where we are a SI in a financial instrument or class of financial instrument (as defined in the Applicable Regulation), we will make public firm quotes in respect of such instruments or any relevant class ("**SI Quote**"), as and where required by Applicable Regulation (including that the instrument is subject to transparency obligations set out in Applicable Regulation), in accordance with this commercial policy (the "**Commercial Policy**") and in an objective and non-discriminatory manner.
- 1.3 This Commercial Policy is designed to set out the following:
- (a) the type and nature of products that we may be an SI in, from time to time;
 - (b) when we will make SI Quotes available;
 - (c) how clients (the "**Requesting Client**") can access our relevant SI Quotes that we have agreed to provide to another client (the "**Original Client**"); and
 - (d) our quoting hours, identifiers and related matters.

2. CATEGORIES OF FINANCIAL INSTRUMENT

- 2.1 This Commercial Policy relates to the following categories of financial instruments, set out at Commission Delegated Regulation EU 2017/583 ("**RTS 2**"):
- (a) Bonds;
 - (b) Any other instrument or class as notified to you by us from time to time.
- 2.2 We will be a SI in a specific class in relation to the above financial instruments, from time to time, as notified by us to you. The specific class or issuer (as relevant) to which we act as a SI in ("**SI Instrument**"), will vary from time to time. For the avoidance of doubt, this Commercial Policy is not intended to specify the precise instruments or classes (within the above categories) that we are a SI in, as this will vary according to thresholds set out in Applicable Regulation or our decision to opt into the SI regime for any given instrument or class of instrument.

3. WHEN QUOTES WILL BE MADE AVAILABLE

- 3.1 Where acting in the capacity of an SI, we will make firm quotes public, in any SI Instrument, where we:
- (a) are prompted for a quote in relation to such SI Instrument; and
 - (b) agree to provide such a quote, subject to any available Waivers (as set out below).
- 3.2 We will only provide a SI Quote during the hours of: 07:15 – 18:30 GMT

3.3 In relation to package transactions we will provide quotes, in the manner required by Applicable Regulation and in accordance with paragraph 3.1 above.

3.4 All clients who meet the criteria set out in this Commercial Policy will be granted access to such quotes. Where a Requesting Client has been provided with access to SI Quotes, it will, subject to this Commercial Policy and our terms of business, be able to execute against such SI Quote in the manner described below.

4. QUOTE ACCESS AND IDENTIFIERS

4.1 In relation to any SI Quote that is not subject to a Waiver (as set out below), the SI Quote will be published and made available via (subject to a client agreeing to enter into any agreement governing connectivity and technical specifications) our appointed Approved Publication Arrangement ("**APA**"), TRAX URL interface (<http://www.traxinsight.com/insight/login.html#/login>), where the SI Quote will be made available in accordance with Applicable Regulation, including publication in machine readable format.

4.2 A Requesting Client will be able to identify a SI Quote, published by San UK, in accordance with the above procedures through the following identifiers:

- (a) Market Identifier Code (MIC), SNUK ; and
- (b) Legal Entity Identifier (LEI), PTCQB104N23FMNK2RZ28 .

5. QUOTE ACCESS: CLIENT CRITERIA

5.1 Subject to Applicable Regulation, we will allow access to the SI Quote to all clients of San UK who:

- (a) have accepted our terms of business and any related contractual documentation (including but not limited to any master and/or collateral agreement);
- (b) have complied with all necessary on-boarding and compliance requirements of San UK (including, but not limited to, any requirements set out in law or regulation regarding anti-money laundering and sanctions);
- (c) are not engaged in any attempt, in SAN UK's view, to create disorderly markets, (including, but not limited to, any action that would breach, in San UK's view, the Regulation (EU) No 596/2014 ("**MAR**")); and
- (d) have complied with any technical or connectivity specifications required to receive SI Quotes (as set out below under paragraph, "Quote Access and Identifiers").

5.2 Notwithstanding the above, we may take into account the following factors when determining whether a Requesting Client should be given access to a published SI Quote already provided to the Original Client:

- (a) **Credit Status:** we will not provide access to SI Quotes, where we consider, based on internal or external benchmarks that there is a "credit or capital risk" in relation to a Requesting Client. We will therefore take into account any credit status, history or position of a Requesting Client in accordance with our risk management framework before permitting such Requesting Client access to our SI Quotes;
- (b) **Counterparty risk:** we will not provide access to SI Quotes, where we consider, based on internal or external benchmarks, that there is "counterparty risk" in relation to a Requesting Client. We will make this determination with reference to internal risk management factors such as our exposure to such Requesting Client and external benchmarks used to calculate counterparty risk;

- (c) **Settlement risk:** we will not provide access to SI Quotes, where we consider there is a settlement risk in relation to such a Requesting Client. Additionally, where the Requesting Client does not provide adequate details or agreements in relation to the settlement procedures that would govern a transaction, San UK may not provide such Requesting Client with access to its quotes;
- (d) **Contractual terms:** we may decline to trade with the Requesting Client at the SI Quote, where the SI Quote provided to the Original Client is subject to particular contractual terms under a relevant master agreement (e.g. ISDA) and/or collateral agreement (e.g. CSA) if similar contractual terms are not in place with the Requesting Client, including in relation to trade economics, credit profile, settlement risk or any other objectively measurable economic risk parameter;
- (e) **Trade specification:** we may decline to trade with the Requesting Client at the SI Quote, where the Requesting Client requests for a quote at the SI Quote for a different trade size, duration or specification to the Original Client;
- (f) **Cleared and uncleared trades:** we may decline to trade with the Requesting Client at the SI Quote, where the SI Quote provided to the Original Client related to a trade that was intended to be cleared, whereas the Requesting Client intends for the trade to be entered into bilaterally and not subject to clearing via a central counterparty (“CCP”) or other third party clearing provider;
- (g) **Trades cleared on different CCPs:** we may decline to trade with the Requesting Client at the SI Quote, where the SI Quote provided to the Original Client related to a trade that was intended to be cleared at a specific or designated CCP, whereas the Requesting Client intends for the trade to be cleared on a different CCP; and
- (h) **Latency:** we may decline to trade with the Requesting Client at the SI Quote, where the SI Quote provided to the Original Client has become stale (and is no longer executable) if market conditions change or with the lapse of time (taking into account the liquidity and characteristics of the market for the SI Instruments in question).

6. QUOTE UPDATES, ERRORS AND EXCEPTIONAL MARKET CONDITIONS

- 6.1 We may update our quotes at any time, including to reflect changes in market conditions or the firm's risk management or credit exposures.
- 6.2 We may withdraw our quotes under exceptional market conditions as permitted under Applicable Regulation.
- 6.3 We may withdraw our quotes where such quotes have been made in error, either due to technological failure or human error, such as erroneous input values.

7. QUOTES ACCESS: EXECUTION TERMS

- 7.1 Where a Requesting Client has requested and we have agreed to provide an SI Quote, the Requesting Client will have the ability to execute against such SI Quote, subject to our terms of business with the Requesting Client and this Commercial Policy. If the Requesting Client does not execute against the SI Quote provided, we will not be required to provide the Requesting Client with another quote unless we agree to do so.
- 7.2 In relation to any SI Quote that is not executed by the Original Client, or is only executed partially by such client, the SI Quote will become executable by a Requesting Clients who have been given access to our SI Quotes (based on the factors set out above). Where an Original Client has only executed part of the SI Quote, only the remaining amount, in terms of volume, will be executable by other Requesting Clients, who have access to our SI Quotes unless otherwise agreed in accordance with this Commercial Policy.

7.3 San UK provides such SI Quotes, subject to appropriate risk and credit management. Accordingly, no Requesting Client will have the right to execute more than one transaction in relation to any SI Quote, it has requested and we have agreed to provide to the Requesting Client.

8. **WAIVERS**

Where we provide a SI Quote, we will not make such quote public or provide access to such quote to any other client, in the following circumstances:

- (a) The SI Quote is in relation to a financial instrument that is considered illiquid, pursuant to Applicable Regulation;
- (b) The SI Quote is above the size specific to the financial instrument pursuant to Applicable Regulation;
- (c) The SI Quote is above the large in scale thresholds pursuant to Applicable Regulation;
- (d) In relation to SI Quotes for package transactions, there is an available pre-trade waiver under Applicable Regulation, due to a component of the order being large in scale, illiquid or above the size specific to the instrument and the package transaction not being "liquid as a whole"; and
- (e) Any other waiver available under Applicable Regulation,
(collectively, the "**Waivers**").