

1. BACKGROUND

This Commercial Policy (the "Policy") sets forth information relating to how Swedbank AB (publ) provides services in its capacity as Systematic Internaliser ("SI"), as required by the Markets in Financial Instruments Directive 2014/65/EU and the Markets in Financial Instruments Regulation No. 600/2014 (together "MiFID II"). The Policy also describes how Swedbank acts in the foreign exchange ("FX") market (Section 7).

An SI is an investment firms which, on an organized, frequent, systematic and substantial basis, deals on own account by executing client orders outside a regulated market, Multilateral Trading Facility or an Organised Trading Facility without operating a multilateral system. An SI is under certain circumstances required to publish the quotes it provides to its clients.

The purpose of this Policy is to govern and communicate how Swedbank acts as SI. According to MiFID II an SI must have clear standards which set out and govern the basis on which it will decide which investors are given access to its quotes. The standards must operate in an objective, non-discriminatory way including considerations such as investor credit status, counterparty risk and final settlement of the transaction.

This Policy should be read in conjunction with Swedbank's Order Execution Policy, which can be found at: https://www.swedbank.se/privat/spara-och-placera/mifid/basta-orderutforande/index.htm?wt_query_text=mifid

1.1 Product scope

The financial instruments for which Swedbank will be SI, together with product specific quotation parameters, will be available via Swedbank's website: https://www.swedbank.se/privat/spara-och-placera/mifid/basta-orderutforande/index.htm?wt_query_text=mifid

The transparency requirements are different for different types of instruments. The rules for shares, depositary receipts, ETFs, certificates and other similar financial instruments (collectively referred to as "Equity Instruments") are described in 'Section 2' below. The requirements for bonds, structured finance products, emission allowances and derivatives (collectively referred to as "Non-Equity Instruments") are meanwhile described in 'Section 3' below.

'Section 7' describes how Swedbank acts in the FX-market and how we quote FX-derivatives and FX-Spot.

1.2 Changes to the Commercial Policy

We will review the Policy regularly or whenever a material change occurs that affects our ability to act as SI. Any material changes to this Policy will be published and made available on Swedbank's website. New versions of the Commercial policy will come into force from the date of publication on the website. Clients are urged to regularly check the following website for the current version https://www.swedbank.se/privat/spara-och-placera/mifid/basta-orderutforande/index.htm?wt_query_text=mifid

2. PUBLICATION OF QUOTES FOR EQUITY INSTRUMENTS

2.1 Regulatory requirements

The SI shall make public firm quotes in respect of Equity Instruments traded on a trading venue for which it is SI and for which there is a liquid market. The quotes shall be published on a regular and continuous basis during normal trading hours and may be updated at any time. Under exceptional market conditions the SI is allowed to withdraw its quotes.

For illiquid Equity Instruments the SI shall disclose quotes to their clients upon request.

2.2 Standard Market Size ("SMS")

The minimum quote size of the quotes made by Swedbank in its capacity as SI in a share, depositary receipt, ETF or other similar instrument, will be at least the equivalent of 10 % of the standard market size of such an instrument. The pre-trade transparency requirements only apply when Swedbank, in its capacity as an SI, deal in sizes up to SMS and not when we deal in sizes above SMS.

The SMS will be calculated by the European Securities and Markets Authority ("ESMA") as the arithmetic average value of orders executed in the market for financial instruments included in each class, during the previous calendar year.

3. PUBLICATION OF QUOTES FOR NON-EQUITY INSTRUMENTS

3.1 Regulatory requirements

Investment firms shall make public firm quotes they provide in respect of Non-Equity Instruments traded on a trading venue for which they are SI and for which there is a liquid market.

The SI is only required to make public firm quotes in liquid Non-Equity Instruments when asked by a client and the SI agrees to provide a quote. With regards to illiquid Non-Equity Instruments SIs should disclose quotes to clients upon request.

3.2 Size Specific to the Instrument ("SSTI")

The SI only has to publish quotes that are at or below the SSTI. This is to ensure that SIs are not exposed to undue risk. The SSTI is decided by ESMA for each type of instrument and may be revised by ESMA from time to time.

4. VALIDITY TIME, UPDATE AND WITHDRAWAL OF QUOTES

4.1 Validity time and update of quotes

The quotes will be valid for a certain amount of time depending on the market structure and liquidity of the market. Swedbank may however update the quotes at any time during the validity time of the quote. Any such update will not extend the validity time of the quote. Call our Sales department to receive an updated version of the quote.

Instrument

Equities
Bonds
Interest rate derivatives
Credit derivatives
Equity derivatives
Securitized Derivatives
Exchange traded products
FX-derivatives

Validity time for quote

90 seconds
90 seconds
90 seconds
90 seconds
90 seconds
90 seconds
90 seconds
90 seconds

Clients should be aware of that any quotes provided will always be subject to market movements and/or market conditions.

4.2 Withdrawal of quotes

Swedbank retains its right to, under exceptional market conditions, withdraw its quotes. This is also the case for quotes which have been erroneously posted due to technical or human errors.

5. PUBLICATION OF QUOTES

Swedbank will make use of two different Approved Publication Arrangements ("APA") in order to fulfill our obligation to publish quotes. We use Bloomberg APA and TRAX APA.

Instrument

Equities
Bonds
FRA and IRS
Other Interest rate derivatives
Credit derivatives
Equity derivatives
Securitized Derivatives
Exchange traded products
FX-derivatives

APA

TRAX
Bloomberg
Bloomberg and TRAX
Bloomberg
Bloomberg
TRAX
TRAX
TRAX
TRAX

6. CLIENTS ACCESS TO QUOTES AND TRADING ON QUOTES

6.1 Clients

Clients that have the appropriate legal agreements and limits in place may, if certain conditions are met, enter into transactions with Swedbank in accordance with published quotes.

The quotes that are published following the request for a quote may potentially be executable by another client where the requesting client has decided not to trade against it. Thus the quotes published by the SI will only be executable up to the quoted amount. The reason for this is that for transferable securities the instrument might no longer be available in the SI's books and for derivatives each transaction the SI undertakes changes its exposure and may therefore affect the price the SI can give in order to have prudent risk management. However if a client has only traded on a part of the quoted volume it is possible for another client to trade on the other part.

For the purpose of giving clients the option to trade on published quotes Swedbank categorizes clients with regards to credit risk and the type of legal agreement, i.e. whether or not the client has an ISDA agreement with Credit Support Annex in place and posts margin for the relevant transaction. Cleared transactions are a separate category since the risk is against the CCP and not the client. Therefore in order to trade on a published quote the client needs to have a similar credit risk and the same type of legal agreement as the client who received the quote. If a client is interested in trading on a quote please contact our Sales department. They can provide the latest price update and information on the necessary credit rating and legal agreement.

6.2 Normal trading hours of the SI

Swedbank's normal trading hours are:
09:00-17:30 CET for equities and equity derivatives
09:00-16:15 CET for fixed income derivatives and bonds
08:00-17:00 CET for FX-derivatives

6.3 Display quotes to clients

Clients can view our quotes on our APAs. If a client wants to trade on a displayed quote the client must contact our sales department.

7. FX-DERIVATIVES AND FX-SPOT

Swedbank adheres to the FX Global Code which provides a common set of guidelines to promote the integrity and effective functioning of the wholesale FX-market. For more information see the FX Global Code. Swedbank always strives for the highest ethical and professional standards when we act in the FX-market.

Swedbank acts in a principal capacity when we execute client orders in FX-derivatives and FX-Spot. When handling large client orders Swedbank may depending on the market conditions and other relevant factors decide to pre-hedge the order. This will be done with the intent of benefitting the client and minimizing the market impact.

Swedbank may execute risk management transactions, related to ongoing business, close to a Stop Loss Order trigger level. These transactions may however impact the reference price and result in the Stop Loss Order being triggered.

8. GENERAL INFORMATION

Swedbank AB (publ) LEI: M312WZV08Y7LYUC71685
Swedbank AB (publ) MIC: SWBI