

Disclosure applicable to your trading of fixed income products electronically with NatWest Markets



NatWest

TOMORROW BEGINS TODAY

1. Introduction

The purpose of this disclosure is to provide you with important information regarding the handling by NatWest Markets Plc, NatWest Markets N.V. and NatWest Markets Securities Inc., as applicable (“NatWest Markets”, “we”, “us” or “our” as applicable), of transaction requests in bonds and interest rate swaps that you submit to us using a third-party electronic trading platform. This communication also gives you the opportunity to request changes to the price validation settings applied by NatWest Markets to your transaction requests, where available.

The information in this document is current as of the date of this disclosure. Any updates to this disclosure will be communicated on the NatWest Markets website (<https://www.natwest.com/corporates/support/disclosures.html>) and you should therefore check that website regularly.

2 Pricing and Last Look

Unless expressly stated or agreed otherwise in writing, pricing provided by NatWest Markets is indicative and subject to review by NatWest Markets before acceptance.

When NatWest Markets receives a transaction request from a client, typically NatWest Markets performs a number of automated and/or manual checks before deciding whether to accept that request and enter into a transaction. Such checks are determined by NatWest Markets in its discretion and are known as a ‘last look’ at a transaction request.

As part of last look, in deciding whether to accept a transaction request NatWest Markets may consider available liquidity, prevailing market prices, anticipated loss or gain based on its analysis of the market and its trading experience with you and/or other market participants, credit and product terms and filters it employs for the purpose of implementing credit limits, position limits or other limits on your electronic trading activities and other similar factors.

3. Price Validation and Tolerance

As part of the last look process, NatWest Markets may perform automated price validation on the instrument to check the transaction requested by you against the latest price at which NatWest Markets is prepared to trade. NatWest Markets considers that this validation is an appropriate risk control to take account of market volatility and latency, given that the price at which NatWest Markets is prepared to trade may change in the period between you initiating the transaction request and that request being processed by NatWest Markets. Not all transaction requests are subject to automated price validation. Instead, some are subject to manual trader review.

Typically, NatWest Markets performs price validation through the application of pricing tolerance. A tolerance is a difference from the latest applicable price at which NatWest Markets is prepared to trade. Transaction requests within price tolerance may be automatically accepted (subject to other factors, as described above). Transaction requests outside of price tolerance will not be automatically accepted. Such requests may be rejected (either automatically or manually) or manually accepted, in each case at the discretion of NatWest Markets. In the case of rejection of a transaction request, NatWest Markets may offer a new price for the transaction. Note that as part of last look, the applicable third-party platform will typically set a time limit on responding to a transaction request and have its own protocol for the scenario where no response (acceptance or rejection) is received within this time period.

NatWest Markets has developed the ability for you to request your preferred tolerance approach, in that tolerance can be applied symmetrically or asymmetrically, where available. Where tolerance is applied symmetrically, the same tolerance is applied regardless of whether the price move is favourable or unfavourable to NatWest Markets. Where asymmetric tolerance is applied, the tolerance value used to validate price will generally be wider for price moves in favour of NatWest Markets than price moves against NatWest Markets.

In comparison to symmetric tolerance, the use of asymmetric tolerance may result in a higher probability of transaction requests being automatically accepted but lead to automatic acceptance of worse pricing for you for some transactions.

The pricing tolerance range (which may be zero or greater) is determined by NatWest Markets in its discretion by reference to such factors as it considers appropriate from time to time.

4. Changes to your tolerance settings

Unless we have agreed otherwise with you, we apply symmetrical price tolerance to your transaction requests. You can request that your settings are changed from symmetrical to asymmetrical tolerance (or vice versa) and you can request a different approach for different products. Requests can be made by email to your usual Fixed Income sales representative, copying the following email address: ClientResponseLL@natwestmarkets.com.

5. Further Information

NatWest Markets can, upon request, provide you with information regarding average response time and request acceptance ratios in relation to the products you transact that are covered by this disclosure.

Please contact your usual Fixed Income sales representative if you require further information in relation to this disclosure.

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NatWest Markets N.V. is authorised and regulated by De Nederlandsche Bank and the Autoriteit Financiële Markten. It has its seat at Amsterdam, the Netherlands, and is registered in the Commercial Register under number 33002587. Registered Office: Claude Debussylaan 94, Amsterdam, The Netherlands.

Agency agreements exist between different members of the NatWest Group.

NatWest Markets Securities Inc intermediates securities transactions effected by its non-U.S. affiliates for or with its U.S. clients when appropriate and in accordance with Rule 15a-6 under the Securities Exchange Act of 1934. Any U.S. customer wanting further information may contact NatWest Markets Plc Securities Inc., 600 Washington Boulevard, Stamford, CT, USA. Telephone: +1 203 897 2700. Securities business in the United States is conducted through NatWest Markets Securities Inc. a FINRA registered broker- dealer, a SIPC member (www.sipc.org) and a wholly owned indirect subsidiary of NatWest Markets Plc