Commercial Policy – Systematic Internaliser

1. Purpose

A Systematic Internaliser (SI) is an investment firm which, on an organised, frequent, systematic and substantial basis, deals on own account by executing client orders outside a trading venue.

When Jyske Bank acts as an SI, we have certain obligations, including to make firm quotes public. This Commercial Policy sets out Jyske Bank’s standards for governing access to our quotes.

2. Scope

Jyske Bank’s obligation to make firm quotes public applies to financial instruments that are admitted to trading on a trading venue.

The SI obligations that apply to us depend on whether the financial instrument in which we act as an SI is liquid or illiquid. Further, our obligation to make firm quotes public depends on the nature of the financial instrument in which we act as an SI. The financial instruments in which Jyske Bank acts as an SI are listed in the Appendix to this Policy. The Appendix includes a description of our obligation to make firm quotes public and when you will have access to trade against the quote.

Please be advised that our obligation to provide quotes only applies up until certain trade sizes. The SI obligations do not apply to primary market transactions.

3. Publication of Commercial Policy

This Commercial Policy is made available at Jyske Bank’s website: jyskebank.dk/investering-sinfo. The Policy may be updated from time to time.
Appendix 1: Bonds

Jyske Bank is systematic internaliser in all Danish mortgage bonds and as of 1 March 2019 also in a number of mortgage bonds. At our website jyskebank.dk/investeringsinfo you can see an SI overview of the mortgage bonds and corporate bonds in which we are systematic internaliser.

Our obligations in connection with the role as systematic internaliser in bonds are described below.

Liquid bonds:
For liquid bonds, we are not obliged to make firm quotes public, but if we on the request of a client accept to provide a quote, we are obliged to provide the same quote to other clients and to make such quote public. Our obligation to provide firm quotes only applies up until a certain trade size - the so-called Size Specific to The Instrument (SSTI). The SSTI thresholds are determined by ESMA based on the calculation methods set out in Annex III of Regulation (EU) 2017/583.

Illiquid bonds:
For illiquid bonds, we are not obliged to make firm quotes public. However, if a client requests a quote, we provide the most recent quote in such instrument to the client.

2. Access to firm quotes

Mortgage bonds
Upon assessing whether you have the right to trade against the quote which we have made public and thereby provided to another client, we take into consideration a number of non-discriminatory criteria. We operate with three client categories, depending on which trading system the client has access to. Access to our trading systems is differentiated between 1) personal and small corporate clients, 2) small financial institutions and large financial institutions, 3) asset managers and large corporate clients. Our firm SI quotes for personal and small corporate clients and for small financial institutions are published via the trading systems.

Our firm SI quotes for large financial institutions, asset managers and large corporate clients are published via Bloomberg APA.

In addition, if you are a client of Jyske Bank, you have access to our firm SI quotes via our Netbank solution.

Corporate bonds
Upon assessing whether you have the right to trade against the quote which we have made public and thereby provided to another client, we take into consideration a number of non-discriminatory criteria. We operate with three client categories, depending on which trading system the client has access to. Access to our trading systems is differentiated between 1) personal and small corporate clients, 2) small financial institutions and large financial institutions, 3) asset managers and large corporate clients. Our firm SI quotes for personal and small corporate clients and for small financial institutions are published via the trading systems. Our firm SI quotes for corporate bonds are published via Bloomberg APA.

In addition, if you are a client of Jyske Bank, you have access to our firm SI quotes via our Netbank solution.

3. Prices

Our quotes on bonds are all-in prices. This means that the quote is inclusive of client-specific costs, for instance a credit assessment.

We will provide quotes during the normal trading hours of the primary market in which the bond is admitted to trading (Nasdaq OMX Copenhagen, 09:00-17:00 CET).

We shall be entitled to withdraw quotes under exceptional market conditions.

4. Limitations

When we provide a firm quote to a client, we are only obliged to enter into one transaction based on that quote. When the client who requested the firm quote does not trade against it or only executes part of it, other clients within the same client category may trade against the firm quote or part of the firm quote.
Appendix 2: Equities & ETFs

Jyske Bank is systematic internaliser in Danish equities and exchange-traded funds (ETFs). At our website jyskebank.dk/investeringsinfo you can see an overview of the equities and ETFs in which we are systematic internaliser.

Our obligations in connection with the role as systematic internaliser in equities and ETFs are described below.

Liquid market
When an equity or an ETF is traded on a liquid market, we are obliged to make firm quotes public. Our obligation to provide firm quotes only applies up until a certain trade size - the so-called standard market size (SMS). The SMS thresholds are set out in Annex II of Regulation (EU) 2017/587.
SMS is determined on the basis of the average value of transactions. If, for instance, you want to trade an instrument for which the average value of transactions is less than EUR 20,000, then the SMS will be EUR 10,000 according to the Regulation.

Illiquid market
When an equity or an ETF is traded on a illiquid market, we are obliged to make firm quotes public on your request.

2. Access to firm quotes

Our firm SI quotes are published via Deutsche Börse APA. This will apply whether the instrument is liquid or illiquid.

In addition, if you are a client of Jyske Bank, you have access to our firm SI quotes via our Netbank solution.

3. Prices

Our quotes on equities and ETFs are a “clean price”. This means that you can trade against the quote made public. A charge will be added to the quote.

We will provide firm quotes for equities and ETFs during the normal trading hours for the relevant market\(^1\) on which the instrument is traded. Jyske Bank is alone SI in equities and equity-like instruments where the relevant market is Nasdaq Copenhagen. The opening hours for Nasdaq Copenhagen are 9:00-17:00 CET.

---
\(^1\) Jyske Bank defines the relevant market as the primary market in relation to liquidity, cf. the definition of this in Article 4 of Regulation (EU) 2017/587.
We shall be entitled to withdraw quotes under exceptional market conditions.

4. Limitations

We are obliged to quote trade sizes corresponding to 10% of the standard market size (SMS). In addition, we reserve the right to reject your order if we experience that multiple clients want to trade against the same quote and the execution of the requested quotes will contravene Jyske Bank’s internal risk management procedures.