

HSBC Global Fixed Income: Systematic Internaliser Commercial Policy

HSBC's dealing hubs in EU will elect to be a Systematic Internaliser (SI) in all Fixed Income Products and opt-in to the regime from the 3rd of Jan 2018. The entity names and MIC codes are as below:

HSBC Bank Plc - HSBC
HSBC France SA - HBFR
HSBC Trinkaus & Burkhardt AG¹ - HSBT

Bonds:

For Bonds, HSBC's preference is to provide liquidity to clients in all sizes on MiFID II trading venues (specifically, on Multilateral Trading Facilities and Organized Trading Facilities).

HSBC will also provide prices on an OTC basis where the trade is in a size larger than the pre-trade Size Specific to The Instrument (SSTI)² threshold or where the instrument is considered illiquid and HSBC agrees to provide a quote to the requesting client.

Derivatives:

Derivatives pricing takes in to account bank and client specific factors such as counterparty risk profile, clearing status, bespoke trade attributes, type of collateral arrangements etc.

To provide competitive prices to clients, the quotes provided by HSBC subsequent to an RFQ will take into account these factors, where applicable, and the prices offered to other clients may therefore vary.

HSBC will make the pre-trade disclosures for derivatives with a liquid² market in sizes below SSTI on Tradeweb. The published prices will be available to other clients for a pre-defined period of time (15 seconds) in a call to trade format.

The prices quoted subsequent to a client request for a quote may not always be executable by other clients if the client and firm specific factors are not the same. The prices can be traded only by clients of the HSBC entity providing the quote.

HSBC may update the prices offered in response to a client request for a quote to reflect any changes in market prices.

HSBC may withdraw the prices offered under "exceptional market conditions". The existence of such conditions is determined by HSBC as per its risk management policy.

HSBC will stop quoting as an SI outside of normal trading hours, under exceptional market conditions, when experiencing technical difficulties or when trading in a given instrument has been suspended by a national competent authority.

HSBC may modify this commercial policy at a future date

¹ HSBC Trinkaus will be a Systematic Internaliser in local covered bonds and public sector bonds. These are typically issuances from German and Austrian Issuers.

² SSTI is defined in Article 9(5)(d) of MiFIR