

# XTX MARKETS SAS

## REGULATORY CLIENT DISCLOSURES

On 3 January 2018 Directive 2014/65/EU and Regulation (EU) 600/2014 came into force (together, we refer to them as MiFID II). Among other things, MiFID II imposes obligations on investment firms to ensure high standards of investor protection and market transparency. We are required to make a number of notifications to you in relation to how we conduct our business and for certain matters, we need to receive your consent.

If you have any questions or require more information on these disclosures, please contact your XTX representative.

### 1. About XTX

#### 1.1 Our details

XTX Markets SAS (XTX, we, us or our) is authorised as an investment firm by the “Autorité de contrôle prudentiel et de résolution” (ACPR) and supervised by the ACPR and the “Autorité des marchés financiers” (AMF). Our offices are located 128 rue du Faubourg Saint Honoré, 75008 Paris, France and our registered address is 3-5, rue Saint Georges, 75009, Paris. Our Legal Entity Identifier is 213800J256ZBGMGZLV44.

Our regulators the ACPR is located at 4, place de Budapest, CS 92459, 75436 Paris Cedex 09, France, and the AMF is located at 17, place de la Bourse, 75002 Paris, France.

#### 1.2 Communications between us

##### 1.2.1 General

We will communicate with you via a variety of methods including phone, email and electronic trading systems. We may also communicate with you by publishing notices, disclosures or other documentation on our website ([www.xtxmarkets.com/regulatory-disclosures](http://www.xtxmarkets.com/regulatory-disclosures)) and you specifically consent to the provision of information in such manner.

All communications and documentation will be in English.

You can contact us using your usual XTX representative.

##### 1.2.2 Orders and transactions

Communications in respect of orders and transactions will be carried out electronically via direct FIX API connection with us or through third party platforms or other methods as expressly agreed between us.

##### 1.2.3 Reports

XTX will provide you with reports on the service we provide to you in accordance with applicable law and regulation.

In respect of transactions, you will receive a client fill (execution message) via our API or a third party platform (as has been agreed between us) that the order has been executed. The client fill will be sent as soon as technically possible following execution and will specify the product, buy/sell indicator, date and time, total price, and volume of the executed transaction. If a post trade drop copy is requested then shortly following the execution of the transaction, we will also send you a drop copy (generated by our back office) confirming that the trade has occurred and containing relevant information in accordance with applicable law and regulation.

We may require you to provide us with a drop copy (generated by your back office systems) for the purpose of facilitating real-time reconciliation of our transactions.

To the extent relevant, you agree to waive the requirements in relation to the timing and content of reports as set out in Article 59 of Commission Delegated Regulation (EU) 2017/565.

#### 1.2.4 Post Trade Transparency

XTX Markets SAS is registered as a Designated Publishing Entity (DPE) under article 21a of MiFIR. Where you are not a registered DPE, XTX will make public all in-scope MiFID II transactions concluded bilaterally between us for the purposes of MiFID II's real-time post-trade transparency obligations. Where you are a registered DPE, XTX will assume that the selling party to the transactions between us will be responsible for meeting the post-trade transparency obligation.

#### 1.2.5 Amendments

Any changes to these disclosures (or the disclosures contained in Annex 1) shall be published on XTX's website and we recommend that you check our website regularly. To the extent the disclosures change in a material way, we will provide you with advance notice of the change. Your continued trading with XTX following such notice shall be deemed to constitute acceptance and acknowledgement that you have read and understood the terms. If you have any questions or would like any further information, please contact your XTX representative.

### 1.3 Business relating to these disclosures

We are providing these disclosures to you on the basis that we will be dealing on our own account with you. Depending on the product, such activity may occur bilaterally on an OTC basis or may be undertaken with XTX acting as a systematic Internaliser. Further disclosures, including as to costs and charges, may apply depending on how we will trade with each other and will be provided to you as an annex to these disclosures prior to trading.

## 2. About you

### 2.1 Your client categorisation

We are categorising you and you agree to be categorised as an eligible counterparty in respect of all investment services we provide to you. Articles D. 533-4 et seq. of the French Code monétaire et financier sets out further detail on types of client categorisation including eligible counterparties. You must notify us immediately in writing if you consider that you do not satisfy the criteria to be treated as an eligible counterparty.

You have the right to request a different categorisation. However, if you request categorisation as a professional or retail client, we may not be able to continue to provide our services to you.

Categorisation as an eligible counterparty means that you will receive fewer client protections than those provided to professional or retail clients. Specifically:

- a) you will not benefit from the requirement for us to act in accordance with your best interests;
- b) you will be provided with less information in relation to: (i) our services and the nature and risk of financial instruments; (ii) our costs and charges;
- c) we will not undertake a suitability and appropriateness assessment in relation to any investment services we provide to you;
- d) to the extent we offer any execution services, we will have no obligation to take all sufficient steps to achieve the best possible result for the execution of your orders;
- e) to the extent we execute orders on your behalf, we will have no obligation to implement procedures to provide for the prompt, fair and expeditious execution of your orders compared to the orders of our other clients or our trading interests;
- f) if applicable, we are not required to restrict or disclose any fees or commissions or other non-monetary benefit that we may receive in connection with the provision of our services to you;
- g) to the extent we offer a service together with another service or a product as part of a package, we will have no obligation to inform you that it is possible to buy the different components separately or provide you with a breakdown of the costs and charges of each component; and
- h) any reports that we provide to you on our services (including any reports containing the essential information concerning the execution of an order or any trade confirmations) may contain less information and may be provided less frequently than if you were categorised as a professional or retail client.

## 2.2 Legal Entity Identifiers (LEI)

You are required to obtain and at all times maintain a valid Legal Entity Identifier (LEI) that pertains to you or any affiliated entity that enters into transactions with us. You must inform us in writing of your LEI number and must immediately inform us of any change to your LEI number.

## 3. Our capacity

We will deal with you as principal for our own account, based on a specific request from you to buy or sell or a financial instrument or other investment from us.

## 4. Best Execution

Given the nature of the interaction between us and the capacity in which we will trade with you, many of the protections ordinarily conferred by a categorisation as a Professional Client, including the duty of best execution, will not apply in our dealings with you in the context of the services we provide to you. However, even where best execution does not apply, we are required to act honestly, fairly and professionally.

## 5. Conflicts of Interest

We take all appropriate steps to identify and to prevent or, if required, manage any conflict of interests that arise in the course of the provision of our services.

We have a conflict of interests' policy (within the XTX Markets Code of Conduct) which is available on our website at: [www.xtxmarkets.com/regulatory-disclosures](http://www.xtxmarkets.com/regulatory-disclosures). XTX may also identify how it handles conflict of interests in respect of particular types of activity in the client disclosures applicable to that type of business.

The Conflict of Interests Policy sets out: (a) how XTX staff are required to identify conflict of interests; (b) XTX's prohibition of any conflict of interest unless it has been approved by XTX's Executive Committee and documented by the Compliance Department; and (c) XTX's approach to monitoring, managing and disclosing conflict of interests.

## 6. Inducements

We may from time to time receive from, or provide to, third parties minor non-monetary benefits, in accordance with applicable law and regulation. Such minor non-monetary benefits may include: information or documentation relating to financial instruments or investment services, written material with respect to corporate issuances and research, participation in conferences, seminars and other training events, and hospitality of a reasonable value.

## 7. Record keeping and Data Protection

### 7.1 Record keeping

We (and/or our affiliates or agents) may as required record telephone conversations and electronic communication between you and us (and/or our affiliates or agents) and may do so without the use of a warning tone.

We will keep a copy of such recordings for a period of at least 5 years and, where requested by a relevant regulator, for a period of up to 7 years. Such records will be our sole property and accepted by you as evidence of any instructions received. Upon request, we will make available to you any records between us.

### 7.2 General Data Protection Regulation (GDPR)

The General Data Protection Regulation as it forms part of the law of the Republic of France imposes obligations on French firms in relation to how they handle personal data. XTX has a GDPR-compliant Privacy Statement for Clients and Counterparties which sets out how it will handle any personal data it receives. A copy of the Privacy Statement for Clients and Counterparties is available on XTX's website at [www.xtxmarkets.com/regulatory-disclosures](http://www.xtxmarkets.com/regulatory-disclosures).

## 8. Costs and Charges

We do not charge any fees for our execution services; nor do we directly pass on to you any of our costs of trading (including brokerage fees, reporting fees or technology costs).

We do not charge a mark-up to any of our prices. The prices we provide to you only include a bid- offer spread which may vary (if permitted by applicable law and regulation) from client to client for the same or similar transactions. The spread may also vary for different trade requests that you send for the same type of transaction. The factors we take into account to determine the amount of spread to be applied includes, but is not limited to, market conditions, (if applicable) the trading venue which we deal with you on, the size, type and direction of the transaction, and market impact on previous transactions for a given counterparty. However, XTX does not include any cost of staff or capital charges as part of any spread. For further information on the factors taken into account to determine the amount of spread, please contact your XTX representative.

We will make further disclosures in relation to costs and charges in relation to the provision of services and the cost of financial instruments to you where required to do so under applicable law and regulation.

You consent to the limited application of the detailed requirements relating to the provision of information on costs and associated charges as set out in Article 50 of CDR (EU) 2017/565. You confirm that you do not intend to offer any financial instruments that embed a derivative that we trade with you to your clients.

## 9. Complaints handling

XTX has implemented and maintains effective and transparent complaints management policies and procedures for the prompt handling of clients' (or potential clients') complaints. These policies and procedures are set out in XTX's Complaints Handling Procedure which is available on our website ([www.xtxmarkets.com/regulatory-disclosures](http://www.xtxmarkets.com/regulatory-disclosures)).

## 10. Risk disclosures

### 10.1 Introduction

Any transaction in financial instruments ("Financial Products") involves a degree of financial risk and some Financial Products are riskier than others. Before deciding to transact in Financial Products with us, you will need to have assessed the risks inherent in those Financial Products including, but not limited to: credit risk, market risk, liquidity risk, volatility risk, impediments or restrictions on divestment, settlement risk, interest rate risk, tax risk, foreign exchange risk, operational risk, insolvency risk (and the risk of bail-in), regulatory and legal risk, and risks relating to leverage.

This notice provides you with general information about the risks associated with the Financial Products which you may trade with us. This notice cannot disclose all of the risks involved in these Financial Products and does not explain how those risks or the Financial Products relate to your circumstances. You should not deal in these Financial Products unless you understand the nature of the contract you will be entering into and until you are satisfied that it is suitable for you in light of your circumstances and financial position.

This section does not constitute investment advice; nor is it a recommendation to enter into any services or products. Where you are unclear as to the meaning of the disclosures or warnings below you are strongly recommended to seek independent legal and/or financial advice.

## 10.2 Financial Products

This section sets out information in relation to the types of Financial Products we may trade with you.

### 10.2.1 Equities (Shares, depositary receipts, certificates and other similar financial instruments)

A share is an instrument representing a shareholder's rights in a company. These rights include financial and ownership rights which will be determined by law and the governing documents of the company. As a shareholder you may have a right to participate in dividends distributed by the company and the value of your share may increase, although neither are guaranteed.

Depositary receipts provide investors with the benefits and rights of the underlying shares, which can include voting rights and dividends.

Certificates provide the economic ownership in the form of dividend payments and changes in the value of the underlying shares, while a share represents direct control over the corporation.

Dealing in shares, depositary receipts, certificates may include, but is not limited to, the following risks:

(a) Company risk: the likelihood of any dividends or the value of the shares will be tied to the profitability of the company. A shareholder therefore participates in the profits and losses of the company. If a company becomes bankrupt shareholders' claims will be subordinated to the claims of both preferred and ordinary creditors of the company.

(b) Price risk: share prices may increase or decrease in value depending on the markets. Where volatility is high, there could be larger increases or decreases in the value of shares (independent to the performance of the company). General price risk (or market risk) is different to the specific risk attached to the company's profitability.

(c) Liquidity risk: demand for shares, particularly in smaller companies, may fluctuate. Where demand for shares is low, divestment may be difficult, or you may suffer losses when exiting your position. We have no obligation to continue trading a particular security and may cease trading securities you have previously bought or sold to us.

## 10.3 General risks

### 10.3.1 XTX counterparty risk

Prior to transactions being given up to a broker or clearing institution, there will be counterparty risk in respect of XTX. If we become insolvent while you have any exposure to us, you may suffer losses.

### 10.3.2 FX risk

If your investment is denominated in a currency other than the currency which you hold, you will be required to exchange funds into the currency of the investment which will cause you to take on foreign exchange risk. Fluctuations in foreign exchange markets could impact the value of your investment.

### 10.3.3 Operational risk

Our trading with you will rely on technology systems and connections. Technology systems may be subject to temporary disruption or failure. Any disruption or failure may limit your ability to trade with us.

#### 10.3.4 Suspensions of trading

We may need to stop trading in a particular Financial Product if the Financial Product is not trading on its primary market or other exchange. We have no control over temporary or permanent suspensions of trading on exchanges. Exchanges may impose bans on trading where there are disorderly market conditions such as rapid price movements or if the exchange is experiencing problems with its systems.

Regulators may also impose temporary bans on trading (for example, short selling bans in shares). Where a short selling ban is in place, you may be unable to buy shares in that issuer from us.

We may turn off trading in respect of you or any instrument that you trade with us in our absolute discretion unless we are prevented from doing so by applicable law or regulation. In these circumstances, we have no obligation to provide reasons or warning, and we may carry on trading with other clients.

#### 10.3.5 Tax risk

Any payment made or received in relation to any investment may be subject to tax and you should seek professional advice in this respect.

#### 10.3.6 Regulatory risk

We may need to stop trading in a particular Financial Product or amend the terms upon which we trade with you if there is a change to applicable law or regulation.

## ANNEX 1

# XTX Equity Systematic Internaliser Disclosure

## 1. Regulatory background

MiFID II prescribes that for shares admitted to trading on a regulated market or traded on a trading venue, investment firms must (except in limited circumstances) trade them on a regulated market, MTF, OTF, non-EU equivalent market or a systematic internaliser (see Article 23 of MiFIR).

A systematic internaliser (“SI”) is defined as “an investment firm which, on an organised, frequent, systematic and substantial basis, deals on own account when executing client orders outside a regulated market, MTF or an OTF without operating a multilateral system”.

Subject to certain exceptions and depending on the liquidity classification, for all asset classes, SIs are required to comply with pre-trade transparency and post-trade transparency obligations. MiFID II also requires SIs to comply with rules relating to quoting (including access to quotes) and pricing.

This Annex 1 sets out our approach to trading as an equity SI including any regulatory disclosures we are required to make. If you have any questions on the content of this Annex, please contact your XTX representative.

## 2. XTX as an SI

We are an SI in equities. The universe of equities that we will trade with you as an SI will be available to you on a daily basis via our API connection. This universe may change on a daily basis.

Our MIC is XTXE.

## 3. XTX’s SI liquidity streams

As an SI, we may offer the following liquidity streams:

- The above **twice** the standard market size stream (**>SMS**); and
- The below or equal to **twice** the standard market size stream (**≤SMS**). Our quote size will be at least 1 x SMS in the **≤SMS** stream.

Please see Paragraph 5 (Calculating SMS) below for how we calculate SMS.

We may limit access to our **>SMS** stream at our absolute discretion and our quotes may differ between clients within this **>SMS** stream. We may limit access to our **≤SMS** stream in accordance with our non-discriminatory commercial policy (see paragraphs 4.3 (Access to quotes – XTX’s commercial policy) and 4.5 (Risk management) below).

We may also turn off a liquidity stream at our discretion. We have no obligation to provide continuous quotes, so we may turn streams off or quoting in certain shares off at any time (including intraday).

Where you access our **>SMS** stream, we are permitted to disapply the requirements of Articles 14 to 17 of MiFIR on transparency requirements for SIs.

The disclosures set out at Paragraph 4 (≤SMS stream disclosures) apply only to any ≤SMS streams.

## 4. ≤SMS stream disclosures

### 4.1 Trading hours

Our SI will be open for business on business days during standard market hours. For these purposes:

- (a) a business day is any day that banks are usually open for business in London, being all days except Saturdays, Sundays and bank holidays; and
- (b) standard market hours are the continuous trading hours of the most relevant market in terms of liquidity for the relevant equity.

### 4.2 Public availability of SI quotes

For liquid securities, we make our SI quotes available to the public. Currently Cboe Europe Limited is the only approved channel by which we make our SI quotes public.

ESMA publishes the liquidity status for each share. Please see Paragraph 8 (ESMA data) below for how we use the ESMA data.

### 4.3 Access to quotes – XTX's commercial policy

MiFID II permits SIs to decide the clients to whom they give access to their quotes (in a non-discriminatory manner). We only permit clients who are eligible counterparties to access our executable quotes. In addition, we only trade with clients who satisfy our general on-boarding procedures, including in respect of all anti-money laundering or KYC checks. Clients need to request specific order entry sessions to submit orders targeting these quotes.

We may stop trading with you if you recycle our quotes and represent them as your pricing or if you use our quotes to derive your pricing (in each case, unless this has been expressly disclosed and agreed with us). We may conduct checks on how you use our quotes. We may stop trading with you if any of the exceptional circumstances set out in Paragraph 4.7 (Withdrawing quotes and risk management) apply.

We may refuse to enter into or discontinue a relationship with a client on the basis of commercial considerations including the client credit status, the counterparty risk, legal or regulatory risk, technology or infrastructure considerations, and the final settlement of the transaction.

### 4.4 Order types

We will send quotes to clients connected to our SI, in response to which you may submit a limit order. Executed limit orders will be transacted at the limit price or better.

Alternatively, you may also submit a limit order for execution to the SI without first having received a quote from us.

### 4.5 Risk management

MiFID II permits SIs to limit the number of transactions they undertake to enter into in certain circumstances for the purpose of risk management.

We will limit (in a non-discriminatory way) the number of transactions with you in order to limit our risk exposure to you.

We manage our risk on a firm-wide basis including trading proprietarily on-exchange and via our SI. For these purposes, we may limit (in a non-discriminatory manner) the number of transactions we enter into in respect of a particular security.

We limit the number of transactions we will enter into at a published quote across different clients. Article 17(2) of MiFIR permits us to place such limits where the number and/or volume of orders sought by clients exceeds “the norm”, meaning that XTX would be exposed to undue risk.

Notwithstanding any other statement in this Annex, we will not execute quotes with a client if legal or regulatory restrictions or sanctions prevent us from doing so. In these circumstances XTX may continue to make its quotes public but will reject any orders from clients that are subject to applicable regulatory or legal restrictions.

## 4.6 Updating quotes

We may update our quotes at any time. However, all our updated quotes are the consequence of, and consistent with, our genuine intention to trade with our clients in a non-discriminatory manner.

## 4.7 Withdrawing quotes and risk management

We may withdraw our quotes and stop quoting – either in respect of a particular share or across all our trading – if exceptional market circumstances exist. This would include where:

- (a) The trading venue where the share was first admitted to trading or the most relevant market in terms of liquidity:
  - (i) halts trading in that share; or
  - (ii) suspends market making obligations; or
- (b) A regulator prohibits short selling in the relevant instrument.

In addition, we may withdraw our quotes and stop quoting if our ability to maintain prudent risk management practices is prevented by:

- (a) Technological issues, including problems with a data feed, other system or drop copies;
- (b) Risk management issues relating to regulatory capital, margining or access to clearing or settlement; or
- (c) Any applicable legal or regulatory restriction.

Prior to withdrawing our quotes, we may choose to widen our quotes in order to manage our risk.

## 4.8 Price

Our prices shall reflect the prevailing market conditions for the share. Our price will be close in price, at the time of publication, to quotes of equivalent sizes for the same share on the most relevant market in terms of liquidity.

Please see Paragraph 9.2 (“Firm Quotes”) for detail on the price at which we will execute your trade requests.

We may fill a client order that is larger than our firm quotes below SMS at our discretion (please see paragraph 6.1).

## 4.9 Tick size regime

We comply with the minimum tick size regime as applies for systematic internalisers under Art.17a MiFIR. Under the tick size regime, a minimum tick size will apply to a share which is traded on an EU trading venue. The tick size is determined based on the average daily number of transactions (ADNTE) for that share and the share's price. See the annex to ESMA's RTS 11 for detail on the tick size bands.

ESMA determines the ADNTE for each share. Please see Paragraph 8 (ESMA data) for how we use the ESMA data. For the purpose of applying the price criteria, we will take our latest price for a share. This means that a share may move into a different tick size band intraday depending on price movements. There may be circumstances where we are aware that the most relevant market in terms of liquidity is applying a different tick band to that we would apply on the basis of the ESMA ADNTE and price, as described above. We may agree with you that we will apply a different tick band (based on that used by the most relevant market in terms of liquidity) on a bilateral basis.

## 5. Calculating SMS

Whether or not certain requirements of MiFID II apply to our SI firm quotes depends on whether the size of the order is above or below the standard market size (**SMS**) for that share.

For liquid shares, ESMA publishes the SMS for each share. This Paragraph 5 (Calculating SMS) therefore only applies to liquid shares (as defined by ESMA). Please see Paragraph 8 (ESMA data) below for how we use the ESMA data.

For illiquid shares we will quote at any size we determine for that instrument. All streams for illiquid shares will be >SMS streams as ESMA does not publish the SMS for illiquid instruments meaning it is not possible to quote at "SMS" or below.

For each share, SMS is established on the basis of the average value of transactions (AVT) (in Euros), as specified below:

| Average value of transaction (EUR) | AVT bucket [0-10000) | AVT bucket [10000-12000) | AVT bucket [12000-14000) | AVT bucket [14000-16000) | AVT bucket [16000-18000) | AVT bucket [18000-20000) | AVT bucket [20000-40000) | AVT bucket [40000-60000) | Etc  |
|------------------------------------|----------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|------|
| <b>SMS</b>                         | 5 000                | 11 000                   | 13 000                   | 15 000                   | 17 000                   | 19 000                   | 30 000                   | 50 000                   | Etc. |

As we quote a number of lots (rather than a Euro value) and may quote in a currency other than Euros, we will calculate whether an order is above or below SMS as follows set out below. We also build in a tolerance in our calculations of the relevant order size to qualify for the >SMS stream.

### 5.1 FX conversion

Where the instrument is denominated in a currency other than Euros, we need to convert the AVT to Euros to apply the above SMS thresholds. RTS 1 does not specify the conversion rates to apply.

In the absence of further guidance, we have considered the requirements in respect of non-equity instruments (Article 13(8) of RTS 2) which specifies that “where the trade size... is expressed in monetary value and the financial instrument is not denominated in Euros, the trade size shall be converted to the currency in which that financial instrument is denominated by applying the European Central Bank Euro foreign exchange reference rate as of 31 December of the preceding year”.

We therefore carry out any Euro conversions at the ECB Euro FX rate as of 31 December of the preceding year (the ECB Rate). To the extent movements in the currency markets cause there to be a large divergence (as determined by us) between the ECB Rate and the current spot rate for that currency, we may update the FX rate we use for the purpose of this FX conversion to the current spot rate. We will notify you if we change the FX rate from the ECB Rate to the current spot rate and the FX rate we will now apply for the purpose of this calculation.

## 5.2 Number of shares

RTS 1 does not specify how we convert the monetary value of SMS into a quantity of shares (i.e. the number of lots offered).

We use the XTX mid-price. Our mid-price is based on each security's primary market closing price and will be updated each day.

## 5.3 The calculations

5.3.1 **>SMS stream:** the minimum order size will be XTX's calculation of SMS plus a tolerance.

**Number of shares to qualify for the above SMS stream = applicable SMS threshold / ((XTX mid-price \* 99%) \* FX rate from share currency to EUR)**

5.3.2 **≤SMS stream:** the minimum order size will be 100% of SMS. Any orders which do not qualify for the >SMS stream will fall into the ≤SMS stream.

## 6. Order sizes

You may send XTX an order against our quotes at a smaller quantity (a **Smaller Order**).

### 6.1 >SMS streams

In these streams, quotes will be above 2 x SMS. A Smaller Order will only be accepted if the resulting trade is still above 2 x SMS (as determined by XTX in accordance with the methodology set out at Paragraph 5 (Calculating SMS) above).

### 6.2 ≤SMS streams

In these streams, we will accept orders at the quoted size or smaller, although quotes below 1 x SMS will not be permitted on this stream.

### 6.3 Partial fills

There will be no partial fills.

## 7. Post-trade transparency

Where required, we make public the volume and price of transactions we enter into on our SI via an Approved Publication Arrangement (APA) selected by us from time to time.

XTX Markets SAS is registered as a Designated Publishing Entity (DPE) under article 21a of MiFIR. We make public the post-trade disclosure obligations under Article 20 of MiFIR for all transactions executed on our SI. Where you are not a registered DPE, you acknowledge that for trading undertaken on our SI you agree that you will not make public any transaction you enter with us on the SI to avoid any duplication of reporting. Where you are a registered DPE, you agree that the party conducting the sale in the transaction between us will be responsible for publishing this transaction to an EU MiFID APA.

## 8. ESMA data

To determine:

- whether a share is liquid or illiquid;
- the standard market size for a share; and
- the ADNTE of a share in order to determine the applicable tick size, we are required to use data published and maintained by ESMA. For shares of non-EU issuers, we will use the available data published by regulatory bodies like FCA.

Prior to trading each day, we download the latest ESMA data from the ESMA website (<https://www.esma.europa.eu/policy-activities/mifid-ii-and-mifir/transparency-calculations>). If this data is not available on a given date, we will use the most recently published data.

If the liquidity status, SMS or ADNTE has never been published for a share, we will assume that there is no liquid market for the share and will therefore treat the equity as an illiquid instrument. For illiquid shares SMS is not applicable. This approach is endorsed in Q&A 3 of Section 3 of ESMA's Questions and Answers on MiFID II and MiFIR transparency topics.

If the ADNTE is not published for a share on a given date, we will take the last ADNTE published by ESMA.

Where a corporate action occurs (for example, a re-name), we will use reasonable endeavours to apply the applicable data to that share. However, where this is not possible, we will cease to trade that share on our SI.

## 9. Quotes and orders

### 9.1 Client “Orders”

For the purpose of this Annex 1, the term “order” should be construed as a “trade request”. If you have requested that we provide a stream of quotes to you, and where you wish to trade at a given price, you may submit a “trade request” (or “order”) to us. We will then confirm whether your trade request has been accepted (in the manner set out in Paragraph 1.2.3 (Reports) in the Regulatory Client Disclosures). Alternatively, you may also submit a limit order for execution to the SI without first having received a quote from us.

We have no obligations in respect of order handling. If we receive an order and are not able to execute it at prevailing market conditions, we will not execute your order. We will not re-route your order to any regulated market or other trading venue and will take no further action in respect of your order. You expressly waive any obligation on us to take any measures to facilitate the earliest possible execution of such order.

Prior to accepting your trade request, we will carry out a risk control to (i) ensure that the trade request is within the credit, settlement and other operational limits to which our trading is subject to; and (ii) compare the price at which the trade request is made with our then current price.

These checks are applied as soon as your trade request is received by our systems (which may incur a varying delay depending on your technology, the location of our matching engine and the network connectivity between us). Your trade request is not subject to any additional holding period or delay before the checks are applied.

## 9.2 “Firm quotes”

All our non-indicative quotes are “firm”: we have a genuine intention to trade at the price we quoted to you at that time.

In respect of our price check, due to the speed at which we may update our pricing, there may be times where you are requesting to trade at a price which has now been updated.

| TIME                             | T                                    | T+1  | T+2   |
|----------------------------------|--------------------------------------|--|---|
| <b>Orders, quotes and trades</b> | XTX provides “firm” quote at Price 1 | XTX updates pricing so new “firm” quote is sent at Price 2 | XTX updates pricing so new “firm” quote is sent at Price 3                                    |
|                                  |                                      | Client sends trade request to trade at Price 1             | XTX receives client’s request to trade and as soon as possible performs risk and price checks |

As the above shows, we have quoted three prices between time T and time T+2. Each of these prices reflect our intention to trade at that price at that time. However, due to latency, you may only be able to submit your trade request in respect of our Price 1 at time T+1 when our prevailing price is now Price 2. We only receive the trade request at time T+2 when our prevailing price is now Price 3.

When you submit a limit order to us, you are requesting to trade with us at the price published (Price 1) at the time you receive our quote (T+1). Where we have not updated our pricing between T and T+2 or where there have been price updates, but Price 1 and Price 3 are still the same, we will fill your trade request at the price in your trade request (Price 1), subject to applicable risk checks.

Where we have updated our pricing and Price 1 and Price 3 are not the same, we may still fill your trade request at Price 1, provided Price 1 is within our price tolerance (compared to our then prevailing price (Price 3)).

We may, in our discretion, agree with you in advance a different acceptance logic in order to reflect your trading objectives (including accepting an order received at a price which is within our price tolerance).

We will reject your trade request if the size of your trade request exceeds the size of our quote (see Paragraph 6.3 (Partial fills) which confirms we will not accept partial fills).

## 10. XTX's trading

### 10.1 Managing risk

In respect of any share, we may:

- Trade as an SI; and
- Enter into other transactions in that share on a regulated market or trading venue in a principal capacity.

In relation to our SI activities, we also enter into transactions in order to source liquidity, as part of our own trading activity and in order to manage our risk. Such transactions may impact the prices that we offer you. Although trades are given up to our prime broker for clearing and settlement at the end of the day, we trade in a principal capacity when dealing with you and our prime broker does not act as agent or in any other advisory capacity.

### 10.2 Discretion over pricing

In respect of our >SMS stream, we have absolute discretion to determine the price that we provide to you. We may also provide different pricing to different clients, at our discretion.

### 10.3 Use of information

We understand that the confidentiality and security of your information is paramount, and we have reasonable controls in place to ensure such information is protected. Other than where it is aggregated and anonymised with other counterparty data, your information will remain confidential within XTX and shall only be disclosed externally where required by applicable law, rules or regulation, upon request from any court of competent authority or any regulator or as otherwise agreed by you.

In line with market practice and to ensure that we can provide you with competitive pricing, we may use your identity and observed transaction execution characteristics to determine how we manage our risk. This means that we will have the ability to tailor our risk management strategy to your transaction execution characteristics.

We will never use information in relation to your unexecuted orders or rejected trade requests in order to deal on our own account or use it as an input in our pricing. Only once we have executed a trade with you is information on our trade with you managed in conjunction with our other proprietary trading activity. We may only use your information in relation to unexecuted orders or rejected trades for the purposes of optimising your trading with us on our SI.