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## BNP Paribas Global Markets: Global Markets Trading Practices

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This document explains how BNP Paribas Global Markets ('Global Markets') conducts its trading activities when it acts as a market maker or counterparty in wholesale transactions involving fixed income, currencies, commodities, and equities. This includes securities, derivatives, and other financial instruments.

Please note that this document does not cover prime brokerage, client clearing, advisory, fiduciary, and agency services, which are subject to separate written agreements. It also does not address private side activities.

This disclosure is designed to supplement any other disclosures made by Global Markets and is subject to any specific agreements that Global Markets may have with its clients. The document may be updated periodically to reflect changes in the legal, regulatory or market environment, or other industry developments, as well as changes to internal policies and practices. If you have any questions about this document, please contact us at [bnpp.gm.trading.practices@uk.bnpparibas.com](mailto:bnpp.gm.trading.practices@uk.bnpparibas.com).

### Trading Capacity

When Global Markets trades with clients in a principal capacity, it is acting on its own behalf and entering into transactions at arm's length. Global Markets generally does not act as an agent, fiduciary, financial advisor, or in any similar capacity on behalf of a client. Any statements made by Global Markets should not be considered as advice. Clients should independently assess the appropriateness of any transaction and act based on their own evaluation. Global Markets will take on one or more risks in connection with a transaction, including market and credit risk.

In some cases, Global Markets may execute transactions on a "riskless principal" basis, where it is not exposed to market risk but may still be exposed to other risks, such as credit risk, when dealing with other market participants. This applies to the activities of the segregated Automated Client Execution (ACE) desk within the Foreign Exchange (FX) business and to certain client transactions within the cash equities business.

Global Markets may also trade to manage its own inventory, which may occur before, during or after trading with clients. This can impact the prices offered to clients and the availability of liquidity. Sometimes, routine hedging or trading activities by Global Markets can unintentionally affect the movement of an underlying reference price of, for example, an order or barrier option. See also *Pre-hedging and Risk Management* below.

Since Global Markets engages in many activities across different regions and business lines, actual or perceived conflicts of interest may arise. Where conflicts of interest have been identified, Global Markets will manage them in line with applicable laws, rules and/or regulations as well as internal policies and procedures.

### Market Making

Global Markets acts in a principal capacity when it engages in market making activities. Market making activities can include providing liquidity to clients and other market participants by quoting two-way prices for certain markets through various means, managing inventory, and hedging to manage positions accumulated as a result of engaging in market making activity.

When a transaction takes place between a client (or other market participant) and Global Markets, this results in the instantaneous transfer of market risk between the parties.

## Market Volatility Events

During periods of extreme market volatility and/or disruption, Global Markets may experience delays in accepting and executing trade requests, pricing, price streaming, and/or market data dissemination. Global Markets is not obligated to provide pricing, price streaming, or accept trade requests at all times, and the electronic trading platforms it uses have position and volatility limits, and other controls that may temporarily suspend execution, pricing, and price streaming during these periods.

## Order Management

Apart from market making, Global Markets may also accept and manage client orders. An order is a firm instruction placed by a client to buy or sell a financial instrument with specific details around size, price, quantity, level, or direction (including "at market"), as well as any known timing constraints such that no further action is required to establish the client's obligation to execute that order. Clients submitting orders may have their orders handled either electronically or manually.

Where relevant, clients have the ability to provide specific instructions for orders or submit orders whereby some of the details of the execution are left to the discretion of a trader.

When Global Markets accepts an order to be "worked" for a client, it will try to achieve the outcome requested, including any price, time, and size parameters. Receipt of an instruction to work an order does not transfer risk from the client to Global Markets until the transaction execution is confirmed to the client.

Several factors can affect how orders are executed, including existing inventory, prevailing market liquidity and conditions, and other client orders. The fact that a level specified in an order that has been left with us by a client has traded in the market is not a guarantee that the order will have been filled. As principal, Global Markets attempts to execute an order to make an appropriate return on the transaction if possible, taking into account Global Markets' position, including its inventory strategy and overall risk strategy. Global Markets will use its professional judgment based on available market information to determine whether a level for a limit order has been reached. Clients may receive a partial fill of an order unless they explicitly instruct otherwise.

All orders are accepted and worked in the order they are received by an execution channel, either voice or electronic. The only exception is when orders can be aggregated, such as in the case of FX and precious metals fixing orders or certain cash equity transactions. This means that two orders in the same direction and at the same level will be processed on a first-come, first-served basis. In some cases, an order received for voice execution may be executed after a similar order received via an electronic channel due to the faster processing speed of electronic orders.

Whenever possible, the time-stamping of orders is applied when the order is accepted. However, please note that if an order is amended, cancelled, and then resubmitted, it will be re-prioritized according to the time of the amendment or resubmission, which is in line with standard market practice.

Our FX business provides clients with algorithmic trading strategies for executing FX Spot and NDF orders. These strategies have access to both internal and external liquidity, and are executed on a riskless principal basis. A pre-agreed fee will be applied to transactions executed under these algorithmic strategies. The FX business also offers fixing orders which are subject to a pre-disclosed fee. Similarly, the Commodity Derivatives (CD) business offers precious metals fixing orders. When executing fixing orders, it may be necessary for each respective business to hedge associated risks by executing trades before, during, and after the fixing window. See also *Pre-hedging and Risk Management* below.



## Mark up and Fees

When acting in a principal capacity, Global Markets offers clients an "all-in" price or spread for transactions. This price or spread may include mark-up, costs, or fees associated with the transaction, such as exchange-related fees and transaction-based fees. The mark-up is determined by various factors, including costs, resources, the size and nature of the transaction, and the counterparty.

## Pre-Hedging and Risk Management

When a client indicates an interest in a potential transaction or provides the GM business with a request to enter into a transaction, the GM business may engage in pre-hedging and hedging activities (where permitted by relevant rules and regulations) in order to facilitate the client's request. These pre-hedging and hedging activities could happen before, during or after the pricing or completion of any related transactions between the client and Global Markets. Pre-hedging activities may occur from the time that the client indicates an interest in a potential transaction up to the seconds or minutes before a transaction. Depending on market conditions, these pre-hedging or hedging activities could negatively affect the price, rate, liquidity or other terms of any existing or potential transactions between the client and Global Markets. This is particularly possible during times of low liquidity in the relevant market.

Clients will not typically receive additional notification of Global Markets' intention to pre-hedge on a case-by-case basis. If a client does not want Global Markets to pre-hedge their request, it must inform its salesperson in writing. Global Markets may manage its risk and subsequent hedging either through voice trading or automated strategies.

When acting on behalf of issuers for new bond issuances, Global Markets may execute transactions (sometimes referred to as 'Risk Management Transactions' or RMTs) that could potentially impact a client's interests by causing movements or increased volatility in the bond, a reference rate, or other relevant financial instruments. These RMTs are typically executed during or around the pricing window, following allocations. Issuers may instruct Global Markets to execute RMTs to hedge against movements in a reference rate or other relevant financial instruments, as well as to modify their funding profile. Global Markets may also execute RMTs during or around the pricing window to manage its own risk and cash flow exposure, or it may receive similar instructions or orders from other clients seeking to manage their risk and cash flow exposure related to the issuance (or otherwise).

## Benchmarks and Reference Price Transactions

Global Markets provides data to calculation agents and benchmark administrators, which they may use to determine a benchmark rate. Global Markets may engage in transactions and take orders that are based on this benchmark rate, even for benchmarks that incorporate its own data contributions.

Further, Global Markets may accept and manage a Reference Price Transaction (RPT) for relevant products. In such a transaction, all terms, including the financial instrument, buyer, seller, notional, settlement date, and others, are agreed upon and specified at the outset, with the exception of the execution price. When engaging in RPTs, Global Markets acts as a principal and follows market practices and relevant industry standards, such as those established by the FMSB.

## Primary Dealer Auctions

Global Markets is a primary dealer for several government debt issuers, which comes with certain obligations. These include actively participating in government bond issuances, accepting and executing client orders for bond auctions, and acting as a market maker in related financial instruments. Additionally, Global Markets may submit orders for such instruments on its own behalf.



## Barrier Options

There may be situations where routine hedging or trading activity undertaken by Global Markets may unintentionally impact the movement of the underlying reference price of a barrier option.

## Market Data Determination

Global Markets will endeavor to determine in good faith the highs and lows of traded products, in accordance with prevailing market practice. For observable exchange traded markets, Global Markets will take into account the highs and lows of the exchange within that determination.

In the FX business, reference prices can be determined using various sources such as wholesale interbank quotes, transactions executed by the FX business, pricing generated from internal models, or third-party reference points like fixing rates. The FX business may also consider factors such as the currency, liquidity, size, and current market conditions when establishing these prices.

Due to the fragmented nature of the FX market, the fact that a certain price level has been traded on one platform does not ensure that a limit order at that level will have been filled or that a stop-loss/take-profit order will have been executed. The FX business will rely on its professional judgment, available market information and liquidity to determine whether a relevant threshold has been crossed and therefore an order has been executed. In the absence of explicit instructions, clients may receive a partial fill of their order.

## Application of Last Look

Generally on electronic platforms, the FX business and CD business provide indicative price quotes, which invite requests to trade from clients, and which may be withdrawn at any time.

Where pricing is provided on an indicative basis, the FX business and CD business reserve the right to either accept or reject any trade request received from a client based on an assessment of whether the client's trade request meets a defined deal acceptance criteria. The deal acceptance process, also referred to as "the last look window", is comprised of validity checks (credit, liquidity, malformed order) followed by a price check. There is no additional hold time during this process. Response times may be affected by operational or technical factors, such as network and systems processing latencies.

The FX business and CD business do not pre-hedge in the last look window and apply last look symmetrically, which means trades are rejected if the prevailing market has moved significantly, either in the clients' favour or against them.

## Information Handling

Global Markets has arrangements in place designed to protect and safeguard confidential information, including client information, in accordance with applicable local laws, rules and regulations. Confidential information will be handled with due care and diligence in accordance with such arrangements.

Unless otherwise agreed, Global Markets may utilize the economic terms of client information to facilitate and risk manage transactions. This includes sourcing liquidity in anticipation of counterparty needs, executing hedging or risk-mitigating transactions, and managing associated market risk. It will not disclose the client name under these circumstances.

Furthermore, Global Markets may appropriately disseminate aggregated and anonymized client information to contribute to "market color" analyses. This includes providing information on the general state of market conditions and/or forming a market view. Such information will be disseminated in a manner that will not compromise client confidentiality.

Lastly, as a regulated business, Global Markets may be required to disclose client information to our regulators and/or other public authorities.

