

## 1. Regulatory background

From January 3rd on, current MiFID I rules have been complemented and enhanced. These extensions are included in the directive (MiFID I) and the regulation (MiFIR). Main focus is on strengthening investor protection, reducing systemic risks in market structures and increasing transparency as well as efficiency of financial markets.

## 2. Definition of a systematic internaliser (SI)

A “systematic internaliser” or “SI” describes – as defined in article 4(1) Nr. 20 of EU Directive 2014/65/EU – an investment firm which, on an organised, frequent, systematic and substantial basis, deals on own account when executing client orders outside a regulated market, an MTF or an OTF.

The obligation of a systematic internaliser to publish firm quotes prior to completion of a financial transaction (pre-trade transparency requirements) is being extended to further financial instruments under MifID II.

This contains equity financial products (e.g. depository receipts, exchange-traded funds, certificates and similar financial products traded on an EEA trading venue for which there is a liquid market) as well as non-equity financial instruments (e.g. Bonds, structured finance instruments, emission allowances and derivatives).

Along with MiFID II objective criteria to define a systematic internaliser are introduced:

- “frequent and systematic basis”: is measured by the number of OTC trades in the financial instrument carried out by the investment firm on own account when executing client orders; and
- “substantial basis”: is measured either by the size of the OTC trading carried out by the investment firm in relation to the total trading of the investment firm in a specific financial instrument or by the size of the OTC trading carried out by the investment firm in relation to the total trading in the Union in a specific financial instrument.

## 3. NOR/LB opts-in as voluntary systematic internaliser

As of January 3<sup>rd</sup> 2018 NOR/LB has become voluntary systematic internaliser for MiFID II-relevant financial products that are traded or admitted to trading on trading venues (TOTV). This includes **Bonds and OTC-FX-Derivatives**. For **OTC-EUR-Interest-Rate-Swaps**, NOR/LB has been voluntary systematic internaliser from 03.01.2018 until 31.08.2018 and does now offer clients bilateral reporting agreements.

## 4. NOR/LB takes over all post-trading transparency reporting obligation

Because of its status NOR/LB will always have the obligation for real-time post-trading transparency reporting in transactions on above-mentioned bonds and OTC derivatives. An exception to this is the case when the client is also systematic internaliser as well as vendor.

This implies that there is **no need for a contractual arrangement** for post-trading transparency reporting between NOR/LB and its clients.

Hence, **clients of NOR/LB do not have any reporting obligation** in mentioned transactions.

## 5. Overview of publication arrangements (APA) of NORD/LB transparency reporting

NORD/LB will use following APAs for its transparency reporting:

- Pre-trading transparency reporting: **Bloomberg**
- Post-trading transparency reporting: **Regulatory Reporting Hub (RRH)** of Deutsche Börse

## 6. Transaction reporting

Under MiFID II the current reporting obligation as defined in §9 WpHG is replaced by transaction reporting as defined in §26 MiFIR. According to art. 2 MiFIR and art. 4 MiFIR, reporting obligations apply to investment firms (Wertpapierfirmen). Due to the great extent of the reporting as well as the sensitivity of the included information, NORD/LB will not implement §26 MiFIR transaction reports for clients.

## 7. Obligatory SI classification from September 2018

In September 2018 a mandatory systematic internaliser determination based on previous business activities will occur for the first time.

At the moment, NORD/LB expects to continue acting as systematic internaliser in the future. In case of amendments NORD/LB will **work closely with its client** to assist them with reporting obligations.

## 8. LEI and MIC of NORD/LB

Legal Name: **Norddeutsche Landesbank -Girozentrale-**

SI MIC: **NLBX**

LEI: **DSNHHQ2B9X5N6OUJ1236**

### Contacts at NORD/LB

#### Market Sales

Institutional Customers	+49 511 9818-9440
Savings Banks & Regional Banks	+49 511 9818-9400
MM/FX	+49 511 361-9460

#### Corporate Sales

Ships/Aircrafts	+49 511 9818-8150
Real Estate/Structured Finance	+49 511 9818-8150
Corporate Customers	+49 511 9818-4003
FX/MM	+49 511 9818-4006

#### Financial Markets Trading

Frequent Issuers	+49 511 9818-9640
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