

MiFID II/MiFIR Frequently Asked Questions

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General

Q. What is MiFID II?

The amended Markets in Financial Instruments Directive (MiFID) and accompanying Regulation (MiFIR, together MiFID II) is a European regulation to enhance the effectiveness of the regulatory framework for Investment Firms. It will enter into application on 3 January 2018.

MiFID II impacts our business and our relationship with you, and we are required to provide you with certain regulatory notifications and to obtain certain express consents from you. However, please note that while the consents we are requesting stem from MiFID II, we have also made various other updates and amendments to our documentation.

Please note that these brief and high level FAQs do not purport to either reflect all changes made to all documentation (including our Regulatory Compliance Statement or Terms of Business) or to fully explain any of the changes referred to herein, and are provided for information only.

Global Relationships

Q. I am not based in the EEA why do I need to be contacted?

Although you may not in general have a working relationship with SCB in the UK or its European entities, where other SCB entities globally book trades with SCB or its European entities this may result in you having a direct contractual relationship with SCB from which regulatory obligations arise.

Legal Entity Identifier (LEI)

Q. Who is required to obtain a LEI?

Clients of SCB London or its branches, regardless of where they are domiciled, who trade in MiFIR reportable products, are required to obtain a LEI so that SCB can perform transaction reporting obligations. SCB London and branches are not permitted to enter into a reportable transaction with a client who does not have a LEI after 3 January 2018.

Q. How can a client obtain a LEI?

The SCB Client Outreach programme has reached out to clients who are in scope of MiFID II and EMIR, to request that they obtain a LEI. Clients can obtain a LEI through a Local Operating Unit (LOU) approved by the Global Legal Entity Identifier by the 1st November 2017 (for EMIR clients) and by 3 January 2018 (for MiFID clients). Local Operating Units (LOUs) supply registration, renewal and other services, and act as the primary interface for legal entities wishing to obtain an LEI.

Q. What documentation do Local Operating Units (LOU) require for issuing LEIs?

A client can contact a Local Operating Unit (LOU) who deal with issuing LEIs to clients. Each LOU will have their own on-boarding, accreditation and issuance procedure. Based on location, clients can consider the following LOUs – APIR (Australia), China (China Financial Standardisation Technical Committee). Alternatively, if the client has engagements (e.g. listing) at the London Stock Exchange, the LSE is also a LOU.

Q. Is a LEI required from an investment manager or the fund?

For MiFIR reporting, we require the LEI of the investment manager by 3 January 2018. But where products are in scope of EMIR, we require the LEI of the fund from 1 November 2017.

Q. What clients are exempt from the transaction reporting obligations and therefore do not need to obtain a LEI?

If a client trades FX Spot only, or only holds cash or has a loan, they are not required to obtain a LEI. If there is the likelihood that they may carry out other activities that are subject to the MiFID II reporting obligations, then they will be requested to obtain a LEI.

Q. What is the LEI for SCB?

RILF074KP1CM8P6PCT96 for SCB UK and its branches.

Q. What is the LEI for SCB subsidiaries?

A full list of LEIs for SCB subsidiaries can be obtained from the SCB corporate website MiFID II page [here](#):

Policies

Q. Will SCB be providing its updated Order Execution Policy for MiFID II?

SCB will be updating its Order Execution Policy and will make this available to clients on the [SCB corporate website](#) ahead of MiFID II go-live.

Q. Does SCB have an Order Handling Policy? Has it been updated for MiFID II? How often will this be updated?

Yes, SCB has an Order Handling Policy which will be subject to periodic updates in accordance with the MiFID II rules.

Consents:

Q. Do consents apply to across my organisation?

Yes, to the extent that your organisation conducts business now or in the future now or in the future with "SCB"

Q. We have provided consents previously, for MiFID I. How do these consents differ?

You may have previously provided express consents – MiFID II brings in a new type of trading venue, the Organised Trading Facility. The previous consent for SCB to execute your orders outside a Regulated Market or Multilateral Trading Facility has therefore been amended to seek your consent to execute your orders outside a Regulated Market, a Multilateral Trading Facility or an Organised Trading Facility. MiFID II has extended the requirement to make public client limit orders in shares, so that it now applies not only to shares admitted to trading on a Regulated Market, but also to shares traded on a trading venue.

Post Trade Reporting

Q. Will SCB be putting in place a MiFID II post trade reporting service (assisted reporting) to make post trade reports on behalf of investment managers, where the obligation to post trade report falls on the investment manager?

We do not intend to provide assisted reporting since, by opting in as an SI, we believe our clients will not require this service. As an SI, we will ensure that we assume the full responsibility for post-trade transparency where our client is not also an SI.

Client categorisation

Q. What client classification has changed in light of MiFID II?

Most client classification remains unchanged from MIFID to MIFID II. Only classification for Local Authorities has changed from "Professional" to "Retail" clients, meaning that local authorities are inherently due a greater level of protection.

Research

Q. How will SCB approach the obligation to charge certain clients for research?

SCB has already begun to contact clients that we believe are required to pay for research under MiFID II with details of our new research offering. If you believe that you are obliged to pay for research but have not yet been contacted, please speak to your RM.

Systematic Internaliser (SI) & Trade reporting

Q. Is SCB going to be an SI and take responsibility for all trade reporting?

SCB will opt in as a SI for all instruments that it provides prices for. This includes all instruments available on Standard Chartered (Straight2Bank) (S2BX).

Where SCB is an SI, it will undertake trade reporting in respect of trades with buy-side clients as it is a direct regulatory obligation for SIs to complete trade reports with non-SI firms.

Q. Will SCB opt in as a SI on 3rd January 2018, or wait until Q3 2018?

SCB will opt in as an SI from 3rd January 2018

Q. How will SCB disseminate ISINs for OTC trades on SI? Will this be provided to the counterparty at the point of execution?

SCB does not believe that ISINs for OTC trades are needed at point of execution and we do not believe that they are mandatory for either pre- or post-trade transparency. Where SCB is a Systematic Internaliser in an OTC derivative class and an ISIN does not exist, Standard Chartered Bank will request an ISIN from ANNA DSB in time for RTS 23 submission at 21:00 CET on the day of trading. This will have the effect of making the ISIN available for other market participants. OTC post trade indicator should be derivable by firm sending the transaction report based on either reference data or common understanding of the type of order/trade i.e. whether it's a benchmark trade.

Q. Will SCB provide an ISIN for OTC derivative trades in non-SI instruments?

No

Q. When will SCB act as a SI?

In bilateral trading, where SCB is the only liquidity provider.

Q. Which asset classes does SCB intend to hold SI status for?

FX derivatives, interest rate derivatives, commodity derivatives, bonds, structured finance products.

Terms of Business

Q. Will SCB be an authorised MiFID Investment Firm under Directive 2014/65/EU (MiFID 2)?

Yes

Q. Does SCB intend to update its Terms of Business?

Yes. This will be available to clients ahead of MiFID II go-live.

Q. Why are Terms of Business Changing?

Updates are required due to regulatory changes effected by MiFID II and various other recent changes in relevant laws, but also to reflect changes in our procedures since the previous versions you received. It is therefore important that you review and understand these Terms of Business and any other associated client documentation we provide to you, as it may be materially different to earlier versions.

Time Stamp

Q. Can you confirm that any date/time in the FIX message files will be in UTC time format?

Time-stamps will be in UTC format

Trading Relationship

Q. What is the full name of the contracting entity for SCB?

Contracted entity is: Standard Chartered Bank

Q. Where SCB may route client's orders to another legal entity within the group, what would be the entity name and associated LEI for that entity?

Generally clients will face SCB. However, there can be scenarios where they will need to face a local affiliate for regulatory reasons (e.g. a restricted currency). In that situation, it will be clear to the client as they will need to be on boarded by that entity and sign relevant documentation associated with that entity. LEIs for all Standard Chartered entities can be found on the SCB corporate website.

Transaction Reporting

Q. Who is responsible for reporting trades to an Approved Reporting Mechanism (ARM)?

As an EU entity SCB will be responsible for reporting all trades executed in MiFID instruments to an ARM. Additional fields will be added to our reporting tool to help facilitate this.

Article 59 Client Reporting

Q. What is the client reporting requirement known as Article 59 reporting?

The recent regulatory requirements under MiFID II bring enhancements to the European investor protection regime, and changes the way firms communicate with their clients for various services provided. There is a new requirement for investment firms to provide clients with 'adequate reports' on services provided. This can apply outside Europe particularly where non-EEA clients are dealing with entities regulated in Europe (such as Standard Chartered Bank).

One of the obligations (known as Article 59) requires that investment firms having carried out an order on behalf of a client, other than for portfolio management, shall, in respect of that order:

- Promptly provide the client, in a durable medium, with the essential information concerning the execution of that order.*
- Send a notice to the client in a durable medium, confirming the execution of the order as soon as possible and no later than the first business day following execution.*

Other

Q. Will SCB release a new version of Standard Chartered (Straight2Bank)?

Yes. The expectation is that MiFID II will require a number of releases between now and the end of 2017. No procedure or documentation on the upgrade is yet available. We expect to have a new FIX specification in due course. Note that we have deemed S2BX to be an algorithmic high-frequency trading platform so time stamps will be accurate to 1µs and within +-100µs of UTC. Other SI upgrades to ensure we meet pre- and post-trade transparency requirements are expected to follow later in the year, subject to successful completion.

Q. Will SCB be operating an OTF?

No

Q. Is SCB classified as a "Credit Institution" authorised under the Capital Requirements Directive 2013/36/EU (CRD IV)?

Yes