

Standard Chartered Bank Plc Markets Division Target Market and Distribution Strategy for financial instruments and investment services under PROD 3 (Wholesale Markets)

Standard Chartered Bank's Markets Division ("SCB Markets") offers to its clients and counterparties globally a number of financial instruments and services that are in scope for Section 3 of the Product Intervention and Product Governance Sourcebook in the Financial Conduct Authority Handbook ("PROD 3") .

PROD 3 aims to ensure that firms which manufacture and distribute financial instruments ("Products") act in the best interests of investors at all stages of a Product's development and distribution life-cycle. Product Governance requirements apply to all in-scope Products traded on both primary and secondary markets. Our appropriate and proportionate approach to Product Governance requirements is reflected in SCB's Product Governance Policy and Markets' procedures and guidelines associated with this.

SCB has implemented a proportionate framework for compliance with the product governance requirements set out by PROD 3. In so doing, SCB has considered the sophistication of SCB's Markets' clients in relation to the complexity of the products it manufactures or distributes.

The purpose of this document is to provide information in relation to the target market for certain products SCB Markets manufactures and/or distributes under a non-advised business model (including RFQ). Such disclosure represents SCB Markets' reasonable view of the target market for the products listed below and is made to enable investors, clients and counterparties who act as distributors to assess for themselves whether a product matches their or their end client's objectives, needs and characteristics. **The disclosure has been prepared solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell the products listed below.**

Should an investor have any questions or concerns about which category below a particular product falls into or whether a product matches the investor's own objectives, needs and characteristics, they should contact a SCB Markets Sales representative.

SCB Markets as a manufacturer

As a manufacturer of Financial Instruments, we have certain obligations under PROD 3, including a requirement to identify a target market for the Financial Instruments we manufacture. We manufacture a range of Financial Instruments which are intended to be transacted with, or distributed to, professional clients and eligible counterparties. Unless we specifically communicate to you in writing that a particular Financial Product has been manufactured with retail clients in mind, the Financial Products manufactured by us are not designed for retail clients.

Over the counter (OTC) derivatives are standalone contracts. Therefore, they are not capable of onwards distribution. Where you enter into an OTC derivative transaction with us, and subsequently back to back that trade with another counterparty, SCB Markets will be the manufacturer of the first transaction between you and us (even in circumstances where you approach us with an idea for a particular transaction). However, you will be the manufacturer of the OTC transaction with your client / counterparty even if it is identical to that entered into between you and SCB Markets. You must define your own target market in relation to any OTC transactions you execute with your clients.

SCB Markets as distributor

As a distributor of Financial Instruments, we have certain obligations under PROD 3, including a requirement to identify a target market for the Financial Instruments we distribute. Where we distribute Financial Instruments and/or related services to you, we will do so on the basis that you fall within the target market that we have identified for the relevant Financial Instruments in the table set out below. To the extent you are not the final investor in the chain for a particular financial instrument, you will define your own target market for the relevant instrument, with the specific knowledge on your client base in mind.

SCB Markets only recognises its direct clients as clients for purposes of PROD 3 requirements. It is expected that the products in which we transact and the services that we provide are not treated by our clients and counterparties as suitable for distribution to retail clients unless expressly permitted otherwise. In addition, unless otherwise agreed with the client, SCB Markets does not consider its clients to act as distributors for SCB Markets. SCB applies a robust "Know Your Distributor" onboarding process for all third-party distributors it engages with, and distributors are required to comply with certain obligations under PROD 3. If any client or counterparty is acting as a distributor where it has not been agreed with SCB Markets (i.e., is not the final investor in the chain and is instead offering, recommending or selling the product to another investor), then such entity is responsible for defining its own target market for the instrument given its more detailed knowledge of the onward end client base.

We may, from time to time, ask you to confirm that you have not made any sales of SCB Markets manufactured Financial Instruments outside the intended target market and are not aware of any such onward sales by your counterparties

Retail clients

While SCB Markets does not engage directly with Retail clients as defined in 3.4.1 R of the Conduct of Business Sourcebook in the Financial Conduct Authority Handbook, certain products covered in this disclosure may be offered to Retail clients via the SCB Wealth Management or Private Banking businesses ("SCB WM/PB").

In particular, SCB WM/PB acts as a distributor of Structured Products, Notes, Warrants and Certificates issued by SCB entities (covered in section 1.5 below). In such cases, the SCB WM/PB business will modify the target market assessment in line with their knowledge of the product and client base and apply a tailored approach to distribution to ensure that the PROD 3 requirements are met.

Product List and Target Market Disclosure

This document does not purport to cover all products manufactured or distributed by SCB Markets, and some products may have trade-by-trade disclosures which will prevail over the general disclosures herein to the extent of any inconsistency. Should an investor have any question about the target market for a product not listed herein, they should contact a SCB Markets Sales representative.

1.1. Markets Division: Cash Securities

SCB Markets sells to its clients both at primary issuance and in the secondary market a variety of bonds and notes, short-term paper and certificates of deposit (collectively, "Securities"). Securities may be issued by a wide range of public or private companies, governments, supranational and financial institutions (including SCB and affiliates) whether directly or through an SPV.

Products		Low complexity Generally, these securities are traded in a secondary market, including but not limited to: <i>Corporate Bonds</i> <i>Supranational bonds</i> <i>Government bonds</i> <i>Medium Term Notes</i> <i>Certificates of Deposit/ Commercial Paper</i> <i>Bills</i> <i>Asset Backed Securities</i> <i>Physical commodities</i> <i>Mutual Funds</i> <i>Credit Warehousing</i>	Medium complexity Generally, these securities carry higher risk as there is not a liquid secondary market; instruments include: <i>Private Financing Instruments for unlisted/private companies</i> <i>Securitisation of Bridge Financing,</i> <i>Liquidity/Warehouse Facilities or Future Receivables</i>
Target market Definition	Type of Client	<ul style="list-style-type: none"> Professional Eligible Counterparty 	<ul style="list-style-type: none"> Professional Eligible Counterparty
	Knowledge and experience	<ul style="list-style-type: none"> Low Medium for Asset Backed Securities 	<ul style="list-style-type: none"> High
	Financial Situation (ability to bear losses)	The investor can tolerate losses up to the entire invested capital	The investor can tolerate losses up to or exceeding the entire invested capital
	Risk Tolerance	Medium Risk Investment: (willing to accept the risk of losses of the entire invested capital; willing to accept large fluctuations in price and returns	Medium Risk Investment: investor is willing to accept the risk of losses of the entire invested capital; willing to accept large fluctuations in price and returns
	Clients Objectives and Needs	<ul style="list-style-type: none"> Investment Tenor: Short, Medium and Long Objective: Investment growth; hedging; portfolio diversification; speculation Liquidity: require the possibility to exit the investment early or willing to hold the investment to maturity 	<ul style="list-style-type: none"> Investment Tenor: Short, Medium and Long Objective: Investment growth; hedging; portfolio diversification; speculation Liquidity: might be required to hold the product till maturity.
Distribution Strategy		Non-advised business (including RFQ)	Non-advised business (including RFQ)
Negative Target Market		Retail	Retail

1.2. Markets: OTC derivatives – FX, Rates, Credit, Commodities and Equity

SCB Markets offers clients a wide range of OTC derivative products which are tailored to meet the clients' specific needs. The payoff profiles may reference a wide variety of underlying asset classes, including FX, interest rates, commodities and equity products. The complexity and risk of these products varies with the specific features and the underlying of the instrument, however will fall into one of the three broad categories below. If you are unsure about which category a given product falls into, please discuss this with your SCB Markets Sales representative.

Products		Low complexity Generally, these derivatives would reference a vanilla underlying, including but not limited to: <i>Vanilla swaps</i> <i>Vanilla options</i> <i>Forwards</i> <i>Non-deliverable forwards</i> <i>Cross currency swaps</i> <i>Swaptions</i> <i>Total Return Swaps</i> <i>Single name CDS</i> <i>Cryptocurrencies</i> <i>Environmental, Social, Governance (ESG) – linked Products</i>	Medium complexity Generally, these derivatives would reference a less liquid or structured underlying, including but not limited to: <i>Structured swaps, forward, options with higher complexity</i> <i>Portfolio or Index CDS</i> <i>Exotic derivatives</i>	High complexity Generally, these derivatives would reference an exotic or structured underlying, including but not limited to: <i>Index swaps, forwards, options</i> <i>Complex cross-asset combo/hybrid derivatives</i> <i>SCB Proprietary Indices</i>
Target market Definition	Type of Client	<ul style="list-style-type: none"> Professional Eligible Counterparty 	<ul style="list-style-type: none"> Professional Eligible Counterparty 	<ul style="list-style-type: none"> Professional Eligible Counterparty
	Knowledge and experience	<ul style="list-style-type: none"> Low 	<ul style="list-style-type: none"> Medium 	<ul style="list-style-type: none"> High
	Financial Situation (ability to bear losses)	The client can tolerate losses up to or exceeding the entire invested capital	The client can tolerate losses up to or exceeding the entire invested capital	The client can tolerate losses up to or exceeding the entire invested capital
	Risk Tolerance	High Risk Investment: (willing to accept the risk of losses up to or exceeding the invested capital; willing to accept large fluctuations in price and returns)	High Risk Investment: (willing to accept the risk of losses up to or exceeding the invested capital; willing to accept large fluctuations in price and returns)	High Risk Investment: (willing to accept the risk of losses up to or exceeding the invested capital; willing to accept large fluctuations in price and returns)
	Clients Objectives and Needs	<ul style="list-style-type: none"> Investment Tenor: Short, Medium and Long Objective: hedging; portfolio diversification; speculation Liquidity: require the possibility to exit the investment early or willing to hold the transaction to maturity 	<ul style="list-style-type: none"> Investment Tenor: Short, Medium and Long Objective: hedging; portfolio diversification; speculation Liquidity: require the possibility to exit the investment early or willing to hold the transaction to maturity 	<ul style="list-style-type: none"> Investment Tenor: Short, Medium and Long Objective: hedging; portfolio diversification; speculation Liquidity: might need to hold the transaction till maturity.
Distribution Strategy		Non-advised business (including RFQ)	Non-advised business (including RFQ)	Non-advised business (including RFQ)
Negative Target Market		Retail	Retail	Retail

1.3. Markets: Listed Derivatives

SCB Markets offers access to standardised derivative contracts traded on regulated exchanges, which have exposures to a variety of underlying reference assets including but not limited to equity, fixed income and commodity asset classes. These products are standardised contracts between SCB Markets and its clients, the terms of which are set out by the relevant exchanges.

Products		Low complexity Generally, this would indicate an instrument with a reference asset which is a cash security, including but not limited to: <i>Exchange traded bond futures</i> <i>Exchange traded interest rate futures</i> <i>Exchange traded options</i>	Medium complexity Generally, this would indicate an instrument with a reference asset which is a derivative, including but not limited to: <i>Exchange traded swap futures</i>
Target market Definition	Type of Client	<ul style="list-style-type: none"> Professional Eligible Counterparty 	<ul style="list-style-type: none"> Professional Eligible Counterparty
	Knowledge and experience	<ul style="list-style-type: none"> Low 	<ul style="list-style-type: none"> Medium
	Financial Situation (ability to bear losses)	The investor can tolerate losses up to or exceeding the entire invested capital or initial amount and be able to meet additional payment obligations (such as margin calls)	The investor can tolerate losses up to or exceeding the entire invested capital or initial amount and be able to meet additional payment obligations (such as margin calls)
	Risk Tolerance	High Risk Investment: (willing to accept the risk of losses up to or exceeding the invested capital; willing to accept large fluctuations in price and returns)	High Risk Investment: (willing to accept the risk of losses up to or exceeding the invested capital; willing to accept large fluctuations in price and returns)
	Clients Objectives and Needs	<ul style="list-style-type: none"> Investment Tenor: Short, Medium and Long Objective: Hedging; Financing; Speculation; Diversification Liquidity: require the possibility to exit the investment early or are willing to hold the investment until its maturity 	<ul style="list-style-type: none"> Investment Tenor: Short, Medium and Long Objective: Hedging; Financing; Speculation, Diversification Liquidity: require the possibility to exit the investment early or are willing to hold the investment until its maturity
	Distribution Strategy	Non-advised business (including RFQ)	Non-advised business (including RFQ)
Negative Target Market		Retail	Retail

1.4. Markets: Fixed Income and Equity Financing Products

SCB Markets offers clients access to financing options for Fixed Income and Equity reference assets, consisting of a partially- or fully-funded Total Return Swap or a note issued with an embedded derivative which references the return on Fixed Income or Equity underlying. As these are generally bespoke products, and the complexity of the product varies with the features and underlying of the instrument, please discuss with your SCB Markets Sales representative the appropriate target market assessment for the trade.

Products		Total Return Swap Fixed Income underlying (Government Bond, Corporate Bond) Equity underlying (Single Stocks, ETF, Index, Basket, Unlisted Equity) Total Return Swap (on Funds, Fund linked Notes/Loans, Strategies, Custom Indices) Structured Investments or Deposits (funds, index, strategies, custom indices) Agency and Trust Services Repo and Reverse Repo		
		Low complexity	Medium complexity	High complexity
Target market Definition	Type of Client	<ul style="list-style-type: none"> Professional Eligible Counterparty 	<ul style="list-style-type: none"> Professional Eligible Counterparty 	<ul style="list-style-type: none"> Professional Eligible Counterparty
	Knowledge and experience	<ul style="list-style-type: none"> Low 	<ul style="list-style-type: none"> Medium 	<ul style="list-style-type: none"> High
	Financial Situation (ability to bear losses)	The client can tolerate losses up to or exceeding the entire invested capital or initial amount and be able to meet additional payment obligations (such as margin calls)	The client can tolerate losses up to or exceeding the entire invested capital or initial amount and be able to meet additional payment obligations (such as margin calls)	The client can tolerate losses up to or exceeding the entire invested capital or initial amount and be able to meet additional payment obligations (such as margin calls)
	Risk Tolerance	High Risk Investment: (willing to accept the risk of losses up to or exceeding the invested capital)	High Risk Investment: (willing to accept the risk of losses up to or exceeding the invested capital)	High Risk Investment: (willing to accept the risk of losses up to or exceeding the invested capital)
	Clients Objectives and Needs	<ul style="list-style-type: none"> Investment Tenor: Short; Medium, Long Objective: Hedging; Financing; Portfolio diversification Liquidity: limited possibility to exit the transaction early 	<ul style="list-style-type: none"> Investment Tenor: Short; Medium, Long Objective: Hedging; Financing; Portfolio diversification Liquidity: limited possibility to exit the transaction early 	<ul style="list-style-type: none"> Investment Tenor: Short; Medium, Long Objective: Hedging; Financing; Portfolio diversification Liquidity: limited possibility to exit the transaction early
	Distribution Strategy	Non-advised business (including RFQ)	Non-advised business (including RFQ)	Non-advised business (including RFQ)
	Negative Target Market	Retail	Retail	Retail

1.5. Markets: Structured Products, Notes, Warrants and Certificates issued by a SCB entity sold to institutional investors on a “buy to hold” basis.

SCB Markets does not distribute these products directly to Retail clients. Where SCB Markets acts as a manufacturer only, then distribution is via a third party or SCB WM/PB and it is then undertaken in accordance with SCB Product Governance Policy and associated procedures including review and approval of the Markets Distributed Transactions Approval Group. Subject to such policies and procedures this product may in addition be appropriate for distribution to Retail Clients.

When SCB WM/PB acts as a distributor of Structured Products, Notes, Warrants and Certificates issued by SCB entities to retail client, the target market assessment will be modified in line with their knowledge of the product and client base, and a tailored approach will be applied to distribution to ensure that the PROD 3 requirements are met. This document does not provide information relevant to retail clients. Should a retail client have any questions about the target market for a product sold by SCB WM/PB, they should contact their SCB WM/PB Sales representative.

As these are generally bespoke products, and the complexity of the product varies with the features and underlying of the instrument, please discuss with your SCB Markets Sales representative the appropriate target market assessment for the trade.

Products		Structured Notes, Warrants and Certificates Equity Linked Notes Environmental, Social, Governance (ESG) – linked Products
Target market Definition	Type of Client	<ul style="list-style-type: none"> Professional Eligible Counterparties
	Knowledge and experience	<ul style="list-style-type: none"> Medium High Depending on features and underlying of the instrument.
	Financial Situation (ability to bear losses)	The investor can tolerate losses up to the entire invested capital or initial amount
	Risk Tolerance	Medium Risk Investment: investor is willing to accept the risk of losses of the entire invested capital; willing to accept large fluctuations in price and returns
	Clients Objectives and Needs	<ul style="list-style-type: none"> Investment Tenor: Short; Medium, Long Objective: Income, Growth, Portfolio Diversification Liquidity: requires possibility to exit the investment early
Distribution Strategy		Non-advised business (including RFQ)
Negative Target Market		Retail