

Commercial Policy (SI)



VIRTU
FINANCIAL



1 Introduction

1.1 Purpose & Scope

Under the Markets in Financial Instruments Directive II ("MiFID II") and the accompanying Markets in Financial Instruments Regulation ("MiFIR") a systematic internaliser ("SI") is a firm which on an organised, frequent, systematic and substantial basis, deals on own account when executing client orders outside a trading venue (as defined in Article 4(1)(24) of Directive 2014/65/EU) without operating a multilateral system. Article 17(1) of Regulation (EU) No 600/2014 ("MiFIR") allows systematic internalisers to decide, on the basis of their commercial policy, the clients to whom they give access to their quotes. This Commercial Policy sets out the standards for governing access to executable quotes where Virtu Financial Ireland Limited ("VFIL" or "the Firm") is acting as a systematic internaliser in relation to certain financial instruments.

1.2 Regulatory Requirements & Guidance

VFIL is an Irish domiciled entity, regulated by the Central Bank of Ireland ("CBI") as a MiFID investment firm. MiFID II and MiFIR set out requirements for systematic internalisers including the obligation to notify the firm's home regulator when it becomes a systematic internaliser. VFIL is registered as a systematic internaliser in certain financial instruments and operates under the 'VFSI' Market Identifier Code ("MIC"). VFIL shall meet the obligations to publish executable quotes in line with MiFIR requirements in respect of those financial instruments for which the Firm is a systematic internaliser.

The Systematic Internaliser regime applies to the following asset classes:

- equities and equity-like instruments (shares, ETFs, depositary receipts, certificates and other equity-like instruments), and
- non-equity instruments (derivatives, bonds, structured finance products and emission allowances).

Systematic internalisers are subject to specific pre- and post-trade transparency requirements depending on the nature of the financial instrument, the liquidity of the market, and the size of the quote.

2 Financial Instruments in scope for this Commercial Policy

This Commercial Policy applies to financial instruments in which VFIL is acting as an SI. VFIL shall maintain the universe of SI instruments with the Central Bank of Ireland as VFIL's national competent authority ("NCA").

3 Access to VFSI Quotes

3.1 Availability and publication of quotes

With respect to shares and ETFs, VFIL shall fulfil its quoting obligations as a systematic internaliser by streaming executable quotes through its electronic trading system and by publishing executable quotes on the https://www.cboe.com/europe/equities/market_statistics/book_viewer/ website. VFIL shall allow access to its SI quotes for clients who satisfy the following criteria:

1. have completed the on-boarding process and approved as a counterparty in line with VFIL's Counterparty Approval Process;
2. able to demonstrate that their electronic trading systems are subject to controls consistent with fair and orderly trading requirements;
3. have agreed to VFIL's Terms of Business.

VFIL may decide to refuse to enter into or discontinue business relationships with counterparties on the basis of commercial considerations, including but not limited to the client's credit status, the counterparty risk and the final settlement of the transaction, or any legal/regulatory restrictions.

3.2 Updates and validity of quotes

VFIL has the right to change/update its executable quotes at any time and taking into consideration the prevailing market conditions and/or VFIL's capital commitment. VFIL shall undertake to enter into transactions for its published executable quotes as long as the given quote has not been withdrawn or updated. Under exceptional market conditions (i.e.: market circumstances where the Firm's ability to maintain prudent risk management practices is prevented by technological issues, risk management issues relating to regulatory capital, margining and access to clearing, and inability to hedge a position – e.g. due to market suspension or short selling restriction) VFIL may



withdraw its executable quotes, furthermore, VFIL may be unable to quote and/or execute on basis of its quotes published as a systematic internaliser.

3.3 Trading hours

VFIL shall fulfil its quoting obligations as a systematic internaliser during the normal trading hours of the most relevant market in terms of liquidity of the given financial instrument, however, VFIL may allow access to its executable quotes outside of the normal trading hours.

3.4 Limitation on the value and the number of transactions

In order to limit the risk of exposure to the same counterparty, VFIL may deny access to its executable quotes or refuse to enter into transactions with a counterparty where the total notional value of unsettled trades with that counterparty exceeds the threshold of its approved credit and counterparty risk limit. Furthermore, VFIL may limit the number of transactions it undertakes to enter with the same counterparty at a published quote, also, VFIL reserves the right to limit the total number of transactions from different clients at the same time where the volume of orders sought by counterparties considerably exceeds the norm.

3.5 Requesting review of a potential erroneous trade

In order to request the review of a potential erroneous trade carried out on the VFSI, the relevant counterparty to the trade must notify VFIL of the request to review the trade by email at compliance-eu-reports@virtu.com and coreops@virtu.com as soon as possible and no later than 10:00am CET of the business day following the day of the execution of the potential error trade. The email requesting the review must include the following details to identify the trade:

- Counterparty LEI,
- ISIN,
- trade size,
- trade price,
- time of execution.

VFIL shall confirm to the requesting counterparty that the trade is under review together with the reference number of the issue. VFIL may follow-up the request for further details if necessary. VFIL shall inform the counterparty of the decision to resolve the issue within 48 hours of the initial request for review.

4 Availability

This Commercial Policy is made available to clients on the <https://www.virtu.com/regulatory-disclosures/> website. Any update or modification of this Commercial Policy is applicable when it is published on this web site.