

**MIFID II - THE UPDATED MARKETS IN FINANCIAL
INSTRUMENTS DIRECTIVE
CLIENT FAQs**

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
LONDON BRANCH

JULY 2018



MIFID II IMPACTS ON ANZ

1. What is ANZ's LEI as relevant for MIFIDII?

- Australia and New Zealand Banking Group Limited ("ANZ"): JHE42UYNWWTJB8YTTU19
- ANZ Bank (Europe) Limited: 213800RKJ1U8JKP7SO78
- ANZ Bank New Zealand Limited: HZSN7FQBPO5IEWYIGC72

2. How does MIFID II impact ANZ?

ANZ's European Markets business ("ANZ London") (i.e. sales and trading located in London) is captured by MIFID II rules as an FCA-regulated third country investment firm.

In certain circumstances, MIFID II also imposes post trade reporting and transparency obligations on ANZ outside of the UK.

COSTS AND CHARGES

3. How are you planning to disclose costs and charges?

A general disclosure statement on costs and charges will be made available to clients via the ANZ website. For those instruments that contain an embedded derivative, ANZ London's ex-ante costs and charges disclosure will be within the term sheet covering the transaction. For ex-post costs and charges, ANZ London will provide an annual summary.

CLIENT DISCLOSURES

4. What documentation do you expect will need to be re-papered as a result of MIFID II and what is the expected timeframe?

The Terms of Business, Risk Disclosure Statement, Execution Policy and Costs and Charges Disclosure. Client repapering will commence in Q4 2017.

5. What is the ANZ MIFID II contact?

All communications regarding MIFID II should be directed to our dedicated mailbox: MIFIDIIClientComms@anz.com

SYSTEMATIC INTERNALISER (SI)

6. Will you opt-in to be an SI and for what products?

ANZ London has made a formal decision to opt-in early as an SI in the following products: ToTV instruments in FX, Rates and Credit Products (ex. G4 Rates, Commodities and CDS) from 3rd January 2018.

7. If yes to the above, how will this status be published?

SI status can be downloaded from the ESMA website.

INDUCEMENTS / RESEARCH

8. What services does ANZ plan to provide that is subject to the MIFID II inducements rules?

ANZ London may provide the ancillary service of investment research and financial analysis or other forms of general recommendation with respect to the investment services provided to you.

ANZ London considers the following research services to constitute acceptable minor non-monetary benefits:

- widely published ANZ research publications covering Australia, New Zealand, Asia, and the G3 (economics, foreign exchange, rates and commodities);
- publicly available Asia credit analysis (not formally part of ANZ research);
- sales notes which cross reference published research and other overnight developments; and
- conference attendance, roadshows, third party meetings and calls, to the extent the service does not involve the allocation of significant resources.

9. What is ANZ's pricing model/ strategy for research?

ANZ London will offer a standard service that is generally available free of charge as a minor non-monetary benefit. There will be also an extended service at a fixed cost per client per annum (GBP 1,000 + VAT) for customer visits, conference calls and bespoke research.

10. Will ANZ differentiate between asset classes and types of research?

No.

11. How do you anticipate the unbundling of research affecting trading, commissions and spreads?

No impact.

BEST EXECUTION

12. In which trading circumstances do you expect to conduct RTS 28 and RTS 27 Reporting?

RTS 27 - Where ANZ Sales or Trading teams located in London act in the capacity of a liquidity provider in MIFID Instruments. RTS 28 - Only where ANZ London owes a duty of best execution.

Trax is our publication agent for RTS27/28 reporting and data is available here: <https://www.traxmarkets.com/apa.aspx>

REPORTING

13. Does ANZ route any orders to non-EEA (non MIFID Firm) entities for execution.

ANZ London deals as principal (deals on own account).

14. Will you operate as an MTF or OTF and if so for which instruments?

ANZ London does not intend to operate a MTF or OTF under MIFID.

15. Will you be offering MIFID II assisted trade reporting?

ANZ London is not offering an assisted reporting solution at this point in time

16. In what trading capacities (DEAL, AOTC or MTCH) will you execute as for each asset class?

DEAL

17. How will you provide the ISIN code for OTC derivative trades?

ANZ London does not intend to provide/disseminate ISIN codes to other parties.

18. Do you expect EMIR Delegated Reporting to be material inducement under MIFID II?

No.

TRADING VENUES

19. Can European based customers continue to trade with ANZ bilaterally?

Yes, if the product is not covered by the MIFID trading obligation, the customer can continue to trade with ANZ bilaterally.

20. Will ANZ require clients to complete a Due Diligence Questionnaire (DDQ) in regards to Direct Electronic Access (DEA)?

ANZ does not intend to provide DEA services in Europe and does not require its customers to complete a DEA DDQ.

21. Do you route orders to other MIFID firms for execution?

ANZ London deals as principal and does not engage in order routing in an agency capacity.

22. Which trading venues can customers use to trade with ANZ?

ANZ will retain its existing connectivity to MTFs and regulated markets, and will join new OTFs and MTFs as these emerge. ANZ intends to join most of the mainstream MTFs and OTFs in order to trade with our customers.

23. Can ANZ continue to use a broker if the broker is outside of MIFID (for example, a broker based in Dubai)?

Yes, ANZ can continue to use a broker not registered under MIFID, as long as the product being brokered is not part of the MIFID trading obligation.

24. Please confirm if a FIX connection is utilised between the client and ANZ?

ANZ utilises industry standard STP middleware solutions to exchange trade and affirmation messages with our clients. Where we utilise such message providers, we will modify our message formats to comply with their MIFID II specifications.

Where we exchange FIX messages with either a venue, or brokerage firm, we will be updating these connections to either transmit or receive MIFID related trade attributes where such connections are carrying MIFID eligible transactions.

ANZ does not generally establish FIX connections with our buy side clients, so we do not envisage MIFID message changes at a client level.

25. How will you ensure compliance with the trading obligation under Article 23 or MIFIR for clients?

ANZ does not conduct business in Equities.

PORTFOLIO COMPRESSION

26. Will ANZ continue to support portfolio compression under MIFID II?

ANZ will continue to perform compressions from the Singapore branch. ANZ are not subject to the Portfolio Compression requirements under MIFID II as the activity is decided and executed outside the EU. Therefore, ANZ will not report compressions to the APA, provide risk tolerance levels or sign legal portfolio compression agreements. Responsibility will fall on the bilateral party, if they fall within scope of the MIFID requirements.

ANZ CONTACT INFORMATION

Please contact ANZ with any questions about MiFID II that you may have. You may reach us via the following channels:

- Your Relationship Manager or Sales Representative
- Via MIFIDClientComms@anz.com

institutional.anz.com

Australia and New Zealand Banking Group Limited (ANZ) ABN 11 005 357 522.

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