

State Bank of India, UK Branch- MIFID POLICY

1. Introduction :

State Bank of India, UK Branch MiFID Policy (“policy”) is being put in place in the Bank to provide a system to ensure that the regulated activities which are carried out by State Bank of India, UK Branch comply with The Markets in Financial Instruments Directive II (“MiFID II”). MiFID II is the European Union (EU) legislation that regulates firms who provide services to clients linked to ‘financial instruments’ (shares, bonds, units in collective investment schemes and derivatives), and the trading venues where those instruments are traded. MiFID applied in the UK from November 2007, and was revised by MiFID II, which took effect in January 2018, to improve the functioning of financial markets in light of the financial crisis and to strengthen investor protection. MiFID II extended the MiFID requirements in a number of areas including:

- new market structure requirements
- new and extended requirements in relation to transparency
- new rules on research and inducements
- new product governance requirements for manufacturers and distributors of MiFID ‘products’
- introduction of a harmonised commodity position limits regime

That legislation takes the form of a combination of delegated acts, regulatory technical standards (RTS) and implementing technical standards (ITS).

2. Related Laws/Guidelines :

The main policy and all other related policies are guided by MIFIR/MIFID II of ESMA.

3. Objective:

This policy aims provide guidance and put in place a framework with defined responsibilities of various functionaries through the formulation various other granular policies so as to enable State Bank of India, UK Branch to be in compliant with MiFID II regulation. This policy also aims to define the acceptable level of risk by means of restricting the type of products and the category of the clients with whom the regulated activities are carried out. State Bank of India, UK Branch Risk Management Committee shall be the responsible body for enactment and implementation of this Policy.

4. Scope of Policy :

Scope of this policy extends to various products which are allowed to be dealt, personnel who are empowered to deal on behalf of State Bank of India, UK Branch, processes which enable the compliance with the regulation.



5.i: Products Dealt : State Bank of India, UK Branch shall restrict its dealing to the following class of products with the category of clients and through the venues mentioned against them.

Product type	Trading through		On Own a/c	With		
	Out of the Venue	On Venue		Retail Clients(*)	Professional clients	Eligible counterparty
Fixed Income Securities	Yes	Yes	Yes	No	No	Yes
Forex Forwards	Yes	Yes	Yes	No	Yes	Yes
Forex SWAPs	Yes	Yes	Yes	No	Yes	Yes
Interest Rate SWAPs	Yes	No	Yes	No	Yes	Yes
Forward Rate Agreement	Yes	Yes	Yes	No	No	Yes
Interest Rate CAPs and Floors	Yes	Yes	Yes	No	Yes	Yes

(*) MIFID Regulated activities shall not be carried out with the "Retail Clients".

5.ii : Authorised Departments & Personnel: MIFID regulated activities will be carried out and monitored Following Departments

Instrument Type	Front Office Tasks	Back Office Tasks	Subject to Oversight by
Fixed Income Securities	Investments	Treasury Settlements	Mid Office, Risk Department and Internal Audit
FX Forward, IRS, FRA, Interest Rate CAPs & Floors	Dealing Room	Department(TSD)	Mid Office , Risk Department and Internal Audit

5. iii MIFID Related activities will be carried out by the following personnel mentioned in the departments under 5.ii above

Department	Headed by	Other Officials
Investments	Head – Investments	Assistant Manager/s - Investment
Dealing Room	Chief Dealer	Dealers
TSD	Head – TSD	Deputy or Assistant Manager/s, Associates
Risk Department	Chief Risk Officer	Deputy or Assistant Manager/s, Associates
Mid Office	Head – Mid Office	Deputy or Assistant Manager/s, Associates
Audit	Head – Internal Audit	Deputy or Assistant Manager/s, Associates

5.iv Language of Communication and Modes :

Principal Language of Communication: All the communications emanating from State Bank of India, UK Branch shall be restricted to English



5.v Recognised modes of communication with the clients : State Bank of India, UK Branch shall communicate with its clients through the following modes :

- a. SBI Email system
- b. Bloomberg Email system
- c. Chat facilities of Bloomberg
- d. Chat facilities of Reuters
- e. Land Line Telephones of Investment, Dealing Room and Treasury Settlement Depts.

State Bank of India, UK Branch shall maintain the recording of all the inward and outward communications. The details are embedded in Recording Of Telephone Conversations and Electronic Communications Policy

5.vi. Dealing Capacity

For the purposes of MIFID II, SBI UK Branch will be using the permission “*Dealing in Investments as Principal*” to deal with Professional Clients or Eligible Counterparties (excluding Retail Clients) .

6. Other Policies adopted by State Bank of India, UK Branch in respect of MIFID II and their guiding regulation are as under :

Name of the Policy	Pertinent Regulation	Brief description
Client Categorisation Policy	FCA Hand Book - Conduct of Business Source: Chapter 3	Guidelines for categorisation of clients and identification of suitable products.
Best Execution of Deal Policy	FCA Hand Book - Conduct of Business Source: Chapter 11.2A	Adoption of various standards defined in the regulation for providing the Best Execution in respect of deals to the Professional Clients.
Conflicts of Interest Management Policy	FCA Hand Book - Senior arrangements, Systems and Controls: Chapter 10	Guidelines to identify and manage the conflicts of interest that may arise in the due course of MIFID regulated business.
Compliant Handling Policy	FCA Hand Book - Dispute Resolution : Chapter 1.1A	Guidelines to handle and manage the Complaints received under MIFID II
Communication Recording Policy	Senior Management Arrangements, Systems and Control : Chapter 10A	Guidelines to record various electronic communications

7. Owner of the Policy and the Frequency of Review : Risk Department is the owner of the policy. They shall review the policy on an annual basis after seeking inputs from the user departments.

