

The Mauritius Commercial Bank Limited (“MCB” or the “Bank”) stands committed to abide by best market practices and seeks to comply with any regulations and guidelines set by the regulator. At the request of the Bank of Mauritius, the Bank has adopted the FX Global Code of Conduct (“FXGCC”) which seeks to foster transparency and fairness between the Bank and its customers. In this view, the Bank’s Terms and Conditions governing activities relative to its Global Markets and Treasury Management SBU have been realigned to promote the set of recommended practices. These Terms and Conditions, outlined 1.0 – 1.3 below, shall be effective as from November 2020 and shall supersede and replace existing agreements.

1.0 Trading Disclosure (“Disclosure”)

1. This Disclosure sets out the nature of the trading relationship between the Bank and its clients where the Bank trades in the fixed income, foreign exchange, commodities, credit derivatives and money markets trading market (the “Fixed Income, FX, Commodities, Credit Derivatives and Money Markets Trading Market”, and respectively the “Fixed Income Market”, “FX Trading Market”, “Commodities Market”, “Credit Derivatives Market” and “Money Markets”) as a market maker acting in a principal capacity, unless specified otherwise prior to transaction initiation.
2. By “Fixed Income Transactions”, the Bank means transactions in interest rate derivatives (e.g. swaps, options) and bonds (e.g. government bonds). When referring to “FX Transactions”, the Bank means transactions related to currency exchange (i.e. spot, forwards, swaps, non-deliverable forwards and options). By “Commodities Transactions” the Bank means transactions (e.g. futures, forwards swaps, options) in commodities (i.e. base metals, agricultural goods, oil & distillates, power, emissions, coal and indices underlyings). By “Credit Derivatives Transactions”, the Bank means transactions related to securities whose price depends on the value of an underlying asset (e.g. Credit Default Swaps, Credit-Linked Notes). By “Money Markets Transactions”, the Bank means transactions related to trading short-term financial instruments as well as Deposits, Repurchase agreements, and Securities Borrowing/Lending.
3. This Disclosure shall not supersede any general business terms and conditions, any master agreement (e.g. ISDA), or any agreement relating to a different activity or different capacity which is documented separately, in place between the client and the Bank.
4. To the extent that the Bank enters into Fixed Income Transactions, FX Transactions, Commodities Transactions, Credit Derivatives Transactions or Money Markets Transactions with its clients and unless otherwise agreed with a client or otherwise required by law or regulation, it will be on the basis of this Disclosure.

1.1 MCB’s approach to Fixed Income, FX, Commodities, Credit Derivatives and Money Markets Trading

1. The Bank usually operates as a market maker in the Fixed Income, FX, Commodities, Credit Derivatives and Money Markets. If this is not the case for a particular product or in a certain circumstance, the Bank will advise otherwise.
2. The Bank’s service for its clients comprises quoting of prices, accepting Orders and executing trades. The Bank enters into risk positions within the normal course of its market making business, in fulfilment of client requests and in expectation of future client demand. The Bank shall not be construed as making any recommendations, or acting as a financial advisor, as an agent, fiduciary, or acting in any similar capacity when engaging in Fixed Income, FX, Commodities, Credit Derivatives or Money Markets Transactions.
3. The Bank aims to conduct business with transparency and integrity and to implement the guidelines, such as FX Global Code of Conduct, and requirements of industry groups and regulatory bodies in all its relationships with clients. However, the Bank draws attention to the fact that due to the nature of the business, the Bank and its clients may have divergent or conflicting interests.
4. When negotiating transactions or Orders, the Bank will always make clear whether the prices (or rates) provided are firm or merely indicative. Any firm price (or rate) provided to customers is binding at this particular time only and subject to market moves thereafter.
5. As a market maker, the Bank manages a portfolio of risks arising from trades with many counterparties with divergent interests as well as positions acquired in expectation of future client demand. A market maker may trade before or at the same time as a client’s transaction to enable that market maker to conduct efficient risk management, or to be able to execute with other counterparties, or to manage Orders placed previously with it. These activities may have an impact on market prices. The Bank takes reasonable measures to avoid undue market impact, but dependent on the size, execution style and market conditions, such impact cannot be eliminated completely.
6. Your transaction requests may also be subject to priorities or aggregation resulting from the Bank’s own trades or other client’s execution ahead of, or alongside, the timing of execution for your transaction. The Bank may choose to leave positions unhedged or partially hedged, and decide to change any hedge from time to time. Any profit or loss resulting out of hedging activity will accrue to the Bank.

7. Any Order or transaction can include a Mark-Up. Mark Up is the spread or charge that may be included in the final price of a transaction or the Order level quoted in order to compensate the Bank for a number of considerations, which may include but are not limited to the following: Credit charges, return on capital, deal type and complexity, size of the transaction, market timing and liquidity, sales efforts and support services provided to you, risk limit usage, operational margin, processing the transaction, balance sheet usage, credit line usage and other aggregated operational and infrastructure costs. Unless otherwise agreed, the rate at which the Bank transacts is an all-in rate. It includes any mark-up above the price at which the Bank may be able to transact with other counterparties. Therefore, Mark-Up in general may vary for different clients even if transactions are the same or similar. In addition clients should note that factors such as liquidity, size of trade, market conditions, anticipated market impact and hedging costs all affect the Bank's determination of a commercially reasonable market price and these factors will vary as well from client to client and trade to trade.
8. In order to assist in the Bank's market making activities, risk position management and other positions vis-a-vis other counterparties' transactions, relevant MCB staff may consult together with a view to making informed decisions over applicable mark-ups. These consultations may include factors such as client trading behavior, expectations and interests, amongst others.

1.2 Disruption Fallback

1. A disruption event (the 'Disruption Event') refers to any event, external to both counterparties of a particular transaction, which considerably affects the related market activity such that the counterparties are unable to settle transactions on the settlement day. Disruption Event can be of different types, including but not restricted to the following: Price source disruption, illiquidity in that market, inconvertibility and/or non-transferability, Government-led action, etc. More specific disruption events in the context of the Bank's activities are 'Price Source' and 'Illiquidity' Disruption. A Price Source Disruption event occurs when it becomes impossible to obtain the Settlement Rate on the Valuation Date. An illiquidity event occurs when it becomes impossible to obtain a firm quote of the Settlement Rate in the Minimum Amount (either in one transaction or in a commercially reasonable number of transactions, which taken together, total the Minimum Amount).
2. A fallback provision ("Fallback") is a pre-defined procedure in reaching an agreement for an alternative means of settling an affected transaction should a Disruption Event arise. The applicable Fallback shall be specified in Term sheets and/or Confirmations accordingly to relevant foreseeable Disruption Events according to the Bank. In the absence of any Disruption Event specified/recognized for any such transaction, then a "No Fault" provision shall apply.
3. "No Fault" termination implies that both parties have taken cognizance of the Disruption Event and are mutually agreeable to the cancellation of the transaction owing to:
 - a. either the fallback provision not being mutually agreeable or
 - b. materializing of a Disruption Event other than 'Price Source' or 'Illiquidity' and/or the absence of an appropriate fallback provision.

In such circumstances, both parties agree to reasonably determine, in good faith, their share of the loss or gain incurred from the transaction, inclusive of any breakage cost.

1.3 Information handling

1. The Bank treats all client information with confidentiality. However, clients' transactions are analysed on an individual or aggregate basis for purposes such as risk management (including counterparty risk management), relationship management and sales coverage. The Bank may be compelled to disclose specific counterparty information as required by applicable law, regulation or a regulatory body.
2. The Bank may use aggregated and anonymised fixed income, foreign exchange, commodities, credit derivative or money market flow information derived from executed transactions to provide its counterparties with market colour.
3. For transactions of large market size, the Bank may use anonymised information to help source liquidity or to execute transactions to reduce market risk.
4. In accordance with changes in data protection laws and regulations, this Trading Disclosure is subordinated to the 'Terms & Conditions Governing Data Protection and Processing' (made available on MCB website) with regards to the collection, processing, storage and protection of Customer Data by the Bank, which shall form an integral part thereof.

This Disclosure may be updated from time to time to address legal, regulatory or industry developments and in prominent MCB is committed to abide by the FX Global Code of Conduct¹.

¹http://www.globalfx.org/fx_global_code.htm