

NEW EUROPEAN OTF Q&A

*Marex Spectron International Limited (MSIL) – existing London based entity
Marex Spectron Europe Limited (MSEL) – new European entity*

OVERVIEW

1. How is Marex Spectron preparing for Brexit?

We are in the process of setting up a new European entity which will be a regulated MiFID investment firm and will have the ability to passport its investment services throughout the EU. The new entity has been incorporated in Ireland (Company number 618432 and LEI number 549300L6UGOUPH04553) and is called Marex Spectron Europe Limited (“MSEL”). We are well advanced with the Central Bank of Ireland authorisation process (pre-approval conditions letter has been received) and expect to obtain regulatory approval during January 2019.

2. What will MSEL do?

MSEL will provide arranging services in REMIT and MIFID II regulated products and unregulated products. MSEL will also operate an organised trading facility (“OTF”) which we will admit to trading a majority of the REMIT and MIFID II products currently offered on the existing MSIL OTF.

3. Is MSEL operational?

Our current implementation plan is targeting 1 March 2019 and we expect to be fully operational before 29 March 2019.

4. Which entities are operating which OTF?

*UK OTF – MSIL
EU OTF – MSEL*

5. Which OTF will clients trade on?

Following Brexit, if you are an EU based client and/or you trade products that will be admitted to trading on the EU OTF, for example European Gas and Power, we expect that we will provide services to you from MSEL. We anticipate that UK based traders will be able to place orders on both the EU and UK OTFs.

6. Will this have an impact on your services?

We do not expect the way that we provide our services to our clients, our trading infrastructure or our legal documents to change materially in order for clients to receive services from MSEL.

7. What are MSEL's venue information; LEI and MIC code?

*Marex Spectron Europe Limited:
LEI: 549300L6UG0LIPH04553
MSEL MIC Code is MSEL*

8. Will MSEL use the FCA's temporary permissions regime?

MSEL has applied to passport its regulated services to EU jurisdictions including the UK whilst it remains within the EU. We understand that the FCA will replace passported services from the EU into the UK with the Temporary Passport Regime ("TPR") which will be available to apply for from January 2019. It is our intention to apply for the TPR when the FCA application window opens in January.

OPERATIONS

9. How will services operating from the UK change - ABC vs MSIL and ABC vs MSEL?

We anticipate that UK and EU based traders will be able to place orders on both the EU and UK OTF's, based on product location.

10. Will the EFET/Equias REMIT reporting service be impacted by Brexit?

We expect REMIT reporting to continue in the same manner as it does today albeit with the agreement with a new legal entity.

11. What resources will MSEL have in place?

MSEL will have a full complement of back-office, technology, risk, compliance and documentation support resources based in Ireland to ensure continuity in our services to clients.

12. Any planned changes to your personnel location?

See previous answer.

13. Planned changes to the location of your matching engines?

Yes. Our new matching engine will be cloud based in Ireland.

PRODUCTS

14. We expect the MSEL OTF to carry the full range of Gas and Power Products that the current MSIL OTF does including UK Gas and Power

ONBOARDING

15. What is the process for onboarding MSEL as a customer?

A full suite of on-boarding documents will be made available upon request to Brexite@marexspectron.com or directly if a previous request has been made.

16. Details of onboarding requirements, including timelines?

A list of MSEL account opening documentation can be found on our website or can be forwarded on request to Brexit@marexspectron.com. Previous on-boarded MSIL clients that are active will be contacted directly during January as current documentation is likely to satisfy our MSEL on-boarding criteria and transfer and on-boarding is expected to take 2 week. New clients to Marex Spectron will be required to provide account opening documentation and on-boarding is expected to take between 4 and 6 weeks.

17. When do you plan to start on boarding clients to MSEL?

We plan to start on-boarding clients from 2 January 2019

18. What documents are required for customer on-boarding to MSEL?

Where customers are previously on-boarded for MSIL (and are still active customers), we will only require new terms of business to be put in place. Where a customer is new to Marex Spectron, standard on-boarding procedures will apply.

19. How is Marex Spectron mitigating the potential for gas and power trades to lose their status of (REMIT) carve-out from MiFID when executing trades on UK based OTFs?

The EU OTF will have the status of a trading venue for the purposes of the REMIT carve out from MIFID II. All products currently traded on the UK OTF will be duplicated on the EU OTF operated by MSEL. The same products will not be traded on both OTFs.

TAX

20. Will VAT be applied on invoices?

Application of VAT depends on where an MSEL customer is located and what they are trading:

- VAT will be applicable to physical trades for customers based in Ireland only.
- Invoices for physical trades for customers elsewhere within the EU may be subject to reverse charge VAT.
- Financial Trades are outside the scope of VAT

OTF RULE BOOK

21. How can we get a copy of the OTF Rulebook?

Please request this from brexit@marexspectron.com and this will be provided when finalised.

22. What are your MiFID II Commodities Position Limit Monitoring / Position Reporting post-Brexit requirements, if any?

Details of commodity position limits and monitoring will be included in the OTF Rulebook. These will be consistent with those currently in force for the UK OTF.

23. PII data

Expect to transfer MIFID II static data to MSEL.