



**NatWest**

## NatWest Markets NV and NatWest Bank Europe GmbH

### New Issue Information to be provided to Issuer Clients

September 2023

This document provides you with information about the processes which will be followed by NatWest Markets NV (“NWM”) and NatWest Bank Europe GmbH (“NWBE”) on new issues of debt capital markets securities to ensure compliance with MiFID II. It contains details of the alternative sources of funding available to you; our allocations principles; hedging activities that may be carried out at or around the time you bring a new issue to market; the circumstances in which we might recommend stabilisation activity on your new issues; and our principles regarding pricing recommendations.

The NWM policies for the selection of Investors for Market Soundings and Investor Roadshows are also available on request.

#### **Alternative Sources of Funding**

Financing alternatives which NWM and NWBE provide, together with an indication of the transaction fees which might arise on each alternative, include:

- (a) Loans - co-ordination, arranging and underwriting fees range between 0 and 325 basis points.
- (b) Asset backed lending – arrangement fees range between 0 and 325 basis points.
- (c) Bonds- underwriting and placing fees range between 0 and 325 basis points.

#### **Cost and Charges**

Please note that:

- (i) The transaction fees stated above are indicative only. Depending on market conditions, your circumstances and other influencing factors, transaction fees may vary outside of these ranges. There may be other alternatives in the bond market. We can provide tailored fee estimates, if required; and
- (ii) equity financing could be another financing alternative but is not listed above because neither NWM nor NWBE generally offer equity financing. Please speak to your Origination contact if you have any questions

The timing of the execution process for bond transactions will depend on the circumstances of each transaction and will be determined in full collaboration with you. The process of structuring, marketing, placing, and pricing will vary depending on the specific transaction, and we will work with you to optimise the execution process. The process may take anything from a few hours to weeks.

The targeted investors for each transaction will be agreed with you at the time of each mandate, in accordance with applicable regulations.

Services relating to the pricing and allotment of bonds will be provided by relevant members of our syndicate and bond origination teams.

## Allocations

Whenever you appoint NWM to act as an active bookrunner on a new issue of bonds we will be involved in making decisions regarding the allocation of bonds to investors on your behalf. You will be sent the proposed allocations and will be asked to approve them. If you do not respond to the proposed allocations sent to you, we will assume that you approve the proposal sent to you.

It is NWM's policy to undertake allocations with integrity, to do so in line with your expectations and objectives and with the general principle of fairness to all parties involved and in accordance with all applicable laws and regulations. We are sending you this document to aid transparency regarding the new issue process and to comply with our regulatory obligations.

In making allocation decisions and recommendations, we will give consideration to a wide range of factors including, but not limited to, the following:

- your preferences, requests or expectations;
- whether investors conform to your preferred investor profile;
- the category or description into which an investor falls (e.g., insurance company, pension fund, fund manager, hedge fund etc.);
- the geographical location of the investor;
- the size of an investor's expressed interest (relative to that investor's portfolio); and the extent to which its expressed interest is consistent with its investment strategy and objectives;
- the reputation of a proposed investor and its behaviour in past issues generally;
- an investor's interest in, and past dealings in, other securities issued by you and by other issuers in your sector;
- the nature and level of interest shown by an investor in your organisation and the particular issue, for example its involvement in road shows and other direct contacts with you;
- any statement by an investor about its intentions (including, but not restricted to, the duration of its holding period, total return objectives) and the perceived credibility of any such statement;
- any indication or reasonable belief that an investor has exaggerated the true extent of its interest, in the expectation of being scaled down;
- any selling restrictions or other relevant legal or regulatory requirements in jurisdictions in which the securities are being offered or sold; and
- the extent to which individual investor ESG profile aligns with the issuer's transaction objectives subject to issuer discretion

In some circumstances it may be appropriate for us to retain securities on our syndicate book or allocate securities to our secondary trading desks in accordance with our internal Allocations Policy. This Policy sets out scenarios in which internal allocations may occur and includes approval and escalation criteria so as to ensure that any potential conflicts of interest are taken into consideration.

NWM has subscribed to the FMSB Standards for the sharing of investor allocation information in the fixed income primary markets (outlined in this report: [Sharing-of-Investor-Allocation-Information-21.01.22-CLEAN-FINAL.pdf \(fmsb.com\)](#)). If you wish to opt out from having any investor allocations in the orderbook shared with our secondary trading desk, please respond in writing to your NWM Syndicate contact.

Please note that where NWM is mandated to act as one of several active bookrunners we may also need to take into account the policies and procedures of the other active bookrunners and in these circumstances we may have a more limited ability to influence the allocation process. Where we are appointed as a passive bookrunner we will not be involved in the allocation process.

Should you have any preferences regarding a specific investor or types of investors which should receive consideration on allocations for a particular transaction, please do inform us soon as possible. We will provide

you with our intended allocation strategy taking into account any such preferences followed by a final allocations proposal for your approval.

### **Hedging activity**

When NWM sells your bonds in the primary market, investors may fund their purchases, or enter into trades related to purchasing your bonds, in a number of ways. They may sell other securities previously issued by you or by another issuer, they may sell the underlying benchmark security against which your new bond is being priced, or they may enter into other trades in the market. NWM may facilitate or be involved in these transactions on behalf of investors. In some circumstances, NWM may also enter into hedging transactions for its own account in connection with your bonds. Please be aware that it is possible, though not the intention, that such transactions could adversely or otherwise affect (i) the price of the underlying benchmark against which your new issue is priced, and by extension the price of your new issue; and (ii) the price of your existing debt securities.

### **Stabilisation**

In some circumstances NWM may recommend that you over-allocate a new issue to allow us and any other bookrunners to either stabilise the deal or make adjustments to allocations in the aftermarket so as to support the price and the orderly distribution of the securities. The regulatory regime permits us to over-allocate and support (i.e., “stabilise”) a transaction within a regulatory ‘safe harbour’ if we do so within certain limits and comply with certain requirements, such as publishing pre- and post-stabilisation notices. If we do not comply with these requirements, we may be in breach of the market abuse regulatory regime. Our policy is to conduct all stabilisation activity in accordance with applicable law and regulation and in a manner which contributes to ensuring fair and orderly markets. We will consult with you if we believe that stabilisation activity is required or recommended on any of your new issues. Not all short positions will constitute stabilisation however and this will be discussed with you in detail during the allocation and pricing process.

### **Principles for Pricing Recommendations**

Following any marketing process that may have been carried out with investors, NWM will recommend a range of likely price and yield outcomes to the issuer/borrower – this is known as “price guidance”. Price guidance may take the form of a specific price or yield or be shown as a spread over an appropriate benchmark. Once price guidance has been agreed with you, the deal will be launched to investors with this price guidance. Where demand is greater than the size of the deal there may be scope to reduce the spread, lower the yield and/or increase the price of the bonds to improve the financing outcome for you.

In providing you with price guidance NWM will give consideration to a wide range of factors including, but not limited to, the following:

- Market sentiment
- Issuer’s credit metrics
- Currency
- Deal size
- Quantum of Issuer’s outstanding debt
- Volume of competing supply in the market
- Timing

NWM is committed to being transparent about the pricing and allocation of your new bond issues. We would be very willing to discuss our allocation principles and new issue processes with you in more detail. If you would like the opportunity to do so, please contact your usual NWM origination or syndicate desk representative.

## **Commercial Arrangements within the NatWest Group<sup>1</sup>**

In some circumstances, NWM will share revenues from the provision of certain investment services with other NatWest Group entities. Such revenues are shared on the basis detailed in the following link: [Commercial arrangements within the NatWest Group](#)

## **Product governance**

Whenever you appoint NWM as an active bookrunner on a bond issue, NWM may act as 'manufacturer or co-manufacturer' with NWBE in accordance with MiFID II and will work with you to originate, design, and issue a transaction. Under these circumstances, NWM or NWM and NWBE respectively will be responsible for complying with the obligations applicable to manufacturers under MiFID II.

## **Conflicts of interest**

NWM and NWBE have arrangements in place including a Conflicts of Interest policy which set out how NWM and NWBE will identify, prevent, or appropriately manage actual and potential conflicts of interest that may arise through the provision of services to you. Further details of the Conflicts of Interest policy are available on request.

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<sup>1</sup> These include National Westminster Bank PLC, The Royal Bank of Scotland plc, The Royal Bank of Scotland International Limited and NatWest Markets N.V.