

**TRADITION  
EXECUTION POLICY**

January 2018

## 1. INTRODUCTION

1.1. This policy sets out the approach of Tradition London Group ('TLG') in relation to taking all sufficient steps when executing an order, receiving and transmitting an order for execution or operating an Organised Trading Facility in a Financial Instrument (as listed in Annex 1) to obtain the best possible result for clients where this obligation applies.

1.2. TLG is composed of the following legal entities:

Tradition (UK) Ltd  
Tradition Financial Services Ltd  
TFS Derivatives Ltd  
TFS-ICAP Ltd  
Tradition London Clearing Ltd

Where there are any specific policies which apply to a particular legal entity or an area of its operations these will be specifically identified or covered by specific sections of this policy.

1.3 TLG operates two Organised Trading Facilities (OTFs):

Tradition OTF is operated by Tradition (UK) Ltd; and  
Tradition-NEX OTF is operated by TFS-ICAP Ltd.

Although OTFs are a form of Trading Venue they exercise discretion in the execution process on orders and therefore the obligation to obtain the best possible results for clients applies to the exercise of this discretion.

1.4 An OTF is able to exercise discretion in two ways:

- (a) when deciding to place or retract an order on the OTF; or
- (b) when deciding not to match a specific client order with other orders available in the systems at a given time.

Further details on how an OTF may exercise discretion are given in Annex 2.

1.5 This Execution Policy should be read in conjunction with the Tradition General Dealing Terms of Business.

1.6 TLG does not owe clients any fiduciary responsibilities over and above the specific regulatory obligations placed upon it or as may be otherwise contracted between TLG and clients. Clients remain responsible for their own investment decisions and TLG is not be responsible for any market trading loss a client may suffer as a result of those decisions.

1.7 The list of the main Execution Venues and execution brokers used by TLG is shown in Annex 3.

1.8 TLG shall owe the duty to obtain the best possible result as described in this policy where it deems the client is placing legitimate reliance on TLG to protect its best interests in relation to pricing and other elements of an interest or order placed with TLG. In assessing legitimate reliance TLG may consider the following factors:

- (a) which party initiated the transaction;
- (b) market practice and the existence of a convention to “shop around”;
- (c) the relative levels of price transparency in the market; and
- (d) the information provided by TLG and any agreement with the client.

## **2. EXECUTION OF TRANSACTIONS**

2.1. TLG may execute transactions as a non-venue investment firm using the following broking models:

- Agency broking
- Matched principal broking
- Execution and give-up broking.

Please refer to Annex 4 for a more detailed description of the broking models used by TLG when executing orders as a non-venue investment firm.

2.2 TLG also operates a number of Trading Venues i.e. Multilateral Trading Facilities (MTFs) and Organised Trading Facilities (OTFs). MTFs are not themselves subject to best possible result requirements as these obligations are on the members or participants of the MTF. OTFs are subject to best possible result requirements; however these obligations are limited to the areas where an OTF can use discretion and hence may be able to influence the execution of a transaction.

## **3. SPECIFIC INSTRUCTIONS**

3.1. Where there is a specific instruction from a client, TLG shall execute the order in line with that instruction.

3.2. Where there is a specific instruction from a client in relation to a specific aspect of an order, TLG shall execute the specific aspect of the order in line with that instruction.

3.3. Where a client has given specific instructions which cover one part or aspect of the order this does not release TLG from its best possible result obligations in respect of any other parts or aspects of the client order that are not covered by such instructions.

3.4. TLG will not induce a client to instruct it to execute an order in a particular way, by expressly indicating or implicitly suggesting the content of the instruction to the client, when TLG ought reasonably to know that an instruction to that effect is likely to prevent it from obtaining the best possible result for that client. TLG is however permitted to invite a client to choose between two or more specified Trading Venues, provided that those venues are consistent with the execution policy of TLG.

3.5. Where TLG invites a client to choose a venue, fair, clear and not misleading information shall be provided to prevent the client from choosing one venue rather than another on the sole basis of the price policy applied by TLG.

3.6. Where a client is using a Direct Market Access (DMA) facility provided by TLG and the client uses that facility to self direct all or part of its order to any particular venue TLG will not be subject to the requirement to provide best execution for any such order or any part thereof.

3.7 In the unlikely event that TLG is required to unwind a client position (for example, where a client is in default under a contractual obligation) TLG will not owe that client a duty of best execution in relation to the trades undertaken to unwind the position.

#### **4. CLIENT CLASSIFICATION**

4.1. TLG only provides investment services to clients classified as either an Eligible Counterparty or a Professional Client.

4.2. TLG does not provide investment services to a client classified as a Retail Client.

#### **5. SCENARIOS WHERE THE OBLIGATION OF BEST POSSIBLE RESULT IS NOT OWED BY TLG**

5.1. TLG only owes an obligation of best execution where it is executing a transaction, receiving and transmitting an order for execution or, for certain aspects, operating as an OTF.

5.2 TLG does not owe an obligation of best execution in relation to where specific instructions have been provided by the client. Please refer to Section 3.

5.3. TLG does not owe an obligation of best possible result to clients classified as an Eligible Counterparty (as set out in Article 30(1) of Directive 2014/65). Note however that when providing services to Eligible Counterparties, TLG must act honestly, fairly and professionally and communicate in a way which is fair, clear and not misleading, taking into account the nature of the Eligible Counterparty and of its business.

5.4 TLG does not owe an obligation of best possible result where the investment service it is providing is the operation of a Multilateral Trading Facility (MTF).

5.5 TLG only owes an obligation of best possible result where the investment service it is providing is the operation of an Organised Trading Facility (OTF) in relation to the exercise by the OTF of discretion in relation to the execution of an order.

#### **6. FACTORS TO BE CONSIDERED WHEN PROVIDING THE BEST POSSIBLE RESULT**

6.1. In order to take all sufficient steps to obtain the best possible result for a client, when executing an order, TLG must take into account the following factors:

- Price
- Costs
- Speed
- Likelihood of execution and settlement
- Size
- Nature
- Any other consideration relevant to the execution of the order

6.2. Although TLG is obliged to deliver the best possible result when executing client orders in all Financial Instruments (as listed in Annex 1), TLG is unable to apply a uniform standard of procedure for best execution owing to differences in market structures, conventions and infrastructure and also due to the different configurations of each Financial Instrument.

6.3. The application of any best execution procedures will therefore take into account the different circumstances surrounding the execution of orders for particular types of Financial Instruments.

6.4. When executing orders outside a Trading Venue, including those in bespoke products, TLG will gather relevant market data to check whether the price shown to a client is fair and ensure the Firm has delivered its obligation to provide best execution.

6.5. The priority of the order execution factors listed in Section 6.1 above is set out in Annex 5.

## **7. VENUES**

7.1. The term “Trading Venue” refers to the one of the following:

- Regulated Market (‘RM’)
- Multilateral Trading Facility (‘MTF’)
- Organised Trading Facility (‘OTF’)
- equivalent third-country exchanges/facilities/platforms (e.g. a Swap Execution Facility)

7.2. The term “Execution Venue” refers to one of the following:

- Trading Venue
- Systemic Internaliser (‘SI’)
- Market Maker
- Other Liquidity Providers
- Third-country firms performing a similar function

## **8. SUMMARY OF THE SELECTION PROCESS FOR EXECUTION VENUES**

8.1 This Execution Policy sets out in general terms the venues on which, or the third party brokers through which, TLG may transact your order. TLG has identified those venues and third party brokers on which or through which it will most regularly seek to execute your orders and which it believes offer the best prospects for achieving the best possible results for clients.

8.2 TLG is able to transact trades on behalf of clients on any of the following execution facilities:

- Trading Venues operated by TLG;
- Execution Venues to which TLG has access either directly via its own memberships or indirectly through a third party; and
- TLG’s client base for trades not executed via an Execution Venue.

8.3 TLG may route a client order through a third party execution broker. In such instances TLG will seek assurances from the third party broker that it will provide TLG with best execution as accorded a) by TLG’s status as their client, b) by the nature of the order and c) to the extent applicable under their execution policy.

The lists of execution venues and third party brokers listed in Annex 3 are not exhaustive but reflective of the venues and third party brokers upon which TLG places the most reliance to deliver the best quality of execution. However TLG reserves the right to use other venues or third party brokers according to the prevailing economic conditions, and liquidity and transparency considerations in the pursuit of attaining the best possible overall result.

8.4 The selection of venues by TLG will take into account the requirements or desire of clients to access and trade on particular venues.

8.5 When selecting the venue on which to transact or third party brokers through which to transact trades we will take reasonable measures to ensure that the selected venue or third party broker obtains the best possible result for clients, subject to the following:

- in the wholesale markets in which TLG operates, TLG can only give clients visibility to prices that have been communicated to us by other clients that operate in the same markets, accordingly any “best outcome” will solely be within these limits;
- TLG will provide details of all tradable bids and offers (subject to the other factors referred to below);
- in certain markets clients are able to define who they are able or willing to trade with. Where this applies a client may not be shown an interest which they would not be able to interact with due to any pre-defined acceptance criteria by a potential counterparty;
- where TLG is acting as an OTF it retains the discretion regarding when to place interests into the market and which interests to match;
- time availability of prices – in many markets there are lulls and spikes in trading as negotiations align trading interests at different times and different parts of the curve, accordingly the “last traded” price may not always be available or act as a reliable indicator of current price;
- TLG cannot allow clients to trade in a market unless we are reasonably satisfied that the client (via an agent or otherwise) is operationally capable of settling the relevant trade;
- TLG cannot control either the cost of credit (credit premium) or credit acceptance between our clients; and
- any applicable regulatory/statutory requirements on how a transaction is concluded arranged or executed.

## **9. PRIOR CONSENT**

9.1. TLG will obtain prior consent in relation to this policy from a client before providing execution services to such a client. Such consent shall be deemed to be given at the time a client becomes a client for the first time and is provided with a copy of or access to this policy or where a client transacts after having been provided with a copy of or access to this policy.

9.2. TLG will obtain prior express client consent from a client before the execution of orders outside a Trading Venue.

9.3. TLG may obtain such consent either in the form of a general agreement or in respect of individual transactions.

## **10. TRANSACTIONS OUTSIDE A TRADING VENUE**

10.1. TLG may under certain conditions execute orders outside a Trading Venue.

10.2 TLG cannot execute transactions outside a Trading Venue when it is acting in a multilateral capacity as defined by MIFID.

10.3. Where TLG executes transactions on behalf of a client outside a Trading Venue, the client may face different counterparty risk in any resulting transaction e.g. the counterparty may be either

TLG or another market participant or client rather than a CCP for the Trading Venue. Transactions outside a Trading Venue may also be more illiquid and positions more difficult to unwind.

## **11. ORDER EXECUTION PROCESS**

11.1. Please refer to Annex 5 for a description of the order execution process for each of the broking models listed in Section 3.

11.2. Where TLG provides a quote from a potential counterparty to a client on the back of receiving a request for quote ('RFQ') from the client, and the quote meets TLG's obligations to take all sufficient steps to obtain the best possible result for the client (as set out under this Policy), where TLG executes the quote at the time it is provided to the client, then TLG will meet those same obligations if the client accepts the quote, provided that, taking into account the changing market conditions and the time elapsed between the offer and acceptance of the quote, the quote is not manifestly out of date.

11.3. Following the execution of a transaction TLG will inform the client upon request of where the transaction took place, e.g. whether the transaction was executed on a Trading Venue or outside of a Trading Venue.

11.4. Where appropriate to provide the appropriate service to its clients and to meet its obligation to provide the best possible result, TLG may engage in pre-execution communications on behalf of a client as defined by the rules of the relevant venue when executing or arranging the execution of a transaction on a venue. TLG will consider a client's continuing business with TLG as consent to this practice.

## **12. SECURITIES FINANCING TRANSACTIONS**

12.1. In order to apply the criteria for best execution TLG may not use the same or same range of venues for securities financing transactions and other transactions.

12.2. This is because securities financing transactions are used by clients as a source of funding subject to a commitment that the borrower will return equivalent securities on a future date and the terms of the securities financing transactions are typically defined bilaterally between the counterparties ahead of the execution.

12.3. Therefore, the choice of venues for securities financing transactions is more limited than in the case of other transactions, given that it depends on the particular terms defined in advance between the counterparties and on whether there is a specific demand on those venues for the financial instruments involved.

12.4. As a result, this policy takes into account the particular characteristics of securities financing transactions and it has listed separately venues used for executing securities financing transactions in Annex 3

## **13. COSTS AND CHARGES**

13.1. TLG will not include costs of execution, which includes its own commission or fees charged to a client for the provision of an investment service, for the purpose of determining the venues as set out in Annex 3.

13.2. TLG may use a single venue either wholly or in a majority of executions on a particular type of Financial Instrument only where it is able to show that this allows it to obtain best execution for its clients on a consistent basis.

13.3. TLG will select a single venue only where it can reasonably expect that the selected venue will enable it to obtain results for clients that are at least as good as the results that the client could reasonably expect from using alternative venues.

13.4. Where TLG is able to execute a transaction on competing venues, TLG will take into account its own commissions and the costs for executing an order on each venue as part of the assessment of the results for the client from the choice of venues available.

13.5. TLG will not structure or charge commissions in such a way to discriminate unfairly between venues. For example, TLG will not charge a different commission or spread to a client for execution on different venues where the difference does not reflect the differences in the costs incurred by TLG of executing on such venues.

#### **14. THIRD-PARTY PAYMENTS**

14.1. TLG will not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular venue which would infringe any of the requirements in relation to conflicts of interest.

14.2. Where TLG does receive third-party payments which do not infringe the requirements on conflicts of interest, TLG will inform clients about any material inducements that TLG may receive from venues.

14.3. Where TLG charges more than one participant in a transaction, (in compliance with Article 24(9) of MIFID II and its implementing measures), TLG will inform its client of the value of any monetary or non-monetary benefits received by TLG. The maximum of any such charge will be the charge for the transaction according to the rate schedule for the TLG Trading Venue where the instrument is available for trading before any potential discount. Where the instrument is not traded on a TLG venue the maximum charge will be made available to clients.

#### **15. QUALITY OF EXECUTION SUMMARIES**

15.1. TLG will make public on an annual basis for each class of financial instrument, the top five venues where client orders were executed during the preceding year as a non-venue investment firm.

15.2. TLG will publish each annual summary on its website by 30th April the following year.

15.3. The summary will include information for each class of financial instruments on the quality of execution obtained by TLG on the execution venues where client orders have been executed.

15.4. Where TLG has acted as a Trading Venue it will make public a quarterly report including the statistics required under the MIFID Regulatory Technical Standards. Such report will contain data relating to the quality of execution of transactions on that venue on at least an annual basis. Periodic reports shall include details about price, costs, speed and likelihood of execution for individual financial instruments.



## **16. MONITORING AND REVIEW**

16.1. TLG will monitor the effectiveness of its order execution arrangements including this policy in order to identify and, where required, implement any potential improvements.

16.2. Such reviews will occur either where a material change occurs that affects TLG's ability to continue to obtain the best possible result for the execution of client orders on a consistent basis using the venues listed in Annex 3 or at least annually.

16.3. TLG will assess on a regular basis the list of venues listed in Annex 3 to ensure the continued use of such venues is enabling TLG to take all sufficient steps to obtain the best possible result for its clients (taking into account the factors listed in Section 7.1 above) when executing or arranging the execution of client orders.

16.4. In particular TLG will assess, on a regular basis, whether the venues included in the order execution policy provide for the best possible result for the client or whether it needs to make changes to its execution arrangements taking into account the information published by such venues.

16.5. In order to obtain the best execution for a client, TLG will compare and analyse relevant data.

16.6. TLG will notify clients of any material changes to either its order execution arrangements or this policy. Such notification may be made via an appropriate website.

## **17. INFORMATION REQUESTS**

17.1. Where a client makes a reasonable and proportionate request for information about TLG's policies or arrangements and how they are reviewed, TLG will respond clearly and within a reasonable time.

17.2. TLG will respond to all reasonable and proportional requests from a client to demonstrate that it has executed orders received from that client in accordance with this policy.

17.3. Furthermore, TLG will respond to any request from the FCA to demonstrate that TLG has complied with the appropriate requirements in Article 27 of MiFID.

## **ANNEX 1 – FINANCIAL INSTRUMENTS**

Transactions executing client orders in the following financial instruments are within the scope of this policy:

- 1) Transferable securities;
- 2) Money-market instruments;
- 3) Units in collective investment undertakings;
- 4) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
- 5) Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
- 6) Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
- 7) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point vi of this Section and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
- 8) Derivative instruments for the transfer of credit risk;
- 9) Financial contracts for differences;
- 10) (Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF;
- 11) Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).

## **ANNEX 2 – SUMMARY OF DISCRETION**

An OTF is able to exercise discretion in two ways:

- (a) when deciding to place or retract an order on the OTF they operate; or
- (b) when deciding not to match a specific client order with other orders available in the systems at a given time, provided it is in compliance with specific instructions received from a client and with its obligations pursuant to Article 27.

The first element is related to how an interest or order from a client is handled; the second element relates to how a transaction may occur. Hence it is possible that the OTF may exercise discretion at either or both of these stages.

The exercise of discretion relates to taking or not taking actions at an instant in time, based on the specific prevailing circumstances e.g. the clients involved, market conditions etc. Standard protocols or general procedures on how particular circumstances may be handled may exist but, as these might provide a number of options, it is in the selection of the particular option of how to handle a specific situation that an OTF exercises discretion.

In general, the exercise of discretion will involve a human element e.g. to take account of the multiplicity of circumstances in deciding how to handle a particular situation. The MIFID rules however are technologically unbiased so that it could be possible for discretion to be coded in some way - although to be able to be classified as “discretion”, the code would need to be able to take all the relevant circumstances into account in “deciding” how to handle an order or execute a trade e.g. using artificial intelligence. TLG’s OTFs all exercise discretion by the human interaction and involvement in the order handling and execution process.

In the markets where the OTFs operate, there tend to be low levels of centralised liquidity in the sizes that clients may wish to transact. Even where there are centralised platforms, these tend to form part of an overall hybrid operation where the human broking element is a key part of facilitating trades other than small, standardised trades which can be executed efficiently through purely electronic platforms.

In OTF operations, a key element of the activities is the negotiation and arrangement of the trades. This is achieved by the OTF facilitating anonymous discussions between counterparties. These communications are almost exclusively of indications of interest rather than actionable indications of interest (AIOI) or orders. The reason for this is that although most of the key elements of the transaction may be communicated, not all of the factors will be communicated so that it is not possible to conclude a transaction until all the relevant aspects have been defined and agreed. The OTF therefore plays a key role in the lead up to the generation of an AIOI or order and any subsequent transaction.

A further key part of the OTF’s role is to understand clients’ requirements in order to offer them the most appropriate services. Instruments can be very bespoke and therefore the detailed factors of any transaction will potentially have differing importance to different clients. Brokers have long-

standing relationships with clients to understand expectations and requirements in order to best manage any interests, orders or trades on their behalf.

The range of factors which may influence the use of discretion in any particular circumstances is very wide and it is not possible to define this range exclusively. Outlined below are some of the more important factors which may be relevant in the use of discretion in the handling of an order or execution of a trade:

1 Place or retract an order

- current market activity;
- current market volatility;
- current market liquidity;
- market news;
- announcements of key economic statistics;
- government policy announcements;
- pre-defined timing of formal announcements e.g. by governments;
- inter-dependency of separate legs of transactions e.g. in different markets or instruments;
- availability of key traders at significant market players, Systematic Internalisers or market makers or other liquidity providers e.g. holidays, away from desk temporarily;
- time of day and status of markets in other geographical areas or time zones e.g. overlap of UK business hours with US business hours;
- whether the transaction may be executed on a cleared basis;
- broker understanding of a client's trading activity and strategy;
- whether the market is just opening or transferring to the European time zone or closing or transferring out of the European time zone;
- whether the market has any defined key price formation points e.g. intra-day auctions;
- whether the market has any defined key reference price determination points e.g. benchmarks.

2 If, when and how much to match

- the assessment of how long a potential matching price may continue to be available;
- the assessment as to whether further negotiation may lead to improved terms for a client;
- known credit considerations between the counterparties;
- known ability for clients to be able to face each other e.g. legal documentation;
- preference or ability or lack of ability of clients to deal with US Persons or other circumstances which may require a trade to be formally executed on a SEF;
- known operational weaknesses at clients;

- known preferences of a client for acceptable or preferred counterparties;
- factors that may affect the smooth settlement of the transaction e.g. local holiday for a potential counterparty;
- known client preferences for avoiding dealing with counterparties in particular jurisdictions or geographical zones e.g. countries with weak financial structures or subject to some form of sanctions;
- known priorities of clients for executing transactions e.g. certainty of execution, best price, single rather than multiple counterparties.

### ANNEX 3 – EXECUTION VENUES AND EXECUTION BROKERS

TLG executes transactions using the following Execution Venues either directly or via third party execution brokers, for executing or arranging the execution of orders in transactions other than securities financing transactions:

- Tradition OTF
- Tradition-NEX OTF
- Trad-X
- Tradition SEF
  
- CBOT
- CLTX
- CME
- Eurex
- Euronext
- Euronext Derivatives
- European Energy Exchange
- ICE ENDEX
- ICE Futures Europe
- ICE Futures US
- IDEX
- London Stock Exchange
- London Stock Exchange Derivatives
- MEFF
- NASDAQ Energy Futures
- NASDAQ OMX Commodities
- NASDAQ OMX Derivatives
- NYMEX
- OMIP
- Powernext
- SGX
  
- ASX
- ATHENS EXCHANGES S.A.
- BOLSA MEXICANA DE VALORES (MEXICAN STOCK EXCHANGE)
- BORSA ISTAMBUL
- BUDAPEST STOCK EXCHANGE
- BURSA MALAYSIA
- ELECTRONIC SHARE MARKET
- HANOI STOCK EXCHANGE
- HONG KONG EXCHANGES AND CLEARING LTD
- INDONESIA STOCK EXCHANGE
- IRISH STOCK EXCHANGE
- JOHANNESBURG STOCK EXCHANGE
- KOREA EXCHANGE (STOCK MARKET)
- LJUBLJANA STOCK EXCHANGE (OFFICIAL MARKET)
- LONDON STOCK EXCHANGE
- LUXEMBOURG STOCK EXCHANGE
- MERCADO CONTINUO ESPANOL
- MOSCOW EXCHANGE

- NASDAQ
- NASDAQ OMX HELSINKI LTD
- NASDAQ OMX NORDIC
- NEW YORK STOCK EXCHANGE INC
- NEW ZEALAND EXCHANGE LTD
- NYSE ARCA
- NYSE EURONEXT – EURONEXT AMSTERDAM
- NYSE EURONEXT – EURONEXT BRUSSELS
- NYSE EURONEXT – EURONEXT LISBON
- NYSE EURONEXT – EURONEXT PARIS
- NYSE MKT LLC
- OMX NORDIC EXCHANGE COPENHAGEN A/S
- OSLO BORS ASA
- PHILIPPINE STOCK EXCHANGE INC
- PRAGUE STOCK EXCHANGE
- SINGAPORE EXCHANGE
- SIX SWISS EXCHANGE AG
- SPOT REGULATED MARKET – BVB
- STOCK EXCHANGE OF THAILAND
- SWISS EXCHANGE
- TAIWAN STOCK EXCHANGE
- TEL AVIV STOCK EXCHANGE
- TOKYO STOCK EXCHANGE
- TORONTO STOCK EXCHANGE
- US OTC
- WARSAW STOCK EXCHANGE
- WIENER BOERSE AG
- XETRA
- ZAGREB STOCK EXCHANGE

TLG executes transactions using the following Execution Venues for executing orders securities financing transactions:

- Tradition OTF
- Elixium

TLG uses a number of third party execution brokers to execute transactions. The main third party execution brokers are as follow:

- ABN AMRO Clearing Chicago LLC
- Banco de Sabadell
- BMO Capital Markets Limited
- CIMB Securities (Singapore) Pte Ltd
- CM Capital
- EQUITA SIM SpA
- Instinet Europe Limited
- JANE STREET FINANCIAL LIMITED
- KCG Europe Limited

- Merrill Lynch International
- Optiver VOF
- SCB Securities Co., Ltd
- Susquehanna International Securities Ltd
- Tradition Securities and Derivatives Inc
- Tradition Securities and Futures SA
- Vantage Capital Markets



## **ANNEX 4 - EXECUTION PROCESSES**

### **Introduction**

The main business of an wholesale broker (broker) is to provide access to the wholesale or exchange traded pools of liquidity, across a full range of asset classes and their associated derivatives. Typically, brokerage activity takes place in the wholesale financial markets, which include cash deposits, financial derivatives, securities, equities, commodities, energy, and credit.

The primary function of a broker is to act as an intermediary through which other wholesale market participants can conclude transactions by the matching of their trading needs with third party wholesale market participants having reciprocal interests.

Trading is conducted on an 'arms length' basis with counterparties who do not rely on the broker. Typically, counterparties in these markets would be wholesale market participants consisting of clearing and investment banks, investment firms, building societies, pension, public sector bodies, life and hedge funds etc and would not include any retail clients as defined under the rules of the relevant regulatory authorities.

The majority of the brokerage activities are based on the principle of matching fast moving bids and offers. Prices, orders and expressions of interest will be communicated across a variety of mediums, including telephone, instant messaging systems, price display screens, or by electronic trading systems.

In each market, brokers will communicate to the clients whether bids and offers are 'firm' or 'indicative' – in most cases unless otherwise stipulated during the course of dealing, market quotes provided by brokers represent tradable prices based on clients' bids and offers and market information then available.

Brokers will endeavour to match the counterparties trading requirement or orders with other trading interests in the market. In most cases this means that brokers can only give the counterparty access to their own liquidity pools, and will pass prices or orders to and from its other clients. Brokers may use link brokers with whom they have a relationship in order to arrange a trade between its client and a client of the linked broker.

Brokers, as instructed, will arrange trades on behalf of a client, based either on a price or order that the client has placed with them, or as confirmed by the client following a period of negotiation.

Brokers utilise price dissemination screens in their role as voice brokers, and illustrate an actual or indicative prices based on actual trading, orders and indications of interest. While brokers intend to provide clients with the most accurate and reflective view of current price levels, it may not be possible to actually trade at the displayed prices if a corresponding interest or order is not then available.

Unless otherwise communicated to the client before trading, all interests or orders submitted to a broker's venue will be traded on price/time priority and for an OTF subject to the exercise of discretion. Clients will also be able to view the full depth of the market. Execution occurs on the basis of active acceptance of interests or orders in the system submitted by other users. Eligibility, trading methodology, instrument descriptions and credit parameters are all set out in the Rulebooks for the relevant venue.

## Business Models

To facilitate this activity brokers engage their clients on both an electronic and voice basis. In most cases brokers arrange trades on an 'arranging' basis. However there are also two other main brokerage business models: 'matched principal' and 'exchange give-up'.

In the cash equity and fixed income products, brokers may act on a 'matched principal' basis to the trade in order to provide anonymity to ensure confidentiality to its clients and may engage in aggregation of trades to reduce the number of settlement counterparties.

In the derivatives and some commodities markets, where a derivative or commodity exchange exists (e.g. ICE Futures Europe, Eurex, CME etc), the broker receiving a client order may engage in exchange trading under its own or a third parties name in the capacity of an 'Executing Broker' and give-up the trade to a client's clearer before the close of the day. Under this 'exchange give-up' model the broker is subject to intraday exposure of this principal position until the trade is accepted by the client.

### 1. Arranging

The arranging brokerage model is the traditional model, through which the broker takes on an arranging role in a transaction between two or more counterparties. The broker, through price dissemination, distributes interests or quotes to other market participants. For voice brokered products, these prices and volumes are dependant upon market convention, either firm or indicative levels of interest, and must be confirmed prior to the trade being completed. For electronic brokered products through MTFs, these prices and volumes are typically firm and are traded without further communication.

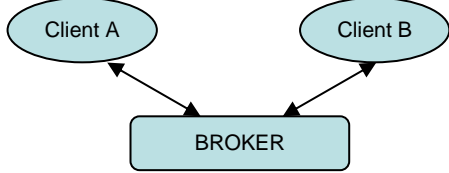
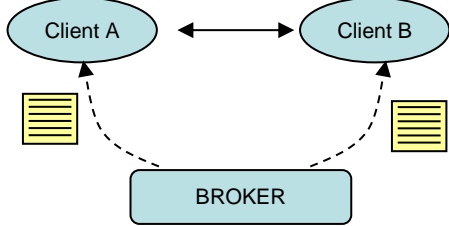
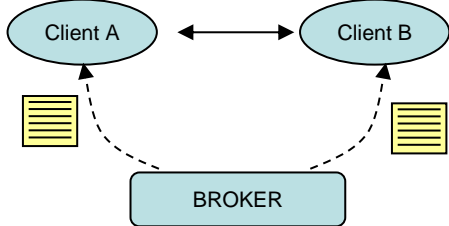
Once the trade price, volume and all other terms have been agreed, either through further conversation with the broker or with the direct hit or lifting of prices on an MTF, the counterparty names are disclosed. A contract is then created between the two counterparties or, when the transaction is cleared, between the client and the relevant Clearing House and the broker will invoice the brokerage fee on a monthly basis

#### Example – Arranging



= **broker custodian**

Step 1	<pre>graph TD; A([Client A]) --&gt; B[BROKER]; B --&gt; C([Client C]); B &lt;--&gt; D([Client B]);</pre>	<ul style="list-style-type: none"><li>• BROKER provides access to the venue for trading.</li><li>• BROKER facilitates interests and quotes from clients and publishes them on an anonymous basis as an indication of the current market price.</li></ul>
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Step 2		<ul style="list-style-type: none"> <li>Once BROKER has two or more interested clients, the price and trade terms are verified.</li> </ul>
Step 3		<ul style="list-style-type: none"> <li>Once a trade has been confirmed as good, BROKER discloses the clients' names.</li> <li>A bilateral trade is then formed between the two clients or between the clients and the relevant Clearing House.</li> <li>BROKER sends a broker confirmation to each client.</li> </ul>
Step 4		<ul style="list-style-type: none"> <li>At the end of the month, an invoice is sent to each client for the brokerage value for their trading activity.</li> </ul>

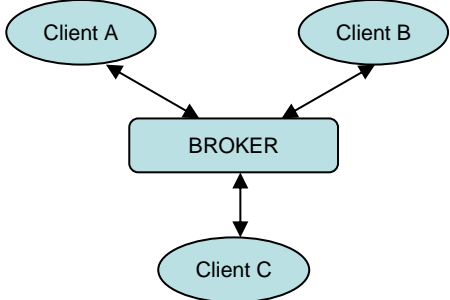
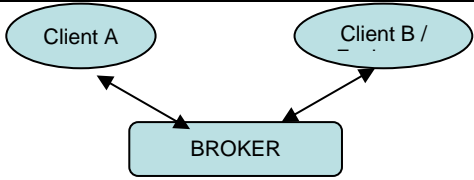
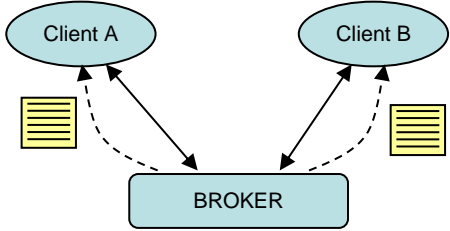
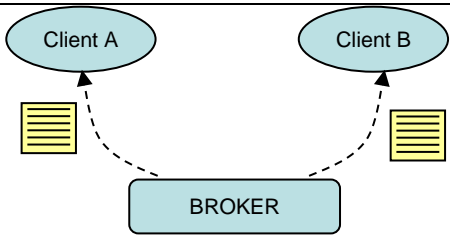
## 2. Matched Principal

In the matched principal model, the broker facilitates its clients in anonymous trading activity in cash products by taking part in a matched transaction as principal. The broker provides an indication of market prices and volumes for fixed income products (e.g. investment grade bonds), or for exchange traded cash equity products the client can use the exchange as an indication of the market.

The broker will not trade speculatively for a client or for his own book in the market. The trade will only be executed as a result of a firm client order to buy or sell at a set price or size. Once the trade is complete, price, volume and terms are communicated through the broker and back office confirmations.

Settlement is made between each client based on the market convention. In matched principal transactions a broker firm will deal for its own account and will absorb the risk of the trading counterparties during the settlement cycle of the transaction. The remuneration of the broker is often in the form of a margin or difference between the prices agreed with each transacting counterparty or the difference between the price paid by the client and the price achieved through a third party executing broker, exchange or venue. The apportionment of such margin or difference can be set by market convention or varied by agreement. Alternatively it can be driven by other factors, for example market conditions, volatility, liquidity, bid/offer spread, and settlement costs.

### Example – Matched Principal

<p><i>Step 1</i></p>		<ul style="list-style-type: none"> <li>• BROKER provides access to the venue for the trading of fixed income securities.</li> <li>• BROKER facilitates interests and quotes from clients and publishes them on an anonymous basis as an indication of the current market price in the market. This service is not required for exchange-based trading as the market rate is widely known.</li> </ul>
<p><i>Step 2</i></p>		<ul style="list-style-type: none"> <li>• For OTF or MTF transactions, once BROKER has two or more interested clients, the price and trade terms are verified.</li> <li>• For exchange-based transactions, a firm client order is given (either volume or price) prior to the execution of the order against the exchange.</li> </ul>
<p><i>Step 3</i></p>		<ul style="list-style-type: none"> <li>• Once BROKER is certain of execution (or potential for execution) on both sides of a trade, it confirms the trade against the two clients.</li> <li>• BROKER sends a confirmation to each client of the principal transaction.</li> </ul>
<p><i>Step 4</i></p>		<ul style="list-style-type: none"> <li>• Settlement is made with each client based on the market convention.</li> </ul>

### 3. Exchange Give-Up

In addition to name passing and matched principal brokerage models, brokers can facilitate the trading activity of their clients on derivative and commodity exchanges (e.g. Ice Futures Europe, Eurex, CME, etc). Upon receiving the relevant price information from the broker, the client will instruct the broker to place an order on the appropriate exchange, either in its own name (if a member of the exchange) or through

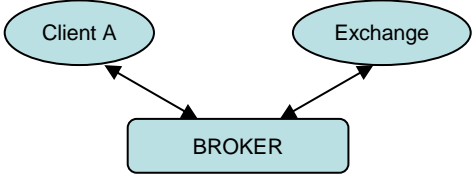
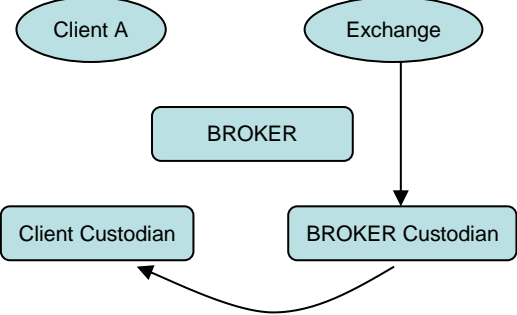
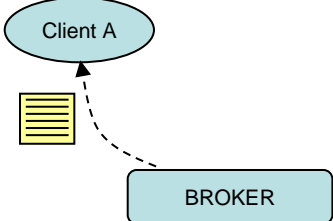
a third party. The broker can provide the client with an indication of the market based on the current price and volume activity on the exchange.

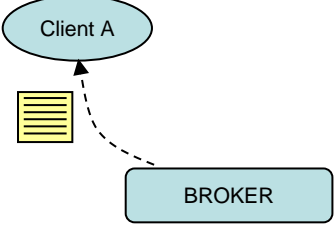
Once the execution has occurred, the executed position is then given-up to the client through the clearing services of the exchange clearing house. This process typically occurs within the day and so the broker will have no house position at the end of each day and will be flat. During the give-up process the broker will maintain a daylight position until the trade is taken-up by the client.

At the end of each month, the broker will invoice the client for the trading activity during that month.

A derivation of this business model is where trades are crossed or blocked on the exchange to provide the clients with a settlement process through a central counterparty (CCP settlement).

### Example – Exchange Give-Up

Step 1		<ul style="list-style-type: none"> <li>• BROKER provides an indication of the current trading level on the exchange to their clients, if required.</li> <li>• BROKER, on the back of a client order, hits/lifts the price and quantity on the exchange. Alternatively the broker may 'block trade' the order on the exchange between the two clients providing certain conditions and size criteria are satisfied.</li> </ul>
Step 2		<ul style="list-style-type: none"> <li>• Once BROKER has executed the trade on the exchange, it is delivered directly into BROKER's house account at their custodian for that exchange.</li> <li>• BROKER then instructs for the onward delivery of the trade to their client's account.</li> <li>• The client acknowledges the trade and takes the position into their accounts.</li> </ul>
Step 3		<ul style="list-style-type: none"> <li>• BROKER sends a broker confirmation to the client.</li> </ul>

<p><i>Step 4</i></p>		<ul style="list-style-type: none"> <li>• At the end of the month, an invoice is sent to the client for the brokerage total for their trading activity.</li> </ul>
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## ANNEX 5 – PRIORITISATION OF EXECUTION FACTORS

Asset Class	Execution Factor Priority	Explanation
Equities – shares and depositary receipts	<ol style="list-style-type: none"> <li>1) Price</li> <li>2) Costs</li> <li>3) Speed</li> <li>4) Likelihood of execution and settlement</li> <li>5) Size</li> <li>6) Nature</li> <li>7) Any other consideration relevant to the execution of the order</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> <li>• where volume discovery is the primary purpose of the order as opposed to price discovery where <i>size</i> will more significant.</li> </ul>
Debt Instruments – Bonds and Money Market Instruments – liquid markets	<ol style="list-style-type: none"> <li>1) Price</li> <li>2) Speed</li> <li>3) Size</li> <li>4) Likelihood of execution and settlement</li> <li>5) Costs</li> <li>6) Nature</li> <li>7) Any other consideration relevant to the execution of the order</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> <li>• where volume discovery is the primary purpose of the order as opposed to price discovery where <i>size</i> will more significant.</li> <li>• whether the order is executed using an execution venue or OTC.</li> </ul>
Debt Instruments – Bonds and Money Market Instruments – illiquid markets	<ol style="list-style-type: none"> <li>1) Likelihood of execution and settlement</li> <li>2) Price</li> <li>3) Size</li> <li>4) Speed</li> <li>5) Costs</li> <li>6) Nature</li> <li>7) Any other consideration relevant to the execution of the order</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> <li>• where volume discovery is the primary purpose of the order as opposed to price discovery where <i>size</i> will more significant.</li> <li>• whether the order is executed using an execution venue or OTC.</li> </ul>

Asset Class	Execution Factor Priority	Explanation
Interest Rate Derivatives –futures and options admitted to trading on a venue – liquid markets	<ol style="list-style-type: none"> <li>1) Price</li> <li>2) Size</li> <li>3) Speed</li> <li>4) Costs</li> <li>5) Likelihood of execution and settlement</li> <li>6) Nature</li> <li>7) Any other consideration relevant to the execution of the order</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>
Interest Rate Derivatives –futures and options admitted to trading on a venue – illiquid markets	<ol style="list-style-type: none"> <li>1) Likelihood of execution and settlement</li> <li>2) Price</li> <li>3) Costs</li> <li>4) Size</li> <li>5) Speed</li> <li>6) Nature</li> <li>7) Any other consideration relevant to the execution of the order</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>



Asset Class	Execution Factor Priority	Explanation
Interest Rate Derivatives – futures and options – Block Trades executed away from the venue order book	<ol style="list-style-type: none"> <li>1) Nature</li> <li>2) Any other consideration relevant to the execution of the order</li> <li>3) Size</li> <li>4) Speed</li> <li>5) Price</li> <li>6) Likelihood of execution and settlement</li> <li>7) Costs</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>
Interest Rate Derivatives – swaps, forwards and other derivatives - liquid markets	<ol style="list-style-type: none"> <li>1) Price</li> <li>2) Size</li> <li>3) Speed</li> <li>4) Likelihood of Execution</li> <li>5) Costs</li> <li>6) Nature</li> <li>7) Other Considerations</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>

Asset Class	Execution Factor Priority	Explanation
Interest Rate Derivatives – swaps, forwards and other derivatives - illiquid markets	<ol style="list-style-type: none"> <li>1) Size</li> <li>2) Price</li> <li>3) Likelihood of execution and settlement</li> <li>4) Speed</li> <li>5) Costs</li> <li>6) Nature</li> <li>7) Any other consideration relevant to the execution of the order</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>
Credit Derivatives –futures and options admitted to trading on a venue – liquid markets	<ol style="list-style-type: none"> <li>1) Price</li> <li>2) Size</li> <li>3) Speed</li> <li>4) Costs</li> <li>5) Likelihood of execution and settlement</li> <li>6) Nature</li> <li>7) Any other consideration relevant to the execution of the order</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>

Asset Class	Execution Factor Priority	Explanation
Credit Derivatives –futures and options admitted to trading on a venue – illiquid markets	<ol style="list-style-type: none"> <li>1) Likelihood of execution and settlement</li> <li>2) Price</li> <li>3) Costs</li> <li>4) Size</li> <li>5) Speed</li> <li>6) Nature</li> <li>7) Any other consideration relevant to the execution of the order</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>
Credit Derivatives – futures and options – Block Trades executed away from the venue order book	<ol style="list-style-type: none"> <li>1) Nature</li> <li>2) Any other consideration relevant to the execution of the order</li> <li>3) Size</li> <li>4) Speed</li> <li>5) Price</li> <li>6) Likelihood of execution and settlement</li> <li>7) Costs</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>

Asset Class	Execution Factor Priority	Explanation
Credit Derivatives – swaps and other derivatives - liquid markets	1) Price 2) Size 3) Speed 4) Likelihood of Execution 5) Costs 6) Nature 7) Other Considerations	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>
Credit Derivatives – swaps and other derivatives - illiquid markets	1) Size 2) Price 3) Likelihood of execution and settlement 4) Speed 5) Costs 6) Nature 7) Any other consideration relevant to the execution of the order	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>

Asset Class	Execution Factor Priority	Explanation
Currency Derivatives –futures and options admitted to trading on a venue – liquid markets	1) Price 2) Size 3) Speed 4) Costs 5) Likelihood of execution and settlement 6) Nature 7) Any other consideration relevant to the execution of the order	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>
Currency Derivatives –futures and options admitted to trading on a venue – illiquid markets	1) Likelihood of execution and settlement 2) Price 3) Costs 4) Size 5) Speed 6) Nature 7) Any other consideration relevant to the execution of the order	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>

Asset Class	Execution Factor Priority	Explanation
Currency Derivatives – futures and options – Block Trades executed away from the venue order book	<ol style="list-style-type: none"> <li>1) Nature</li> <li>2) Any other consideration relevant to the execution of the order</li> <li>3) Size</li> <li>4) Speed</li> <li>5) Price</li> <li>6) Likelihood of execution and settlement</li> <li>7) Costs</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>
Currency Derivatives – swaps, forwards and other derivatives - liquid markets	<ol style="list-style-type: none"> <li>1) Price</li> <li>2) Size</li> <li>3) Speed</li> <li>4) Likelihood of Execution</li> <li>5) Costs</li> <li>6) Nature</li> <li>7) Other Considerations</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>

Asset Class	Execution Factor Priority	Explanation
Currency Derivatives – swaps, forwards and other derivatives - illiquid markets	<ol style="list-style-type: none"> <li>1) Size</li> <li>2) Price</li> <li>3) Likelihood of execution and settlement</li> <li>4) Speed</li> <li>5) Costs</li> <li>6) Nature</li> <li>7) Any other consideration relevant to the execution of the order</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>
Structured Finance Instruments – liquid markets	<ol style="list-style-type: none"> <li>1) Price</li> <li>2) Speed</li> <li>3) Size</li> <li>4) Likelihood of execution and settlement</li> <li>5) Costs</li> <li>6) Nature</li> <li>7) Any other consideration relevant to the execution of the order</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>

Asset Class	Execution Factor Priority	Explanation
Structured Finance Instruments – illiquid markets	<ol style="list-style-type: none"> <li>1) Likelihood of execution and settlement</li> <li>2) Price</li> <li>3) Size</li> <li>4) Speed</li> <li>5) Costs</li> <li>6) Nature</li> <li>7) Any other consideration relevant to the execution of the order</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>
Equity Derivatives –futures and options admitted to trading on a venue – liquid markets	<ol style="list-style-type: none"> <li>1) Price</li> <li>2) Size</li> <li>3) Speed</li> <li>4) Costs</li> <li>5) Likelihood of execution and settlement</li> <li>6) Nature</li> <li>7) Any other consideration relevant to the execution of the order</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>



Asset Class	Execution Factor Priority	Explanation
Equity Derivatives –futures and options admitted to trading on a venue – illiquid markets	<ol style="list-style-type: none"> <li>1) Likelihood of execution and settlement</li> <li>2) Price</li> <li>3) Costs</li> <li>4) Size</li> <li>5) Speed</li> <li>6) Nature</li> <li>7) Any other consideration relevant to the execution of the order</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>
Equity Derivatives – futures and options – Block Trades executed away from the venue order book	<ol style="list-style-type: none"> <li>1) Nature</li> <li>2) Any other consideration relevant to the execution of the order</li> <li>3) Size</li> <li>4) Speed</li> <li>5) Price</li> <li>6) Likelihood of execution and settlement</li> <li>7) Costs</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>

Asset Class	Execution Factor Priority	Explanation
Equity Derivatives – swaps, forwards and other derivatives - liquid markets	1) Price 2) Size 3) Costs 4) Speed 5) Likelihood of Execution 6) Nature 7) Other Considerations	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>
Equity Derivatives – swaps, forwards and other derivatives - illiquid markets	1) Likelihood of execution and settlement 2) Price 3) Size 4) Speed 5) Costs 6) Nature 7) Any other consideration relevant to the execution of the order	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>

Asset Class	Execution Factor Priority	Explanation
Securitized Derivatives – Warrants and Certificate Derivatives	<ol style="list-style-type: none"> <li>1) Likelihood of execution and settlement</li> <li>2) Costs</li> <li>3) Speed</li> <li>4) Size</li> <li>5) Price</li> <li>6) Nature</li> <li>7) Any other consideration relevant to the execution of the order</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>
Securitized Derivatives – other derivatives	<ol style="list-style-type: none"> <li>1) Size</li> <li>2) Price</li> <li>3) Likelihood of execution and settlement</li> <li>4) Speed</li> <li>5) Costs</li> <li>6) Nature</li> <li>7) Any other consideration relevant to the execution of the order</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>

Asset Class	Execution Factor Priority	Explanation
Commodity Derivatives (including emissions allowance derivatives) – futures and options admitted to trading on a venue – liquid markets	8) Price 9) Size 10)Speed 11)Costs 12)Likelihood of execution and settlement 13)Nature 14)Any other consideration relevant to the execution of the order	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>
Commodity Derivatives (including emissions allowance derivatives) – futures and options admitted to trading on a venue – illiquid markets	8) Likelihood of execution and settlement 9) Price 10)Costs 11)Size 12)Speed 13)Nature 14)Any other consideration relevant to the execution of the order	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>

Asset Class	Execution Factor Priority	Explanation
Commodity Derivatives (including emissions allowance derivatives) – futures and options – Block Trades executed away from the venue order book	<ol style="list-style-type: none"> <li>1) Nature</li> <li>2) Any other consideration relevant to the execution of the order</li> <li>3) Size</li> <li>4) Speed</li> <li>5) Price</li> <li>6) Likelihood of execution and settlement</li> <li>7) Costs</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>
Commodity Derivatives (including emissions allowance derivatives) – swaps, forwards and other derivatives - liquid markets	<ol style="list-style-type: none"> <li>1) Price</li> <li>2) Size</li> <li>3) Speed</li> <li>4) Likelihood of Execution</li> <li>5) Costs</li> <li>6) Nature</li> <li>7) Other Considerations</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>

Asset Class	Execution Factor Priority	Explanation
Commodity Derivatives (including emissions allowance derivatives) – swaps, forwards and other derivatives - illiquid markets	<ol style="list-style-type: none"> <li>1) Size</li> <li>2) Price</li> <li>3) Likelihood of execution and settlement</li> <li>4) Speed</li> <li>5) Costs</li> <li>6) Nature</li> <li>7) Any other consideration relevant to the execution of the order</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>
Contracts for Difference – liquid markets	<ol style="list-style-type: none"> <li>1) Price</li> <li>2) Speed</li> <li>3) Size</li> <li>4) Likelihood of execution and settlement</li> <li>5) Costs</li> <li>6) Nature</li> <li>7) Any other consideration relevant to the execution of the order</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>

Asset Class	Execution Factor Priority	Explanation
Contracts for Difference – illiquid markets	<ol style="list-style-type: none"> <li>1) Likelihood of execution and settlement</li> <li>2) Price</li> <li>3) Size</li> <li>4) Speed</li> <li>5) Costs</li> <li>6) Nature</li> <li>7) Any other consideration relevant to the execution of the order</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>
Exchange traded products – (Exchange traded funds, Exchange traded notes, exchange traded commodities) – liquid markets	<ol style="list-style-type: none"> <li>1) Price</li> <li>2) Size</li> <li>3) Speed</li> <li>4) Costs</li> <li>5) Likelihood of execution and settlement</li> <li>6) Nature</li> <li>7) Any other consideration relevant to the execution of the order</li> </ol>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>

Asset Class	Execution Factor Priority	Explanation
Exchange traded products – (Exchange traded funds, Exchange traded notes, exchange traded commodities) – illiquid markets	1) Likelihood of execution and settlement 2) Price 3) Costs 4) Size 5) Speed 6) Nature 7) Any other consideration relevant to the execution of the order	There may be scenarios where the priority of execution factors will change for example: <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>
Emissions allowances – liquid markets	1) Price 2) Speed 3) Size 4) Likelihood of execution and settlement 5) Costs 6) Nature 7) Any other consideration relevant to the execution of the order	There may be scenarios where the priority of execution factors will change for example: <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>



Asset Class	Execution Factor Priority	Explanation
Emissions allowances – illiquid markets	1) Likelihood of execution and settlement 2) Price 3) Size 4) Speed 5) Costs 6) Nature 7) Any other consideration relevant to the execution of the order	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> <li>• where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;</li> <li>• where the characteristics of each individual order such as client preferences, <i>nature</i> will be more significant;</li> <li>• where there are unusual market conditions, <i>speed</i> and <i>likelihood of execution</i> will become more important;</li> <li>• when the order is received during the day and/or the size of order may affect the significance of <i>speed</i> and <i>likelihood of execution</i>.</li> <li>• due to a lack of liquidity on a particular venue or across venues where <i>likelihood of execution</i> and <i>speed</i> will become more important;</li> </ul>
Other instruments		