



Citco Custody Limited  
Order Execution Policy

**January 2018**

**CITCO**

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## 1. Introduction

Citco Custody Limited (“**CCL**”) shall act honestly, fairly and professionally in accordance with the best interest of its Clients. This Order Execution Policy (the “**Policy**”) sets out the main rules around Best execution, how these are implemented and the governance arrangements around ensuring that CCL provides and monitors Best execution consistently.

Best execution is the requirement to take all sufficient steps to obtain, when executing Orders or when placing Orders with, or transmitting Orders to other entities to execute, the best possible result for Clients taking into account all relevant factors on a consistent basis. The definition of best possible result will vary and one must take into account a range of execution factors such as price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an Order.

It is under this duty that, even for activities or products that are technically outside of the Best execution regime, we always endeavour to act in the best interests of our Clients.

Upon acceptance of a client Order and when there is no specific client instruction regarding the execution method, CCL will execute an Order in accordance with this Policy.

### 1.1 Purpose

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The purpose of this Policy is to describe the way CCL executes Orders in specific financial instruments and sets out the standard for Best execution, as required by the Markets in Financial Instruments Directive 2014/65/EU (MiFID) and taking into account the niche market CCL operates in, when executing Orders for our Clients. It describes what kind of information is disclosed to the Client, either via the public website, in person or via other means such as the documented Terms of Business.

### 1.2 Scope

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This Policy applies to ‘Professional Clients’ (within the meaning of MiFID) (the “**Client**” or “**Clients**”). All clients are categorised as professional and this forms part of the contract with CCL. Clients should have received a formal notification from CCL informing them of their client categorisation.

The Policy applies to all Clients and to the following financial instruments:

- Units in collective investment undertaking (the “Funds”).

Note that this policy does not apply to Eligible Counterparties; accordingly, we will not owe Best execution in transactions entered into with Eligible Counterparties, unless CCL agrees otherwise.

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## 1.3 Client Consent

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We are required to obtain your prior consent to the terms of this Policy. You will be deemed to have provided such consent and to have accepted this policy whenever you provide an instruction. Where a Client makes reasonable and proportionate request for information about our policies or arrangements and how they are reviewed, CCL shall answer clearly and within a reasonable timeframe.

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## 1.4 Treatment and Violation of this policy

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Any violation of this Policy is to be reported to the Compliance Officer for CCL. For audit trail and administration purposes, such reports are sent via e-mail to [nfarrugia@citco.com](mailto:nfarrugia@citco.com). For further information on the application of this Policy and the (best) execution requirements, please consult [nfarrugia@citco.com](mailto:nfarrugia@citco.com).

# 2. Best Execution Obligation

With the transmission of a Client Order in Funds, CCL has an obligation to obtain the best possible result for that Client. Best execution requirements for CCL are dependent on the type of trade and the Client.

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## 2.1 Execution Factors

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When executing Client Orders, CCL will take into account a number of factors, including:

- Available price in the market; When executing Orders or taking decision to deal in OTC products including bespoke products, CCL shall check the fairness of the price proposed to the Client, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

At no time will CCL exercise any discretion over the price obtained or any other execution factors. All execution factors are either specifically instructed by the Clients or dictated by the administrator or transfer agent ("**TA**") acting for the Fund.

- Transaction costs (including fees charged for execution on any particular venue, and clearing and settlement costs); Where CCL charges more than one participant in a transaction, CCL shall inform its Clients of the value of any monetary or non-monetary benefits received by the firm. Furthermore, when there are different commissions for different counterparties to which CCL transmits Orders, the information provided to the Client will be sufficient to allow them to understand the advantages and disadvantages of choosing a specific counterparty.
- Speed of execution;
- Speed of settlement;
- The likelihood of execution and settlement (depending on liquidity in the particular market);
- The size and nature of the Order; and
- Any other consideration that we deem to be relevant to the execution of that Order.

Where CCL apply different fees depending on the execution venue, CCL will explain these differences in sufficient detail in Order to allow the Client to understand the advantages and the disadvantages of the choice of a single execution venue.

In order to satisfy our obligations of Best execution, CCL has a number of policies and processes in place which are designed to take sufficient steps to obtain the best possible result for the client on a consistent basis taking into account all relevant factors.

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## 2.2 General Application of the Execution Factors

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The relative importance of execution factors will depend on the characteristics of our Clients, their Order, the financial instrument and execution venue or market. Price will ordinarily merit a high relative importance in obtaining the best possible result. However, in some circumstances, for some clients, Orders, financial instruments and/or markets, we may appropriately determine that other execution factors are more important than price or costs in obtaining the best possible execution result. These factors are further described in this Policy.

In some circumstances we may use our discretion to place a higher importance on the other factors referred to in order to provide you with the best possible result. For example, in times of severe market disruption; in the event of a system outage; when transacting a large Order, confidentiality may be more important; when trading an illiquid product, certainty of execution may be considered as more important.

In taking all sufficient steps, our front office staff will use their commercial judgement and experience in light of available market information to achieve the best balance across a range of sometimes conflicting factors. This does not necessarily mean achieving the best price for every Client Order, but the best possible result that can sufficiently be expected given the resources available to our front office staff, whilst at the same time treating all of our Clients fairly.

Where CCL has provided a Client with access to prices displayed on third party crossing networks or other third party electronic systems and the Client decides to deal at the prices displayed, the Client is responsible for achieving their own Best execution.

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## 2.3 Execution Criteria

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The execution criteria that will be taken into account are the particular characteristics of:

- The Client;
- The Order;
- The financial instruments;
- The execution venue; and
- Any other circumstances that we deem to be relevant to the execution of that Order.

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## 2.4 Fair, clear and not misleading language

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A Client must not be led to believe that an Order will definitely be executed. Therefore, CCL will always use fair, clear and not misleading language.

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## 2.5 Specific Instructions

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Where a Client gives CCL a specific instruction in relation to the execution of an Order, CCL will, (if appropriate for that type of financial instrument), execute the Client Order in accordance with such specific instruction.

**Please note that a specific instruction may prevent CCL from following the Policy in obtaining the best possible result.**

If you have a specific instruction in relation to an Order or part of the Order, you must communicate this clearly to your usual contact person with whom you are dealing in advance of us conducting the trade or in advance of us passing on the trade for execution.

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## 2.6 Order Execution

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Subject to any specific instructions that may be given by you, when executing Orders on your behalf, CCL will take all sufficient steps and measures necessary to obtain the best possible result for the Client taking into account the execution factors.

## 3. Execution Venues

Subject to any specific instructions, CCL will transmit Orders for units in Funds, which Orders constitute the majority of CCL's trading activities, where possible directly with the Fund, meaning such Orders are sent to the TA or administrator as listed in the relevant Fund's offering document (or equivalent). For such Orders, due to the nature of the characteristics of the Orders, CCL will for its Clients always receive the best possible execution factors and execution criteria as described previously.

When it is not possible to place the Order directly with the Fund or TA or administrator, depending on the nature of the financial instrument, the size and the nature of Order, CCL may use the services of a broker or sub-custodian in order to obtain the best possible result for its clients. For these types of financial instruments CCL has selected a number of execution venues, outlined in Appendix II, that meet its criteria for delivering Best execution in these particular financial instruments. The selection criteria used by CCL when selecting sub-custodians/brokers is set out in CCL's operating procedures, and CCL will assess its relationship with sub-custodians/brokers on at least an annual basis to determine whether the execution arrangements and approach of those brokers, provide CCL with the best possible result for the underlying transactions.

Where more than one execution venue is available in the market, CCL will determine the relative importance of the execution factors and take into account the best execution criteria, as aforementioned above. When selecting which execution venue to use. CCL will use its professional and commercial judgment, in addition to available market information, in making this decision.

## 4. Order Handling

This Policy includes, for each financial instrument in which CCL execute Orders on your behalf, those venues that we consider enable us to obtain on a consistent basis Best execution. These venues are listed in Appendix II.

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## 4.1 Best Execution for Transmissions of Orders

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### 4.1.1 Products in scope

- Funds.

### 4.1.2 Types of Orders received

- All Orders upon instruction from the Client as detailed in the agreement as signed with CCL.

### 4.1.3 List of execution venues

- Orders are placed directly with the Fund.
- See Appendix II where a sub-custodian/broker is required.

### 4.1.4 Relevant execution factors

- Orders are placed directly with the Fund.

## 5. Review and Monitoring

CCL shall review this Policy on an annual basis, as well as our order execution arrangements. Such a review shall also be carried out whenever a material change occurs that affects CCL's ability to continue to obtain the best possible result for the execution of its client Orders on a consistent basis using the venues included in this Policy. Clients may also request the most recent copy free of charge via the contact details provided, or from their usual CCL contact. CCL will, upon request from a Client, demonstrate that it has executed their transactions in accordance with this Policy.

CCL will, on an ongoing basis, monitor the effectiveness of its execution arrangements and the Policy and where appropriate, correct any deficiencies. The Compliance officer for CCL will monitor compliance with the Best execution requirements on a quarterly basis. The results of these monitoring activities are stored and reported accordingly. The Compliance officer for CCL will review the Best execution requirements and the pricing of transactions periodically and in line with the Compliance Monitoring Program. This is an ongoing process and evidences the continuous adherence to the requirement to take all sufficient steps to ensure the best possible result is provided to Clients. The results of these monitoring activities are recorded and any divergences, should they occur, are investigated by senior management who are responsible for any corrective action.

Any updates to the Policy or the execution venues will be posted under the policies section on Citco's website at <https://www.citco.com/footer/regulatory-disclosures>.



## 6. Record Keeping Requirements

If a Client or national competent regulator requests so, CCL must be able to demonstrate that it has executed the Client's Orders in accordance with this Policy. As such, records on Best execution are safely stored. Following execution, all transaction details are recorded with all trades booked on the date of execution. All records relating to Best execution will be retained for 10 years.

## 7. Client Order Handling Rules

In the event that there is a conflict regarding the execution of an Order between the Policy and the agreement with a Client, the terms and conditions of the signed agreement(s) with the Client shall prevail.

## 8. Disclaimer

Clients are sent a paper copy of the Policy when Clients are on boarded or when the policy changes substantially. This Policy will also be published on Citco's website at <https://www.citco.com/footer/regulatory-disclosures>. This document does not constitute legal advice. Clients are advised to take independent legal advice on any issues that concerns them. Please note that CCL will not necessarily offer all services referred to in the Policy to each of its Clients.

## Appendix I - Terminology/Acronym Explanation

Terminology/Acronym	Explanation
Order	The instruction received from the Client.
Best execution	The obligation to take all sufficient steps to obtain, when executing transactions, the best possible result for Clients, taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the transaction.  If this policy is followed, it may be assumed that sufficient steps are taken.
Broker	Refers to a broker, dealer, or automated trading venue engaged in the business of effecting transactions for others.
Counterparty	Refers to entities that are used to buy and/or sell financial instruments in transactions that have non-standard settlement periods (e.g. OTC derivatives). These transactions are usually dealt on a contractual basis (e.g. Master Agreements).
Clients	Any natural or legal person to whom CCL provides investment or ancillary services.
Investment Services	Activities undertaken in the course of providing the following services: Dealing in designated investments upon the Client's instruction; Arranging deals in designated investments upon the Client's instruction; Such other services that may be agreed between the Client and CCL from time to time.
Trading Venue	A regulated market, an MTF or an OTF (see explanation below).
MTF	Multilateral Trading Facility means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third parties buying and selling interests in financial instruments in the system and in accordance with non-discretionary rules- in a way that results in a contract.
OTF	Organised Trading Facility means a multilateral system which is not a regulated market or an MTF and in which multiple third parties buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract.

## Appendix II - Overview of Execution Venues

Below is an overview of execution venues which CCL may use when executing financial instrument Orders as mentioned above. Please be advised that this is not an exhaustive list of execution venues and is subject to change due to market conditions.

### **Funds**

- Clearstream Banking Corporation  
Luxembourg
- Euroclear Bank SA/NV  
Brussels  
Belgium
- Citco Banking Corporation N.V.  
Curacao