



Citco Bank Nederland N.V. Order Execution Policy Professional Clients

June 2024

CITCO

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1. Introduction

1.1. What is the purpose of this Policy?

The Markets in Financial Instruments Directive 2014/65/EU (MiFID II) requires investment firms to take all sufficient steps to obtain, when executing orders, the best possible result for their clients taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order. To this end, MiFID II also requires that investment firms establish and implement an order execution policy to allow investment firms to obtain, for their client orders, the best possible result.

1.2. Why do we need a Policy?

This document sets out the order execution policy of Citco Bank Nederland N.V. ('CBN') and provides appropriate information on how client orders will be executed. In this document, the obligation to obtain the best possible result for clients is referred to as the 'Best Execution Obligation'. Our Best Execution Obligation should not be interpreted to mean that we must obtain the best possible results for our clients on every single occasion. Rather, it means that we have taken and continue to take all sufficient steps to make sure that our order execution arrangements work well throughout the order execution process.

2. Scope

- 2.1. This order execution policy applies only to clients classified by CBN as Professional Client and to orders in respect of Financial Instruments.

Under certain circumstances, for instance if local laws or regulations impair the full execution of this Policy, the business may request Compliance to draft a local policy to meet local regulatory requirements.

The Compliance team is responsible for maintaining this Policy, and will review the Policy annually to ensure relevance and compliance with all applicable developments and legislative requirements.

- 2.2. Our Best Execution Obligation applies where we have accepted your order or where we have otherwise expressly agreed to execute your order in accordance with our Best Execution Obligation.

- 2.3. Certain circumstances, including (without limitation) extreme market conditions or disruptions to systems, may adversely affect our efforts to obtain the best possible result when executing orders on behalf of clients.
- 2.4. In the event you provide us with an order that is subject to specific instructions, either relating to the order as a whole or to specific elements of the order, this may prevent us from taking the steps that we have designed and implemented in this order execution policy in order to obtain the best possible result for the execution of client orders. Consequently, where you give us specific instructions and we agree to execute your order in accordance with your specific instructions, we are deemed to have satisfied our Best Execution Obligation in respect of the elements covered by your specific instructions.
- 2.5. We assume that our Best Execution Obligation does not apply when we provide you, in your capacity as Professional Client, upon your request with a quote or when we negotiate a price with you (i.e. dealing on a request for quote basis (RFQ)). In this respect, CBN will consider whether the execution of your order can be seen as truly done on your behalf. This is predominantly a question of fact and whether you place legitimate reliance on us to protect your interests.
- 2.6. The four-fold test is performed on an asset class level and applies to all Transactions within that asset class. CBN will consider the nature of your order with respect to the four-fold test, published by the European Commission. In the situation that multiple asset classes are traded by you, and the outcome of the four-fold test is negative for any of these asset classes, this negative outcome will apply to all asset classes. Hence, best execution will be applicable to your transactions.
- 2.7. The four-fold test consists of the following considerations:
- (a) whether you or we initiate a transaction.
 - (b) the existence, if any, of market practices to ‘shop around’ for quotes.
 - (c) the relative levels of price transparency within a market.
 - (d) the information provided by CBN and the terms of any agreement.
- Where we believe that the outcome of these considerations is such that you do not place legitimate reliance on us to protect your interests, our Best Execution Obligation will not apply.

3. Relevant factors for our Best Execution Obligation

Under or pursuant to our Best Execution Obligation, CBN takes into account a range of factors when executing an order on your behalf, including price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order. The relative importance of these factors shall be determined by taking into consideration the characteristics of the client, the characteristics of the order, the characteristics of the relevant Financial Instruments and the characteristics of the relevant execution venues.

4. Execution venues

- 4.1. This order execution policy includes, in respect of each class of relevant financial instruments, information on the different execution venues where CBN may execute orders and the factors affecting the choice of execution venue. We refer to the Schedule attached to this Order Execution Policy.
- 4.2. For the purpose of this order execution policy, execution venue shall include regulated markets, multilateral trading facilities, organized trading facilities, systematic internalisers, market makers or other liquidity providers and other entities that perform similar functions in a third country. In some instances, CBN will be the execution venue.
- 4.3. CBN may execute your orders outside a trading venue (i.e., 'over-the-counter' or 'OTC'). Orders executed outside a trading venue are subject to (without limitation) counterparty risk and may differ in price transparency or the ability to close positions when compared to orders that are executed on a trading venue.
- 4.4. In the selection of execution venues, we consider several factors which we believe are important in order to obtain on a consistent basis the best possible result of the execution of your orders. These factors include (without limitation) available liquidity, price, costs, speed, and quality of execution and settlement.

- 4.5. Where we transmit an order for execution to another broker or dealer, we shall comply with our obligation to act in accordance with the best interests of our client. We shall, in particular, satisfy ourselves that the other broker or dealer has execution arrangements in place that enable us to comply with our Best Execution Obligation.
- 4.6. CBN will not structure or charge its commissions in such a way as to discriminate unfairly between execution venues.
- 4.7. For the avoidance of doubt, our order execution arrangements shall take into account the obligation to ensure that relevant transactions in derivatives pertaining to a class of derivatives that has been declared subject to the trading obligation in accordance with the applicable rules, are only concluded on a regulated market, a multilateral trading facility, an organized trading facility or an eligible third-country trading venue as provided by the applicable rules.

5. Order handling

- 5.1. CBN will handle each order promptly, fairly and expeditiously, relative to orders of other clients or to our own trading interests.
- 5.2. CBN will carry out otherwise comparable orders sequentially and promptly, unless the characteristics of an order or the prevailing market conditions make this impracticable or the client requires otherwise.
- 5.3. CBN does not carry out a client order in aggregation with another client order or transactions for own account. Consequently, CBN has not implemented an order allocation policy.

6. Monitoring Review

- 6.1. CBN monitors the effectiveness of this order execution policy and our order execution arrangements in order to identify and, where appropriate, correct any deficiencies. We shall review, at least on an annual basis, whether the execution venues included in our order execution policy provide for the best possible

result for our clients or whether we need to make changes. Our monitoring and review will take place on the basis of both exception-based samples and regular samples. In addition, monitoring and review will be performed following a material change that may affect our ability to continue to obtain the best possible result for the execution of orders.

- 6.2. Our monitoring and review will, in particular, determine whether our order execution policy and our order execution arrangements continue to include all sufficient steps to obtain the best possible result for the execution of orders. Specifically, we will review:
- a) whether to exclude or to include additional or different execution venues.
 - b) the relative importance of each best execution factor in our Best Execution Obligation.

- 6.3. CBN shall summarise and make public on an annual basis, for each class of financial instruments, the top five execution venues in terms of trading volumes where we have executed client orders in the preceding year and information on the quality of execution obtained.

7. Amendments

CBN may amend this order execution policy, including its schedule(s), and its order execution arrangements.

Schedule

1. Debt Instruments

Certain debt instruments are often traded on a request for quote basis. Subject to the four-fold test that will be performed on an asset class level and applies to all Transactions within that asset class, as set out in our Order Execution Policy, our Best Execution Obligation may not apply.

1.1. Execution factors

When executing orders on your behalf in respect of debt instruments, the execution factors price, speed, limiting market impact and likelihood of execution and settlement share equal relative importance. Where we do not directly execute the order in the market, we will meet this obligation by using market data in order to provide you with a fair price. For Fixed Income, we will use information such as the current swap curve, the government curve and current quotes of other market participants in order to establish a fair price.

1.2. Execution venues

CBN will act as an execution venue for orders in debt instruments. Additionally, we are present on several regulated platforms. If a transaction is concluded under the rules of the trading venue (regulated market, MTF or OTF), between you and CBN as participants of the venue, the trading venue is the execution venue. In this case we are not executing orders on your behalf and the best execution obligation does not apply.

2. Interest Rate Derivatives

Certain interest rate derivatives are often traded on a request for quote basis. Subject to the four-fold test that will be performed on an asset class level and applies to all Transactions within that asset class, our Best Execution Obligation may not apply.

2.1. Execution factors

When executing orders on your behalf in respect of interest rate derivatives, the execution factors price and likelihood of execution and settlement are given the highest relative importance. In accordance with the applicable rules, we shall check the fairness of the price proposed to you by gathering market data used in the estimation or calculation of the price and, where possible, by comparing with similar or comparable products.

2.2. Execution venues

CBN will act as an execution venue for orders in interest rate derivatives.

3. Foreign Exchange – currency derivatives

Certain currency derivatives are often traded on a request for quote basis. Subject to the four-fold test that will be performed on an asset class level and applies to all Transactions within that asset class, our Best Execution Obligation may not apply.

3.1. Execution factors

When executing orders on your behalf in respect of currency derivatives, the execution factors price and likelihood of execution and settlement are given the highest relative importance.

3.2. Execution venues

CBN will act as the sole execution venue for orders in currency derivatives and will therefore always be the counterparty to your transactions as principal. You will be taking credit risk on CBN for the performance of our obligations under the transactions. Your orders will not be executed on a trading venue. Your positions will be non-transferable and you will be reliant on CBN to provide our consent if you wish to terminate any position prior to its scheduled maturity date.

CBN acts in a riskless principal capacity in relation to currency derivatives, meaning that the quotations that we provide to you are based on the price at which we are able to execute a corresponding back-to-back hedging transaction for our own account. In this context, CBN ensures that it complies with the Best Execution Obligation by selecting a range of execution venues for its back-to-back hedging transactions that CBN believes will allow it to obtain the best possible result for you on an ongoing basis, taking the execution factors into account. These execution venues include multilateral trading facilities and wholesale market participants and market makers. CBN regularly reviews the execution venues available to it and the quality of execution that it is able to obtain on each execution venue.

The quotations that we provide to you may include a mark up that represents the commissions and fees that we will charge you for executing your order.

Additionally, we are present on several regulated platforms. If a transaction is concluded under the rules of the trading venue (regulated market, MTF or OTF), between you and CBN as participants of the venue, the trading venue is the execution venue. In this case we are not executing orders on your behalf and the best execution obligation does not apply.

3.3. Manner of execution

We may delegate the execution of your transactions to our affiliate Citco Financial Products (London) Ltd (“CFP”). CFP may conclude the transactions between you and CBN on our behalf as our agent. We have arrangements in place with CFP to ensure that, when CFP executes your orders, it does so in accordance with the Order Execution Policy and, where applicable, your specific instructions.

4. Securities Finance – (reverse) repo's and SBL on bonds, equity and equity-like securities

Certain securities finance orders are often traded on a request for quote basis. Subject to the four-fold test that will be performed on an asset class level and applies to all Transactions within that asset class, our Best Execution Obligation may not apply.

4.1. Execution factors

When executing orders on your behalf in respect of securities finance orders, the execution factor price is given the highest relative importance. In certain cases, however, we may prioritize likelihood of execution and settlement over price. We will meet this obligation by ensuring that when constructing a price, we will take into account market data on the interdealer market such as the repo rate or stock loan fee.

4.2. Execution venues

CBN will act as an execution venue for securities finance orders.