



Citco Financial Products (London) Limited  
Order Execution Policy

**February 23, 2021**

**CITCO**

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# 1. Introduction

Citco Financial Products (London) Limited (“**CFP**”) 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 CFP 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, CFP 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 CFP receives and transmits Client’s orders in specific financial instruments and sets out the standard for best execution, as required by the the Financial Conduct Authority Conduct of Business Rules (COBS) taking into account the niche market CFP 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 COBS) (the “**Client**” or “**Clients**”). All clients are categorised as professional and this forms part of the contract with CFP. Clients should have received a formal notification from us informing them of their client categorisation.

The best execution obligations apply only where CFP accepts a “Client order”, that is where CFP owes a contractual/agency type duty to a “Client” when receiving and transmitting an order on their behalf, in relation to a financial instrument only (listed at Appendix IV).

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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 place an order or provide an instruction. Where a Client makes reasonable and proportionate request for information about our policies or arrangements and how they are reviewed, CFP shall answer clearly and within a reasonable timeframe.

If you do not agree with the way in which we are receiving and transmitting orders, you should immediately stop giving us your orders and contact our compliance officer to discuss your concerns, this policy or a particular part of it.

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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 responsible compliance officer. For audit trail and administration purposes, such reports are sent via e-mail to [CFPllegal@citco.com](mailto:CFPllegal@citco.com). For further information on the application of this Policy and the (best) execution requirements, please consult [CFPllegal@citco.com](mailto:CFPllegal@citco.com).

## 2. Best Execution Obligation

When receiving and transmitting an order for a Client, CFP has an obligation to take all sufficient steps to obtain the best possible result for that Client. Best execution requirements for CFP are dependent on the type of trade and the Client. To be clear, best execution does not necessarily apply to each individual transaction, but rather involves an assessment of a succession of transactions over a period of time indicating that overall the best result is achieved by executing orders on your behalf in the manner described in this Policy.

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### 2.1 Execution Factors

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When transmitting Client orders CFP will take into account a number of factors, including:

- Available price in the market; When receiving and transmitting, CFP 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.

- Transaction costs (including fees charged for execution on any particular venue, and clearing and settlement costs): where CFP charges more than one participant in a transaction, CFP 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 CFP 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 of the transaction;
- The nature and characteristics of the financial instrument;
- The characteristics of the possible execution venues; and
- Any other consideration that we deem to be relevant to the execution of that order.

Where CFP apply different fees depending on the execution venue, CFP 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, CFP 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 on a consistent basis.

## 2.2 General Application of the Execution Factors

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 more important for example.

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 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 CFP 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 transaction.

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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, CFP 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 CFP a specific instruction in relation to the execution of an Order, CFP 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 CFP 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, we will take all sufficient steps and measures necessary to obtain the best possible result for our Clients taking into account the execution factors. Where more than one execution venue is available in the market, CFP will determine the relative importance of the execution factors and take into account the execution criteria, as aforementioned above. When selecting which execution venue to use CFP will use its professional and commercial judgment, in addition to available market information, in making this decision.

## 3. Execution Venues

The factors that we consider when choosing an execution “venue” include:

- the price available;
- the ability of the execution venue to manage complex orders;
- the speed of execution;
- the creditworthiness of the counterparty;
- the degree of liquidity;
- the impact that the order may have on the relevant market; and
- the quality of related clearing and settlement facilities.

As indicated above not all of the factors set out above will be applied separately in each transaction. However, we will ensure that they apply generally.

This Policy includes, for each financial instrument in which CFP receive and transmit 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 III. CFP do not receive any remuneration or discount for routing orders to a particular execution venue.

## 4. Review and Monitoring

CFP shall review this policy at least 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 the firm's ability to continue to obtain the best possible result for the transmission of its client orders on a consistent basis using the venues included in its execution policy. Clients may also request the most recent copy free of charge via the contact details provided, or from their usual contact in CFP. CFP will, upon request from a Client, demonstrate that we have transmitted orders in accordance with this Policy.

CFP will, on an ongoing basis, monitor the effectiveness of its execution arrangements and this Policy and where appropriate, correct any deficiencies. The compliance officer monitors compliance with the best execution requirements on a quarterly basis. The results of these monitoring activities are stored and reported accordingly. The compliance officer reviews the best execution requirements and the pricing of transactions periodically and in line with the compliance monitoring and oversight 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. Records are kept of the review process and divergences, should they occur, are investigated by senior management.

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

## 5. Record Keeping Requirements

If a Client or national competent regulator requests so, CFP 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. All trades are booked on the date of execution. All records relating to best execution must be retained for 5 years.

## 6. Disclaimer

Clients are provided with a paper copy of the Policy (as a schedule to the terms of business of CFP or as provided separately) when Clients are on boarded or when the Policy changes substantially. The 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 CFP 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 CFP provides investment or ancillary services.
Investment Services	Activities undertaken in the course of providing the following services: <ul style="list-style-type: none"> <li>• Dealing in designated investments upon the Client’s instruction;</li> <li>• Arranging deals in designated investments upon the Client’s instruction;</li> <li>• Such other services that may be agreed between the Client and CFP from time to time.</li> </ul>
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

All orders placed by Clients with CFP are with respect to swaps and forward rate agreements relating to currencies. These agreements are entered into between a Client and a Citco bank entity under an ISDA agreement between such Client and the relevant Citco bank entity. As a result all orders placed by Clients with CFP are transmitted to the relevant Citco bank entity which is the sole execution venue

## Appendix III – Financial Instruments

### **Financial Instruments**

Swaps, forward rate agreements and any other derivative contracts relating to currencies.

## Appendix IV – Relevant Laws & Regulations

Relevant Laws & Regulations	Articles/Chapters
FCA Conduct of Business Sourcebook (COBS)	COBS 11