

# **Policy for execution of orders and selection of intermediaries**

**CACEIS BANK**

## Contents

1. Principles of the execution policy and intermediary selection policy .....	2
1.1. Scope .....	2
1.1.1. Customer scope .....	2
1.1.2. Product scope .....	3
1.1.3. Exclusion from the policy .....	3
1.2. Order routing principles .....	3
1.2.1. Order routing as part of execution of orders for third parties and reception/transmission of orders (RTO) on listed financial instruments .....	3
1.2.2. Accepted channels .....	4
1.3. General provisions .....	4
1.3.1 Limit order .....	4
1.3.2 Places of execution and consent .....	4
1.3.3 Aggregation of orders .....	5
1.3.4 Branches .....	5
1.3.5 Demonstration of adherence to the execution policy .....	5
1.3.6 Publications related to this policy .....	5
1.3.7 Evaluation of this policy .....	5
1.3.8 Best effort obligation .....	6
1.3.9 Revision of this policy .....	6
2. Execution policy .....	6
2.1. Best execution obligations and general principles .....	6
2.2. Factors and criteria applicable to best execution .....	7
2.2.1 Determination of execution factors .....	7
2.2.2 Determination of execution venues .....	8
2.3. Implementation of the execution policy and conditions of best execution by instrument category .....	8
2.3.1 Orders for equities and ETFs admitted for trading .....	8
2.3.2. Orders for futures and options admitted for trading on a trading venue .....	9
2.3.3. Orders concerning bonds and other debt securities .....	9
2.3.4. Orders concerning structured products traded OTC .....	9
2.3.5. Forward exchange .....	9
2.3.6. Orders for subscription/redemption of units of unlisted funds .....	10
2.3.7. Corporate actions .....	10
2.3.8. Securities financing transactions .....	10
3. Policy for selection of intermediaries .....	11
3.1. Implementation of the execution policy and conditions of best execution by instrument category .....	11
3.2. Implementation of the selection policy by instrument category .....	11
3.2.1. Orders for equities and ETFs admitted for trading .....	11
3.2.2. Orders for futures and options admitted for trading .....	12
3.2.3. Orders involving other debt securities .....	12
3.2.4. Orders concerning structured products traded OTC and forward exchange .....	12
3.2.5. Orders related to corporate actions .....	12
3.2.6. Securities financing transactions .....	12
4. Strategy matrix to obtain the best possible execution .....	12
5. Definitions .....	13

## **PURPOSE**

This document describes the policy for execution of orders and selection of intermediaries when CACEIS Bank provides:

- ✓ The order execution service for third parties<sup>1</sup>
- ✓ The order reception and transmission service (RTO)

## **1. PRINCIPLES OF THE EXECUTION POLICY AND INTERMEDIARY SELECTION POLICY**

When a customer entrusts the execution of its orders to an Investment Services Provider (ISP), the latter must take sufficient steps to obtain the best possible result in the best interest of the latter. In this context, CACEIS Bank implements its order execution and intermediary selection policy (hereinafter called “the Policy”).

This Policy is communicated to the customer, in particular via CACEIS website.

For CACEIS Bank, the “Execution of Orders on behalf of third parties” service consists in acting on a customer’s behalf in order to conclude transactions on financial instruments according to the orders received from the customer. Acting on behalf of the customer, CACEIS Bank will itself conduct the execution process to its completion.

For CACEIS Bank, the “Reception and Transmission of Order” service (or RTO) consists in receiving orders from its customers concerning financial instruments and transmitting them to another investment services provider (or ISP) for execution.

It should be noted that CACEIS Bank does not provide the following services:

- Investment advice;
- Research and financial analysis,
- Discretionary Portfolio Management

### **1.1. SCOPE**

#### **1.1.1 Customer scope**

CACEIS Bank informs every client about this Policy and the MiFID categorisation that will be applied to them (eligible counterparty, professional client or non-professional client, each being defined in the MiFID directive). Clients can ask CACEIS Bank to change this classification, and it will consider the request.

CACEIS Bank applies the present Policy, and in particular the best execution criteria referred to in point 2.2, when it implements the sufficient steps for the execution of an order on behalf of its customers.

---

<sup>1</sup> CACEIS Bank is deemed to execute an order on behalf of its customer when CACEIS Bank:

- executes an order as an intermediary,
- executes an order as a counterparty

The provisions of this policy do not apply to orders and transactions initiated by eligible counterparties as defined by MiFID regulation.

### **1.1.2. Product scope**

The present Policy applies to:

- all financial instruments (equities, bonds, ETFs and derivatives) traded on a trading venue, that is, Regulated Markets (RM), Multilateral Trading Facilities (MTF) or Organised Trading Facilities (OTF);
- Bonds and other debt securities;
- structured products traded OTC;
- securities financing transactions;
- forward exchange transactions;
- Securities Financing transactions concluded under the Principal or Agent program
- Orders for subscription/redemption of units of unlisted funds
- corporate actions that require a customer order

### **1.1.3. Exclusion from the policy**

It should be noted that this policy does not apply to:

- specific instructions given by the customer to execute his order, partially or in full. In accordance with MiFID delegated regulation 2017/565, **when an investment firm executes an order following specific instructions from the client, it should be treated as having satisfied its best execution obligations only in respect of the part or aspect of the order to which the client instructions relate.**
- requests for quotes made by the customer, either on a regular basis or occasionally, which are considered to be specific instructions.
- block trades executed according to the relevant market rules.

## **1.2. ORDER ROUTING PRINCIPLES**

### **1.2.1. Order routing as part of execution of orders for third parties and reception/transmission of orders (RTO) on listed financial instruments**

CACEIS Bank may route orders to the trading venues when CACEIS Bank is a direct member of these markets, to the ISP-Dealers selected by CACEIS Bank, to its network of foreign sub-custodians or to others centralizing agents for non-listed funds.

Each customer order is stamped with the time and date upon its intake by CACEIS Bank, and subsequently by the execution venue when it is recorded in the order book. The precise execution time is similarly recorded.

Orders are routed electronically to the execution venue selected by CACEIS Bank or to the ISP-Dealers in accordance with the execution policy.

The circumstances, which justify the rejection of orders or their manual processing, are particularly as follows:

- the customer's interest: i.e. filtering orders which exceeds a fixed threshold,
- compliance with the rules on protecting the integrity of the Market, especially those required by the supervisory authorities.

### **1.2.2. Accepted channels**

Customer orders as part of reception/transmission of orders and execution of orders for third parties must be transmitted via the following channels:

- ✓ a computer, terminal, a communication platform, software or communication device provided by CACEIS Bank,
- ✓ specific instant messaging (Bloomberg, Reuters and ICE)
- ✓ SWIFT
- ✓ Order by voice on recorded CACEIS Bank telephone line

The customer is informed that his conversations and emails are recorded and kept by CACEIS Bank can be communicated upon request. The customer has the possibility to obtain a copy of the recording of his phone conversations with CACEIS Bank.

Order taking via any channel other than those mentioned above is prohibited, subject to exceptions. Any occasional or permanent exception to these channels must be agreed contractually in advance.

## **1.3. GENERAL PROVISIONS**

### **1.3.1 Limit order**

Any limit order in respect of a financial instrument admitted to trading on a Regulated Market or traded on a trading venue and which is not immediately executed under prevailing market conditions, might not be immediately made public by CACEIS or the ISP-Dealer selected, unless the customer expressly instructs CACEIS Bank to do so.

### **1.3.2 Places of execution and consent**

CACEIS Bank can execute orders outside a trading venue or on a trading venue, that is, a Regulated market, an Organised Trading Facility (OTF), a Multilateral Trading Facility (MTF), or a Systematic Internaliser (SI). CACEIS Bank is required to obtain customers' express agreement for execution of orders outside a trading venue as defined by MiFID.

The customer is informed that when an order is transmitted for execution outside a trading venue there could be certain consequences, such as the absence of an order book or a counterparty risk.

Orders from non-professional clients will only be transmitted to Regulated Markets.

### **1.3.3 Aggregation of orders**

Unless the regulation does not authorise the aggregation of orders, CACEIS Bank aggregates orders only if such aggregation is unlikely to have a general negative effect on any customer whose order is aggregated. However, it is possible that the effect of aggregation of a given order might be damaging to a customer (see annex).

The execution of block trades is carried out by CACEIS Bank in strict compliance with the applicable market rules.

### **1.3.4 Branches**

CACEIS Bank benefits from a European passport for its authorisations for execution of orders for third parties and Reception/Transmission of orders in different countries via its branches.

When one of its branches comes to provide the Reception/Transmission of orders service, it can route its customers' orders to CACEIS Bank, which applies this policy.

The provisions of this policy apply to EU branches of CACEIS Bank.

### **1.3.5 Demonstration of adherence to the execution policy**

At the customer's express request, CACEIS Bank will send the information necessary to demonstrate that this Policy has been respected.

### **1.3.6 Publications related to this policy**

As part of its order execution service for third parties, CACEIS Bank publishes once per year, for each category of financial instrument, the ranking of the top five execution venues by trading volume on which it has executed customer orders during the preceding year and summary information on the quality of execution obtained.

As part of its order reception and transmission service, CACEIS Bank publishes once per year, for each category of financial instrument, the ranking of the top five ISP-Dealers by volume of trades that CACEIS Bank has transmitted or customer orders passed on for execution during the preceding year and summary information on the quality of execution obtained.

### **1.3.7 Evaluation of this policy**

The effectiveness of this policy is examined periodically and whenever a significant change affects order execution by CACEIS Bank.

Monitoring and controls of the effectiveness of this policy will be carried out periodically using reports of an automated tool that analyses execution conditions.

Moreover, CACEIS Bank periodically checks the appropriateness of its selection of third parties.

### **1.3.8 Best effort obligation**

The legal nature of CACEIS Bank's obligations under this Policy is a best endeavours obligation.

CACEIS Bank executes/transmits the orders issued by the customer only:

- ✓ if market conditions allow;
- ✓ if they fulfil all the conditions imposed by the applicable regulation.

Application of this Policy could be suspended or altered in the case of severe disruptions to the operation of the financial markets or if the systems giving access to venues of execution or to the transmission of orders fail or become unavailable.

### **1.3.9 Revision of this policy**

CACEIS Bank re-examines its execution and selection policy at least once per year.

This review also takes place every time an important change<sup>2</sup> affects CACEIS Bank's capacity to continue to obtain in most cases the best possible result in the execution of its customers' orders using the platforms provided for in its execution policy.

## **2. EXECUTION POLICY**

### **2.1. BEST EXECUTION OBLIGATIONS AND GENERAL PRINCIPLES**

CACEIS Bank fulfils the “best execution” obligations by taking sufficient steps to allow for the rapid and precise execution of an order given by a customer.

When CACEIS Bank executes orders directly on trading venues, CACEIS Bank is under a “best execution” obligation.

When orders are executed by intermediaries (ISP-Dealers), CACEIS Bank is under an obligation to make the “best selection” of the intermediaries to whom the orders shall be transmitted for execution.

All orders and instructions must include the necessary characteristics for the proper transmission/execution of the order: nature, direction and type of the order, the financial instruments concerned, quantity, price, maturity date, execution venue, validity of the order over time and, more generally, any information necessary for the transmission and completion of the transaction in accordance with applicable regulation.

---

<sup>2</sup> The following points will be taken into particular consideration:

- the existence of significant market incidents;
- a substantial change in the level of costs arising from connection to a platform;
- a change in the scope of the financial instruments processed on a platform;
- the development of new terms and conditions of execution or a change in the market model of an existing platform;
- a major change in the existing mechanisms, such as a significant change in the human or technical resources the company uses so as to be able to provide the best execution.

To be accepted by CACEIS Bank, any order or instruction must be complete and in accordance with the practices and regulations in force on the concerned markets.

CACEIS Bank time-stamps the order/instruction upon its intake.

CACEIS Bank considers any order or instruction from a customer which includes indications about the venue, price or type of execution to be a specific instruction. If When CACEIS Bank agrees to process such an order or instruction, it will execute it in accordance with the customer's specific instruction(s).

If a customer's order or instruction does not contain an indication of the execution venue, CACEIS Bank examines the execution venues to which it has access, taking into consideration the best execution criteria listed in point 2.2.

## **2.2. FACTORS AND CRITERIA APPLICABLE TO BEST EXECUTION**

### **2.2.1 Determination of execution factors**

The following "execution factors" are taken into account to determine the method of execution for customer orders:

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

In accordance with the provisions of applicable regulation, and in order to obtain the best possible result for the customer when executing orders, CACEIS Bank takes the following criteria into account to determine the relative importance of the aforementioned factors:

- ✓ Characteristics of the customer, including its MiFID categorisation;
- ✓ Characteristics of the order concerned;
- ✓ Characteristics of the financial instruments which are the subject of that order;
- ✓ Characteristics of the execution venues to which that order may be routed.

For more details, the choice of execution factors and their relative importance applicable to each type of financial instrument is detailed in part 4 "Strategy Matrix to Obtain The Best Possible Execution" of this Policy.

In view of the above mentioned and depending on the type of financial instrument, if price is an execution factor of significant importance, the best possible outcome for clients may not always be achieved by obtaining the best price.



## **2.2.2 Determination of execution venues**

Applicable regulation specifies that an “execution venue” refers to a Regulated Market, a Multilateral Trading Facility, an Organised Trading Facility, a systematic internaliser, a market maker, another liquidity provider or an entity which undertakes similar tasks in a country which is not a party to the Agreement on the European Economic Area.

CACEIS Bank routes orders to the execution venues it seems most appropriate, taking into account execution factors, either directly or via an ISP-Dealer.

Other factors taken into account by CACEIS Bank to determine the most appropriate execution venue to the customer’s order include:

- ✓ Prices usually available;
- ✓ Depth of liquidity;
- ✓ Relative volatility of the market;
- ✓ Speed of execution;
- ✓ Costs of execution; and
- ✓ Quality and cost of clearing and settlements.

In accordance with the current regulation, when CACEIS Bank executes an order on behalf of a non-professional client, the best possible result is determined based on the total cost, representing the price of the financial instrument and execution costs (including execution venue expenses, clearing and settlement expenses and other costs which may be paid to third parties involved in the execution of the order).

Customers may view the list of the main execution venues used by CACEIS Bank on the CACEIS website at the following address <https://www.caceis.com/who-we-are/compliance/> .

## **2.3. IMPLEMENTATION OF THE EXECUTION POLICY AND CONDITIONS OF BEST EXECUTION BY INSTRUMENT CATEGORY**

CACEIS Bank executes the order directly on the market or via ISP-Dealers that enable it to comply with its best execution obligations.

When CACEIS Bank executes the order directly in its capacity as a trading member, CACEIS Bank follows the factors and criteria listed in point 2.2.

### **2.3.1 Orders for equities and ETFs admitted for trading**

For equities, the price of the instrument is the most essential factor. The preferred execution venue for equities is the one ensuring the best liquidity, deemed to be the venue offering the best price. Although less important than the previous factor (a price), the speed of execution is also a significant criterion, particularly when the cost of the instrument on a competing market is higher. Finally, the likelihood of execution of the transaction is a predominant factor for orders of significant size and for orders involving less liquid instruments; if the place of execution offering the best price cannot guarantee a full execution of the order, the price factor becomes secondary and that of likelihood of execution the predominant one.

For ETFs, the execution price and transaction costs are the most important factors. Although less important than these two factors, speed of execution remains an important factor. For orders of significant size, the likelihood of execution can also be a decisive factor.

### **2.3.2. Orders for futures and options admitted for trading on a trading venue**

For execution of transactions for these financial instruments, the price of the instrument is the most important factor. Although less important than the above-mentioned factor, speed of execution is also an important factor. For orders of significant size, the likelihood of execution can be an important factor as the best price becomes secondary when the place of execution chosen in theory cannot guarantee a full execution of the order.

### **2.3.3. Orders concerning bonds and other debt securities**

For debt securities, the probability of execution is the most important criterion in choosing the place of execution, especially for large orders. Although less important than the previous factor, the price of the instrument and the costs of execution are the important factors. Speed of execution, expertise and quality of service are complementary factors.

### **2.3.4. Orders concerning structured products traded OTC**

“Structured” or “tailored” products are a particular category of financial instruments characterised by the fact that they are designed to meet the specific needs of a customer or category of customer. CACEIS Bank is neither issuer or producer (under the MIF definitions) of such products.

For derivatives traded on OTC, CACEIS Bank acts as a counterparty. Customer orders for these instruments are therefore executed opposite CACEIS Bank's own account which directly hedges itself with one of the selected counterparties and the best execution policy doesn't apply, but CACEIS Bank holds a “round table” with said counterparties and/or MTF.

In this context, the criteria followed by CACEIS Bank for this type of financial instrument are mainly the size of the order, the price and the likelihood of execution.

In accordance with article 64 (4) of Delegated Regulation 2017/565 of April 26, 2016, CACEIS Bank ensures that the fairness of the transaction price offered to clients is checked by comparing it with the market data available for comparable transactions carried out by other actors

### **2.3.5. Forward exchange**

The best execution criteria followed by CACEIS Bank for this type of financial instrument are mainly the size of the order, the price and the likelihood of execution and settlement.

As a general rule, the price offered for a transaction by CACEIS Bank takes account of the costs linked to its economic model, including the costs linked to the hedge of this transaction or the use of its capital.

In most cases, CACEIS Bank acts as a counterparty. Client orders on these financial instruments are therefore executed against CACEIS Bank's own account.

In certain cases, CACEIS Bank may execute these transactions on MTFs.

### **2.3.6. Orders for subscription/redemption of units of unlisted funds**

Provided the customer complies with the terms set forth in the agreement, CACEIS Bank sends orders to the unlisted mutual fund centralising agent designated in the fund's prospectus. To this end, CACEIS Bank undertakes to comply with the centralisation time c and the application of the right Net Asset Value, as those terms are defined in the fund's prospectus.

Therefore, there is no choice as regards the place of execution or price.

### **2.3.7. Corporate actions**

CACEIS Bank may receive orders from its customers concerning processing of Corporate Actions (such orders concern in particular rights, odd lots, etc.).

In that case, CACEIS Bank can call on its network of sub-custodians; the criterion of "capacity to perform the settlement in the best possible way" is used for their selection.

### **2.3.8. Securities financing transactions**

Securities financing transactions can be carried out either as part of a "Principal" program or an "Agency" program according to the contractual provisions agreed with the client. **As part of the "Principal Model", CACEIS Bank also provides a service allowing an improvement of the "settlement" processing through the specific securities lending (automatically or on request) when a short positions occurs.**

Whatever the program, Securities financing transactions are intended only for Professional Customers and Eligible Counterparties within the meaning of the MiFID categorization. **The best execution factors and criteria used by CACEIS Bank, independently of the program, are identical, namely :**

- **The price offered by the counterparty ;**
- **Quality of the collateral ;**
- **Order size ;**
- **Overall reliability of the counterparty ;**
- **Probability of execution**

In addition, in order to act in the best interest of all clients wishing to participate in securities financing transaction programs and to ensure fair treatment of their transactions, CACEIS Bank has a fair allocation algorithm integrated into its trading system, which functioning is rolled-out in two stages: a first step consists in calculating the actual availability of lendable securities and a second step performs a logical process of ranking lenders according to their flexibility and their suitability for guarantee ("Collateral") which the counterparty (the borrower) is prepared to provide.

Lenders who accept the collateral that the counterparty is willing to provide, will be given first priority due to the ranking. The other lenders will then be classified in proportion of their availabilities. Once this is done, the quantity will be allocated using the transaction size weighted algorithm.

Finally, it should be noted that the remuneration model agreed between CACEIS Bank and the client does not intervene in the operation of the algorithm.

### **3. POLICY FOR SELECTION OF INTERMEDIARIES**

#### **3.1. IMPLEMENTATION OF THE EXECUTION POLICY AND CONDITIONS OF BEST EXECUTION BY INSTRUMENT CATEGORY**

The quality of execution provided by these ISP-Dealers, selected by CACEIS Bank, is assessed periodically to ensure that they constantly provide the expected level of service.

The level of service shall be determined according to the following criteria:

- ✓ Quality of execution: overall appropriateness of the execution policy and the commitment shown by ISP-Dealers in finding the best overall price, including their ability to access various places of execution and by the quality of routing of orders to execution venues;
- ✓ Coverage of places of execution and financial instruments handled by CACEIS Bank;
- ✓ Proven expertise, reputation and notoriety for the financial instruments concerned;
- ✓ Quality of middle-office and back-office services (settlement/delivery, clearing);
- ✓ Offer of added value further auxiliary services;

When CACEIS Bank is not a direct member of the market concerned, the orders transmitted by customers are routed to other ISP-Dealers whom CACEIS has selected based on the above criteria. These criteria have led CACEIS Bank to retain a list of ISP-Dealers<sup>3</sup>.

#### **3.2. IMPLEMENTATION OF THE SELECTION POLICY BY INSTRUMENT CATEGORY**

In its process for selecting ISP-Dealers, CACEIS Bank ensures that the execution venues those ISP-Dealers retain are compatible with its own Policy.

##### **3.2.1. Orders for equities and ETFs admitted for trading**

Concerning orders for equities and ETFs, intermediaries are selected by CACEIS Bank using the following main criteria:

- ✓ Execution quality
- ✓ Coverage of places of execution and financial instruments
- ✓ Quality of middle-office and back-office services

---

<sup>3</sup> This list can be provided to any customer at its request.

### **3.2.2. Orders for futures and options admitted for trading**

Concerning orders for these financial instruments, intermediaries are selected by CACEIS Bank using the following criteria as a priority:

- ✓ Execution quality
- ✓ Coverage of places of execution and financial instruments
- ✓ Quality of middle-office and back-office services
- ✓ Proven expertise, reputation and notoriety for the financial instruments concerned

### **3.2.3. Orders involving other debt securities**

Concerning orders for other debt securities, intermediaries are selected by CACEIS Bank using the following main criteria:

- ✓ Execution quality
- ✓ Coverage of places of execution and financial instruments
- ✓ Quality of middle-office and back-office services
- ✓ Proven expertise, reputation and notoriety for the financial instruments concerned

Concerning other debt securities, CACEIS Bank holds a “round table” with issuing bank counterparties and /or other counterparties. The quote provided to the customer is that which enables the best response to the latter’s instruction.

### **3.2.4. Orders concerning structured products traded OTC and forward exchange**

When selecting counterparties, CACEIS Bank mainly takes into account the expertise, reputation and notoriety of the counterparty for the financial instruments and trading venue in question.

CACEIS Bank either holds a “round table” with issuing bank counterparties or request for quote from other counterparties via an MTF. The quote provided to the customer is the one that enables the best response to the latter’s specific needs.

### **3.2.5. Orders related to corporate actions**

Concerning orders related to Corporate Actions, intermediaries are selected by CACEIS Bank mainly using the criteria of the quality of settlement/delivery.

### **3.2.6. Securities financing transactions**

As part of the selection of counterparties for securities financing transactions the criteria adopted by CACEIS Bank are in particular the rating of the counterparty (counterparty which has been approved according to the risk policy of the Crédit Agricole SA group), the price and the quality of the collateral associated with the concerned transaction.



## 4. STRATEGY MATRIX TO OBTAIN THE BEST POSSIBLE EXECUTION

Financial instruments	Means of execution	Typology of place(s) of execution	Strategy to obtain the best possible execution & selection of intermediaries	Factors and criteria in order of importance*
Equities and ETFs admitted for trading	Best execution Best selection	RM, MTF, OTF or others	According to the instruments and markets in question, the characteristics of the order, implementation conditions offered, the orders are transmitted: - directly to the market using CACEIS Bank's membership - or to selected ISPs	- Price - Speed of execution - Likelihood of execution and liquidity according to the size of the order
Futures and options admitted for trading	Best execution Best selection	RM, MTF, OTF or others	According to the products and markets in question, the characteristics of the order, implementation conditions offered, the orders are transmitted: - directly to the market using CACEIS Bank's membership - or to selected ISPs	- Price - Speed of execution - Likelihood of execution and liquidity according to the size of the order
Bonds and other debt securities	Best execution (bonds) Best selection (only for other debt securities)	RM, MTF or others	Orders are transmitted: - directly to the market using CACEIS Bank's membership; or - via competition between the selected counterparties. The quote provided to the customer is the one that enables the best response to the latter's specific needs;	- Likelihood of execution and liquidity according to the size of the order - Price - Cost
Structured products traded OTC	Best execution	Own account interposition (opposite a selected counterparty)	- Orders are transmitted via competition between the selected counterparties - Holding a "round table" with selected counterparties. The quote provided to the customer is the one that enables the best response to the latter's specific needs. - Execution opposite CACEIS Bank's own account which directly hedges itself with one of the selected counterparty.	- Price - Size of the order - Likelihood of execution
Forward exchange	Best execution	Own account interposition (opposite a selected counterparty or a MTF)	- Orders are transmitted via competition between the selected counterparties or MTFs - Holding a "round table" with selected counterparties or MTFs. The quote provided to the customer is the one that enables the best response to the latter's specific needs. - Execution opposite CACEIS Bank's own account which directly hedges itself with one of the selected counterparty or MTF.	- Price - Size of the order - Likelihood of execution and resolution
Subscription/Redemption of units of unlisted funds	N/A	N/A	Provided the customer complies with the terms set forth in the agreement and the prospectus, CACEIS Bank sends orders to the unlisted mutual Fund centralising agent designated in the	- Likelihood of execution - Settlement/delivery
Corporate Actions requiring an order	Best execution Best selection	N/A	CACEIS Bank can call on its network of sub-custodians; the criterion of "capacity to perform the settlement in the best possible way" is also used for their selection.	- Settlement/delivery
Securities financing transactions "Principal" program	Best execution	CACEIS Bank	- Orders are transmitted via the competition for selected counterparties - Realization of a "round table" of the selected counterparties. The quotation offered to the client is the one that best meets the specific needs of the client. - Execution in front of CACEIS Bank's own account which immediately backs up to that of the selected counterparty	- Price offered by the counterparty - Quality of the collateral - Probability of execution - Order size - Overall reliability of the counterparty
Securities financing transactions "Agency" program	Best selection	Counterparties (previously approved jointly by Caceis Bank and the client)	- Orders are transmitted via the competition for selected counterparties previously approved jointly by Caceis Bank and the client. - Caceis Bank as Agent connects lenders (clients) with borrowers (counterparties). In this sense, CACEIS Bank does not take part in transactions. - CACEIS receives loan securities requests directly from the counterparty	- Price offered by the counterparty - Quality of the collateral - Probability of execution - Order size - Overall reliability of the counterparty

\*Provided that other factors are taken into consideration



## 5. DEFINITIONS

**Unlisted mutual fund centralising agent:** establishment in charge of centralising subscription / redemption orders on unlisted mutual fund units.

**Investment advice:** The investment advice service supplies personalised recommendations to a third party, either at his request or on the initiative of the company which supplies the advice, concerning one or more transactions involving financial instruments.

**Financial instrument:** Any instrument referred to in Section C of Appendix 1 of Directive 2014/65/CE of 15 May 2014

**Systematic Internaliser (or SI):** an investment company which in an organised, frequent and systematic manner trades for own account when it executes client orders outside a regulated market, MTF or OTF without operating a multilateral system.

**Place of execution:** place where orders can be sent for execution (Regulated Market, Multilateral Trading Facility, Systematic Internaliser, etc.).

**Regulated Market:** an established stock exchange such as Euronext.

**MR:** see Regulated Market.

**Order on a traded financial instrument:** Order transmitted by a customer to CACEIS Bank for execution. Specific and/or permanent instructions are excluded from the scope of this definition.

**OTC:** “Over The Counter”, structured products traded by private agreement

**Trading venue:** A regulated market, MTF or OTF.

**Production and dissemination of investment recommendations:** Financial analyses produced or disseminated by a provider of investment services.

**ISP-Dealer:** Investment Services Provider that provides a dealing service.

**RTO:** Order Reception/Transmission: the entity that receives client orders and sends them to an ISP-Dealer for execution.

**Multilateral Trading Facility (MTF):** a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party 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 in accordance with Title II of this Directive.

**MTF:** see Multilateral Trading Facility.



**Organised Trading Facility (OTF):** a multilateral system which is not a regulated market or an MTF and in which multiple third-party 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 in accordance with Title II of this Directive EN L 173/382 Official Journal of the European Union 12.6.2014.

**OTF:** see Organised Trading Facility.





## **Appendix: Policy on aggregation and distribution of orders**

In principle, CACEIS Bank does not aggregate the orders of a client with those of other clients.

In principle, CACEIS Bank does not aggregate customer orders with transactions carried out on CACEIS Bank's own account.

However, if an aggregation of orders was envisaged in certain specific circumstances, the following conditions must be met:

- 1) It is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of a client whose order is grouped;
- 2) Each client whose order is aggregated is informed that the aggregation may disadvantage him in relation to a particular order;
- 3) When executed, the aggregated orders are distributed in an equitable manner taking into account the size of the order and the price of the orders executed;
- 4) When several client orders, having the same characteristics and coming from the same principal, are partially executed, the allocation will be made according to the instructions of the principal;
- 5) Concerning customer orders which are aggregated with orders for CACEIS Bank's own account having been partially executed, priority in terms of distribution will be granted to the customer and the distribution will be without prejudice to the customer.

On the other hand, to the extent that CACEIS Bank can demonstrate on reasonable grounds that in the absence of aggregation of the order with an order for CACEIS Bank's own account, the transaction could not have been executed or could have been on such favorable conditions, the distribution will be based on the relative size of the client's order and the order for CACEIS Bank's own account.