A. Background

This document summarises the best execution policy for Goldman Sachs International (“GSI”), Goldman Sachs International Bank (“GSIB”), Goldman Sachs Bank Europe SE (“GSBE”), Goldman Sachs Paris Inc. et Cie (“GS PIC”) and any other trading subsidiary of The Goldman Sachs Group, Inc. in the European Economic Area (“EEA”) and branches thereof (together “GS”) in relation to our institutional business conducted by the Global Markets Division in EMEA.¹

We have established and implemented policies and procedures, including this best execution policy, which are designed to be sufficient to obtain the best possible results for your orders, subject to and taking into account any specific instructions, the nature of your orders and the nature of the markets and the products concerned. We are not required to guarantee that we will always be able to provide best execution on every order executed on your behalf.

We do not owe you any fiduciary responsibilities as a result of the matters set out in this policy, over and above the specific regulatory obligations placed upon us, or as contractually agreed with you.

B. Scope

1. Clients

This policy applies to the execution of orders on behalf of clients whom we have classified as our professional clients.

This policy also applies where an affiliate of GS (an “Affiliate”) which is subject to MiFID² transmits an order on behalf of a professional client to us for execution. This policy does not apply to transactions which are only booked to us, but where the client-facing activities (such as agreeing the terms of the transaction) are carried on exclusively by employees of an Affiliate or branch established outside the EEA.

Eligible counterparties are not clients for the purposes of this policy; accordingly, this policy does not apply to the execution of orders on behalf of eligible counterparties. This policy does not apply to retail clients.

2. Financial Instruments

This policy only applies with respect to financial instruments within the scope of MiFID and, where applicable, the UK Financial Conduct Authority’s Conduct of Business rules on best execution (“Financial Instruments”). Financial Instruments include but are not limited to: transferable securities (such as shares and bonds), money market instruments, units in collective investment undertakings, exchange-traded and OTC derivatives, whether cash or physically settled, including futures, options and swaps, and emission allowances recognized for the purposes of the Emissions Trading Scheme. For the purposes of this policy only, Financial Instruments also includes transactions classified as securities financing transactions (“SFTs”). This policy includes spot FX and physical commodities transactions that are ancillary to Financial Instruments. However, Financial Instruments do not include spot FX and physical commodities.

¹ Unless otherwise indicated, references to “we”, “us” and “our” in this policy refer to GS (as defined in section A).
The application of this policy to particular types of financial instruments is described further in Appendix I.

C. Best Execution

When we execute a Relevant Order (as defined in section C3) in respect of Financial Instruments (as defined in section B2), we must take all sufficient steps to obtain the best possible result for you, taking into account the Execution Factors (the “Best Execution Obligation”). We are not under an obligation to obtain the best possible result for each individual order, but we must comply with this policy and meet the Best Execution Obligation on a consistent basis.

The Best Execution Obligation applies when we are executing Relevant Orders on your behalf. The Best Execution Obligation also applies when we are transmitting orders on your behalf to a third party broker for execution.

1. Execution Factors

The Execution Factors are: price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order. Specifically, we will take into account the following Execution Factors:

- the execution price without any costs charged to you, or our own fees and commissions;
- speed and/or likelihood of execution and settlement;
- the impact on market prices of displaying and/or executing an order or part of an order;
- the availability of price improvement (the opportunity for an order to be executed at a better price than what is currently quoted publicly); and
- any other consideration relevant to the efficient execution of the order.

2. Relative importance of Execution Factors

When executing a Relevant Order, we must take into account the following criteria for determining the relative importance of the Execution Factors in the circumstances:

- the characteristics of the client including the regulatory categorization of the client;
- the characteristics of the Relevant Order;
- the characteristics of Financial Instruments that are the subject of that Relevant Order; and
- the characteristics of the Execution Venues to which that Relevant Order can be directed.

Subject to any specific instructions, taking into account the criteria above, we will generally give the highest priority to net price. The remaining execution factors are generally given equal ranking.

Net price is the total consideration paid by you, representing the price of the Financial Instrument and the costs related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. Our commissions and fees can only be taken into account when calculating the net price if all other factors are equal.

Generally, we do not expect to charge different commissions and fees depending on the choice of Execution Venue. However, if we do charge different commissions and fees depending on the choice of Execution Venue, we will:

- ensure that the commissions and fees are not structured in such a way as to discriminate unfairly between Execution Venues; and
• explain the different commissions and fees to you in sufficient detail in order to allow you to understand the advantages and the disadvantages of the choice of a single venue.

Where there is insufficient immediately available liquidity on the relevant Execution Venues to execute the Relevant Order in full, where you instruct us to work a Relevant Order over a period of time or by reference to a benchmark calculated over a period of time (such as VWAP) or where we determine that there are other circumstances such that obtaining the best immediately available price may not be the best possible result for you, we may prioritize one or more of the other Execution Factors listed above. In these cases, we will determine the relative priority of each Execution Factor on an order-by-order basis, where the order is executed manually, and by order type (e.g. iceberg, VWAP), where the order is executed using an algorithm.

Whenever there is a specific instruction from you, we will execute the order following the specific instruction – see section C5 Impact of a Specific Instruction below.

We have a degree of discretion in how to apply the different Execution Factors and this may result in a range of different permissible approaches to executing your orders. In determining what is the best possible result for you, we will not compare the results that could be achieved for you on the basis of our policy and fees with results that might be achieved for you by another investment firm on the basis of that firm’s execution policy or a different structure of commission or fees, nor will we compare the differences in the commissions or fees that we charge to different clients which are attributable to the nature of the services that we provide to each client.

3. Relevant Orders

“Relevant Orders” are any instructions from a client to execute a transaction on the client’s behalf that gives rise to contractual or agency obligations owed by us to the client. Such contractual or agency obligations will arise where we are required to exercise discretion in relation to the execution of your instruction or order and/or you legitimately rely on us in relation to the exercise of that discretion. This would be the case where we are trading on an agency or riskless principal basis except to the extent you have provided us with a specific instruction (see Section C5) in relation to the order. In addition, this may include instances where we deal on our own account with you or where we execute orders from different clients against each other on a matched principal basis (back-to-back trading) where you are legitimately relying on us (see Section C4).

4. Reliance Test

If we have classified you as a Professional Client, circumstances in which we consider that you will not generally be legitimately relying on us in relation to the execution of your orders include where we are approached by you for a “request for quote” - i.e., when you ask us to provide it with a quote in a particular Financial Instrument, or where we will be trading with you as principal “on risk”, in a market where the usual practice of clients is to ask several dealers for quotes, and where your access to prices in the market means you are able to, and in practice can be expected to, assess our quotes against those provided by other dealers.

It is however, important to note that although in the circumstances described above the Best Execution Obligation will typically not apply; we will still be required to treat you fairly and also to manage any conflicts of interest that may arise.

To determine whether you legitimately rely on us to protect your interests, the following factors are relevant:

• which party initiates the transaction - where we approach you and suggest that you should enter into a transaction, it is more likely that you will be placing reliance on us. Where you initiate the transaction it is less likely that you will be placing reliance on us;

• market practice and the existence of a convention to ‘shop around’ - where the practice in the market in which a business area operates suggests you take responsibility for
the pricing and other elements of the transaction (e.g. there is a market convention to “shop around” for a quote), it is less likely that you will be placing reliance on us;

- the relative levels of price transparency within a market - if we have ready access to prices in the market in which we operate, whereas you do not, it is more likely that you will be placing reliance on us, whereas if our access to pricing transparency is equal or similar to yours, it is less likely that you will be placing reliance on us; and

- the information provided by us and any agreement reached - where our arrangements and agreements with you do not indicate or suggest a relationship of reliance, it is less likely that you will be placing reliance on us.

Your category and characteristics are an important factor both in the assessment of whether you are relying on us to deliver best execution and in providing best execution.

Even where the Best Execution Obligation does not apply, we must act honestly, fairly and professionally in accordance with your best interests.

5. Impact of a specific instruction

If we receive an order from you that includes a specific instruction or specific instructions in relation to the handling and execution of the entire order or a particular aspect or aspects of the order (including selecting a particular Execution Venue, executing at a particular price or time or through the use of a particular strategy) then, subject to our legal and regulatory obligations, we will execute your order in accordance with that specific instruction.

This means that, to the extent of the specific instruction or instructions, our obligation of best execution will be satisfied by executing the order in accordance with your specific instruction. Where the specific instruction covers only a portion of an order (for example, as to the choice of venue), and we have discretion over the execution of other elements of the order, then we will continue to be subject to the Best Execution Obligation in respect of the elements of the order that are not covered by your specific instruction.

Please note that any specific instruction provided by you may therefore prevent us from taking steps that we have designed and implemented in our execution policy to obtain the best possible result for the execution of those orders in respect of the elements covered by your instructions.

6. Mandatory trading obligation

We are subject to the trading obligation for investment firms under Article 23 of MiFIR when undertaking trades in shares traded on a Trading Venue (as defined in section E1). Such a requirement may limit the Execution Venues we may be able to access when we are executing Relevant Orders in shares.

We are also subject to the derivatives trading obligation for investment firms under Article 28 of MiFIR and, where required, will conclude derivatives transactions on a relevant Trading Venue in accordance with the requirements of MiFIR.

D. Application of the Best Execution Obligation

Appendix I sets out the application of the Best Execution Obligation by business and product.

In all cases, the application of the Best Execution Obligation is subject to any agreement with you in relation to a particular trade or trades where the ranking of the execution factors may differ. Such agreement may be on an order by order basis, or may be agreed on a systematic basis.

E. Execution Venues

1. Types of Execution Venues

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Execution Venues include:

- regulated markets, multilateral trading facilities and organized trading facilities (each a “Trading Venue”);
- GS and its Affiliates where we internalise Relevant Orders (either on risk or as riskless principal);
- systematic internalisers;
- market makers and other liquidity providers; and
- non-EEA entities performing a similar function to any of the above.

Execution Venues can include venues of which we are a direct member or participant and venues that we access through third party brokers or dealers.

We will generally seek to internalise Relevant Orders, if we believe we can meet the Best Execution Obligation by doing so.

A list of the Execution Venues for each relevant product is available online. This includes those Execution Venues that we believe enable us to obtain on a consistent basis the best possible result for the execution of Relevant Orders based on our ongoing monitoring of the effectiveness of our execution arrangements, this policy and execution results.

We may from time to time execute Relevant Orders on Execution Venues that are not included in our current list of Execution Venues with a view to satisfying the Best Execution Obligation.

2. Single Execution Venue

For certain products, we may conclude that we can comply with our Best Execution Obligation by using a single Execution Venue, including using ourselves as the sole Execution Venue.

3. GS RTS 27 Reports

Where we act:

- as a Trading Venue or systematic internaliser for shares and derivatives subject to the MiFID trading obligation; or
- as a Trading Venue, systematic internaliser, market maker or liquidity provider for other Financial Instruments,

we will make available online relevant data on execution quality for those Financial Instruments.

4. Smart order routing

We use smart order routing to access liquidity.

Relevant Orders may be executed using smart order routing (algorithms used for optimization of our order execution processes that may determine additional parameters of the order other than determining the Execution Venues where the order should be submitted. Such algorithms are able to slice the original order into “child orders” or determine the time of submission of the order or the “child orders”) and other technology programmed to reflect the methodology set out in this policy. Other Relevant Orders may be executed manually by traders subject to this policy.

The use of smart order routing is subject to ongoing monitoring as part of this Policy’s governance and review arrangements - see section I Governance and Review below.

5. Tranches

Relevant Orders may be executed in tranches over a period of time (up to several days) or on more than one Execution Venue in order to minimize market impact and achieve the best result. Where you have specified parameters (such as guaranteed VWAP or VWAP target execution), we will endeavor to execute a transaction or a series of transactions such that the overall execution is achieved within the specified parameters.

6. Programme trades
Where we execute programme trades on your behalf, we will endeavor to provide the best overall result in relation to the aggregate portfolio rather than in relation to individual transactions within the portfolio.

7. Relevant product trades on a Trading Venue

Where the relevant product trades on a Trading Venue, we will not execute Relevant Orders outside a Trading Venue unless we have obtained your prior express consent. Executing Relevant Orders outside a Trading Venue enables you to access additional liquidity sources, but doing so may give rise to additional risks from executing outside regulated venues, such as counterparty risk. You are able to request additional information from us regarding the consequences of Relevant Orders being executed outside a Trading Venue.

F. Third Party Brokers and Affiliates

We will execute through our Affiliates wherever possible unless you specify otherwise. As GSI has direct and indirect connectivity to the majority of EMEA trading venues and liquidity providers, as well as acting as a liquidity provider itself in a number of financial instruments, GSBE, GS PIC and other GS entities will generally submit orders to GSI for execution.

Where we execute transactions with a third party broker or Affiliate (“Broker”) acting as an Execution Venue (i.e. systematic internaliser, market maker or liquidity provider), or where we transmit orders to a Broker for execution, we will satisfy the Best Execution Obligation by undertaking due diligence.

G. Selection of Brokers, Trading Venues and other Execution Venues

We maintain internal procedures for the selection of Brokers, Trading Venues and other Execution Venues, both at the stage of on-boarding and throughout the relationship, in order to satisfy ourselves that those selections enable us to obtain best execution on a consistent basis. These procedures include undertaking due diligence (including, as applicable, with respect to order routing and execution practices, confidentiality, market disruption, risk controls and business continuity planning) and making an assessment of execution quality including, where relevant, taking account of available RTS 27 and RTS 28 Reports.

H. Order Routing Review Reports (“RTS 28 Reports”)

Where we transmit client orders to third parties, including Affiliates, for execution or we execute client orders ourselves, we will publish annually reports online relating to the:

- the top five Execution Venues in terms of trading volumes where we executed client orders in the preceding year; and
- information on the quality of execution obtained.

I. Governance and Review

1. EMEA Global Markets Division Best Execution Committee

The EMEA Global Markets Division Best Execution Committee (the “Committee”) has oversight for this policy.

2. Monitoring Program

We monitor best execution arrangements on an ongoing basis to identify and implement any appropriate enhancements.

We evaluate, on a risk basis, transactions in Relevant Orders to which the Best Execution Obligation applies for best execution and compliance with this policy through post-execution benchmarking and analysis. This exception based monitoring program is reviewed by supervisors within the EMEA Global Markets Division. In addition, the annual publication of our RTS 28 Reports provides a cumulative review of execution quality obtained from Execution Venues across Financial Instruments.
The Committee receives reports relating to the exceptions based monitoring program and will approve the qualitative assessment of the RTS 28 Reports. The Committee will consider whether enhancements to this policy, execution quality monitoring and/or best execution arrangements are required.

3. Policy Review

The Committee will review this policy at least annually to consider whether this policy and our best execution arrangements include all sufficient steps to obtain the best possible result for the execution of Relevant Orders. Specifically, it will review:

- whether to exclude or to include additional or different Execution Venues;
- whether to assign different relative importance to the Execution Factors; and
- whether to modify any other aspects of this policy and/or the best execution arrangements,

taking account of relevant data sources which may include the information published under relevant RTS 27 Reports and RTS 28 Reports.

The Committee will also conduct a review whenever a material change occurs that could affect our ability to continue to obtain the best possible result for the execution of the Relevant Orders on a consistent basis using the Execution Venues included in this policy.

A material change shall be a significant event that could impact parameters of best execution such as cost, price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the Relevant Order. To the extent a material change has occurred, the Committee shall consider making changes to the relative importance of the best execution factors in meeting the overarching Best Execution Obligation.

4. Responding to Client Enquiries

If you so request, we will review the execution of a Relevant Order on your behalf and demonstrate to you that the Relevant Order has been executed in accordance with this policy.

j. Notifications to Clients

We will notify you of any material changes to this policy or our best execution arrangements. A change will be material where its disclosure is necessary to enable clients to make a properly informed decision about whether to continue utilising our services.
APPENDIX I

Application by Business and Product

In determining whether best execution is owed on particular transactions the context, means of interaction and nature of the order are also considered – further details on specific trading scenarios is provided below.

1. Equities and Equity-like instruments

Unless stated otherwise, across all equity products the ranking of the execution factors is typically as follows:

1. Price
2. Likelihood of execution

The remaining execution factors – cost (including implicit cost such as impact on the market), speed, order size, nature of the order and any other consideration relevant to the efficient execution of your order - are generally given equal ranking.

Note that where we employ smart order routing or algorithmic strategies, the priority execution factor is Price. Price in this context is considered the result of improvements in parent order execution performance. Parent order execution performance considers a range of elements depending on execution venue including price impact, latency and likelihood of execution. The remaining execution factors – cost, speed, order size and any other consideration relevant to the efficient execution of your order - are generally given due priority based on the nature of the order, i.e. depending on whether the order is passive or aggressive or any other features stipulated by you.

“Working order” trades

We consider that best execution is owed in respect of working order trades. However, working order trades in relation to cash equities can involve specific instructions from you as to how you require the trades to be executed, and this will limit our duty of best execution to only those execution factors which are not covered by specific instructions.

RFQ Transactions

Where you ask us for a quote, or responds to a quote that we have published, we would generally not expect you to be legitimately relying on us to provide best execution, particularly given that you would typically be “shopping around” for quotes and the market has high levels of price transparency. For example, this could include where you ask us to quote a price on a portfolio of shares, including where we are placed in competition as part of a process to bid as principal for a basket of shares.

Direct Electronic Access/Specific Instructions

Where we provide direct electronic access arrangements to an execution venue, or where you calibrate the parameters of an execution algorithm or otherwise provides specific instructions in relation to a trade or all trades via a particular execution channel, our best execution obligations would be limited to those elements of the execution not covered by your specific instructions or, in the case of direct electronic access, not within your control.

2. Exchange Traded Derivatives – Equities and FICC (futures and options)

These instruments are typically traded only on the Execution Venue of their listing and therefore your orders in the instrument will determine the Execution Venue. Application of best execution is therefore limited to liquidity available on the relevant Execution Venue for the instrument.

Unless stated otherwise, across all exchange traded derivative products the ranking of the execution factors is typically as follows:

1. Price
2. Speed of execution
The remaining execution factors – cost (including implicit cost such as impact on the market), likelihood of execution, order size, nature of the order and any other consideration relevant to the efficient execution of your order - are generally given equal ranking.

**“Working order” trades**

We consider that best execution is owed in respect of working order exchange traded derivative trades. However, working order trades in relation to exchange traded derivatives can involve specific instructions from you as to how you require the trades to be executed and this will limit the duty of best execution to those execution factors which are not covered by specific instructions.

**“Block/Basis” trades**

Block or Basis trades are typically transacted on a request for quote basis where you ask us to quote a price for a block of contracts. We would generally not expect you to be legitimately relying on us to provide best execution in this scenario, particularly given the market practice for clients to shop around for quotes and the high levels of transparency in the market.

**Direct Electronic Access/Specific Instructions**

Where we provide direct electronic access arrangements to a trading venue, or where you calibrate the parameters of an execution algorithm or otherwise provides specific instructions in relation to a trade, our best execution obligations would be limited to those elements of the execution not covered by your specific instructions or, in the case of direct electronic access, not within your control.

3. **OTC Equity Derivatives (swaps, options, forwards, convertibles)**

These instruments are typically traded on a request for quote basis, including where you approach us for a quote or is responding to our streamed prices/indications of interest through electronic platforms where we predominantly act in a principal capacity and you ultimately decide whether to proceed with the transaction based upon the price provided by us and those of other liquidity providers from whom it has sourced quotes. Generally we would not expect you to be legitimately relying on us to provide best execution, particularly given the market practice for clients to shop around for quotes and the levels of transparency in the market for these products. However, in certain circumstances, we may determine based on the four-fold reliance test that we owe a duty of best execution, including:

**(i) Worked Orders on Single stock/Equity index/basket swap transactions**

We consider that best execution may be owed in respect of working order trades as these trades may involve us exercising our discretion in relation to the execution of cash equities which are typically a material component of the hedge to the equity derivative with you and from which components of the price are determined. Where we owe best execution it applies to the execution by us of the equity derivative, but may be measured and monitored with reference to the execution of the cash hedge(s).

**(ii) Re-structurings/unwinds/highly illiquid instruments**

We consider that best execution may be owed where we are unable to determine whether you have the ability to obtain alternative quotes from other broker/dealers in the market, the instrument is highly illiquid and/or is subject to limited price transparency, including where it does not reference observable external prices or benchmarks.

Where we determine that we may owe best execution, we would typically give the highest priority to net price. The remaining execution factors, to the extent relevant, – cost (including implicit cost such as impact on the market), speed, order size, nature of the order and any other consideration relevant to the efficient execution of your order - are generally given equal ranking.
4. Exotic Derivatives and Structured Products

(a) Listed Structured Products – Equities and FICC
These instruments are listed on trading venues. Typically we will be involved in the creation and issuance of these products as part of our lead order business as well as acting as a market maker for the instrument in the secondary markets and providing quotes/streaming prices on trading venues where we predominantly act in a principal capacity and you ultimately decide whether to proceed with the transaction based upon the price provided by us and those of other liquidity providers from whom it has received quotes. We would not expect you to be legitimately relying on us to provide best execution for these products, particularly given the market practice for clients to shop around for quotes and the levels of transparency in the market for these products.

(b) OTC Exotic Derivatives and Products – Equities and FICC
OTC exotic derivatives and structured products are products that are not admitted to trading, or tradable on a trading venue (i.e. a regulated market, MTF or OTF).

OTC exotics derivatives and structured products generally involve bilateral discussions which typically include specific client customization. For such products, there are generally few comparable alternatives, price transparency is limited as a consequence of the product customization and you have limited ability to obtain alternative quotes for the same product from other broker/dealers in the market. As a consequence, we would generally expect that you are legitimately relying on us to provide best execution.

Whilst pricing for these products are determined as a consequence of bilateral negotiation between us and you, we will assess the fairness of the price proposed to you as part of the final price agreed with you.

5. Fixed Income (Debt instruments, credit and rates products). OTC Commodity Derivatives and Emissions Allowances

These instruments are typically traded on a request for quote basis, including where you approach us for a quote or is responding to our streamed prices/indications of interest through electronic platforms where we predominantly act in a principal capacity and you ultimately decide whether to proceed with the transaction based upon the price provided by us and those of other liquidity providers from whom it has sourced quotes. Generally, we would not expect you to be legitimately relying on us to provide best execution, particularly given the market practice for clients to shop around for quotes. However, in certain circumstances, we may determine based on the four-fold test that we owe a duty of best execution, including:

Re-structurings/unwinds/highly illiquid instruments
We consider that best execution may be owed where we are unable to determine whether you have the ability to obtain alternative quotes from other dealers in the market, the instrument is highly illiquid and/or the product is subject to limited price transparency, including where it does not reference observable external prices or benchmarks.

Sourcing liquidity
Where we have agreed to source bonds for you from third parties we would generally consider you to be legitimately relying on us to provide best execution. You will often provide us with a limit price in relation to the bonds. These are generally considered to be firm orders, for which you are relying upon us in relation to the execution.

Where we determine that we may owe best execution, we would typically give the highest priority to net price. The remaining execution factors, to the extent relevant, – cost (including implicit cost such as impact on the market), speed, order size, nature of the order and any other consideration relevant to the efficient execution of your order - are generally given equal ranking.
6. FX

These instruments are typically traded on a request for quote basis, including where you approach us for a quote or is responding to our streamed prices through electronic platforms where we predominantly act in a principal capacity and you ultimately decide whether to proceed with the transaction based upon the price provided by us and those of other liquidity providers from whom it has sourced/accessed quotes. Generally, we would not expect you to be legitimately relying on us to provide best execution, particularly given the market practice for clients to shop around for quotes and the high levels of transparency/liquidity in most markets for these products. However, in certain circumstances, we may determine based on the four-fold test that we owe a duty of best execution, including:

**Re-structurings/unwinds/highly illiquid instruments**

We consider that best execution may be owed where we are unable to determine whether you have the ability to obtain alternative quotes from other dealers in the market, the instrument is highly illiquid and/or the product is subject to limited price transparency, including where it does not reference observable external prices or benchmarks.

Where we have determined best execution is owed, the ranking of the execution factors would typically be as follows:

1. Price
2. Likelihood of execution and settlement

The remaining execution factors, to the extent relevant – costs, nature of the order and other considerations relevant to the efficient execution of your order - are generally given equal ranking.

**Spot FX**

Spot FX is not a Financial Instrument and so will not be covered by the best execution rules. However, we are subject to a regulatory obligation to treat you fairly as well as to manage any conflict of interest to which we may be subject when executing Spot FX transactions.

**FX conversion relating to transactions in other Financial Instruments**

We will generally execute a currency conversion in-house unless and until you specify otherwise. We will treat the cost of the FX conversion as being part of the overall cost of the trade. No separate obligation of best execution is owed on the FX conversion.

7. Securities Financing Transactions (SFTs)

(b) Securities Lending

(i) Principal securities lending

We consider that best execution is generally not owed in respect of securities loans entered into on a principal basis.

This is because the nature of such transactions involves the following characteristics: (i) we are approached and requested by you to provide lending services in order to facilitate the settlement of short sales of securities which they have entered into; (ii) the nature of the market is such that clients will generally have multiple potential lending counterparties (including prime brokers) and will likely locate with each broker in order to find availability, stability of supply and the best lending rate in respect of the securities they wish to borrow; and (iii) particularly with respect to securities where there is limited availability, the borrow rate can be the subject of significant negotiation. While there is not a single source of securities lending data in the market, clients will also have the ability to access information with respect to borrow rates from other potential lending counterparties and from third party data providers. As a result, we believe you are not relying on us in relation to the execution of the transaction.

(ii) Agency securities lending

Agency securities lending transactions are those where we act as agent for our client which wishes to lend its securities to borrowers in the market under agreements that
our client is a party to as principal with those other counterparties. We are not a party
to such transactions.

We consider that best execution is generally owed in respect of agency securities
lending transactions save where we understand that you are not placing reliance on
us (for example, where you have provided specific instructions as to the elements of
the transaction).

We consider that the best execution factors for this type of transaction are different
to transactions in other financial instruments because of the nature of the transaction
as an ongoing collateralized transaction which is not settled to the market daily.
When best execution is owed, the ranking of the execution factors should typically
be as follows:

1. Price
2. Quality of the collateral
3. Stability of the borrow
4. Operational efficiency and reliability
5. Creditworthiness of the counterparty

“Price” in this context means the rate which you will receive for the loan of its
securities. “Stability of the borrow” means the likelihood of the counterparty wishing
to return the borrow. “Operational efficiency and reliability” means the likelihood of a
failure in terms of settlement, the posting of margin or processing of corporate
actions. The remaining execution factors – likelihood of execution, costs, speed,
transaction size, nature of the transaction and other considerations relevant to the
efficient execution of your transaction - are generally given equal ranking.

Note that where you provide specific instructions in respect of the securities lending
transaction, the duty of best execution will not apply in respect of aspects of the
transaction covered by those specific instructions.

(c) Repurchase Agreements

We consider that best execution is generally not owed in respect of repurchase transactions
entered into on a principal basis.

This is because the nature of such transactions involves the following characteristics: (i)
we are approached and requested by you to enter into repurchase transactions for the
purposes of providing client funding, or, in respect of reverse repo transactions, where you
are seeking to obtain the relevant securities; (ii) the nature of the market is such that you
will generally have multiple potential repurchase counterparties and will likely shop around
to find availability, and the best repurchase rate in respect of the securities subject to the
repurchase agreement; and (iii) particularly with respect to repurchase transactions which
are bespoke in nature, whether by reference to the tenor or other specific characteristics of
the transaction, the repurchase rate can be the subject of significant negotiation. While
there is not a single source of repurchase rate data in the market, you will have the ability
to access information with respect to repurchase rates from other potential repurchase
counterparties and, in respect of more commoditized repurchase transactions, from third
party data providers. As a result, we believe you are not relying on us in relation to
repurchase transactions.