

# BMI Order Execution Policy

March 2018

## Introduction

This Order Execution Policy sets forth information relating to how Bank of Montreal Ireland Plc (“BMI”) seeks to provide best execution as required by the Markets in Financial Instruments Directive 2014/65/EC (“MiFID”) and the Central Bank of Ireland (“CBI”) when executing orders in relation to MiFID financial instruments on behalf of Professional Clients (“Clients”).

### **Please note that best execution is not owed to our Clients who are eligible counterparties.**

We are committed to providing our Clients with information on how we manage the execution of client orders in accordance with best execution as required by MiFID (as implemented into Irish law). BMI is required to take all sufficient steps to provide best execution when we execute or transmit orders on behalf of Clients. In addition to any best execution obligations, BMI has an overriding duty to act honestly, fairly and professionally and always in accordance with the best interests of our Clients.

### **The purpose of this document is to provide Clients with information on how we handle Order Execution.**

When we execute orders on behalf of Clients we are acting to conclude agreements to buy or sell one or more financial instruments as defined by MiFID.

BMI endeavours to take all sufficient steps to obtain the best possible result for Clients when executing orders (or receiving and transmitting orders) on their behalf, taking into account factors such as price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

### ***Receipt and Transmission of Orders***

BMI will owe a duty of best execution in accordance with this Policy when it receives a Client order and transmits it to a third party for execution. BMI may choose to arrange for the execution of orders through other affiliated BMO Group entities (“BMO”) either within or outside the European Economic Area (“EEA”). BMI will monitor the effectiveness of such arrangements.

### ***Execution of Orders on Behalf of Clients***

The application of best execution will be limited to where BMI executes orders “*on behalf of clients*”.

This will always apply when we are dealing as the Client’s agent or as riskless principal. This will include where a Client has placed an actionable instruction to buy or sell a financial instrument and where BMI has an element of discretion over the execution of the order.

By way of illustration, this will apply where BMI receives an instruction to, amongst other things:

- work an order for a client;
- execute an order at best; or
- execute a limit or stop loss order.

In other situations our duty of best execution will depend on whether the Client is deemed to be placing legitimate reliance upon BMI to protect its interests in relation to the execution of the order.

### ***Best Execution in principal business***

When BMI provides quotes or negotiates a price to trade on a bilateral basis with a Client on request (i.e. dealing on a RFQ basis), the application of best execution will depend on the nature and circumstance of the request and whether the client is placing legitimate reliance on BMI at the time of the RFQ.

Whether or not the Client is placing legitimate reliance on BMI will be assessed by applying the four-fold cumulative test published by the European Commission, which entails the consideration of the following factors:

1. which party initiates the transaction;
2. questions of market practice and the existence of a convention to 'shop around';
3. the relative levels of price transparency within a market; and
4. the information provided by BMI and any agreement reached.

Where the consideration of the above factors leads us to conclude that the Client is not legitimately relying on BMI, then best execution will not apply.

### ***Asset Class Scope***

Our best execution obligation applies to executing orders in any type of financial instrument, including over-the-counter ("OTC") derivatives. The products within scope of this Policy are "financial instruments" as defined by [MiFID](#).

The following products are relevant to BMI:

- FX Forwards and Options (FX Spot trades may be in scope if they are ancillary to a transaction in financial instruments);
- Interest Rate Derivatives ("Rates");
- Equity derivatives
- Bonds;
- Money market instruments
- Securities Borrowing and Lending
- Cash Equities; and
- Structured Products.

Appendix B describes how best execution is applied in the context of each product.

This Policy includes, in respect of each class of financial instrument, information on the different venues where BMI executes Client orders and the factors affecting the choice of execution venue. We shall at least include those venues that enable BMI to obtain on a consistent basis the best possible result for the execution of Client orders.

## Delivering on our commitment to obtain the best possible result

Subject to any specific instructions that may be given by a Client, when executing or transmitting orders on a Client's behalf, we will take all sufficient steps to obtain the best possible result taking into account the execution factors and criteria considered below.

The execution factors that will be taken into account are:

- price;
- size and nature of the order;
- likelihood of execution and settlement (liquidity);
- speed of execution;
- execution costs;
- nature of the order; and
- any other consideration relevant to the efficient execution of the order.

We will determine the relative importance of each factor taking into account the following criteria:

- the characteristics and nature of the order such as benchmark, strategy, aggressivity/passivity;
- the characteristics of the Client (e.g. they are institutional investors);
- the characteristics of the financial instruments that are the subject of the order; and
- the characteristics of the execution venues to which that order can be directed.

Ordinarily, price will merit a high relative importance in obtaining the best possible result for Clients with the next most important factor being the liquidity of the underlying market.

The choice of execution venue will be determined in relation to the prioritisation of the execution factors above.

**We are able to demonstrate to our Clients, at their request, that we have executed their orders in accordance with this order execution policy and to demonstrate to the CBI who is our competent authority, at their request, our compliance with Article 27 of MiFID.**

When conducting business in a principal capacity on a RFQ basis, ordinarily price – subject to size – will be the primary factors of consideration. However, during highly volatile markets or in very illiquid instruments it will be more likely that size and likelihood of execution will take priority over price. There may also be circumstances in large trades where minimisation of market impact takes priority

Notwithstanding this, the relative importance of these factors will change in response to the circumstances of the general market or during the execution of the order or instructions provided.

Appendix B describes how best execution is applied in the context of each product.

## Aggregation and Allocation

Our procedures and arrangements:

- provide for the prompt, fair and expeditious execution of Client orders, relative to other Client orders or the trading interests of BMI; and
- shall allow for the execution of otherwise comparable Client orders in accordance with the time of their reception by BMI.

We will process Client orders in the sequence in which we receive them unless the nature of the order or prevailing market conditions makes this impracticable or the Client requires otherwise.

We will generally place orders onto the appropriate execution venue as soon as we have agreed to work the order, unless potential market impacts dictate that we do not.

Should we receive multiple orders at, or around, the same time, we may aggregate the orders and allocate the resulting fills as the aggregate order is executed. This may mean that we will provide you with partial fills at different prices or a single fill at an average price. Orders may only be aggregated if it is unlikely that this will work overall to the disadvantage of any Client whose order is to be aggregated.

Should our book position dictate that we wish to execute an order from our book in the same direction as a Client order, we will execute the Client order in full ahead of our own order unless by aggregating the order we can demonstrate that the Client will receive the same or better execution outcome.

If we aggregate a Client order with our own order and the aggregated order is partially executed, the resulting fills must be allocated to the Clients in priority to us. However, if we are able to demonstrate on reasonable grounds that without the combination we would not have been able to carry out the Client's order on such advantageous terms or at all, we may allocate the transaction for our own account proportionally.

Where aggregated own account and Client orders have been allocated, care and consideration will be taken that reallocation of trades are not detrimental to the Client.

BMI shall not carry out a Client order or a transaction for own account in aggregation with another Client order unless the following conditions are met:

1. it is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated;
2. it is disclosed to each client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order; and
3. an order allocation policy is established and effectively implemented, providing for the fair allocation of aggregated orders and transactions, including how the volume and price of orders determines allocations and the treatment of partial executions.

Where BMI aggregates an order with one or more other Client orders and the aggregated order is partially executed, it shall allocate the related trades in accordance with its order allocation policy.

### **Orders traded on a trading venue**

For each financial instrument that we trade on behalf of our Clients we consider what the best venue for executing the order is. Where we do not have direct access to a venue or where we otherwise deem it appropriate, we will execute orders through a third party broker or a BMO affiliate.

We will access one or more of the following types of venues when executing an order on your behalf:

- a Regulated Market ("RM");
- a Multilateral Trading Facility ("MTF");
- an Organised Trading facility ("OTF");
- a Systematic Internaliser ("SI");
- other liquidity providers, e.g. market makers acting as principal and electronic liquidity providers;
- inter-dealer brokers; and
- non-EEA BMO Financial Group and other entities performing similar functions.

To the extent BMI has discretion over the choice of one execution venue over another, the selection of the execution venue will be made based on which venue (or venues) provide for the best overall result for the Client.

BMI may also transmit your order for execution to another broker or dealer (which may be located outside of the EEA and could include both BMO affiliate entities and / or third party brokers). In these instances we may both determine the ultimate execution venue ourselves on the basis described above, and can instruct the other broker or dealer accordingly, or we will satisfy ourselves that the other broker or dealer has arrangements in place to enable us to comply with our best execution obligations to you. Where BMI engages either an affiliate or a third party broker for order execution,

we will monitor our executions with that broker to ensure that the entity is able to provide an appropriate standard of execution in the relevant market.

We apply one of two methods to a Client Order we receive which are distinguished for the purposes of MiFID II, with a different best execution obligation for each:

- Indirect execution: We may transmit a Client Order to a third party, e.g. a broker or investment bank (which may include our affiliates) (each a "Broker") for that third party to execute on behalf of our Client.
  - Best execution obligation: We must act in accordance with the best interests of our Clients when transmitting Client Orders with Brokers for execution in financial instruments on behalf of those Clients, taking into account the execution factors as set out in this Order Execution Policy.
  
- Direct execution: Alternatively, we may execute the relevant transaction on behalf of the Client directly as principle, with another counterparty or on an exchange or other trading system (each an "Execution Venue"). We may do this, for example, by dealing directly with a market maker or other liquidity provider on a "request for quote" basis, or by accessing an exchange or trading platform. (Please note that the term "Execution Venue", as used in this Order Execution Policy, is intended to refer to counterparties with which we may execute Client Orders directly (such as the counterparty to an OTC derivative under an ISDA), as well as exchanges and other trading venues.)
  - Best execution obligation: We must take all sufficient steps to obtain the best possible result for Clients, when directly executing Client Orders with, or on, an Execution Venue on behalf of its Clients, taking into account the execution factors as set out in this Order Execution Policy.

For a full list of venues that BMI has direct and indirect access to please see Appendix A.

We select venues in two ways:

- on a long-term basis: we choose the venues to which we will maintain access, either directly or indirectly via third party brokers or other BMO entities; and
- on a short-term basis: we choose from those venues that we have indirect/direct access to, which is/are the most appropriate to execute individual orders or any part of them.

Both selections will be primarily driven by the same execution factors used for assessment of individual orders, allowing us to achieve best execution for our Clients on a consistent basis.

### ***Long-term venue selection***

As a general principle, BMO Capital Markets – London looks to have access to the primary market for the securities in question, i.e., the exchange with the primary listing.

We will endeavour to have access to the most relevant market in terms of liquidity, as defined by European Securities and Markets Authority ("ESMA"), in case this is different from the primary market.

The following factors govern our approach to selecting and maintaining additional venues to the primary market in the relevant jurisdiction:

#### **Primary factors**

1. **Price:** a venue that provides, or is likely to provide, consistent trading opportunities at better prices than venues outside our existing portfolio of venues; and
2. **Likelihood of execution:** a venue that provides, or is likely to provide, consistent trading opportunities in terms of increased volumes at the same price and time beyond available volumes through our existing portfolio of venues. I.e. a venue that offers additional liquidity.

#### **Secondary factors**

3. **Likelihood of settlement:** execution venues with proven central counterparty (“CCP”) arrangements are considered low risk and offer near certainty in settlement of executed transactions. Venues without CCP arrangements will be assessed in terms of credit and operational risks;
4. **Market models:** execution venues are assessed on their trading models, including matching and allocation logic, as well as their rules and the type of trading participants. BMI will endeavour to execute on venues that allow it achieve best execution on a consistent basis. At the same time it is understood that different orders or market conditions may result in different venues enabling the achievement of best execution; and
5. **Operating models:** execution venues are assessed on their reliability and operational resilience, both from a trading and post-trade perspective where applicable.

### **Tertiary factors**

6. **Speed of execution:** speed of execution within venues is relatively similar in modern electronic markets and often negligible compared to latency due to physical distance between BMI, its brokers and/or other venues; and
7. **Costs:** these relate to commissions, costs and the fees that are charged for executing your order. If you deal with us on a fixed commission basis, these costs will have only a minor influence in the way that we execute your order:
  - a. when executing your order we may have to choose between venues to (partially) execute your order;
  - b. we will not execute orders on a venue that offers a worse price than another one available to us because of considerations of execution costs; and
  - c. when competing venues offer the same price, we may execute orders on the venue with lower execution cost but only if we assess that other execution factors are not negatively impacted.

### **Short-term venue selection**

Short-term venue selection is driven solely by the individual order. Therefore the prioritisation of execution factors for short-term venue selection is identical to that for the overall execution of orders described earlier.

We may satisfy the requirement to disclose the identity of our execution venues where we execute on an RM, even though we might actually direct orders to a limited subset of market makers that are active on that market, or give priority to a subset of available market makers.

BMI shall not receive any remuneration, discount or non-monetary benefit for routing Client orders to a particular trading venue or execution venue which would infringe the requirements on us with regards to conflicts of interest or inducements.

In the case of a Client limit order in respect of shares admitted to trading on a RM or traded on a trading venue which are not immediately executed under prevailing market conditions, BMI will, unless the Client expressly instructs otherwise, take measures to facilitate the earliest possible execution of that order by making public immediately a Client limit order in a manner which is easily accessible to other market participants.

### **Cash equities**

In certain cash equities, there may be only one execution venue and in executing a trade in such circumstances we will presume that it has provided the best possible result in respect of these types of cash equities.

Subject to proper consideration of the execution factors and Best Execution criteria, where we believe that we can trade to the advantage (or at no disadvantage) to a Client, a BMO Group entity may be used as the execution venue.

Where a BMO Group entity acts as the execution venue we will consider all sources of reasonably available information, including MTFs, local exchanges, brokers and data vendors, to obtain the best possible result for the order.

## Orders traded off a trading venue

When executing Client orders off venue we will consider the best interests of our Clients when selecting counterparties. This will include a consideration of the type of client and the service that is in their interests, as well as consideration of the type of instrument being executed.

We recognise that OTC derivatives sharing the same reference data details as derivatives for which trading venues have submitted reference data will be subject to MiFIR transparency and transaction reporting requirements.

Where Client orders are executed outside a trading venue, BMI will inform its Clients about that possibility. We will also obtain the prior express consent of a Client before proceeding to execute their order (s) outside a trading venue. Consent may be obtained either in the form of a general agreement or in respect of individual transactions.

Please note there can be consequences that come from the fact that BMI executes orders outside a RM, MTF or OTF. In particular an OTC transaction does not benefit from any clearing mechanism, and Clients are therefore exposed to counterparty risk which stems from the creditworthiness of an institution and can be measured by potential losses resulting from the default of one or more banks or primary broker-dealers.

## Automated Execution Strategies & Smart Order Routers

Depending on the financial instrument, size and nature of the order and client instructions BMI may make use of automated execution strategies – generally referred to as algorithms – as well as Smart Order Routers (“SOR”).

BMI employ a number of third-party SORs in order to achieve the best price and quality of execution for Clients. Unless the Client instructs otherwise, BMI will use a SOR to access the best venues in order to achieve best execution as per the prioritisation of factors as set out in this Policy.

Algorithms are usually designed for specific execution objectives. BMI will therefore ensure it has access to a variety of execution algorithms and use the one that is deemed to be most optimal for a specific order and market circumstances or client instructions. For the avoidance of doubt BMI shall engage in algorithmic trading.

## Specific Client Instructions

It is common to receive orders with specific instructions from clients, such as a price or volume limit.

When a Client provides us with a specific instruction in relation to an entire order, or any particular aspect of an order, including a request for execution on a particular venue, we will endeavour to execute the order in accordance with the Client’s instructions.

When BMI 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.

The fact that the Client has given specific instructions which cover one part or aspect of the order should not be treated as releasing BMI from its best execution obligations in respect of any other parts or aspects of the Client order that are not covered by such instructions.

BMI will not induce a Client to instruct it to execute an order in a particular way, by expressly indicating or implicitly suggesting the content of the instruction to the client, when BMI ought reasonably to know that an instruction to that effect is likely to prevent it from obtaining the best possible result for that Client.

However, this should not prevent BMI from inviting a Client to choose between two or more specified trading venues, provided that those venues are consistent with this Order Execution Policy.



After complying with a Client's instructions, BMI will follow the prioritisation of factors outlined in this Policy in order to achieve best execution for the Client.

Please note that if a Client provides us with a specific instruction, this may prevent us from following some or all of the steps in this policy that are designed to obtain the best possible result. Therefore, if a Client requires its order to be executed in a particular manner and not in accordance with this policy, it must clearly state its desired method of execution when it places an order.

### **Fees, Commissions and Mark-Ups**

We will charge commission or mark-ups for the execution services we provide for Clients. In cash equities, fees will take the form of pre-agreed commissions.

BMI will not structure or charge commissions in a way as to discriminate unfairly between execution venues.

In RFQ driven markets, like Fixed Income and FX, BMI, like other market participants, will charge a spread between where BMI may buy a financial instrument and where we may sell the same instrument.

BMI will ensure that mark-ups and spreads charged on transactions where best execution is owed are reasonable, not excessive and will be within a range that we consider reasonable for the product type, tenor and size of the trade. This does not mean that commissions and mark-ups will be exactly the same for all Clients.

BMI will not seek to benefit from a Client through asymmetric price movements, for example, where we may pass on any adverse price movements to the client while retaining for BMO any movement in the Client's favour.

Please note that pricing offered to Clients may be reflective of an array of factors, including, but not limited to:

- Client's Relationship with BMI;
- Client type;
- product being sold;
- size of transaction;
- current market conditions;
- Client's credit worthiness;
- competitive landscape; and
- potential risk to BMI.

### **Monitoring and Review**

We will monitor the effectiveness of our execution arrangements and execution policy in order to identify and where appropriate correct any deficiencies.

We assess on a regular basis whether the execution venues we access allow us to achieve Best Execution on a consistent basis or whether we need to make changes to our execution arrangements. We also assess on a regular basis whether the third party entities or affiliates used to access any execution venues that BMI does not have direct access to, including any algorithms or SORs provided by those entities, allow us to achieve best execution on a consistent basis.

BMI will review this Order Execution Policy at least annually and upon a material change, including its appendices, to its order execution arrangements. BMI will notify Clients with whom they have an ongoing client relationship of any material changes to their order execution arrangements or Order Execution Policy.

## Appendix A: Execution Venues

### **Equities:**

BMI may access the following regulated markets, multilateral trading facilities and, for North America, alternative trading systems (ATS):

### **Europe:**

London Stock Exchange (including AIM) and BATS Chi-X MTF via its member affiliate BMO Capital Markets Limited.

BMI has access to the following trading venues through third-party brokers: Deutsche Boerse, Euronext (Belgium, Netherland, Portugal), Nasdaq OMX (Denmark, Finland, Sweden), Oslo Bors, SIX Swiss Exchange.

### **United States:**

BMI has access to the following trading venues and ATSS through its local affiliate BMO Capital Markets Corporation or third-party brokers: NYSE (including NYSE Arca and NYSE Market), NASDAQ Exchanges (including regional exchanges as Boston, Philadelphia, Pacific).

### **Canada:**

BMI has access to the Toronto Stock Exchange through its affiliate Nesbitt Burns or third-party brokers.

### **Asia:**

BMI has access to the following trading venues through third-party brokers: Australian Securities Exchange, stock exchanges in Japan<sup>1</sup>, Stock Exchange of Hong Kong, Hong Kong Futures Exchange, Singapore Exchange, New Zealand Stock Exchange.

### **Other asset classes**

The venue for Clients trading FX, Bonds, Rates, Structured Products, Money Market Instruments, Securities Borrowing and Lending and Derivatives will always be BMI.

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<sup>1</sup> Fukuoka Stock Exchange, JASDAQ Securities Exchange, Nagoya Stock Exchange, Osaka Securities Exchange, Tokyo Stock Exchange

## Appendix B: Best Execution by product

How best execution is applied in the context of each product.

Asset class	Prioritisation of factors	Best execution applicable?
<b>FX Forwards</b>	<ol style="list-style-type: none"> <li>1. size of the order;</li> <li>2. price;</li> <li>3. speed of execution;</li> <li>4. likelihood of execution;</li> <li>5. costs;</li> <li>6. likelihood of settlement; and</li> <li>7. any other consideration relevant to the execution of the order.</li> </ol>	Normally Best Execution would not apply, unless BMI are executing client orders with discretion.
<b>FX Options</b>	<ol style="list-style-type: none"> <li>1. size of the order;</li> <li>2. price;</li> <li>3. likelihood of execution;</li> <li>4. speed of execution;</li> <li>5. costs;</li> <li>6. likelihood of settlement; and</li> <li>7. any other consideration relevant to the execution of the order.</li> </ol>	Normally Best Execution would not apply, unless BMI are executing client orders with discretion, including the execution of delta hedges.
<b>Interest Rate derivatives</b>	<ol style="list-style-type: none"> <li>1. size of the order;</li> <li>2. price;</li> <li>3. likelihood of execution;</li> <li>4. speed of execution;</li> <li>5. costs;</li> <li>6. likelihood of settlement; and</li> <li>7. any other consideration relevant to the execution of the order.</li> </ol>	Normally Best Execution would not apply, unless BMI are executing client orders with discretion.
<b>Equities</b>	<ol style="list-style-type: none"> <li>1. size and nature of the order;</li> <li>2. price;</li> <li>3. speed of execution;</li> <li>4. likelihood of execution;</li> <li>5. costs;</li> <li>6. likelihood of settlement; and</li> <li>7. any other consideration relevant to the execution of the order.</li> </ol>	<p>Where BMI executes orders as agent we will owe clients best execution.</p> <p>Where we execute as principal in response to a request for quote best execution will not apply, provided the Client is not legitimately relying on BMI.</p>
<b>Securities Borrowing and Lending</b>	<ol style="list-style-type: none"> <li>1. size of the order;</li> <li>2. price;</li> <li>3. speed of execution;</li> <li>4. likelihood of execution;</li> <li>5. costs;</li> <li>6. likelihood of settlement; and</li> <li>7. any other consideration relevant to the execution of the order.</li> </ol>	BMO does not undertake agency lending and the requirement would not otherwise apply other than if the Client is legitimately relying on BMI.
<b>Equity derivatives</b>	<ol style="list-style-type: none"> <li>1. size of the order;</li> <li>2. price;</li> <li>3. likelihood of execution;</li> <li>4. speed of execution;</li> <li>5. costs;</li> <li>6. likelihood of settlement; and</li> <li>7. any other consideration relevant to the execution of the order.</li> </ol>	Normally Best Execution would not apply, unless BMI are executing client orders with discretion.
<b>Bonds and money market instruments;</b>	<ol style="list-style-type: none"> <li>1. size of the order;</li> <li>2. price;</li> </ol>	Normally Best Execution would not apply, unless BMI are

	<ol style="list-style-type: none"> <li>3. speed of execution;</li> <li>4. likelihood of execution;</li> <li>5. costs;</li> <li>6. likelihood of settlement; and</li> <li>7. any other consideration relevant to the execution of the order.</li> </ol>	executing client orders with discretion.
<b>Structured Products</b>	<ol style="list-style-type: none"> <li>1. likelihood of execution</li> <li>2. size of the order;</li> <li>3. speed of execution</li> <li>4. Price;</li> <li>5. costs;</li> <li>6. likelihood of settlement</li> <li>7. any other consideration relevant to the execution of the order.</li> </ol>	Would apply in the context of secondary market trading in BMI issued instruments.

## Appendix C: Execution factors

### Key Execution Factors

**Price:** this refers to the resulting price of the transaction excluding BMI execution charges. Price will usually be our most important consideration. After price, size of the order, likelihood of execution and speed are usually our most important considerations.

**Likelihood of execution & size:** we interpret this as the likelihood that we are able to fill your order, in its entirety or a substantial part of it. Size and likelihood of execution are negatively correlated and are related to the concept of liquidity of the instrument. The more liquid an instrument is considered, the easier it will be to execute an order and all other things being equal, size.

Size and likelihood of execution increase in importance in situations where access to liquidity in the relevant instrument is constrained in some way. For example, if the security itself is illiquid or if the order has a limit price which is not marketable.

**Speed of execution:** BMI defines this as the rate at which it is able to progress an order. Where order instructions do not refer to speed (or participation rate), we will progress your order at a rate which we believe represents a balance between creating market impact and executing your order in a timely fashion so as to reduce execution risk.

### Other Execution Factors

**Likelihood of settlement:** we expect transactions that we execute for you to settle in a timely fashion. Generally, in equity security markets, likelihood of settlement is not a significant factor when executing on regulated markets and MTFs due to the involvement of a central counterparty ("CCP").

However, if we become aware that a particular execution strategy may compromise likelihood of settlement, we may not pursue that strategy even if it would result in a better price. Likelihood of settlement will also become more significant when executing through Systematic Internalisers or other OTC channels.

**Costs:** if you have a commercial arrangement with us in which those costs influence our own charges to you, we will agree an appropriate way with you to incorporate costs into our execution strategy. We will not structure or charge commissions in a way as to discriminate unfairly between execution venues.