BEST EXECUTION POLICY

This document sets out the execution policy and approach to providing best execution, as required by the Markets in Financial Instruments Directive and Regulation (hereinafter "**MiFID II**") of BCS Prime Brokerage Limited ("**BCS UK")**.

This policy will replace the existing Execution policy, implemented, to comply with the requirements set out in the Directive 2004/36/EC (MiFID 1).

MiFID II requires that we take all sufficient steps to obtain the best possible result for our clients (hereinafter "**client**" or "**you**"), taking into account price, cost, speed, likelihood of execution and settlement, size, nature and/or any other relevant order execution consideration, whether we are executing orders on behalf of clients or placing orders with, or passing orders to, others for execution. This overarching obligation to obtain the best possible result for clients is referred to, in this document, as our obligation of best execution.

SCOPE

This document applies to dealings in financial instruments (as defined in Annex 2 of MiFID II[1]) for professional clients (as defined in Annex 2 of MiFID II[2]). Best execution is owed when we accept an order to execute a transaction on your behalf, or transmit your order to other entities for execution. This policy does not apply to orders submitted via BCS UK Direct Electronic Access ("DEA") infrastructure.

Unless we have expressly agreed to accept a best execution obligation, no best execution will be owed and this policy will not apply to you where you have been classified by us as an eligible counterparty and a service or activity that will be carried on by us with or for you will be executing or transmitting your orders or any ancillary service directly related to one of those services or activities. BCS UK will always seek to treat all clients/counterparties fairly.

When we provide quotes or negotiate a price with you, on request (i.e. dealing on a request for quote basis – hereinafter "RFQ") we will consider the nature of the instruction with respect to the four-fold cumulative test published by the European Commission.

The distinction between a request for quote and your reliance on us to achieve best execution will be drawn based on whether you are legitimately relying on us to achieve the execution outcome , i.e. for us to act on your behalf in protecting your interests in line with contractual or agency obligations or whether you merely request or take a price. In determining this, we will consider:

- which party initiates the transaction. If you approach us and suggest entering into a specific transaction, it will be less probable that we will owe you best execution.

[1] http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2014.173.01.0349.01.ENG .

[2] http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2014.173.01.0349.01.ENG .

- market practice and the existence of a convention to "shop around". In the wholesale OTC derivatives and bond markets, buyers conventionally "shop around" by approaching several dealers for a quote and in these circumstances there will be presumed no expectation on your side that we will owe you best execution.

- the relative levels of price transparency within a market. This will be relevant for markets where you do not have ready access to prices while we do. When price transparency is poor we may be using, where relevant, public reference prices and will disclose the same to you and advise on the methodology for calculating fees and charges.

- the information provided by us and any agreement reached. According to our standard arrangements we may agree to provide or make available to you indicative quotations not constituting, however, an offer to enter into a particular transaction. Once you are interested in a transaction based on a relevant quotation, you will submit to us a corresponding offer which, however, we will not be obliged to accept. We will execute any quote provided that the quote is not manifestly out of date, taking into account the changing market conditions and the time elapsed between the offer and acceptance of the quote.

We will not generally be presumed to be receiving an instruction as part of a service where best execution will apply. Where the consideration of the above factors concludes that you are not legitimately relying on us, then best execution will not apply. For example, no best execution obligations will apply where we provide you quotes with no obligation to execute a transaction until the agreement has been reached and you have the flexibility to seek other quotes (as above). By contrast, best execution will apply when in executing your order we deal as a riskless principal on your behalf.

EXECUTION FACTORS

As already mentioned above, when executing orders on your behalf in relation to financial instruments, we will take all sufficient steps to achieve best execution. We will take into consideration a range of different factors when determining how to obtain the best possible result for orders executed on your behalf, including price, the need for timely execution, availability of price improvement, the liquidity of the market (which may make it difficult to execute an order), potential price impact, the size of the order, the nature of the financial transaction (including whether or not such transactions are executable on a trading venue, over-the-counter, or via either route) and the quality and cost effectiveness of any related clearing and settlement facilities.

Depending on the circumstances, some of the above factors can be more important than others. When executing your orders, we will take into account the following criteria for determining the relative importance of the execution factors:

- the characteristics of you as our client, including your categorisation.
- the characteristics of your order.
- the characteristics of financial instruments that are the subject of your order.
- the characteristics of the execution venues to which your order can be directed.

When we execute an order for you, by default, we will consider the factors listed below to be the most important. Notwithstanding this, there are certain situations in which the relative importance of these factors will change in response to the instructions that you provide.

The key factors include:

- **Price**: this refers to the resulting price of the transaction excluding our own execution charges. It will usually be our most important consideration. After price, speed and likelihood of execution are usually deemed as our most important considerations.
- **Market impact**: this entails detecting threats to the orderly operation of financial markets, including to reliability and transparency of their price formation process and tackling any behavior that may conclusively result in cascading market impact or large market impact in general. In forming execution strategy, we will always observe the standard of behaviour normally expected in the market to which you direct your order. We will never take any action which may result in market distortion or give a misleading impression of trade volumes or value of any financial instrument.
- **Speed**: we interpret speed as the rate at which we are able to progress your order. Where your instructions dictate or imply a rate at which we should process your order, we will follow your instructions unless we see an immediate and substantial conflict with the price or other regulatory restraints. Where your instructions do not refer to speed, 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.
- **Likelihood of execution / size**: we interpret this as the likelihood that we are able to fill your order in its entirety, or at least a substantial part of it. This factor increases 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 you provide a limit price which is not marketable.
- **Likelihood of settlement**: we expect transactions that we execute for you to settle in a timely fashion. If we become aware that a particular execution strategy may compromise the likelihood of settlement, we may not pursue that strategy even if it would result in a better price.
- **Costs**: these relate to commissions, costs and the fees that are charged for executing your order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties, such as financial intermediaries or market infrastructure entities. 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. If you have a commercial arrangement with us in which those costs influence our own charges to you, then costs will include the costs for executing your order on each of the eligible venues. Where there is more than one competing venue to execute your order, costs will also include our own commissions and service fees.

Once we have accepted your order we will consider the execution factors in the context of the instructions that you have provided to form a suitable execution strategy. Under this execution strategy, we will take sufficient steps to obtain the best possible result for you by employing appropriate aspects of our execution arrangements.

Our execution strategy may result in us routing your order to one or more execution venues immediately or rather, releasing parts of your order gradually over an appropriate period of time. An example of the latter instance could be a large order in size and/or an illiquid contract, in which case speed would be deprioritised in order to be more passive within the market and to ensure there is not an unacceptable cost or price impact.

The execution strategy employed will take into account any information that you provide us with, together with our knowledge of the relevant instrument and the market in which you are seeking to execute.

Where you use our electronic trading service, the execution strategy will usually be formed automatically unless the circumstances of your order or the relevant instrument are unusual in some way. Where you are not using our electronic trading service, the execution strategy employed will be formed by the judgement of the individual(s) assigned to handle your order, together with the automatic processes available to them.

EXECUTION VENUES

This policy includes, for each class of financial instrument in which we execute orders on your behalf, those venues that we consider enable us to obtain best execution on a consistent basis. These venues include, as appropriate for each product: regulated markets, multilateral trading facilities, organized trading facilities, systematic internalisers, market makers and other liquidity providers (including our affiliates acting as principal) or entities that perform a similar function to those performed by any of the foregoing in a third country. Selection of execution venues includes consideration of factors such as liquidity and price offered, credit and settlement risk, realized performance (latency, liquidity, price improvement, fill rates, pricing analysis), commercial positioning, market mechanism, resilience and reliability.

A list of execution venues on which we place significant reliance in meeting our obligation to take all reasonable steps to obtain on a consistent basis the best possible result for the execution of client orders and specifying which execution venues are used for each class of financial instruments, for, professional client orders and securities financing transactions is set out in Annex 1. Within the same Annex, a list of the entities with which the orders are placed or to which we transmit orders for execution is presented, per class of financial instruments. Subject to the requirements of MiFID II, we will publish on our website on at least an annual basis the top five execution venues in terms of trading volumes for all client orders executed by us during the preceding year per class of financial instruments together with information on the quality of execution obtained on such execution venues. We will also publish, in a separate report, the top five execution venues in terms of trading volumes where we executed securities financing transactions the preceding calendar year.

Additionally, subject to the requirements of MiFID II, we will publish on our website on at least an annual basis the top five entities in terms of trading volumes where we transmitted or placed client orders for execution in the preceding year per class of financial instruments and information on the quality of execution obtained. We will also publish, in a separate report, the top five entities in terms of trading volumes where we executed securities financing transactions the preceding calendar year.

Subject to the requirements of MiFID II, we may execute all or part of your order outside of a trading venue. In particular, we may form prices and execute internal transactions by filling all or part of your order against:

- another client's trading interest; and/or
- a trading interest that we have acquired by facilitating another client's trade.

In certain situations, some regulated markets permit the execution of an order outside the central order book based on market specific parameters such as minimum block thresholds and timings of submission. Where we negotiate transactions on your behalf and do not obtain your agreement to the terms of those transactions in advance we continue to owe you best execution. Any such transactions will be created manually, at the discretion of an individual responsible for execution of your order.

We may choose to transmit your order for execution to another broker or dealer (which may be located outside of the European Economic Area ("**EEA**") and could include both affiliate entities and / or third party brokers), in which case we will either determine the ultimate execution venue ourselves on the basis described above, and 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.

We will take steps to not structure or charge our commissions in such a way as to discriminate unfairly between execution venues. When we select venues we will do so either on a long-term basis, by choosing the venues to which we will maintain access or on a short-term basis, by choosing the venue or venues, to which we have access and which are the most appropriate to execute individual orders or any part of them.

As a general principle, for the financial instruments in which we execute or transmit for execution and determine the ultimate execution venue, we look to maintain access (whether direct or supplied by a third party broker) to the market on which the relevant financial instruments are originally listed and/or predominantly traded.

In selecting venues in the relevant jurisdiction, our approach is governed by the following factors:

- Price, cost and liquidity (importance: high). This considers whether a venue provides, or is likely to provide, material opportunities to trade that may not exist within our existing portfolio of venues. Those opportunities may take the form of prices, which improve on those offered by our existing venues or the ability to trade significant additional size at similar prices to those offered on existing venues. We expect liquidity and price to be closely (but not exclusively) associated with the market share the venue commands.

  The fees that are charged to us by an execution venue (or that arise from clearing and settling the trades executed on that venue) influence the costs incurred by our clients. We may charge commission rates for execution that reflect both the cost of providing our own services and the costs that we incur or expect to incur when we use external execution venues. In this case, the cost of execution associated with a particular execution venue will only be factor if we believe it will not be economically viable in the context of the commission rates that we believe our clients are willing to pay. Where the cost of execution is separately compensated for, such costs will be considered together with our own commissions and the execution price.

- Credit and settlement risk (importance: high) . We will not generally use a venue if we are not able to determine the obligations (both on us and our trade counterparty) either to settle a transaction or to resolve failed settlements.

- Realised performance (importance: high). The metrics gathered once we utilise a venue are subject to frequent review and, taken together, may influence the decision to retain or disqualify a venue from ongoing use. Metrics considered include but are not limited to: latency, liquidity, price improvement, the average ratio of the volume executed on our orders over the liquidity available at the time of sending the order according to the prevailing market data and pricing analysis. The metrics applied will depend on whether the venue operates by matching incoming orders with other orders and publishes pre-trade market data to the market that shows the prices of the orders resting on its order book.

- Market microstructure / operating model (importance: medium). We will usually assess venues according to the following themes:
- ✓ whether the venue functions in a way that might benefit or hinder our ability to achieve best execution;
- ✓ whether the rules of the venue and its fee structures encourage or discourage participants and trading behaviours that are compatible with the aims of achieving best execution;
- ✓ whether we have confidence that the venue is reliable across a range of market conditions.

- Speed of access, immediacy and likelihood of execution (importance: medium). In general, the majority of European or US markets operate at comparable speeds and this factor is therefore not usually an important differentiator for those venues selection. The importance that we attach to speed varies with the market model, i.e. whether or not it provides any pre-trade market data.

When we accept an order from you and immediately send that order directly to one or more execution venues we are choosing between multiple execution venues giving due regard to the following principles according to the type of order that we are trying to execute:

- Where an order has no limit price or is an order to buy in which the limit price is greater than or equal to the best offer price or an order to sell in which the limit price is less than or equal to the best bid price, our primary goal will be to achieve the best price/total consideration, followed by maximizing the speed and likelihood of execution.
- Where an order has a limit price, which does not meet the above criteria we consider that the price of the execution is set and our choice of venue will be determined by associated costs and maximizing both the speed and likelihood of execution.
- When choosing across a range of venues, which do not provide any pre-trade market data and execution prices of which are derived from the bids / offers published by execution venues providing such data our priority will be to maximize the speed and likelihood of execution whilst also minimizing the chance that there are adverse price movements around the time of execution and execution costs.

Although we are committed to executing your orders in a way we consider the most suitable, when markets become excessively volatile, for example, at the open or close of the standard trading session, the execution of your orders may still be impaired by:

- Substantial difference between the bid or offer price or the last reported sale price quoted at the time of order entry and actual execution price.
- Partial executions or execution of large orders in several transactions at different prices.
- Delays in executing orders through external market makers due to manual routing or execution.
- Substantial deviation of opening prices from the previous day’s close prices.
- Locked (the bid equals the offer) or crossed (the bid is higher than the offer) market conditions.
- Order imbalances and back logs due to investors placing high volume of orders.

- Pre-trade filters whether execution venues' or ours, result in orders with a large expected market impact are paused or traded using an algorithm potentially causing slippage from the expected arrival price.

TYPES OF TRADING ORDERS

Given the risks that arise when trading in financial markets, you may wish to consider using different types of trading orders to limit such risk. Please, note that the descriptions below may apply to some and not all types of financial instruments.

- **Market order:** With a market order, you may instruct to execute a trade of a certain size as promptly as possible at the prevailing market price. Market orders are executed without regard to price changes. Therefore, if the market price moves significantly during the time it takes to fill your order, the order will most likely be executed at a price substantially different from the price when the order was entered. Certain exchanges do not support market orders. If you place a market order in these markets, we will automatically translate the order to an aggressive limit order within a certain percentage limit "in the money". You have responsibility to check if the order is traded in the market after order entry. If you experience or suspect any errors with the order contact us immediately.

- **Limit order:** With a limit order, you set the maximum purchase price, or minimum sale price, at which the trade is to be executed. As a limit order may be entered away from the current market price, it may not be executed immediately. By placing a limit order you give up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. Limit orders may be routed to an exchange automatically. Where a limit order is placed in a share admitted to trading on a regulated market or traded on a trading venue, we shall not be obliged to publish that limit order if it cannot be immediately executed under prevailing market conditions.

- **Stop order:** A stop order is an order to buy or sell a financial instrument once the price of the instrument reaches a specified price, known as the stop price. When the stop price is reached, a stop order becomes a market order. A buy stop order is entered at a stop price above the current market price. A sell stop order is entered at a stop price below the current market price. A stop order is therefore a "sleeping" order until the stop price is reached or breached. Sell stop orders are generally used to limit a loss or to protect a profit on a financial instrument. In order to ensure stop orders are not filled at unreliable prices during short periods with abnormally wide bid/ask spreads caused by, for instance, release of key economic figures we implement spread filters preventing order execution when spreads exceeds certain levels.

- **Trailing stop order:** The trailing stop order is a stop order as described above but the trailing stop price moves according to parameters you set in the order. This way the trailing stop can be used to sell if the price drops more than a specified distance from the highest price traded or to buy if the price trades above a set level from the lowest traded price. We may allow you to further customise the manner in which your stop (or stop-limit orders) are triggered. You may change the trigger method to include or exclude certain trigger criteria based on your specific trading objectives.

- **Stop-limit order:** A stop limit order is a variation of a stop order with a lower (higher) limit price to suspend trading if the price falls (rises) too far before the order is filled restricting trading to a predefined price range. Once the stop price is reached a stop-limit order becomes a limit order that will be executed at a specified price (or better).

  We may offer you several ways to submit stop and stop-limit orders. On most venues, we implement and manage stop (or stop-limit) orders in our systems, submitting market (or limit) orders to the venue when the trigger price specified by you has been reached and passed. On some venues, we may submit stop and/or stop-limit orders using the venue's native order type. For each venue on which you may trade we will specify to you whether stop and/or stop-limit orders are managed by us or submitted using the venue's native order type. For stop and stop-limit orders that we manage, unless you specify otherwise when submitting the order, the order will be triggered and a market (or limit) order will be submitted for execution when the venue on which the financial instrument is traded is open and has a valid bid/ask quote for the instrument and the last sale price for the instrument is at or above (for buy stop orders) or at or below (for sell stop orders) the trigger price specified by you.

- **VWAP orders:** We may accept volume weighted average price ("VWAP") orders for certain securities. The VWAP for a security is calculated by adding the price of every transaction in that security (the price per security multiplied by the number of securities traded) and dividing by the total securities traded. A VWAP is computed from a beginning cut-off time to an ending cut-off time, and is calculated by volume weighting all transactions during this time period. By default, beginning cut-off times are every minute from market open to market close. You can also modify the ending cut-off time of the calculation in your trading terminal or otherwise when submitting the order. If you elect to specify a start and end time, certain limitations will apply. We will also set order size limits depending on the average daily trading volumes.

- **Algorithmic order:** An algorithmic order is an order executed by an automated strategy according to specific parameters or conditions. Algorithmic orders are intended to minimize the market impact created from placing larger orders or achieving a recognized trading benchmark. The orders can also be used to follow a volume participation or in general to achieve a better overall execution.

SPECIFIC INSTRUCTIONS

Where you give us specific instructions, including specifying the characteristics of a bespoke product, either relating to an order or a particular aspect of an order, we will execute so far as is reasonably possible in accordance with those instructions. You should be aware, however, that specifics of the instruction may prevent us from taking the steps that we have put in place to obtain the best possible result for the execution of your orders with respect to the elements impacted by such specific instructions. Notwithstanding this, where you give us a specific instruction, which covers one part or aspect of the order, this will not release us from our best execution obligations in respect of any other part or aspect of your order that is not covered by such instructions.

We may not expressly indicate or implicitly suggest to you the content of the instruction, if we believe that an instruction to that effect is likely to prevent us from achieving best execution. This will not prevent us inviting you to choose between two or more specified trading venues, consistent with this policy.

We may also use systems that record your venue preferences for all your orders or other processes that leave a clear audit trail of your wishes.

Where you give us specific instructions to execute a fixed-price transaction, we may execute outside of a trading venue, including trade against one of our affiliates unless you expressly instruct us otherwise. In that case any "mark-up" or "mark-down" to prevailing market prices may be retained by that affiliate.

AFFILIATES AND THIRD PARTIES

The arrangements described in this policy apply when one of the entities of our group handles the execution of your order itself.

Using affiliated entities and third party brokers allows us to provide access to markets where it otherwise may not be able to execute or, where we believe it to be in your best interests, to address certain characteristics of your order. However, you should be aware of the potential difference in approach to execution standards where this is the case, whilst we retain our obligations regarding best execution, the execution of the transaction may be carried out by an entity, which is not subject to MiFID II.

Where we engage either an affiliate or a third party broker for order execution, we will:

- carry out due diligence on that entity and will take steps to ensure that the entity is able to provide an appropriate standard of execution in the relevant market; and
- monitor our executions with the broker to satisfy ourselves that they are providing appropriate standards of execution.

In relation to affiliates specifically, whilst we believe that using affiliates provides benefits to clients (including consistency of order handling; governance and oversight processes and the transparency thereof; certainty of market access; and integrated technology, allowing more efficient communication and front to back trade processing), we acknowledge that the opportunity for potential conflicts of interest exists. We are committed to mitigating these to the extent possible and perform due diligence on our affiliates to at least the same standard as for a third party broker; we also commit to monitor our executions with affiliate entities to satisfy ourselves that they are providing appropriate standards of execution.

MONITORING AND REVIEW

We will monitor the quality and appropriateness of our execution arrangements on an ex-ante and ex-post basis and assess whether the execution arrangements we have pursued provide for the best possible result for orders we execute on your behalf and decisions to deal on an-ongoing basis.

We will, at your request, provide you with the market data, which served as a basis for the execution. In those cases where prices have been set at our discretion, we will provide you with all evidence needed to verify our compliance with this policy.

We will review our execution arrangements and this policy on a regular basis, and at least once annually, to identify changes, which may be appropriate, taking account of, inter alia publicly available information relating to the quality of execution disclosed by relevant trading venues and our own data. Such a review will also be carried out whenever a material change occurs that affects our ability to continue to obtain the best possible result for the execution of client orders on a consistent basis using the venues included in this policy. We will also notify you of any material changes to our order execution arrangements or this policy via e-mail and our website at http://bcsgm.com/en.

Article 27(6) of the Directive states that Member States shall require investment firms who execute client orders to summarize and make public on an annual basis, for each class of financial instruments, the top five execution venues in terms of trading volumes where they executed client orders in the preceding year and information on the quality of execution obtained

BCS UK shall not receive any form of remuneration, discount or other forms of inducement for routing client orders to a particular trading venue.

MiFID II does not prohibit firms to from selecting less than five execution venues, to execute client orders in a given class of financial instruments, where firms are able to demonstrate best execution.

As such, BCS UK shall publish a list of accessed execution venues and reassess the market landscape on regular basis, to determine whether there are alternative venues that could be used by us to achieve better execution for clients to whom Best Execution applies.

Please note that using a single venue, does not diminish our responsibility to monitor the quality of execution provided, nor does it mean that merely executing client orders on that venue will allow for us to discharge our best execution obligations.

The venues on which we place significant reliance in meeting our obligation to take all sufficient steps to obtain on a consistent basis the best possible result for our clients:

Financial Instrument	**Execution Broker**	**Execution Venue(s)**
Equity securities		
Equity Securities, Depositary Receipts, ETFs	1. BrokerCreditService Ltd 2. BrokerCreditService (Cyprus) Ltd 3. Instinet Europe Limited 4. Knight Capital Group Limited	1. *MOEX Moscow Exchange 2. LSE London Stock Exchange 3. *NYSE New York Stock Exchange 4. *NASDAQ Nasdaq Stock Market
Debt Instruments		
Bonds	1. BrokerCreditService Ltd 2. BrokerCreditService (Cyprus) Ltd	1. OTC 2. *Moscow Exchange (MOEX)
Derivatives		
Derivatives (Futures and Options traded on a trading venue)	1. BGC Brokers LP 2. Dash Financial Technologies LLC 3. De Paola Trading, Inc 4. Exane Inc 5. Forte Securities Limited 6. GFI Securities Limited 7. HPC SA 8. ICAP Securities Limited 9. Interactive Brokers Limited 10. Israel Englander & Co. LLC 11. Kepler Capital Markets SA 12. Kyte Broking Limited 13. Macro Risk Advisors LLC 14. Makor Securities London Limited 15. Mariana UFP LLP 16. Oscar Gruss & Son Incorporated 17. OTCEX SA 18. RJ O'Brien 19. Sunrise Brokers LLP 20. Tullett Prebon Financial Services LLC 21. Vantage Capital Markets LLP 22. X-Change Financial Access, LLC 23. XBZ Limited	*1. *CME Group Chicago Mercantile Exchange Group (CME, CBOT, NYMEX and COMEX)* *2. *FORTS Moscow Exchange derivatives market* *3. *MOEX Moscow Exchange* *4. EUREX European Exchange AG* *5. LSE*

** Through a third party broker*