



Rabobank

**ORDER EXECUTION POLICY
May 2020**

1. Introduction

This is the order execution policy (the “**Policy**”) of Cooperatieve Rabobank U.A. trading as Rabobank (“**Rabobank**”), which is authorised by the Dutch Central Bank (“**DNB**”), headquartered in The Netherlands and operates through its branches globally when providing investment services.

This Rabobank Order Execution Policy (“the **Policy**”) provides clients with information on the client order handling and execution arrangements that Rabobank has in place to comply with its obligations under the Markets in Financial Instruments Directive 2014/65/EU (“**MiFID II**”).

2. Scope

The Policy applies to all Professional and Retail clients classified by Rabobank (we, us or our as appropriate) in relation to the handling and order execution of “financial instruments” (both defined under MiFID II). The Policy applies when we accept a client’s order to work on and execute or when we have expressly agreed to apply this Policy.

In certain situations MiFID II best execution rules may not apply or may be applied in a different manner which will be explained in section 3.2 “Specific Circumstances”.

The execution rules do not apply to eligible counterparties (ECPs), however, regardless of the specific provisions of MiFID II best execution obligations, we are committed to acting in our client’s interests and to act honestly, fairly and professionally and to communicate in a way that is fair, clear and not misleading.

We act in a principal capacity with our clients and counterparties unless expressly agreed otherwise.

3. Best Execution

3.1 What is Best Execution?

Best execution is the obligation to take all sufficient steps, when executing orders, to obtain the best possible result for our clients.

Where the obligation to achieve best execution applies, we are required to consider certain Execution Factors (the “**Execution Factors**”) as part of the process of taking all sufficient steps to achieve the best possible result:

- **Price:** This is the price of a financial instrument excluding our execution charges;
- **Costs:** There are three broad categories of cost:
 - i. **Implicit Costs:** Cost of the market impact of order execution, eg executed immediately or worked over time.
 - ii. **Explicit External Costs:** Exchange or clearing fees, or any other fees paid to third parties involved in the execution of the order.
 - iii. **Explicit Internal Costs:** Rabobank’s own remuneration;
- **Speed:** This refers to the potential time it might take to execute your order. We will execute your orders promptly, fairly and as soon as reasonably possible, taking into account the nature of the order and the prevailing market conditions. This is without prejudice to our ability to exercise discretion when executing orders provided that such discretion is exercised in good faith, in the interests of the client and in accordance with this policy.
- **Likelihood of execution and settlement:** The likelihood that we will be able to complete a client transaction;

- **Size:** This is the size of the transaction and we may take this into account as to how this affects the price of execution;
- **Any other relevant considerations** such as characteristics of execution venues or market impact.

The application of the above Execution Factors will depend on a number of factors including, but not limited to:

- The characteristics of the Client: Retail, Professional or ECP, including any special objectives the client states in relation to the execution of the order;
- The characteristics of the Financial Instrument relevant to the order;
- The characteristics of the Market (e.g. liquidity);
- The characteristics of the Execution Venues to which an order may be directed;

For **Professional Clients**, we will consider price and cost as the most relevant factors excluding our own fees or commissions as these are disclosed separately, unless the client provides specific instructions. However, in doing so, it may prioritise other Execution Factors, if by doing so, we believe it will result in a better overall results for the client.

For **Retail Clients**, when determining whether Best Execution has been achieved, on an overall basis, we will give precedence to price and cost ("Total Consideration"). Total Consideration is the price of the financial instrument plus the costs related to execution, excluding our own fees or commissions as these are disclosed separately.

Costs for Rabobank's fees and commissions

Our own fees and commissions are separately agreed with and communicated to clients and as such they are not captured by the obligation to provide best execution.

The price we quote at, or the price we execute the order at, may include a mark-up/down at its discretion. Such mark-ups, may vary from one transaction to the next, depending on the client order, nature of the financial instrument, market conditions, or other circumstances. The best execution obligation does not require us to compare our results that would be achieved for our client on the basis of our own commissions and fees with those of another firm's retail commissions or fees - which may be structured differently or which may relate to differences in the nature of the services provided to clients. In each case, however, we have measures in place to ensure any mark-up is fair and reasonable

3.2 Specific Circumstances

a. Securities finance transactions

When clients approach us for the purposes of entering into securities financing transactions (e.g. repo or reverse repo transactions), each request is bespoke and tailored to the specific requirements of the client. We will consider the prevailing market conditions, the credit quality of the client or other relevant factors as deemed necessary prior to providing the client with a quote. The client is free to accept this quote or not. In relation to the circumstances described above, in each case we will act only as principal and not as agent. We will not owe professional clients a duty of best execution for the securities finance transactions.

b. Acting following specific instructions from a client

Where a client provides us with a specific instruction in relation to the execution of an order, we will follow that instruction as far as reasonably possible. We will issue a warning that such specific instruction may prevent us from taking the steps that we have put in place to obtain the best possible result for the order execution with respect to the elements impacted by such specific instruction.

In circumstances where clients give a specific instruction which applies only to one or more parts or aspects of an order, we will follow that instruction so far as is reasonably possible when executing the transaction. By following the specific instruction of the client, we will have satisfied the obligation to provide clients with best execution in relation to the relevant part or aspects of the order to which a client's specific instruction applied. The remaining portion of that order not covered by such instructions may still be applicable for best execution in accordance with the criteria laid out in this Policy.

c. Request for Quotes

When upon request of a Professional and Retail client, we provide a quote or when we negotiate a price with such client i.e. dealing on a request for quote basis (RFQ), we will be dealing on own account and will be the execution venue.

We may provide indicative prices to our clients across a range of electronic platforms. When a client submits a trade request in response to indicative pricing provided by us, our pricing engine performs a series of reviews before accepting or rejecting the trade at the price requested by the client. This review is commonly known as "Last Look". We do not use Last Look for:

- Gathering market information;
- Pre-hedging;
- The disclosure of any confidential information other than to the extent of executing the transaction;
- Our activities in the capacity of systematic internaliser as set out in MiFID II for which our Commercial SI Policy is applicable which can be found here: www.rabobank.com/mifid.

The Profit and Loss tolerance price check is intended to confirm whether the trade request price remains consistent with the current prevailing market price. For the same reason, our quotes may be provided with a limited validity period, which may be communicated with the client generally or on a trade by trade basis.

For Retail clients, we will assume they will place legitimate reliance on us to protect their interests in relation to pricing and other relevant elements of all transactions that we execute with them.

For Professional clients, the best execution obligations (RFQ) are only applicable when this client is legitimately relying on us to protect their interests. This assessment of legitimate reliance is based on the following elements:

- i. **Which party initiates the transaction** – Where you approach us and initiate a transaction, it is less likely that you will be placing legitimate reliance on us compared to the situation where we approach you and suggest you enter into a transaction, in which case it is more likely that you will be relying on us.
- ii. **The market practice and the existence of a convention for clients to “shop around”** – If we reasonably believe that such market practice for a particular asset class or product exists and you are likely to have access to more than one provider who may provide you with quotes and you have the ability to “shop around”, it is less likely that you will be placing reliance on us.
- iii. **The relative levels of price transparency within a market for us and for clients** - If we reasonably believe that information relating to prices is transparent or accessible for you, it is less likely that you will be relying on us to provide best execution. If, however, we reasonably believe that you do not have access to price information relevant and relating to the product and we do have such knowledge, it is more likely that you would be relying on us to provide best execution.
- iv. **Any other information** provided by, or terms of agreement entered into with us, and as set out in this policy, may be relevant to the question whether or not you would in our view be legitimately relying on us to provide best execution.

When after consideration of the above elements we conclude that you are not legitimately relying on us to apply best execution upon the execution of your order we do not consider best execution to apply.

d. Bespoke OTC transactions

For transactions which are bespoke or which are executed outside of a trading venue (i.e. OTC) the best execution requirements are achieved differently.

The fairness of the price is checked by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products. We have adequate procedures and valuation systems in place to determine the fairness of price and may choose different markets for different products or circumstances.

e. Market Making

When we display quotes that were then accepted by a client, provided the client was not legitimately relying on the firm to protect their interests in relation to pricing and other elements of the transaction, we do not owe Best Execution.

Our market making activities could potentially have an impact on prices relating to the same financial instrument, however, we are committed to acting in our customer's interests and to act honestly, fairly and professionally and to communicate in a way that is fair, clear and not misleading.

f. Volatile Markets and Extreme Situations

Certain circumstances, including (without limitation) extreme market conditions or disruptions to systems, may adversely affect our efforts to obtain the best possible result when executing orders on behalf of clients.

3.3 General order handling terms

a. Execution venues

Client orders may be executed in one of the following ways below, either electronically or as per item (ii) below, manually through use of telephone or other electronic communication channels:

- i. By executing the order directly on a regulated market, MTF or OTF¹.
- ii. By executing your order with other liquidity providers, including systematic internalisers.
- iii. By dealing on own account, we will be the execution venue, where we execute your order against our own book.

In all cases where we deal on an RFQ basis, orders will be executed as per (iii) above. In all other cases, when executing orders for our clients, when acting as principal, the method of execution is per (i) or (ii) above. The method is determined on a case by case basis, taking into account the nature of the order and prevailing market conditions in order to obtain the best possible result for the client.

In circumstances where we accept an order to work on, we may choose to place the order with one or more execution venues, if we deem it to be in your best interest.

Alternatively, we may confirm the execution of a client's order without physically placing the order with one or more execution venues, by referencing the price at which the same or similar financial instrument(s) are trading on other execution venues, at or around the same time as we confirm the execution of your order. In accordance with the "relative importance of Execution Factors" above, our choice of execution venue will be determined, in the first instance, by price and cost.

¹ An MTF stands for "Multi-lateral Trading Facility" and an OTF stands for an "Organised Trading Facility". Both being defined terms within MiFID II.

We select the venues on which we participate based primarily on liquidity and the ability to manage price risk. Regardless of whether or not we physically place an order on an execution venue, the determination of the execution venue will be based on our ability to execute the client order at the price requested and in the size requested. A list of each execution venue by asset class we may use is attached in Appendix A.

b. Reference prices

In some cases, financial instruments may be traded on more than one execution venue. When executing certain types of orders which are contingent on the price of the financial instrument reaching a particular price level (e.g. limit orders and stop loss orders), or for the purposes of establishing highs and lows, we will rely upon the reference price established on the execution venue which we believe is the principal market for that financial instrument; or as expressly agreed with the client beforehand. Details of the markets used, for each relevant financial instrument are available on request.

c. No transmission of orders

We do not transmit client orders to third parties for execution.

d. Aggregation and priority of client orders

We will execute orders which are in all material respects comparable, in the order in which they are received. We generally do not aggregate client orders, nor aggregate orders with transactions for our own account. If we would aggregate client orders, we will do so only if we consider that it is not detrimental to the client whose order is to be aggregated. Furthermore, where we aggregate orders and only partial fills are achieved, we will allocate such fills according to the time by which the orders were received.

3.4 Miscellaneous terms

a. Publication of quality of execution

We are required to publish quarterly, certain data relating to the client orders that we have executed in our capacity as an execution venue. The publication aims to provide clients with information on the quality of execution where we act as the execution venue of client orders. These quarterly publications are provided on our website www.rabobank.com/mifid.

b. Publication of the top five execution venues

We are required to summarise and make public on an annual basis, for each class of financial instruments, the top five execution venues in terms of trading volumes where we have executed client orders in the preceding year and information on the quality of execution obtained on this venues. Such details are provided on our website www.rabobank.com/mifid.

c. Monitoring and Policy review

We will monitor the effectiveness of our order execution arrangements and compliance with this Policy. We will also be able to demonstrate to clients, at their request, that we have executed their orders in accordance with this Policy.

We will review this Policy, at least annually, to address any specific issues identified when monitoring our order execution arrangements or whenever a material change occurs that affects our ability to continuously obtain the best result for you. We will notify our clients of any material changes to this policy by publishing an updated version on our website: www.rabobank.com/mifid We will deem you to have accepted the arrangements put in place under the policy in force when you place an order for execution.

d. Consent to this Policy and express consent to execute orders outside of a Trading Venue

We are required to obtain the prior consent of our clients for the order execution Policy. Having been provided with this Policy by us and where you subsequently instruct us to execute your orders and/or otherwise continue to enter into transactions within the scope of this Policy you are deemed to consent to this Policy.

Subject to applicable trading obligations, we may execute orders outside a trading venue. Without your prior consent, we are not allowed to execute your orders off-exchange. You should consent, therefore, by replying to us in accordance with a separate consent letter provided to you.

If you wish to discuss the application of Best Execution to your trades with us please contact your usual sales representative.

Appendix 1 – List of Execution Venues

(a) Equities – Shares & Depositary Receipts

Retail Clients only:

- Euronext Amsterdam (MIC: XAMS)
- London Stock Exchange (MIC: XLON)
- Xetra (MIC: XETA)
- Euronext Brussels (MIC: XBRU)
- Euronext Paris (MIC: XPAR)

(b) Debt Instruments

Professional Clients:

- Rabobank (DG3RU1DBUFHT4ZF9WN62)
- Tradeweb (MIC: TREU)
- Bloomberg (MIC: BMTF)
- Tradeweb (MIC: TWEM)
- Market Axess (MIC: MAEL)

Retail Clients:

- Rabobank (DG3RU1DBUFHT4ZF9WN62)
- Euronext (MIC: XAMS)

(c) Interest Rates Derivatives

Professional Clients:

- Rabobank (DG3RU1DBUFHT4ZF9WN62)
- Tradition OTF (MIC: TCDS)
- Tradeweb (MIC: TREU)
- Bloomberg (MIC: BMTF)

Retail Clients:

- Rabobank (DG3RU1DBUFHT4ZF9WN62)

(e) Currency Derivatives

Professional Clients:

- Rabobank (DG3RU1DBUFHT4ZF9WN62)
- FX All (MIC: TRAL)
- FX All (MIC: FXRQ)
- Bloomberg (MIC: BMTF)
- Reuters Forwards (MIC: TRFW)

Retail Clients:

- Rabobank (DG3RU1DBUFHT4ZF9WN62)

(f) Structured Finance Instruments

Retail Clients only:

- Euronext Amsterdam (MIC: XAMS)
- London Stock Exchange (MIC: XLON)
- Xetra (MIC: XETA)
- CBOE Europe (MIC: BATE)
- Euronext Paris (MIC: XPAR)

(g) Equity Derivatives

Retail Clients only:

- Euronext Eqf -Derivatives (MIC: XEUE)
- Euronext Brussels – Derivatives (MIC: XBRD)
- NYSE Arca (MIC: ARCX)
- Deutsche Bank SuperX (MIC: DBSX)
- UBS ATS (MIC: UBSA)

(h) Securitized Derivatives

Retail Clients only:

- Euronext Amsterdam (MIC: XAMS)
- New York Stock Exchange (MIC: XNYS)
- CBOE EDGA (MIC: EDGA)

(i) Commodities Derivatives

Professional Clients only

- Rabobank (DG3RU1DBUFHT4ZF9WN62)

Commodity derivative transactions are negotiated on a case by case bases according the specifications of the client. Unless Rabobank is obliged to execute the relevant transaction on a trading venue, or where execution on a trading venue is in the best interest of the client, Rabobank trades commodity derivatives with clients on bilateral basis, in which case Rabobank is the only execution venue

(k) Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)

Retail Clients only:

- Bloomberg (MIC: BMTF)
- Xetra (MIC: XETA)
- Euronext Amsterdam (MIC: XAMS)

- Xetra (MIC: XETR)
- Euronext Paris (MIC: XPAR)

Securities Financing Transactions

- Rabobank (DG3RU1DBUFHT4ZF9WN62)

Securities finance transactions are negotiated on a case by case bases according the order or request for quote from the client. Each transaction is bespoke and tailored to the specific requirements of the client and in such circumstances Rabobank is the execution venue.