

# Order Execution and Allocation Policy

The summary of our Order Execution and Allocation Policy (the 'Policy') below outlines the manner in which we will execute Transactions for you so as to obtain the best possible result for you, the factors which will influence the manner of execution and details of our execution venues. Where you have decided to execute Transactions with a Credit Suisse Entity other than Credit Suisse (UK) Limited, this Policy will not apply and you should refer to the relevant Credit Suisse Entity's Terms and Conditions for any information on its execution policy.

## Order Execution

Where you are a Retail Client or a Professional Client we will take all sufficient steps to provide Best Execution when executing your orders in "Financial Instruments" under Markets in Financial Instruments Directive 2014/65/EU ("MiFID II" (see Appendix 1), and for the purposes of the FCA Rules (each an "Order") except where the Order relates to the primary issuance of securities.

Please note, MiFID II does not define spot foreign exchange transactions ("Spot FX") as "financial instruments" however we will strive to apply equivalent standards to Spot FX.

### 1. What is the Best Execution obligation?

Best Execution is the requirement to take all sufficient steps to obtain the best possible result when executing or transmitting orders for you, taking into account price, costs, speed, likelihood of execution and settlement, size, nature and/or any other consideration relevant to the execution of an order or any other scenario where you place legitimate reliance on us to protect your interests (the 'Execution Factors').

### 2. When does the Best Execution obligation apply?

We owe you an obligation to take all sufficient steps to achieve best execution when executing orders on your behalf. We typically regard ourselves as being in receipt of an order and acting on your behalf where you legitimately rely on us to protect your interests in relation to the Execution Factors relevant to that transaction and to act on your behalf. This will include but is not limited to the following situations where we are:

- executing an order by dealing as your agent; and
- "working an order" on your behalf.

In all other circumstances, for example in response to a request for quote ("RFQ"), we will assess whether you are placing legitimate reliance on us to protect your interests in relation to the Execution Factors relevant to that transaction. In order to make this assessment the following four factors will be considered. These factors will be considered collectively and not in isolation; any one factor, or a combination thereof, may require us to apply best execution:

- which party initiated or solicited the transaction - it is more likely that you will be placing reliance on us where we propose the transaction to you;

- whether there is a market practice and the existence of a convention to “shop around” – it is more likely that you will be placing reliance on us in markets where there is not a convention for you to “shop-around” for a quote;
- the relative levels of price transparency within a market - it is more likely that you will be placing reliance upon us where the level of price transparency available to you is not the same or similar to that available to us; and
- information provided by Credit Suisse (UK) Limited and any agreement reached - it is more likely that you will be placing reliance on us where there are arrangements and agreements in place which state we will provide best execution and indicates or suggest a relationship of reliance.

We do not guarantee that we will be able to achieve best execution for every transaction received from you, however, in all cases we will comply with the Policy.

### **3. When does the Best Execution obligation not apply?**

The Best Execution obligation will not apply in circumstances in which we are transacting with you as counterparty on the basis of a own account risk price and you do not place legitimate reliance on us to protect your interests in relation to the Execution Factors relevant to that transaction (taking into account the factors outlined above).

### **4. Execution Factors**

The manner in which an Order is executed can be affected by various factors. In determining how each of your Orders will be executed we will take into account the following:

- price;
- costs;
- speed of execution;
- likelihood of execution;
- speed of settlement;
- likelihood of settlement;
- size of the order;
- nature of the order; and
- any other consideration relating to the execution of the order.

Each of these factors will not necessarily be given equal weighting in our evaluation of how to obtain the best possible result for you and we will determine the relative importance of each of these factors by reference to:

- your characteristics as a client including your categorisation;
- the characteristics and nature of the Order, including whether any specific Instructions are given;
- 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.

For most Orders, price and costs are likely to be the most important factors. However, we may, in our absolute discretion, decide that other factors listed above are more important and act accordingly.

It is important to note that whilst we will take all sufficient steps to satisfy that we have processes in place to deliver Best Execution for you, we cannot guarantee that we will be able to provide Best Execution for each and every Order.

## 5. Specific Instructions

Where you accompany your Order with specific instructions as to the manner of execution or a particular aspect of such Order, and we comply with those specific instructions, we will be deemed to have provided you with Best Execution even if such instructions prevent us from taking the steps which are designed to obtain the best possible results for execution of that Order.

Please note that we are not obliged to follow any specific instructions and may at our discretion determine not to comply with such instructions. Where possible, we will inform you of the reasons why we have not complied with your instructions.

## 6. Execution Venues

In the absence of any specific instructions we will direct your Orders to the venue we believe will provide the best possible result. This may be any one of:

- Regulated markets (“**RMs**”);
- liquidity providers or market makers;
- third party brokers;
- Multilateral Trading Facilities (“**MTFs**”) (systems operated by an investment firm that bring together multiple third party buying and selling interests in financial instruments);
- Organised Trading Facility (“**OTF**”) (a multilateral system that is not a RM or MTF);
- and
- Systematic Internalisers (“**SIs**”) (these are investment firms that on an organised, frequent and systematic basis deal on their own account by executing client orders outside a RM, MTF or OTF).

In meeting our obligation to obtain the best possible result when executing your Orders, we place significant reliance on the venues, listed in Appendix 2 by asset classes in which we trade, to provide us with the best possible result on a consistent basis. We are not required to use these venues on every occasion and consequently we may use other venues approved by us. Details of these other venues are available on request.

## 7. Further information on how we handle your order

We have further policies and procedures in place to ensure we execute and allocate your orders promptly and fairly, taking into account the need to manage any potential conflicts of interest that may exist between you, ourselves and our other clients.

We will execute your order in line with other comparable client orders sequentially and promptly, unless (i) the characteristics of your order or prevailing market conditions make this impracticable<sup>1</sup>; or (ii) your interests require otherwise.

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<sup>1</sup> For example, it may not be practical for client orders that are received by different means (e.g. voice versus electronic) to be carried out sequentially.

Where you do not provide specific instructions, we will execute and allocate your order as soon as reasonably practicable, unless we reasonably consider that delaying the execution of your order is in your best interests.

When executing your order we may decide to aggregate your order with a transaction for our own account or that of another client. Such aggregation will be taken, for example, to provide a better price to you or to reduce transaction costs by allowing us to execute in larger size. We will only aggregate your order if it is unlikely that the aggregation will work overall to your disadvantage. Where we are unable to fill an aggregated order in full, we will allocate the executed notional on a fair and equitable basis.

We will endeavour to communicate the order execution and allocation status of your order to you soon as reasonably practicable.

## **8. Matters outside of our control**

In some cases, whether as a result of system failures, disrupted markets or otherwise, it may be necessary to execute your orders in a different manner to that documented in the Policy for the financial instrument in question.

In such circumstances we will still seek to achieve the best possible result available for you in the prevailing circumstances.

## **9. Top 5 Venue Reporting**

We are required to publish annually information, for each class of Financial Instruments, on the top five execution venues (in terms of trading volumes) where we have executed your orders in the preceding year and publish information on the quality of execution obtained for all the execution venues that we use.

This information will be provided in separate reports for Retail and Professional Clients and made available on our website by the end of April of each year covering the previous calendar year.

## **Order Allocation**

The Sales and Trading Services desk ("STS") will ensure that allotments are made and communicated to you and your Relationship Manager by email or telephone immediately after receiving a final communication by the syndicate banks. Allotment of equities, if reported and confirmed in good time by the syndicate banks, will be reported before trading begins on the stock exchange.

STS Execution is entitled to temporarily exclude clients or remove them from a client list, if they regularly sell or transfer their allotted securities at short notice in spite of warnings from STS Execution to the Relationship Managers.

### **1. Prohibited allocation arrangements**

The following arrangements or offering of these is prohibited:

- Quid-pro-quo: the payment of special or higher commissions to receive a higher allotment.

- Laddering: the pre-arranged buying of securities that have just been placed to artificially support the price in return for a higher allotment.
- Spinning: entering into an obligation, whereby the allotting bank is offered orders or business in return for a higher allotment.

The above list of prohibited activities is not exhaustive.

## **Monitoring**

We will monitor the effectiveness of our allocation and execution arrangements, and when appropriate, implement corrective actions to address any deficiencies that may be identified. If this were to result in a material change to our allocation and execution arrangements, you will be notified accordingly.

Effective 3 January 2018

## Appendix 1

### Financial Instruments as defined under MiFID II<sup>2</sup>

1. Transferable securities;
2. Money-market instruments;
3. Units in collective investment undertakings;
4. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
5. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event);
6. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market and/or an MTF;
7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in 6. and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognized clearing houses or are subject to regular margin calls;
8. Derivative instruments for the transfer of credit risk;
9. Financial contracts for differences;
10. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognized clearing houses or are subject to regular margin calls.

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<sup>2</sup> CSUK may not be able to trade in all of the instruments listed.

## Appendix 2

### Execution venues that the CSUK uses for executing client orders:

Product	Execution Venue
<b>Cash Equities, ETFs</b>	<p>CSUK does not hold direct exchange membership and may rely on Credit Suisse Securities (Europe) Ltd (“CSSEL”) order management systems:</p> <ul style="list-style-type: none"> <li>■ Direct Market Access (DMA) – smart order routing to Exchange</li> <li>■ Advanced Execution Services (AES) – algorithmic trading tactic</li> </ul> <p>Furthermore, we may use CSSEL to leave your Orders with a sales trader to manage, or execute Orders directly with a trading desk. CSSEL may also act as a SI in relation to Client Orders. Where CSSEL is not a member of an exchange that we wish to execute on, it may route your Order to an Associate or to a third party broker.</p>
<b>Fixed Income</b>	<p>Fixed Income products are traded on an OTC basis by CSUK with approved brokers via Bloomberg.</p> <p>Fixed Income includes alternative investments such as Structured Products and Collateralised Debt Obligations and is traded on an over-the-counter basis and not on Regulated Markets. We will endeavour where possible to obtain competing quotes from our approved dealers and deal on the best price. It should be noted that with less liquid instruments there may be only one liquidity provider and therefore only one available price to deal on.</p> <p>We operate an open architecture in relation to the fixed income execution and we use 30 venues. We endeavour to execute no more than 10% of the fixed income trades with one venue</p> <p>Note: CSUK is a member of BBG (MTF)</p>
<b>Listed Derivatives / Exchange Traded Derivatives</b>	<p>We may execute your Orders in listed Derivative Contracts through exchanges of which Credit Suisse AG is a member (via direct market access) or execute your Orders directly through the Credit Suisse AG trading desks. Where Credit Suisse AG is not a member of an exchange it may route Orders to an Associate or a third party.</p>
<b>Foreign Exchange</b>	<p>CSUK conducts FX trading on a principal basis. We will only be obliged to provide Best Execution in relation to the execution of your Orders in speculative forward foreign exchange contracts and foreign exchange options.</p> <p>We are part of the Credit Suisse Group, which is a significant participant in the global foreign exchange markets. Foreign exchange is traded on an over-the-counter basis and not on a Regulated Market. It is one of the most liquid markets with prices in currency crosses constantly changing. Given the dynamics of</p>

Product	Execution Venue
	the market it is not feasible to obtain competing quotes from dealers prior to execution. We believe that by executing your Orders internally Best Execution may be achieved.
<b>Collective Investment Schemes (CIS)</b>	Generally the CIS itself is the only venue in which to transact in a particular CIS. An individual CIS will state in its prospectus the manner in which subscriptions and / or redemptions can be purchased / made. This information should include how frequently liquidity will be provided, the time frames for the calculation of the net asset value and receiving orders. Your Orders will either be executed directly with the CIS in question or passed to Credit Suisse Zurich for centralised execution with the relevant CIS.