ORDER EXECUTION POLICY

Effective as of 3rd January 2018

SAXO CAPITAL MARKETS UK LTD
Company registered in England & Wales no: 07413871
Registered office at: 40 Bank Street, Canary Wharf, London E14 5DA. United Kingdom
Authorised and regulated by the Financial Conduct Authority,
FRN: 551422

1. INTRODUCTION

1.1. Under the Markets in Financial Instruments Directive II (Directive 2014/65/EU) (MiFID II) and the rules of the Financial Conduct Authority (FCA Rules), Saxo Capital Markets UK Limited (SCML) is required to put an Order Execution Policy (the Policy) in place. MiFID II and the FCA Rules further require SCML to take all sufficient steps to obtain the best possible results for its clients (Best Execution) on a consistent basis when executing client orders or when placing orders with, or transmitting orders to, other entities to execute.

1.2. This Policy has been provided to help clients understand how SCML executes client orders and how SCML satisfies its Best Execution obligations so that clients can make an informed choice on whether to use SCML's services. You should ensure that you have read and understood its contents.

1.3. SCML is a wholly owned subsidiary of Saxo Bank A/S, a private company incorporated in Denmark (Company No: 15731249) and having its registered office at Philip Heymans Allé 15, DK-2900 Hellerup, Denmark (Saxo Bank). Saxo Bank executes all SCML client orders on our behalf, whether we are acting as principal or agent to the trade. SCML does not execute client orders through any other dealing venue or counterparty. We therefore place reliance on Saxo Bank as our single execution venue. However, in accordance with regulatory requirements, SCML remains solely responsible to its clients for taking all sufficient steps to obtain the best possible result for them.

1.4. SCML requires Saxo Bank, through an arm's length service agreement, and through fulfilling the requirements in its own Order Execution Policy, to implement processes and procedures to evidence that, as our single execution venue, it will deliver Best Execution and so enable SCML to meet its Best Execution obligation to its clients. In addition, SCML has its own ongoing and independent processes in place for monitoring the quality of execution obtained on your behalf by Saxo Bank.

If you proceed to place an order with us, we will take that as your consent to SCML executing that order in accordance with this Policy

2. SCOPE

2.1. When dealing with clients, SCML has a general duty to act honestly, fairly, professionally and in the best interest of the client. In relation to order execution, SCML is required to take all sufficient steps to obtain the best possible result on a consistent basis.

2.2. The obligation to provide Best Execution may arise in circumstances where SCML is acting in an agency or riskless principal capacity, where we have a contractual obligation to do so or when SCML is acting in a principal capacity and you, as a client, are placing a legitimate reliance on SCML to protect your interest in relation to the execution of a transaction.

2.3. This Policy applies to SCML's execution of orders on behalf of retail and professional clients according to the FCA Rules. This Policy and the Best Execution obligation do not apply to Eligible Counterparties or to non-MiFID business.

2.4. SCML will execute an order in accordance with this Policy upon acceptance of a client order and when there is no specific client instruction regarding the execution method. The Policy should be read with SCML's General Business Terms and other business terms from time to time governing the relationship between the client and SCML.

3. BEST EXECUTION OBLIGATION

In order to satisfy its Best Execution obligations, when executing orders on behalf of clients, SCML must take into account a range of execution factors and determine their relative importance based on the characteristics of its clients, the orders that it receives and the markets in which it operates. These

factors are further described below.

3.1. Execution Factors

3.1.1. SCML has considered a number of criteria that might be important to clients. These are called the Execution Factors:

   a. Price – the market price at which the order is executed;
   b. Costs – any additional charges that may be incurred in executing the order in a particular way over and above SCML's normal charges;
   c. Speed of execution – this can be particularly important in fast moving markets;
   d. Likelihood of execution and settlement – the best price is of little use if SCML cannot execute at it or if the transaction fails to complete;
   e. Size and Nature of the transaction – the way that SCML executes an unusual order (for example, one that is larger than the normal market size or has unusual features such as an extended or shortened settlement period) may differ from the way it executes a standard order;
   f. Market Impact – the effect that executing a client's order, or showing it to other market participants, might have upon the market; and
   g. Other factors relevant to particular order types – as applicable.

3.2. Execution Criteria

3.2.1. The relative importance that SCML attaches to the Execution Factors in any particular case may be affected by the circumstances of the order. These are called the Execution Criteria.

   a. Client Characteristics – professional clients may have different needs to retail clients;
   b. Transaction Characteristics – such as the potential for it to have an impact on the market;
   c. Financial Instrument Characteristics – such as liquidity and whether there is a recognized centralized market;
   d. Venue Characteristics – particular features of the liquidity sources available to SCML; and
   e. Other relevant circumstances – as applicable.

3.3. Execution Venues

3.3.1. SCML rely on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their [website](#), and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

3.3.2. Venues used might include:

   a. Regulated Markets (RM)
   b. Multilateral Trading Facilities (MTF)
   c. Systematic Internalisers (SI)
   d. Liquidity provided from Saxo Bank's own internal flow aggregation book
   e. Other brokers, dealers and market makers

3.3.3. SCML regularly and independently reviews the execution venues that Saxo Bank selects in order to provide our clients with an additional and independent monitoring process to help ensure that we are taking all sufficient steps to deliver the best possible result for our clients.

3.3.4. As SCML has a single execution venue, it continuously applies rigorous checks to Saxo Bank to ensure that they are consistently able to deliver Best Execution for SCML clients.

3.4. Application of the Best Execution Obligation

3.4.1. SCML will use sufficient endeavours to act in accordance with this Policy, but does not guarantee that the best possible price will be obtained in all circumstances. There may be

occasions when SCML changes the priorities given to the execution factors and executions criteria outlined in 3.1 and 3.2, where we deem that execution may not lead to the best possible result as well as our overall obligations in respect of our obligations to take necessary steps to keep an orderly market. The relative ranking of the different execution factors can therefore be dependent upon, for example, the nature of the asset class traded, the liquidity of the relevant market and the time of the trade, whether there has been severe market disruption or a system outage. This ranking reflects the nuances and differences between markets and exchanges, notably when looking at trading on exchange versus OTC products.

3.4.2.   When SCML executes orders on behalf of clients, Best Execution is determined on the basis of the total consideration paid to or by the client, unless the objective of execution of the order dictates otherwise. Total consideration is the price of the financial instrument and the costs related to execution, including all expenses incurred by the client which are directly related to the execution of the order such as venue execution fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.

3.4.3.   When assessing whether Best Execution has been achieved, SCML does not take account of its standard charges that will be paid by the client irrespective of how the order is executed.

4. TRANSACTIONS WHERE BEST EXECUTION HAS LIMITED SCOPE

4.1.   Specific Instructions

4.1.1.   Clients may ask SCML to execute their orders in accordance with specific instructions, either generally or on a case by case basis. To the extent that SCML is able to accommodate such requests, it will do so. However:
   a.   Where the specific instructions will result in higher costs, SCML may reflect those additional costs in its charges to the client. In this case, SCML will notify the client of its revised charges before accepting the order(s).
   b.   Where the specific instructions conflict with its normal processes, SCML will give the specific instructions precedence. This may result in a different outcome for the transaction
   c.   Where there is no conflict, SCML will continue to follow its normal execution policy

4.2.   Automatic Margin Close-Out (Event of client default)

In an event of client default due to insufficient margin, SCML shall seek to immediately terminate, cancel and close-out all or part of any outstanding positions. SCML retains discretion as to how to handle automatic margin close-outs, including with respect to order execution, fill quantity, aggregation, priority and pricing.

5.   ORDER HANDLING

5.1.   Execution of Client Orders

5.1.1.   SCML offers execution only trading to our clients and our parent company Saxo Bank executes all SCML client orders on our behalf whether we are acting as principal or agent to the trade. SCML does not execute client orders through any other dealing venue or counterparty.

5.1.2.   Saxo Bank uses automated systems to route and execute client orders and SCML is dependent on Saxo Bank for onward routing of SCML client orders to the appropriate execution venues. Saxo Bank may in turn route its own orders to other market maker firms, venues or exchanges. However, if we transact your order as agent it is automatically routed to an execution venue determined by Saxo Bank to achieve the Best Execution according to this Policy.

5.1.3.   SCML undertakes to take all steps necessary to resolve any service issues by negotiation with Saxo Bank and to take into full account the operational issues involved in any such decision.

Saxo Bank as the venue provider to its affiliate, Saxo Capital Markets Limited (SCML) recognises SCML's right to decide to execute trades on an alternative venue in circumstances where there is a continued and serious deterioration in the quality of its service to SCML.

5.2. Aggregation and Split

An SCML client's order may at the discretion of Saxo Bank be aggregated with Saxo Bank's own orders, orders of any of SCML's associates and/or their clients. Furthermore, Saxo Bank may split a client order as well as aggregate orders where it is unlikely that the aggregating of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated. However, it remains possible that the effect of any aggregation may work to the disadvantage of any particular client in relation to any particular order.

5.3. Information Sharing

Saxo Bank may have access to, use and provide counterparties with information on an anonymous and aggregated basis, including but not limited to, your orders (i.e. orders executed in full or part, cancelled, or expired), positions, trade and other data and analytics (collectively, Anonymous and Aggregated Data). This Anonymous and Aggregated Data may be used for market information, analytical tools, risk management strategies for market making and liquidity provision and other Saxo Bank products and services. The nature of any Anonymous and Aggregated Data provided to you may differ from that provided to other counterparties in terms of quantity, scope, methodology or otherwise and may be changed from time to time without notice to you.

5.4. Market Volatility

5.4.1. Market volatility may result in the price of a Financial Instrument moving significantly from the time of receipt of a client order to the time of order execution.

5.4.2. Clients should be aware that there are risks associated with volatile markets, especially at or near the open or close of the standard trading session and these risks include, but are not limited to:
   a. Execution at a substantially different price from the quoted bid or offer or the last reported price at the time of order entry, as well as partial executions or execution of large orders in several transactions at different prices;
   b. Delays in executing orders for financial instruments that Saxo Bank must send to external venues and manually routed or manually executed orders;
   c. Opening prices that may differ substantially from the previous day's close
   d. Locked (the bid equals the offer) and crossed (the bid is higher than the offer) markets, which may prevent the execution of client orders
   e. Price volatility is one factor that can affect order execution. When there is a high volume of orders in the market, order imbalances and back logs can occur. This implies that more time is needed to execute the pending orders. Such delays are usually caused by the occurrence of different factors:
       i. the number and size of orders to be processed;
       ii. the speed at which current quotations (or last-sale information) are provided to Saxo Bank and other brokerage firms; and
       iii. the system capacity constraints applicable to the given exchange, as well as to Saxo Bank and other firms.

5.5. Orderly Markets

SCML and Saxo Bank are obliged to take necessary steps to keep an orderly market, and so operate with Compliance order filters. Compliance order filters are also present at exchanges and other brokers that might be used by Saxo Bank to route an order to the designated market. The filters might result in

orders with large expected market impact being delayed or traded using an algorithm, potentially causing slippage from the expected arrival price. Stop out or Stop Traded orders are also, at Saxo Bank's discretion, grouped into larger orders and then traded as an algorithm to prevent cascading market impact or large market impact in general. Neither SCML nor Saxo Bank can be held liable for price slippage caused by acting to keep an orderly market and minimize the impact on markets and prices.

6. REVIEW AND MONITORING OF THIS POLICY

6.1. SCML has an obligation to monitor the effectiveness of its execution arrangements under this Policy, and where appropriate, correct any deficiencies. SCML will check the fairness of the price proposed to the client, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

6.2. SCML will review this Policy annually and whenever a material change occurs that affects SCML's ability to consistently obtain the best possible result for the execution of client orders. SCML will amend this Policy on the basis of such reviews if it considers it to be necessary. Any new policy will be made available on SCML's websites and will be in force as from publication.

6.3. SCML will summarise and make public on an annual basis, for each class of financial instrument in Schedule 1 to this Policy, reports on the top five execution venues in terms of trading volumes for the preceding year and information on the quality of the execution obtained by Saxo Bank on behalf of SCML. Any new report will be made available on the SCML website.

7. CHARGES

7.1. SCML charges for its services. These may vary depending on factors such as the service it is providing to the client; the manner in which they are used; and the pricing plan that the client has agreed to.

7.2. Details of SCMLs charges are available on its website. Where it provides liquidity from Saxo Banks internal flow aggregation book SCML will provide the client with a two way dealing price. In normal circumstances, the difference between the bid price (at which SCML is willing to buy) and the ask price (at which it is willing to sell) will constitute part of its charges for the service provided. For the purpose of assessing whether it has achieved Best Execution, SCML will not take its standard charges that apply to a client's transactions irrespective of the venue at which they are executed into account. SCML will, however, take account of any charges levied by a third party or incorporated into its prices to reflect cost differentials of dealing at different execution venues.

Schedule 1

Financial Instruments

1. The Best Execution obligation applies when SCML executes a transaction on behalf of a client in the following Financial Instruments as defined in MiFID II and the FCA Rules:

   <u>Listed Instruments</u>

   a. Cash Equities & Equity like Products
   b. Listed Options

   <u>OTC Instruments</u>

   c. CFD Equities
   d. CFD Indices
   e. CFD Commodities
   f. Futures
   g. Bonds
   h. Rolling Foreign Exchange Spot
   i. Foreign Exchange Forward
   j. Foreign Exchange Options

2. Best Execution does not apply to the following (non-exhaustively):

   a. Spot foreign exchange transactions undertaken with the intention of converting money from one currency to another – including transactions undertaken to facilitate settlement of other transactions.

   b. Transactions arising from the exercise of an option. SCML will treat an instruction to exercise an option as a specific instruction from the client to exercise his rights under the option contract and will not take account of the state of the underlying market at the time.

Schedule 2.1   Cash Equities & Equity like Products

1. Scope

1.1. Products in Scope
Purchase and sale of cash equities and equity-like products, such as ETFs, ETCs and ETNs.

1.2. Not in Scope
Transactions arising from the exercise of an option

2. Relevant Execution Factors

SCML trades as agent with respect to cash equity trades with clients. SCML via Saxo Bank has access to a number of Smart Order Routers that are able to check multiple different execution venues when trying to execute a cash equity order. Not only does this allow SCML to potentially access better prices, it also gives access to additional liquidity, meaning that there is a greater likelihood of obtaining an execution. The ranking of execution factors for cash equities is:
1. Price
2. Expected impact of execution
3. Likelihood of execution and settlement
4. Costs
5. Speed
6. Other factors

3. SCML's selected venue

All orders in Cash Equities are executed on venue via Saxo Bank as an agent.

4. Price formation

Client orders will be routed by smart order routers to the electronic order book of different venues. Prices are formed according to rules of the venue.

5. List of Main Execution Venues

5.1. SCML rely on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their [website] and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

5.2. Saxo Bank's execution venues for Cash Equities and Equity like products include (this table is subject to change without notice):

Cash Equities, ETFs, ETC, ETNs - Venues to which Saxo Bank has access via Executing Brokers			
Alpha	CXE (CHI-X) Lit Book	Instinet Nighthawk VWAP	Nomura NX Japan
Aquis Exchange	Deutsche Bank SuperX	Instinet VWAPX Europe	NYSE MKT (American Stock Exchange)
ASX Centre Point	Deutsche Börse (Xetra)	Instinet VWAPX US	Omega
ATD Auto	Equiduct	Irish Stock Exchange	Oslo Børs/Oslo Stock Exchange
Athens Exchange	Euronext Amsterdam	ITG POSIT	OTC Bulletin Board
Australian Securities Exchange	Euronext Brussels	Johannesburg Stock Exchange	OTC Markets Group (Pink Sheets)
BATS Dark	Euronext Lisbon	JP Morgan	PDQ
BIDS	Euronext Paris	JP Morgan JPMX	Potamus
BME Spanish Exchange	Fidelity CrossStream	KCG GETMatched	Prague Stock Exchange
BNP BIX	GS Sigma X	Knight Link	Pure

BofAML MLXN	Hong Kong Exchange	Knight Match	SBI Japannext
Borsa Italiana/MilanStock Exchange	ICX BLX	LavaFlow ECN	Singapore Exchange
Budapest Stock Exchange	ICX VWAPX	Level ATS	SIX Swiss Exchange
BXE (BATS) Dark Pool	IEX	Liquidnet H2O	SmartPool
BXE (BATS) Lit Book	Instinet	Liquidnet Negotiated	SSGM BlockCross
Chi-X Australia	Instinet BlockMatch	London Stock Exchange	TMX Select
Chi-X Canada	Instinet BLX Australia	Lynx	Tokyo Stock Exchange
Chi-X Chi Delta	Instinet BLX US	Macquarie XEN	TORA Crosspoint
Chi-X Japan	Instinet CBX Hong Kong	MATCH Now	Toronto Stock Exchange
Citadel Connect	Instinet CBX Japan	Morgan Stanley	TSX Venture Exchange
Citi Cross	Instinet CBX US	MS Trajectory Cross	Turquoise
CLSA Dark Pool	Instinet JapanCrossing	NASDAQ	Turquoise Dark
Commerzbank	Instinet Nighthawk VWAP	NASDAQ OMX Copenhagen	Turquoise MidPoint
Commonwealth Bank of Australia	Instinet VWAPX Europe	NASDAQ OMX Helsinki	UBS
ConvergEx Millenium	Instinet VWAPX US	NASDAQ OMX Nordic@Mid	UBS PIN
ConvergEx Vortex	Irish Stock Exchange	NASDAQ OMX Stockholm	Warsaw Stock Exchange
Credit Suisse CrossFinder	Instinet CBX US	New York Stock Exchange	Wells Fargo WELX
CS Light Pool	Instinet JapanCrossing	New York Stock Exchange (ARCA)	Wiener Börse/Vienna Stock Exchange
CX2	Instinet Nighthawk VWAP	Nighthawk VWAP	Xetra MidPoint
CXE (CHI-X) Dark Book	Instinet VWAPX Europe	Nomura	

Schedule 2.2   Listed Options

1.   Products in Scope

Purchase and sale of Exchange Traded Options for speculative and hedging purposes

2.   Relevant Execution Factors

SCML trades as principal with respect to listed options trades with clients. Exchange traded options are traded on a centrally regulated venue therefore the concentration of the liquidity is on those venues. For listed options, the raking of the applicable execution factors is:

1. Price
2. Expected impact of execution
3. Likelihood of execution and settlement
4. Costs
5. Speed
6. Other factors

3.   SCML's selected venue

SCML offers Direct Market Access (DMA) to Exchange Traded Options via Saxo Bank.

4.   Price Formation

Client orders will be routed to the electronic order book of the relevant exchange. Price formation will be according to the rules of the exchange

5.   List of Main Execution Venues

5.1 SCML rely on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their website and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

5.2 Saxo Bank's execution venues for Listed Options include (this table is subject to change without notice):

Venues to which Saxo Bank has access via Executing Brokers			
BATS Options Market	Comex	MIAX Options Exchange	NYSE Amex Options
BM & F Bovespa	Eurex	Morgan Stanley	NYSE Arca Options
Borsa Italiana SpA/Italian Exchange	Euronext	NASDAQ OMX BX, Inc.	Options Price Reporting Authority
Bourse de Montreal Inc.	Hong Kong Exchanges	NASDAQ OMX PHLX, LLC	Osaka Exchange Inc.
BOX Options Exchange LLC	ICE Futures Europe	NASDAQ OMX Stockholm	Oslo Børs/Oslo Stock Exchange
C2 Options Exchange, Incorporated	ICE Futures U.S.	NASDAQ Options Market	Singapore Exchange Derivatives Trading Ltd.
Chicago board of trade	International Securities Exchange, LLC	New York Mercantile exchange	Spanish Official Exchange
Chicago Board Option Exchange	ISE Gemini, LLC	Nomura	Sydney Futures Exchange Corp. Ltd.
Citadel	JP Morgan		

Schedule 2.3   **CFD Equities**

1. Products in Scope

Purchase and sale of contracts for differences based on individual shares

2. Relevant Execution Factors

SCML trades as a principal to CFD equity trades with clients. CFD equity orders are handled in the same manner as cash equity orders because our venue Saxo Bank will route its hedge trade against CFD equity orders directly to the market in the same way as it would route a client's cash equity trade. As a result the ranking of execution factors is the same.

1. Price
2. Expected impact of execution
3. Likelihood of execution and settlement
4. Costs
5. Speed
6. Other factors

3. SCML's selected venue

SCML's venue is Saxo Bank. Saxo Bank hedges the CFDs that it enters into with clients using cash equities.

4. Price formation

Prices are formed according to rules of the venue.

Schedule 2.4   **CFD Indices**

1.   Products in Scope

Purchase and sale of contracts for differences based on stock indices

2.   Spread Filters

In order to ensure that the client's Stop Orders are not filled at unreliable prices during short termed periods with abnormally wide bid/ask spreads caused by for instance release of key economic figures SCML has implemented spread filters preventing order execution when spreads exceeds certain levels. Having the spread filters in place will in general benefit the client, but can in rare instances is in the disfavour of the client.

3.   Relevant Execution Factors

3.1.   SCML trades as a principal to CFD Index trades with clients. CFD Index prices are derived from the relevant underlying index price, taking into account the cost of carry. Saxo Bank provides SCML with calculations of its own cost of carry that factors in future expectations of dividends and interest rates, and this can include both internal and external inputs.

3.2.   For CFD indices the ranking of applicable execution factors is:
1. Price
2. Expected impact of execution
3. Likelihood of execution and settlement
4. Costs
5. Speed
6. Other factors

4.   SCML's selected venue

All orders in CFD Indices are executed against Saxo Bank's own liquidity.

5.   Price formation

CFD Index prices are Saxo Bank's proprietary prices, which are derived from the relevant underlying Market.

Schedule 2.5   **CFD Commodities**

1.   Products in Scope

Purchase and sale of contracts for differences based on commodity futures

2.   Spread Filters

In order to ensure that the client's Stop Orders are not filled at unreliable prices during short termed periods with abnormally wide bid/ask spreads caused by for instance release of key economic figures SCML has implemented spread filters preventing order execution when spreads exceeds certain levels. Having the spread filters in place will in general benefit the client, but can in rare instances is in the disfavour of the client.

3.   Relevant Execution Factors

SCML trades as principal to CFD commodity trades with clients. CFD Commodity prices are Saxo Bank's proprietary prices, which are derived from the relevant underlying instrument price, taking into account the cost of carry and liquidity which is calculated by Saxo Bank and includes both internal and external input. For CFD Commodities, the ranking of execution factors is:

1. Price
2. Expected impact of execution
3. Likelihood of execution and settlement
4. Costs
5. Speed
6. Other factors

4.   SCML's selected venue

All orders in CFD Commodities are executed against Saxo Bank's own liquidity.

5.   Price formation

The price of CFD Commodities is a proprietary price derived by Saxo Bank and will generally track that of the relevant underlying exchange traded market.

Schedule 2.6   Futures

1. Products in Scope

Purchase and sale of Futures for speculative and hedging purposes.

2. Not in Scope:

2.1. SCML does not support physical delivery of the underlying security on expiry of futures.

Clients should therefore take note of the expiry and first notice dates (FND) of any futures in which they have positions and ensure they are closed before the appropriate day, as described below.

2.2. If the FND is before the expiry date, positions need to be closed the day before the FND. If the expiry date is before the FND positions need to be closed no later than on the expiry date.

2.3. If futures positions are not closed before the relevant date, SCML will close the position on the client's behalf at the first available opportunity at the prevailing market rate. Any resulting costs, gains or losses will be passed on to the client.

3. Relevant Execution Factors

SCML trades as principal with respect to futures trades with clients. Exchange traded futures are not fungible and are traded on a centrally regulated venue therefore the liquidity is on those venues. For futures, the ranking of the applicable execution factors is:

1. Price
2. Expected impact of execution
3. Likelihood of execution and settlement
4. Costs
5. Speed
6. Other factors

4. SCML's selected venue

SCML uses Saxo Bank A/S as executing broker to access underlying markets. Saxo Bank offers Direct Market Access (DMA) to the Futures Exchanges

5. Price Formation

Client orders will be routed to the relevant exchange. Price formation will be according to the rules of the exchange.

6. List of Main Execution Venues

6.1. SCML rely on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their [website](#) and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

6.2. Saxo Bank's execution venues for Futures include (this table is subject to change without notice):

Venues to which Saxo Bank has access via Executing Brokers			
BATS Options Market	Comex	MIAX Options Exchange	NYSE Amex Options
BM & F Bovespa	Eurex	Morgan Stanley	NYSE Arca Options

Borsa Italiana SpA/Italian Exchange	Euronext	NASDAQ OMX BX, Inc.	Options Price Reporting Authority
Bourse de Montreal Inc.	Hong Kong Exchanges	NASDAQ OMX PHLX, LLC	Osaka Exchange Inc.
BOX Options Exchange LLC	ICE Futures Europe	NASDAQ OMX Stockholm	Oslo Børs/Oslo Stock Exchange
C2 Options Exchange, Incorporated	ICE Futures U.S.	NASDAQ Options Market	Singapore Exchange Derivatives Trading Ltd.
Chicago board of trade	International Securities Exchange, LLC	New York Mercantile exchange	Spanish Official Exchange
Chicago Board Option Exchange	ISE Gemini, LLC	Nomura	Sydney Futures Exchange Corp. Ltd.
Citadel	JP Morgan		

Schedule 2.7   Bonds

1. Products in Scope:

Purchase and sale of global Bonds

2. Order Types Available

2.1 SCML's online trading works with one order type: Fill or Kill (market) order:
- a.   Order will be filled at the indicative limit price.
- b.   Order will be filled at better terms than (below/above) the limit price.
- c.   Be cancelled (killed) due to firm or pricing outside of the indicative bid/offer price, or due to lack of liquidity.

2.2 SCML's offline trading, for specific bonds, allows the client to place an OTC limit order. In this case SCML's execution venue, Saxo Bank, works the limit order manually on a best effort basis, versus Saxo Bank's liquidity and follows the rules for offline trading as described below.

3. Relevant Execution Factors

3.1 SCML trades as a principal to bond trades with clients. In exceptional circumstances, for instance when working large orders in highly illiquid bonds SCML may act as agent.

3.2 The ranking of execution factors for bonds is:
1. Price
2. Expected impact of execution
3. Likelihood of execution and settlement
4. Order size & type
5. Costs
6. Speed
7. Other factors

4. SCML's selected venue

4.1. Orders can be executed over the counter (OTC) against Saxo Bank Liquidity referred to as offline trading, or traded on the SCML platform STP to execution venues via Saxo Bank referred to as online trading.

4.2. When executing client orders and hedging, Saxo Bank may source liquidity from:
- a.   Its own trading book;
- b.   Other dealers in the market;
- c.   Regulated Trading venues.

4.3. *Saxo Bank Offline Trading:*

4.3.1. Execution is done bilaterally with Saxo Bank with many orders still negotiated over the telephone. Due to the market structure, Bonds are still largely traded bilaterally using voice trading. Saxo Bank uses a Principal model, where clients can trade on prices offered by Saxo Bank, on request from the client.

4.4. *Saxo Bank Online Trading*:

4.4.1. Bonds traded via Saxo Bank's online bond offering are carefully selected based on sustainable liquidity, hence sufficient indicative prices and active dealers. Execution is carried out on the Request For Quote (RFQ) model of a trading venue allowing Saxo to access multiple

liquidity providers. The Liquidity providers participating are prioritized based on historical data in order to obtain a fair price, within a given time frame.

5. Price formation

5.1. OFFLINE TRADING:

5.1.1. The market is characterised by indicative OTC prices. For bonds traded offline Saxo Bank splits all bonds into one of three baskets based on the relevant bond's liquidity;

5.1.2. For highly liquid bonds, Saxo Bank will offer a bid/offer price equal or better than that shown in any attainable firm market (this includes public exchanges to which Saxo Bank has access, as well as OTC counterparts).

5.1.3. For bonds with lower liquidity, Saxo Bank will source a minimum of three separate indicative prices to gauge the best price based on the order size.

5.1.4. For highly illiquid bonds, Saxo Bank seeks to derive a mid-price based on all indicative pricing information available to it, and then quotes a bid/offer spread to the client factoring in a predefined additional spread.

5.2. ONLINE TRADING:

5.2.1. The (live indicative platform) price is derived from multiple prices, price sources, and price model calculations, to form a relevant average of the market. The aim of our pricing is to reflect the real market prices as close as possible, despite the indicative nature of the bond markets.

6. List of Main Execution Venues

6.1. SCML relies on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their website and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

6.2. Saxo Bank's execution venues for Bonds include (this table is subject to change without notice):

Online Venues and Liquidity Providers			
Tradeweb MTF - RFQ Model (see some member liquidity providers below)			
ABN AMRO	Credit Suisse	Millennium Europe	Santander
ANZ Banking Group	Daiwa Capital Markets	Mitsubishi	Societe Generale
Banca IMI	Deutsche Bank	Morgan Stanley	Standard Chartered Bank
Bank of America/Merrill Lynch	DZ Bank	MPS Capital	Toronto Dominion Bank
Barclays Bank	Goldman Sachs	Natixis	UBS
BBVA	HSBC Bank	Nomura	Unicredit
BNP Paribas	ING Bank	Oddo	Wells Fargo
Citigroup	Jeffries International	Rabobank	
Commerzbank	JP Morgan	Royal Bank of Canada	
Credit Agricole	Lloyds Bank	Royal Bank of Scotland	
DMA to Regulated Markets			
Euronext	NASDAQ OMX Copenhagen		
Offline - Hedging Liquidity Providers *in addition to all above mentioned liquidity providers*			
Arctic Securities	Jyske Bank	NIBC Markets	Tradition
Danske Bank	Market Axess	Pershing	VTB Capital
DNB Bank	Nedbank	SEB Bank	Zurich Cantonal bank

Schedule 2.8   Rolling Foreign Exchange Spot

1.   Products in Scope

Purchase and sale of rolling foreign exchange spot contracts

2.   Not in Scope:

2.1.   Spot foreign exchange transactions undertaken with the intention of converting money from one currency to another – including transactions undertaken to facilitate settlement of other transactions.

2.2.   Transactions undertaken to roll forward the value date of a client position which do not result in a change to the client's FX market exposure.

3.   Order Types Available

3.1. Immediate or Cancel (IOC) Market Order

3.1.1.   An Immediate or Cancel (IOC) Market order is similar to a standard Market order (described below). It is an instruction to trade immediately on the best available terms. However, Saxo Bank will not continue to work the order if it is unable to fill it immediately within three seconds.

3.1.2.   Although Saxo Bank will take all sufficient steps to obtain the best terms available at the time, in illiquid market conditions the best available terms may be substantially worse than the previous (or even the next) price. A Market IOC order is for immediate execution. Saxo Bank will not delay execution in the hope that market conditions will improve.

3.1.3.   Saxo Bank monitors the prices available to it at its selected external venues. If Saxo Bank believes it is able to execute a Market IOC order immediately from its own liquidity then it will do so. Otherwise it will route the order to a third party to attempt execution. Where an order has not been filled after three seconds then the order will be cancelled.

3.1.4.   Clients should note that where their orders are routed externally, they cannot be cancelled until Saxo Bank receives confirmation from its chosen external venue that they have cancelled the order.

3.1.5.   Unless the client has given a specific instruction, a market order will be converted to an aggressive limit order if it is routed to an external venue. This will give the client some protection from a bad fill. However, it also introduces a risk that the order will not be filled if the market moves sharply.

3.2. Market Order

3.2.1.   A Market Order is a traditional 'at best' instruction to trade as much of the order as possible on the best available terms in the market. A Market order will normally be filled immediately (or failing that in a relatively short time). Saxo Bank will take all sufficient steps to identify the best terms immediately available for a transaction of that size and will transact on those terms. Financial institutions are required to execute Market orders as soon as reasonably possible without regard to price changes. Therefore, although Saxo Bank will seek to obtain the best terms immediately available, if the market price moves significantly during the time it takes to fill the client's order or if only limited liquidity is available at the best price, the order will be exposed to the risk of execution at a price which could be substantially different from the price when the order was entered.

3.2.2.   A Market Order will be treated as good for the day. If Saxo Bank believes it is able to execute a Market order immediately from its own liquidity then it will do so. Otherwise it will route the order to a third party to attempt execution. If the order cannot be filled in full immediately, Saxo Bank will continue to work the order until the official close of the relevant market.

3.2.3.   Unless the client has given a specific instruction, a market order will be converted to an aggressive limit order if it is routed to an external venue. This will give the client some protection from a bad fill. However, it also introduces a risk that the order will not be filled if the market moves sharply.

3.3. Immediate or Cancel (IOC) Limit Order

3.3.1.   A Limit IOC order is an order to trade at the price the client sees on his screen if it is still available subject to a defined tolerance (see below).

3.3.2.   When Saxo Bank receives a Limit IOC order, it will treat it in a similar way to a Market IOC order (see above) except that it will only fill the order if it is possible at the client's specified limit price, or better. For internally routed orders, if this is not immediately possible then the order (or any unexecuted part thereof) will be cancelled.

3.3.3.   When placing a Limit IOC order, a client may specify a tolerance. Tolerance can be specified either as a fixed price increment or as a percentage of the current market price. If the client specifies a tolerance, Saxo Bank may fill the order at a worse price than the client had seen on the screen, provided the price difference does not exceed the client's specified tolerance.

3.3.4.   If a better price is available, Saxo Bank will give the client the full benefit of the available improvement by filling the client order at the better price no matter how much better it is.

3.3.5.   As with a Market IOC order, if Saxo Bank is unable to supply sufficient liquidity from its own book, it may route the order externally. The order will be cancelled after three seconds, but clients should note that where their orders are routed externally, they can't be cancelled until Saxo Bank receives confirmation from the external venue that they have cancelled the order.

3.4. Limit Order

3.4.1.   A Limit order is an order to trade at a specified price or better if it is possible to do so within a specified time. The following order durations are available:

   a. **Day Order (DO)**: Valid until the official close of trading on the day the order is placed (or on the subsequent business day for orders accepted during the weekend).
   b. **Good Till Date (GTD)**: Valid until the official close of trading on a date of the client's choice.
   c. **Good Till Cancelled (GTC)**: Valid indefinitely unless or until specifically cancelled by the client. Where an order is attached to an open position, it will automatically be cancelled if the position is closed.

3.4.2.   When Saxo Bank executes a Limit order, the client will have specified the price at which he wishes to trade. Saxo Bank will seek to achieve execution at this price as soon as reasonably possible. Saxo Bank will not seek to improve upon the price that the client has specified if this may cause a delay to the execution of his order.

3.4.3.   A Limit order will be triggered when the market price observed on one of Saxo Bank's main execution venues reaches the specified price level. If Saxo Bank believes it is able to execute a Limit order immediately from its own liquidity then it will do so. Otherwise it will route the order to a third party to attempt execution. At any time when there is not enough liquidity available from Saxo Bank's own book or externally, to fill the order in full at the specified price or better, the remaining order will revert to a 'resting order'.

3.5. Stop Order

3.5.1.   A Stop order is usually used to close a position when the market is going against it with a view to prevent further losses. It may also be used to open a position when the market moves through a chosen level.

3.5.2.   A Stop order may have duration similar to a Limit order. These are described in the section on Limit orders above. Where an order is attached to an open position, it will automatically be cancelled if the position is closed.

3.5.3.   A Stop order to sell will be triggered when the offer price observed on a primary inter-bank execution venue**Error! Bookmark not defined.** reaches the specified price level. Once triggered, the order will be treated as a Market order.

3.5.3.   A Stop order to buy will be triggered when the bid price observed on a primary inter-bank execution venue**Error! Bookmark not defined.** reaches the specified price level. Once triggered, the order will be treated as a Market order.

3.5.4.   This arrangement is designed to protect clients from the risk that their Stop order is executed as a result of spreads widening without the market actually moving. This can happen around the release of economic statistics or at times of reduced liquidity such as during a value date roll or during the close and opening of the market.

3.5.5.   Clients should note, however, that this means a stop order will never be executed at their specified level but always at a price that is worse for the client (typically the spread away from the client's stop level).

3.5.6.   The trigger level for a Stop order can be specified to trail the market. In this case, when the market moves in the client's favour, the trigger level for the order moves the same way.

3.5.7.   The trigger level for a trailing stop moves in steps which are defined when the order is placed.

3.5.8.   When a Stop order is triggered it will be executed at the first possible opportunity on the best terms immediately available in the market. This means that the client is exposed to the risk of a worse fill in gapping or illiquid markets.

3.6. Stop Limit Order

3.6.1.   A Stop Limit order rests in the same way as a Stop order. However, once triggered, rather than execute at the next available price it converts to a Limit order at a pre-agreed Limit price. From that point on, the order is treated as a Limit order.

3.6.2.   This type of order gives the client some protection from a bad fill in a gapping or illiquid market. However, that protection comes at a cost. In some circumstances the order may not be executed at all.

Trailing Stop Limit orders are not available.

4. Direct Market Access

4.1. Clients may ask SCML to provide them with direct access to the market. SCML will treat this as a

specific instruction from the client and will accordingly consider whether it is able to do this and on
what terms.

4.2. Where SCML provides clients with direct market access, Saxo Bank will select one or more execution venues that it believes will provide the best outcomes for that client's transactions. This may be a different selection of venues than it otherwise uses for execution of similar transactions or   for its own hedging purposes. This may result in a different outcome for the client's transactions.

5. Relevant Execution Factors

5.1. Except for Limit orders, SCML will place the highest priority on total consideration (the combination of price and costs associated with dealing).

5.2. For Limit orders, where the client has stipulated a price that is not immediately available in the market, SCML will place the highest priority on execution at the client's specified price at the first possible opportunity. This means that SCML will prioritise speed and certainty of execution.

6. Market Making and Risk Management

Market making and risk management activities may impact the prices communicated to you for a transaction and the availability of liquidity at levels necessary to execute your orders. These activities may also trigger or prevent triggering of stop loss orders, take profit orders, barriers, knock-outs, knock-ins and similar terms or conditions. Saxo Bank retains discretion as to how to satisfy competing interests, including with respect to order execution, fill quantity, aggregation, priority and pricing.

7. Last Look

7.1. Saxo Bank utilises two types of liquidity; order driven liquidity for Rolling FX Spot and FX Forward, and quote driven liquidity for FX Options.

7.2. Quote driven liquidity gives Saxo Bank the ability to see the order and choose to fill or reject the order, before execution. At Saxo Bank, last look is used to check whether trade requests are made at prices that are within Saxo Bank's price tolerance for execution. This control will be applied immediately upon receipt of a trade request. In each case, the current price is compared to the trade request price. If the current price has not moved in either direction from the trade request price by more than a defined tolerance, and other pre-trade controls are passed, Saxo Bank will accept the trade request. If the current price differs from the trade request price by more than a defined tolerance, Saxo Bank will reject the trade request. Other factors such as technical and pricing errors may also cause trade requests to be rejected by last look. The primary purpose of last look is to protect against trading on stale prices that do not reflect the current market and against certain trading behaviour.

7.3. For order driven liquidity where Saxo Bank may route the order externally to a third party to attempt execution, a form of last look may be applied by other liquidity providers that may result in the order being filled completely or partially, or it may not fill at all.

7.4. The receipt of a trade request as well as any information associated with a trade request does not influence any pricing or hedging activity undertaken by Saxo Bank prior to the

acceptance of the trade request. If a trade request is rejected, whether as a result of Last Look or otherwise, no information associated with the trade request is used to influence any pricing or hedging activity subsequently undertaken by Saxo Bank.

8.   SCML's selected venue

8.1. For FX Spot and FX Forward, Saxo Bank retains discretion as to how to execute orders on a trade-by-trade basis and/or on a client-by-client basis, either as principal through liquidity provided from its internal flow aggregation book, or as agent when routing particular orders directly to one of Saxo Bank's main third party execution venues

8.2. Saxo Bank will normally provide liquidity from its internal flow aggregation book. SCML believes this provides the best outcome for clients because:

a. Saxo Bank's internal flow aggregation model allows it to place larger trades in the underlying market at prices that would not be available for the smaller trades usually undertaken by its clients.

b. Its continuous two-way order flow means that it usually able to use a single (mid-market) price to which it adds its spread. In less liquid market conditions, it may quote a two-way price. However, its pre-charge price is always within the best bid and offer prices available to it in the underlying market.

c. The foreign exchange spot market is characterised by rapid price movements relative to the costs of dealing. Providing liquidity from its own book allows it to avoid the delays that would arise in routing trades to the underlying market.

8.3.   In limited circumstances, where Saxo Bank believe it is necessary to do so to enhance the experience of the majority of its clients, it may route particular orders directly to third party execution venues.

9.   Price formation

9.1. SCML constantly monitors the prices available to it in the wider market. Its price for foreign exchange spot transactions is formed from these prices (including any associated costs that it is able to allocate on a trade-by-trade basis).

9.2. SCML's price is normally a single price valid for buying or selling, to which its charges are added. Depending on its risk appetite and proprietary interests, SCML may set its single price anywhere between the best price at which it is able to sell the relevant currency pair and the best price at which it is able to buy it.

9.3. Saxo Bank's capacity to provide liquidity in any given currency pair is subject to its internal exposure limits. If a particular order would cause it to breach those limits, Saxo Bank may suspend dealing on its price until it is able to reduce its exposure.

10.   SCML's Charges

10.1. SCML's charges may include the following, some of which may be included in the net price at which the client trades:

a.   Spread
The difference between the bid (sell) price and the offer (buy) price. Spread is dependent on many different factors, including but not limited to, the underlying liquidity and volatility, time of day and notional trade size.

b.   Commission
The fee charged for the service of carrying out the transaction, subject to a minimum

fee on small notional trade sizes.

c. Financing Adjustments

Where a client holds a position in a rolling spot contract open overnight, SCML will make a cash adjustment to reflect the financing implications of the position. This is based on the interest rates of the currencies in question. Generally, if the client is long the currency with the lower interest rate, this adjustment will be a cost to the client. If the client is long the currency with the higher interest rate, it may be in the clients favour. There is a charge element in the interest rates Saxo Bank uses to calculate these financing adjustments.

11. Fixing Orders

From time to time Saxo Bank may execute a transaction at a rate calculated by a third-party based on trading during a specified time of day (commonly referred to as the Fixing Window) or at a price determined at a specified time (commonly referred to as a Reference Time). Risk management related to such transactions and other transactions conducted in the ordinary course of business may lead Saxo Bank to execute hedging transactions before, during or after the Fixing Window or Reference Time. Saxo Bank seeks to conduct such hedging activities consistent with all applicable legal and regulatory requirements, although those hedging activities, as well as unrelated transactions and other ordinary course of business activities executed by Saxo Bank prior to and during the Fixing Window or Reference Time, or at other times, may have an impact in some cases on the benchmark fixing or related markets.

12. List of Main Execution Venues

12.1.   SCML relies on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their website and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

12.2.   Saxo Bank's execution venues for Rolling Foreign Exchange Spot include (this table is subject to change without notice):

Saxo Bank's Prime Brokers			
Citibank	Deutsche Bank	Royal Bank of Scotland	
Liquidity Providers to which Saxo Bank has direct access			
Bank of Tokyo Mitsubishi UFJ	Credit Suisse	Jump Trading	Sun Trading
Barclays Bank	Deutsche Bank	Morgan Stanley	UBS
BNP Paribas	Goldman Sachs	Lucid Markets	Virtu
CCM Alpha Fund	GTS Securities	Nomura	XTX Markets
Citadel	HC Tech (Henning Carey)	Royal Bank of Scotland	
Citibank	HSBC	Standard Chartered	
Commerzbank	JPMorgan Chase	State Street	
Venues to which Saxo Bank has access via Prime Brokers			
Primary inter-bank execution venues			
EBS	Reuters		
Secondary inter-bank execution venues			
Currenex	Fastmatch	Hotspot	LMAX

Schedule 2.9   Foreign Exchange Forward

1.   Products in Scope

Purchase and sale of foreign exchange forward contracts

2.   Not in Scope

Foreign exchange transactions undertaken with the intention of converting money from one currency to another, including transactions undertaken to facilitate settlement of other transactions.

3.   Order Types Available

3.1. Immediate or Cancel (IOC) Market Order
See Foreign Exchange Spot for detail

3.2. Immediate or Cancel (IOC) Limit Order
See Foreign Exchange Spot for detail

4.   Relevant Execution Factors

SCML will place the highest priority on total consideration – being the combination of price and costs associated with dealing.

5.   Market Making and Risk Management

See Foreign Exchange Spot for details.

6.   Last Look

See Foreign Exchange Spot for details.

7.   SCML's selected venues

7.1.   Foreign exchange forward prices are based on the spot price for the relevant currency pair and a spot/forward swap price. When SCML executes an order for a client in relation to foreign exchange forward, the spot component will be executed in the same way that Saxo Bank would execute a spot order for that client.

7.2.   For the forward swap element, Saxo Bank provides liquidity from its internal flow aggregation book. This allows Saxo Bank to aggregate risks and undertake consolidated hedging trades in the underlying market. These larger trades attract keener pricing that Saxo Bank is able to pass on to its clients.

8.   Price Formation

8.1.   The spot component of a foreign exchange forward contract is priced in the same way that Saxo Bank would price a foreign exchange spot contract for that client.

8.2.   The forward swap component of the price is calculated from the spot price (as above) and the differential between the interest rates for the two currencies for the relevant forward value date.

8.3.   Saxo Bank's interest rates for US Dollars are based on interbank rates. For other currencies, Saxo Bank's interest rates are implied from the US Dollar rates and the forward swap rates available to Saxo Bank from its hedging counterparties. Where there is no published interest rate for the specified date, Saxo Bank will calculate a rate by interpolation between the available dates on either side.

8.4. Saxo Bank creates a single mid-market price for the forward swap for the client's chosen dates.

> The spread Saxo Bank adds to this mid-point varies depending upon the spot rate, the interest rates applying to the currencies concerned, and the time to maturity. Saxo Bank will disclose the total spread for each transaction before the client trades.

9.   SCML's Charges

See foreign exchange spot for details of charges that may apply to foreign exchange trades.

10.   List of Main Execution Venues

10.1.   SCML rely on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their [website] and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

10.2.   Saxo Bank's execution venues for Foreign Exchange Forwards include (this table is subject to change without notice):

Saxo Bank's Prime Brokers			
Citibank	Deutsche Bank	Royal Bank of Scotland	
Liquidity Providers to which Saxo Bank has direct access			
Bank of America	Citibank	JPMorgan Chase	UBS
Barclays Bank	Deutsche Bank	Natixis	
BNP Paribas	Goldman Sachs	Societe Generale	

Schedule 2.10   Foreign Exchange Options

1. Products in Scope

Foreign Exchange Vanilla, Barrier and Binary Touch Options

2. Not in Scope

All foreign exchange options are in-scope.

3. Order Types Available

3.1. Dealing on Quotes

a. SCML will provide prices for foreign exchange options to clients on request. These prices will be calculated to meet its obligation to provide the client with the best possible outcome on his transaction in terms of total consideration.

b. If a client wishes to trade, he may elect to do so at the price SCML has quoted. Acceptance of the trade is subject to filters based on time elapsed and/or price movements in the underlying market since the price was quoted.

4. Relevant Execution Factors

4.1. SCML will place the highest priority on total consideration – being the combination of price and costs associated with dealing. Saxo Bank will also prioritise speed and certainty of execution and the ability to trade in retail sizes.

4.2. The underlying market for foreign currency options is the 'inter-bank market'. Transactions undertaken in this market are normally of a wholesale size. It is not normally practical to undertake individual smaller transactions.

5. Market Making and Risk Management

See Foreign Exchange Spot for details.

6. Last Look

See Foreign Exchange Spot for details.

7. SCML's Selected Venue(s)

7.1. Option prices are based on a number of factors, the most significant of which are the spot price of the underlying and the 'implied volatility' of the relevant currency pair.

7.2. For the implied volatility Saxo Bank provides liquidity from its internal flow aggregation book. This allows Saxo Bank to aggregate risks and undertake consolidated hedging trades in the underlying market. These larger trades attract keener pricing that Saxo Bank is able to pass on to its clients.

8. Price Formation

8.1. Saxo Bank uses the Black Scholes pricing model to price options from its own liquidity. This model generates a single mid-market price based on spot prices, interest rates and 'implied volatilities' for the currencies concerned.

8.2. Saxo Bank constantly review its prices against prices available to it in the inter-bank market to ensure that its mid points are within the best bid and offer prices available to it.

8.3. Saxo Bank's premium for any given option is derived from three factors which it internally treats as separate markets. Saxo Bank's net spread for an option trade is derived from the spread it quotes on each component. The net spread on any particular option transaction

will be disclosed before the client trades. Spreads will normally be wider for longer dated options than for shorter dated ones; and wider for closer to the money options than for deeper in or out of the money ones.

9. SCML's Charges

9.1. Saxo Bank's charges may include the following, some of which may be included in the net price at which the client trades:

    a. Price Mark Up/Mark Down

    SCML's main dealing charges will normally be imposed through an addition to/subtraction from the price at which the client deal with it. This add-on or deduction will not form part of the price for Best Execution comparison purposes.

    b. Flat or percentage based commission charges

    In some cases the client will pay a commission based charge. This charge will be shown separately from the trade price.

10. List of Main Execution Venues

10.1. SCML rely on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their [website](#) and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

10.2. Saxo Bank's execution venues for Foreign Exchange Options include (this table is subject to change without notice):

Saxo Bank's Prime Brokers			
Citibank	Deutsche Bank	Royal Bank of Scotland	
Liquidity Providers to which Saxo Bank has direct access			
Bank of America	Credit Suisse	JPMorgan Chase	UBS
Barclays Bank	Deutsche Bank	Natixis	
BNP Paribas	Goldman Sachs	Royal Bank of Scotland	
Citibank	HSBC	Societe Generale	
Brokers to which Saxo Bank has access via Prime Brokers			
BGC	GFI	TP ICAP	Tradition

ORDER EXECUTION POLICY

Effective until 3rd January 2018

1. INTRODUCTION

The Markets in Financial Instruments Directive (2004/39/EC) ("MiFID") requires us to establish and implement an order execution policy and to provide clients with a copy of that policy detailing the execution arrangements that we employ to comply with our duty to give our clients best execution.

This policy is issued pursuant to, and is in compliance with, that Directive and the rules of the Financial Conduct Authority which is responsible for implementing MiFID in the UK (the "FCA Rules") and regulating the activities of Saxo Capital Markets UK Limited ("SCML").

In our dealings with you, we have a general duty to act honestly, fairly and professionally, taking into account your best interest. In relation to order execution, SCML is required to take all reasonable steps to obtain the best possible result when executing client orders or when placing orders with, or transmitting orders to, other entities to execute. The definition of 'best possible result' will vary and SCML must take into account a range of execution factors and determine their relative importance based on the characteristics of our clients, the orders that we receive and the markets in which we operate. The factors that we need to consider include but are not limited to price, costs, speed, likelihood of execution and settlement, size, nature and timing of the transactions, clearing robustness or any other consideration relevant to the execution of the order. In some markets, for example, we may need to take into account such matters as the prevailing liquidity of the market in question, credit risk and the tenure of the contract.

We believe that SCML is particularly well placed to provide our clients with best execution in so far as SCML does not have the same degree of conflicts of interest that apply in the case of other intermediaries. Namely, SCML does not engage in any direct or indirect trading in our own name or for our own benefit and therefore our sole priority is the trading interest of our clients. Our single execution venue is our parent company Saxo Bank A/S (Saxo Bank) which has rigorous procedures in place to deliver best execution. In addition, SCML has its own ongoing and independent processes in place for monitoring the quality of execution obtained on your behalf by Saxo Bank.

If you believe that your order has not been executed in line with this policy, then you should contact SCML at the earliest opportunity.

2. SCOPE OF OUR BEST EXECUTION OBLIGATION

This policy will apply to you if we have categorised you, in accordance with MiFID, as a Retail or Professional client or if you are an otherwise categorized client and you have asked for and been assured that we will give you best execution.

Our best execution obligation applies to the following financial instruments and products:

- Bonds (P)[1]
- Cash Equities (A)
- CFD Equities (P)
- CFD Indices (P)
- CFD Commodities (P)
- Contract Futures (A)
- Contract Options (A)
- Rolling FX (P)
- FX Options (P)

(A)   denotes SCML trade as Agent,
(P)   denotes SCML trade as Principal
[1] In exceptional circumstances, for instance when working large orders in highly illiquid bonds, Saxo Bank may execute an order as Agent

3.   EXECUTION OF CLIENT ORDERS

SCML offers execution only trading to our clients and our parent company Saxo Bank executes all SCML client orders on our behalf whether we are acting as principal or agent to the trade. SCML does not execute client orders through any other dealing venue or counterparty. We therefore place reliance on Saxo Bank as our single execution venue though, in accordance with regulatory requirements, SCML remains solely responsible to our clients for taking all reasonable steps to obtain the best possible result for them.

For this reason, SCML requires Saxo Bank, through an arm's length service agreement, to implement processes and procedures to evidence that, as our single execution venue, it will deliver best execution and so enable SCML to meet our best execution obligation to our clients. These processes and procedures include:

- independent monitoring by SCML of the trade execution quality achieved by Saxo Bank in relation to SCML client orders across all MiFID qualifying products for which Saxo Bank acts as SCML's single execution venue;

- the provision by Saxo Bank of in-house and third party monitoring data to SCML for SCML's independent review;

- SCML scrutiny of evidence of the regular and systematic review of the execution venues that Saxo Bank utilizes to meet its own best execution obligations;

- direct SCML periodic review of the quality of Saxo Bank execution measured against that of other comparable venues.

Saxo Bank uses automated systems to route and execute client orders and in this respect we are dependent on Saxo Bank for onward routing of SCML client orders to the appropriate execution venues. When your order is for an Over-the-Counter ("OTC") transaction (SCML acts as principal), the order is routed to Saxo Bank as the sole execution venue and Saxo Bank will trade against its own proprietary desk and may in turn route its own orders to other market maker firms. However, if we transact your order as agent it is automatically routed to an execution venue determined by Saxo Bank to achieve the best execution according to this policy. For instruments admitted to trading and official listing on a regulated market or stock exchange (i.e. Bonds, Stocks, Futures, Options and ETFs) Saxo Bank routes orders to the exchange, a multilateral trading facility or to selected third parties. There is therefore the possibility that your order may be executed outside a regulated market.

4.   SCML's APPROACH TO BEST EXECUTION

In order to meet our best execution obligation to our clients, we (and in turn Saxo Bank) take into account the following criteria for determining the relative importance of the execution factors:

- the characteristics of the client, including whether you are a retail or professional client;

- the characteristic of the client order;

- the characteristics of the financial instruments that are the subject of the order (in particular, where it relates to OTC financial instruments);

- the characteristics of the execution venues to which that order can be directed;

- the prevailing level of liquidity at the time of execution.

Decisions on order routing are primarily based on the following four execution factors which are taken into consideration in determining the best way to execute an order for a client:

Speed and Likelihood of Execution

Due to the levels of volatility affecting both price and volume, we seek to provide client orders with the fastest execution reasonably possible, taking into account any conditions applying to the client order, although delays may occur. It is for this reason that we have RFQ (Request for Quote) on less liquid OTC markets.

Price Improvement and Overall Consideration of Costs

Orders are routed by Saxo Bank to execution venues where opportunities for price improvement may exist. The criteria used include:

- automatically matching incoming market and limit orders to pending limit orders;

- crossing transactions where price improvement is offered to one or both sides of the trade;

- the costs of execution on any particular venue.

Order Size

Saxo Bank seeks execution venues that provide the greatest liquidity and thus potential for execution of large orders. Saxo Bank also seeks opportunities for client orders to benefit from order-size commitments offered by the execution venues.

Overall Execution Quality

When determining how and where to route or execute an order, Saxo Bank draws on its extensive experience of dealing for clients across various executing venues on a global basis in terms of securing for SCML clients prompt, sequential, reliable and high quality execution.

When SCML executes orders on behalf of retail clients the best possible result is determined on the basis of **total consideration** paid by the client, unless the objective of execution of the order dictates otherwise. Total consideration is the price of the financial instrument and the costs related to execution, including all expenses incurred by the client which are directly related to the execution of the order such as venue execution fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.

For example, in executing a client order with respect to shares trading on a regulated market, we focus on the net cost (or net proceeds in the case of a sale) of executing the order and, in turn, require Saxo Bank to direct the order to the execution venue providing the best possible result in terms of total consideration. In so doing, while we will usually prioritise price, speed of execution and applicable dealing costs, we may consider the likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction risks or costs and give them preference over the immediate price, speed and direct costs, if they are instrumental in delivering the best possible result in terms of the total consideration and quality of execution for the client. This may, for example, be relevant to a large order executed outside normal trading hours in a relatively illiquid share.

5.   RANKING OF EXECUTION FACTORS

The relative ranking of the different execution factors will be dependent upon, for example, the nature of the asset class traded, the liquidity of the relevant market and the time of the trade. This ranking reflects the nuances and differences between markets and exchanges, notably when looking at trading on exchange versus OTC products.

Bonds

Pricing and execution of Bonds is a manual process, with many orders still negotiated over the telephone. When seeking to execute a trade in this asset class, Saxo Bank splits all bonds into one of three baskets based on the relevant bond's liquidity. For highly liquid, Saxo Bank will offer a bid/offer price **equal to or better than** that shown in any attainable firm market (this includes public exchanges to which Saxo Bank has access, as well as OTC counterparts). For bonds with lower liquidity, Saxo Bank will source a minimum of 3 separate quotes to gauge the 'best' price based on the order size. For highly illiquid bonds, Saxo Bank seeks to derive a mid-price based on all indicative pricing information available to them, and then quotes a bid/offer spread to the client factoring in a pre-defined additional spread. The ranking of execution factors for Bonds is:

1. **Price**
2. **Speed & likelihood of execution**
3. **Order size & type**

Cash Equities

Saxo Bank has access to a number of Smart Order Routers that are able to check multiple different execution venues when trying to execute a Cash Equity Order. Not only does this allow SCML to potentially access better prices, it also gives access to additional liquidity, meaning that there is a greater likelihood of obtaining an execution. The ranking of execution factors for Cash Equities is:

1. **Order size**
2. **Price**
3. **Speed & likelihood of execution**

CFD Equities

In most instances, CFD equity orders are handled in the same manner as cash equity orders, and so the ranking of execution factors is the same (Order size, Price, Likelihood of execution, Speed of execution). The only difference is with regards to some of the largest stocks in major markets, where Saxo Bank can act as a Market Maker to SCML's clients. If a client does not wish to participate in the market in this manner, they are able to set up a Direct Market Access ("DMA") account. CFD Equity orders that are executed on a DMA account will be treated in exactly the same manner as Cash Equity Orders. Please see section **9. DEALING ON QUOTES** below for more information on trading OTC derivatives and best execution monitoring.

1. **Order size**
2. **Price**
3. **Speed & likelihood of execution**

CFD Indices

CFD Index prices are Saxo Bank's proprietary prices, which are derived from the relevant underlying Index price, taking into account the cost of carry and liquidity. We calculate our own cost of carry that factors in future expectations of dividends and interest rates, and this can include both internal and external inputs. Please see section **9. DEALING ON QUOTES** below for more information on trading OTC derivatives and best execution monitoring. For CFD Indices, the ranking of applicable execution factors is:

1. **Order size**
2. **Price**
3. **Speed of execution**

CFD Commodities

The mid-price of CFD Commodities is a proprietary price derived by Saxo Bank and will generally track that of the relevant underlying exchange traded market. Because there is only one exchange on which to trade the financial instrument that underlies these derivatives, we will consider our price 'correct' when it is in line with the underlying future. There is no opportunity to 'shop around' for price improvement in these markets, due to the face that there is only a single execution venue. Please see section **9. DEALING ON QUOTES** below for more information on trading OTC derivatives and best execution monitoring. For CFD Commodities, the ranking of execution factors is:

1. **Order size**
2. **Price**
3. **Speed of execution**

Contract Futures

Exchange traded futures and other futures traded on a multilateral basis are traded on a centrally regulated venue so the opportunity to 'shop around' for price improvement is limited because of the consequential concentration of the liquidity on those venues. For Contract Futures, the ranking of applicable execution factors is:

1. **Order size**
2. **Price**
3. **Speed of execution**

Contract Options

Exchange traded options and other options traded on a multilateral basis are traded on a centrally regulated venue so the opportunity to 'shop around' for price improvement is limited because of the consequential concentration of the liquidity on those venues. For Contract Options, the ranking of applicable execution factors is:

1. **Order size**
2. **Price**
3. **Speed of execution**

Rolling FX

Saxo Bank sources a number of quotes from Tier 1 liquidity providers to construct SCML's core mid-price for all Rolling FX currency pairs. As such, the price that we offer at any given time is considered to be our 'best' and will automatically update on a rolling basis to reflect the best price available at the time of trade for the size of your order. We will monitor the algorithms that are used to price these instruments to ensure that the price we show is in line with our stated methodology. Please see section **9. DEALING ON QUOTES** below for more information on trading OTC derivatives and best execution monitoring. For Rolling FX, the ranking of execution factors is:

1. **Order size**
2. **Price**
3. **Speed of execution**

FX Options

The pricing of FX Options is complex, with a number of inputs used to construct the option price. FX Options are traded OTC as Principal. Please see section **9. DEALING ON QUOTES** below for more information on trading OTC derivatives and best execution monitoring. For FX Options, the ranking of execution factors is:

1. **Order size**
2. **Speed of execution**

6.   SPECIFIC INSTRUCTIONS

Upon acceptance of a client order and when there is no specific client instruction regarding the execution method, SCML will execute the order in accordance with this policy.   When, however, there is a specific instruction from or on behalf of a client SCML will, to the extent possible, execute the order in accordance with the specific instruction though trading rules for some markets may prevent SCML from following certain parts of the instruction.

To the extent that we execute an order in accordance with a client's specific instruction we consider that we have satisfied our best execution obligation in respect of those aspects of the order to which the specific instruction relates. The fact that a client's specific instruction only covers certain aspects of an order does not release us from our best execution obligations with respect to the other aspects of the order not covered by the instruction. To this extent we will determine any non-specified components of the execution in accordance with this policy.

7.   TYPES OF ORDERS

Given the risks that arise when trading in volatile markets, clients may want to consider using different types of orders to limit risk and manage investment strategies. Please note that the following descriptions of order types may apply only to some, and not all, types of financial instruments.

Market Order

With a market order the client instructs a financial institution or trading counterparty to execute a trade of a certain size as promptly as possible at the prevailing market price. Financial institutions are

required to execute market orders without regard to price changes. Therefore, if the market price moves significantly during the time it takes to fill a client's order, the order will most likely be exposed to the risk of execution at a price which could be substantially different from the price when the order was entered.

Certain exchanges do not support market orders. If the client places a market order in these markets, Saxo Bank will automatically translate the order to an aggressive limit order within a certain percentage limit "in the money". It is the client's own responsibility to check if the order is traded in the market after order entry. If the client experiences or suspects any errors with their order the client should contact SCML immediately.

Some of Saxo Bank's third party execution brokers may choose to translate market orders on various markets into aggressive limit orders 3 – 5 % in the money. This is often a result of exchange rules applied to protect clients from "bad fills". SCML cannot be held responsible for missing fills due to such translation performed by third party execution brokers.

Limit Order

With a limit order, the client sets 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. A client who leaves a limit order must be aware that they are giving 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 without human intervention. Because the limit price has been specified by you, this element of the order will be excluded from best execution.

Stop Order

Different from a limit order, a stop order allows selling below the current market price or buying above the current market price if the stop price is reached or breached. A stop order is therefore a "sleeping" order until the stop price is reached or breached. Because the stop price has been specified by you, this element of the order will be excluded from best execution.

Trailing Stop Order

The trailing stop order is a stop order as described above but the trailing stop price moves according to parameters set by the client. 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. Because the stop parameters have been specified by you, price will be excluded from best execution.

Stop Limit Order

A stop limit order is a variation of a stop order as described above 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. Because the price has been specified by you, this element of the order will be excluded from best execution.

Spread Filters

In order to ensure that the client's Stop Orders are not filled at unreliable prices during short termed periods with abnormally wide bid/ask spreads caused by, for instance, the release of key economic figures, Saxo Bank has implemented spread filters preventing order execution when spreads exceeds certain levels. Having the spread filters in place will in general benefit the client, but can in rare instances be to the disadvantage of the client.

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 such as VWAP etc. These orders can also be used to follow a volume participation or in general to achieve a better overall execution. Saxo Bank facilitates a number of different algorithmic order types, specific information about these can be found in the information text on the Saxo Trader platform. The suppliers of these algorithms are constantly aiming to improve them, feeding back real trade data to analyse their performance and implement improvements to help ensure that the algorithm remains fit for purpose. The stated goal of

each individual algorithm can also be used as a benchmark to evaluate its performance with regards to a given trade.

8. LIST OF EXECUTION VENUES CURRENTLY IN USE

SCML rely on the selection of execution venues by Saxo Bank A/S. A list of execution venues currently used by Saxo Bank A/S is published on their [website](#), and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

SCML regularly and independently reviews the execution venues that Saxo Bank selects, looking at post trade analytics and periodic monitoring, in addition to reviewing the selection process for new and additional venues, in order to provide our clients with an additional and independent monitoring process to help ensure that we are taking all reasonable steps to deliver the best possible result for our clients.

SCML is very conscious that it has a single execution venue, and so we apply rigorous checks to Saxo Bank to ensure that they are consistently able to deliver best execution for our clients

9. DEALING ON QUOTES

When trading OTC derivatives with us, you are trading on 'our' price (SCML are the counterparty to the transaction). There are a number of factors that can be used to construct a derivative price, and these will vary depending on the asset class traded, the nature of the market and the characteristics and terms of the transaction and any special market or credit risks posed by it. We will apply a standardised method of calculation for these types of derivatives to ensure that the price that we are offering at any given time is always considered the best price we can obtain on your behalf. In monitoring best execution for these types of instruments, we will monitor the calculation method to ensure that it is applied consistently at all times.

10. AGGREGATION AND SPLIT

An SCML client's order may at the discretion of Saxo Bank be aggregated with Saxo Bank's own orders, orders of any of SCML's associates and/or their clients. Furthermore, Saxo Bank may split a client order as well as aggregate orders before executing such. Orders will only be aggregated or split where:

• it is unlikely that the aggregating of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated; and

• 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.

Aggregation and split may on some occasions result in the client obtaining a less favorable price than if the client's order had been executed separately or together, as applicable.

11. COMPLIANCE ORDER FILTERS

Clients should be aware of the Compliance Order Filters which exchanges install to prevent market errors caused by unintended or erroneous trades. The Compliance Order Filters are defined at the exchange's discretion, or by market participants and execution venues at the exchanges demand. Orders that exceed the Compliance Order Filters may be subject to latency in the execution due to the need to either have a Compliance Order Filter lifted or to have the order split into multiple minor orders.

12. QUALITY OF EXECUTION OBTAINABLE AT TIMES OF MARKET STRESS

As indicated earlier in this policy, SCML will, at all times, take all reasonable steps to achieve best execution for our clients and this will apply even during times of market stress. However, sudden losses in market liquidity or at times of market disorder or the impact of political or economic decisions, particularly when they are unforeseeable, can have a severe impact on the achievable quality of execution or even the ability to execute orders itself. This may make it difficult for SCML to

deliver on a client's traditional expectation of the quality of execution that can be expected in normal market conditions. That said, SCML will continue, during those difficult times, to achieve the best execution we can for our clients and this may include the aggregation of client orders in order to act in the best interests of all clients concerned.

13. REGULAR REVIEW OF THIS POLICY

SCML will review this policy at least annually, and whenever a material change occurs that affects SCML's ability to obtain the best possible result for the execution of client orders. A material change is defined as one of the following:

- addition or removal of an execution venue.

- significant change to the operation of an execution venue.

- addition or removal of an asset class.

- significant change to the way an asset class is traded, priced etc.

- any other factor that affects SCML's ability to obtain the best possible result for the execution of client orders.

SCML's review will take into account the regular reviews of execution quality and execution venues carried out by Saxo Bank A/S on whom SCML relies to route SCML client orders, in addition to the results of the on-going execution quality reviews that SCML itself undertakes using the transaction monitoring data provided to us both by Saxo Bank and by third parties.

14th September 2015