



INFORMATION ABOUT OUR ORDER EXECUTION POLICY

1. Introduction

Under the updated EU Markets in Financial Instruments Directive (**MiFID II**) and the Conduct of Business Rules of the Financial Conduct Authority (**FCA**) Handbook, JB Drax Honoré (**JB Drax**) must take all sufficient steps to obtain the best possible result (or **best execution**) on behalf of its clients when either executing client orders or receiving and transmitting orders for execution. The rules require a firm:

- to put in place an order execution policy which sets out how it will obtain best execution for its clients; and
- to provide appropriate information to its clients about its Order Execution Policy (“OEP”).

The OEP and this disclosure only apply to Professional Clients when JB Drax acts on their behalf to execute or arrange the execution of orders in financial instruments (as defined in MiFID II).

2. Duty of Best Execution

The duty of best execution only applies when executing or arranging the execution of orders on a client's behalf. JB Drax will be executing orders on a client's behalf where the client legitimately relies on JB Drax to protect its interests in relation to the pricing or other aspects of the transaction that may be affected by how JB Drax executes the order. For example, this will be the case when JB Drax executes an order when dealing as agent and where we are executing a transaction in a situation where we are sourcing liquidity for a particular client.

This means that JB Drax will aim to provide best execution subject to, and taking into account, the nature of your orders, the prices available to JB Drax in the market, the nature of the market in question and a reasonable assessment of the Execution Factors (see section 5 below).

JB Drax's intention, so far as possible, is to exercise consistent standards and to operate the same processes across all markets, clients and financial instruments in which JB Drax operates (details of which are set out on our website). Even in circumstances where the best execution obligation does not apply (for example where we treat you as an Eligible Counterparty in relation to a particular product or service), we are still required to treat all customers fairly and to manage any conflicts of interest that may arise. Irrespective of any legal requirements, JB Drax will always strive to provide a fair and transparent outcome for all our clients.

JB Drax will execute client orders promptly, fairly, and expeditiously relative to other client orders in line with the requirements under MiFID II. Comparable orders will be executed sequentially in accordance with the time of their reception unless we agree otherwise or the characteristics of an order, the market in question or prevailing market conditions make this impossible or impractical.



3. Where Best Execution does not apply

Notwithstanding the intentions expressed above, JB Drax does not undertake to provide best execution in the following circumstances:

i) Eligible Counterparties

If you are categorised as an Eligible Counterparty, you will not be entitled to best execution under the rules referred to above.

(ii) Specific Client Instructions

Where you provide JB Drax with a specific instruction in relation to your entire order, or any particular aspect of your order, including an instruction for your trade to be executed on a particular venue, then JB Drax will execute the order in accordance with your instructions.

However, please note that in following your instructions, JB Drax will be deemed to have taken all reasonable steps to provide the best possible result for you in respect of the order, or the aspect of the order covered by your specific instructions. Note that when you directly place an order on a Trading Venue (as defined in MiFID II), your order will be classified as a specific instruction.

4. Clients

JB Drax will only provide services to Eligible Counterparties and Professional Clients (as defined in MiFID II).

Once a client is classified as an Eligible Counterparty for the purposes of a particular financial instrument, that client will not normally be reclassified for the purposes of any transaction of a type it customarily undertakes.

Exceptional circumstances may be taken into account at the time, with the consent of JB Drax (however, JB Drax may decline to provide a service should a reclassification be requested).

5. Aggregation and Crossing of Client Orders

Depending upon the circumstances and the prevailing market conditions, JB Drax may decide to aggregate a client's order with orders of other clients if the order is to be executed on a venue where order aggregation is permitted and if we consider that the aggregation of orders is unlikely to work overall to the disadvantage of any client whose order is to be aggregated.

JB Drax may elect to cross client orders internally, i.e. match buy and sell orders between clients of the firm. This will only be undertaken if we consider that it is unlikely to work overall to the disadvantage of any relevant client.



6. Execution Factors

In the absence of specific instructions from you, JB Drax will exercise its own discretion in determining the factors that JB Drax needs to take into account for the purpose of providing you with the best possible result.

The Execution Factors in the markets in which JB Drax operates will include, but are not restricted to:

- i. the size, nature and characteristic of the order;
- ii. the likelihood and speed of execution;
- iii. the price and costs of execution and settlement;
- iv. the market impact; and
- v. any other consideration relevant to the execution of the order.

Price will ordinarily merit a high relative importance in obtaining the best possible result. However, in some circumstances, for some clients, orders, financial instruments or markets, we may appropriately determine that other Execution Factors are more important than price in obtaining the best possible execution result.

We will determine the relative importance of the Execution Factors by using our commercial judgment and experience considering market information available and taking into account the Execution Criteria.

7. Execution Criteria

The Execution Criteria that will be taken into account are as follows:

- i. the client;
- ii. the order characteristics, for example if a securities financing transaction is involved;
- iii. the characteristics of the financial instruments that are involved; and
- iv. the characteristics of the execution venues to which that order can be directed.

8. Execution Venues

In meeting our obligation to take all sufficient steps to obtain on a consistent basis the best possible result for the execution of your orders, we may use one or more of the following venue types when executing an order on your behalf:

- Regulated Markets;
- Multilateral Trading Facilities (MTFs);
- Organised Trading Facilities (OTFs);
- Systematic Internalisers; and
- Third party investment firms acting as market makers, third party brokers, or other liquidity providers; and/or Non-EU or EEA entities performing similar functions.



We believe that these venues or sources of liquidity enable us to obtain on a consistent basis, the best possible result for orders we execute on your behalf. We will assess which venues within this list are likely to provide the best possible result for our clients on a transaction-by transaction basis, having taken into account factors including, but not limited to:

- Competitiveness of commission rates and spreads;
- Promptness of execution;
- Quality of service; and
- Creditworthiness and reputation.

9. Monitoring and Review

We will review our order execution arrangements regularly. We will also review our order execution policy annually and whenever a material change occurs that affects our ability to continue to obtain the best possible result for our clients.

We will notify you of any material changes to our execution arrangements or our Execution Policy by providing you with an updated version of this disclosure whenever necessary.

10. Call Around Business

In relation to orders for exchange traded products, JB Drax will always consider and check the relevant exchange electronic central order book (or **screen**) and assess whether there is sufficient price and/or size for the relevant product to fill an order electronically. If JB Drax determines that there is unlikely to be a good fill on screen, then it may consider arranging for execution in the “call around” market.

If JB Drax determines that it may not get the best possible result by executing on screen, (for example, where there is not enough liquidity or a narrow enough spread on screen), we will exercise our judgment to establish how to achieve the best possible result (usually by reference to the best price and/or size) for the relevant product. We may then contact other clients or counterparties (who may be exchange designated market makers or liquidity providers) to establish if they have any “interest” in the relevant products, either generally or in a particular size and/or price range.

We will always communicate with more than one such counterparty until we are satisfied that a better overall result (whether by reference to price and/or size and/or certainty of execution) can be achieved off screen.

Unless such call around business is inter-dealer brokerage business (see below), JB Drax will only charge commission on one side of any resulting transaction. Where we determine that you have initiated such a transaction, we will not charge commission to the relevant counterparty.



11. Inter-Dealer Brokerage Business and non-exclusive liquidity

Where JB Drax acts as an inter-dealer broker (**IDB**) such activity will fall outside the scope of this disclosure and we will not have an obligation to provide best execution.

Where JB Drax acts as an IDB we may charge commission on both sides of a relevant transaction. The commission payable by all clients (including market makers) is assessed using uniform criteria.

We will only charge both sides of a relevant transaction if:

- the relevant clients are both Eligible Counterparties; and
- the relevant transaction does not come about because we have sourced liquidity exclusively for either client.

12. Consent

We require your express consent to this policy and the contents herein. Please provide your consent as soon as possible to JB Drax's Order Execution policy, including JB Drax executing your orders outside of a Regulated Market or MTF.

You may confirm your consent by signing and returning the attached Confirmation of Acceptance accompanying this document.

Your continued use of JB Drax's services, having received this disclosure will be taken to indicate your consent to our Order Execution Policy (including JB Drax executing your orders outside of a Regulated Market or MTF/OTF, where permitted by regulation). Should you have any concerns with the content of this disclosure please contact JB Drax Honoré (UK) Ltd as soon as possible at londoncomplacance@jbdh.com.

This Order Execution Policy is not intended to be contractually binding or to impose or seek to impose any obligations which JB Drax would not otherwise have whether under any client agreement, MiFID II, the rules of the FCA or otherwise.

ANNEX 1

Financial Instruments as defined in Annex I, section C, of MiFID II:

- i) Transferable securities;
- ii) Money-market instruments;
- iii) Units in collective investment undertakings;
- iv) 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;
- v) 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);
- vi) Options, futures, swaps, forwards, 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/OTF;
- vii) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in (vi) 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 recognised clearing houses or are subject to regular margin calls;
- viii) Derivative instruments for the transfer of credit risk;
- ix) Financial contracts for differences; and
- x) 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/OTF, are cleared and settled through recognised clearing houses or are subject to regular margin calls.