

## **COEX Execution and Order Handling Policy**

April 2024

This Execution and Order Handling Policy (the “Policy”) is applicable to execution services provided to you by any of the following entities and any of their successors:

- TP ICAP Markets Limited
- TP ICAP Broking Limited
- TP ICAP (Dubai) Limited (“ICAP”).

The Policy should be read in conjunction with the COEX Terms of Business. Please refer to Annex 3 for the Best Execution Policy of TP ICAP (Dubai) Limited.

### **Execution Services**

In providing execution services to you in relation to financial instruments (as set out in Annex 1), COEX may (subject always to applicable law):

1. arrange a transaction in the over-the-counter financial or commodities markets, which may be inside or outside of the UK/EU/EEA;
2. arrange for the submission of trading interests to a trading venue for execution, which may be inside or outside of the UK/EU/EEA;
3. arrange a transaction which is submitted to a trading venue for registration, which may be inside or outside of the UK/EU/EEA;
5. arrange and execute a transaction outside of a trading venue; or
6. transmit an order to another entity (which may be an affiliate of TP COEX) for execution in accordance with one of the methods described above.

## **Business Models**

COEX execution services are provided through:

- voice broking, where brokers, supported by proprietary screens displaying historical data, analytics and real-time prices, discover price and liquidity for their clients; and
- electronic platforms. These arrangements can be combined in hybrid broking models, which allow for the interaction of trading interests through both voice and electronic systems.
- Prime brokerage services. These arrangements enable COEX to settle and clear transactions, utilizing custodial services provided by third parties.

The business primarily brokers products using three major execution methods:

- Matched Principal (where a COEX entity interposes itself between the buyer and the seller to the transaction) where the Prime Broker is the principal on the transaction. Coex Business Model guarantees anonymity, as each counterpart to the trade (client and Liquidity Provider) faces COEX ; or
- Exchange Give-Up (where a broker places an order for a client on a trading venue and then “gives up” the resulting trade to the relevant client or its clearer). A derivation of this business model includes trades which are privately negotiated and registered on an exchange or provides the clients with a settlement process through a central counterparty (CCP settlement).

## **When Best Execution Is Owed**

COEX will take sufficient steps to achieve the best overall trading result when acting as broker in the execution or reception and transmission of orders in financial instruments. This means that COEX will aim to provide “best execution” subject to and taking into account the nature of your orders, the prices available to COEX in the market, the nature of the market in question and a reasonable assessment of the relevant execution factors (which are detailed below).

COEX will assess whether the client initiating the transaction engages in competitive pricing practice, whether prices are transparent, and if there's an agreement ensuring best execution. The fourfold test will be applied to establish legitimate reliance on the desk when these conditions are satisfied. COEX intention is, so far as possible, to exercise consistent standards and operate the same processes across all markets, clients and financial instruments in which it operates. COEX also intends to provide you and other market participants with access to (where possible) tradable prices on a non-discriminatory basis. However, the diversity in those markets and instruments, what COEX knows of your own trading intentions, and the kind of orders that you may place, mean that different factors will have to be taken into account in relation to any particular transaction.

COEX will assess the following factors when determining where best execution is owed to the client:

1. Which party initiates the transaction. Where a transaction is initiated by the client it is less likely that the client is placing reliance on COEX to provide best execution.
2. Market Practice Professional counterparties are sophisticated participants in the wholesale markets. It is normal market practice for buyers and sellers to “shop around” by approaching several brokers/dealers for a quote. In these circumstances, it is less likely there is any expectation between the parties that the broker/dealer chosen will owe best execution.
3. Market Transparency In liquid markets where there is access to multiple providers of pricing information, it is less likely that the client is placing reliance on COEX to provide Best execution
4. Terms of Business Where our agreements with the client, including this policy and our Terms of Business, state that COEX will provide Best Execution, then it is more likely that the client will be placing reliance upon COEX.

### **When Best Execution Is Not Owed**

Notwithstanding the intentions expressed above, COEX does not undertake to provide “best execution” in the following circumstances:

#### Eligible Counterparties

- If you are classified as an Eligible Counterparty, you will not be entitled to best execution under the UK Financial Conduct Authority (“FCA”) or equivalent EU/EEA rules (pursuant to Article 30 of MiFID II, which disapplies the best execution obligation under Article 27 of MiFID II for Eligible Counterparties).

#### Legitimate reliance

- In the wholesale OTC derivatives and bond markets (and for the avoidance of doubt this would include derivatives in Equities) in which COEX operates (and as recognised by the European Commission) it is normal market practice for buyers and sellers to “shop around” by approaching several brokers/dealers for a quote. In these circumstances, there is no expectation between the parties that the broker/dealer chosen will owe best execution. As a sophisticated participant in the wholesale markets, unless you advise us to the contrary we will assume that this is your normal trading behaviour

#### Client Instructions

- Where the client provides COEX with a specific instruction in relation to an entire order, or any particular aspect of an order, including an instruction for the trade to be executed on a particular venue, COEX will execute the order in accordance with the client instructions. In following the instructions, COEX will be deemed to have taken all sufficient steps to provide the best possible result in respect of the order, or aspect of the order, covered by the specific instructions.

#### Request for Quote (RFQ)

- The scope of Best Execution is limited to where TP COEX is acting on behalf of clients. Where TP COEX provides a Request for Quote service" RFQ" TP COEX will not be acting on behalf of clients and will not owe Best Execution.

## **Clients**

Clients are classified as either Eligible Counterparties or Professional Clients as defined in MiFID II and by the FCA. The classification of a client is notified to the client in a separate notice (the Client Classification Notice).

MiFID II and FCA rules entitle clients to request a different client classification from that notified in the Client Classification Notice in respect of one or more investment services or transactions, or one or more types of transaction or product. Any such request must be made to COEX in writing. However, because COEX always intends to handle orders and indications of interest in an equitable and consistent manner, once a client is classified as an Eligible Counterparty for the purposes of a particular instrument, it is COEX's policy that it will decline to provide services should an Eligible Counterparty request to be re-classified for the purposes of one transaction of a type it customarily undertakes. There may be exceptional circumstances and COEX will consider each written request on a case by case basis.

## **Execution Venues**

This Policy sets out the venues on which COEX may execute your order. It has identified those venues on which COEX most regularly seeks to execute your orders and which COEX believes offer the best prospects for achieving the best possible results for you, taking into account the execution factors detailed below. COEX is able to execute trades on your behalf on any of the following execution venues:

- regulated markets, MTFs and OTFs not operated by COEX;
- (in a quasi-venue or non-venue capacity), systematic internalisers, market makers or other liquidity providers; and
- execution venues in non-EU/EEA and non-UK countries that perform a similar function to any of the foregoing to which COEX has access and which are listed in Annexes 3 – 9 according to the relevant classes of financial instrument. Please note that this list is not intended to be exhaustive and COEX reserves the right to utilise alternative execution venues

When selecting the venue on which to transact, COEX will take sufficient measures to ensure that the selected venue obtains the best possible trading result for its clients, subject to the following general factors:

- In the OTC markets in which COEX operates, it can only give clients visibility to prices that have been communicated to COEX by other clients or Liquidity Provider that operate in the same market; accordingly, any "best outcome" will solely be within these limits. However, when executing orders or taking a decision to deal in OTC products, including bespoke products, COEX 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;

- COEX will provide details of all tradable bids and offers (subject to the other matters referred to below);
- Time availability of prices – in many markets, there are lulls and spikes in trading as negotiations align trading interests at different times and different parts of the curve; accordingly, the “last traded” price may not always be available or act as a reliable indicator of current price;
- COEX cannot allow clients to trade in a market unless it is reasonably satisfied that the client (via an agent or otherwise) is operationally capable of settling the relevant trade;
- COEX cannot control either the cost of credit (credit premium) or credit acceptance between its clients; and
- where COEX invites you to choose one execution venue rather than another, we will provide fair, clear and not misleading information to prevent you from choosing one execution venue rather than another on the sole basis of the price policy applied by COEX.

In cases where COEX applies different fees depending on the execution venue, we will explain these differences to you in sufficient detail to allow you to understand the advantages and disadvantages of the choice of a particular execution venue. Similarly, COEX will inform you of **any inducements** (if any) it receives from an execution venue and of the value of any monetary or non-monetary benefits it receives in circumstances where COEX charges more than one participant in a transaction.

### **Execution Factors**

In the absence of express instructions from you, COEX will exercise its own discretion in determining the factors that COEX needs to take into account for the purpose of providing you with the best possible result. These execution factors in the wholesale markets in which COEX operate will include, but are not restricted to, the:

- characteristics of the client;
- size, nature and characteristics of the order;
- characteristics of the execution venue on which that order can be directed;
- likelihood and speed of execution; and
- price and costs of execution.

The importance of each of the execution factors may be weighted differently depending on the class of financial instruments and the type of service provided. Please see Annexes 4 – 10 for more detail on the variation that applies across the various classes of financial instruments.

### **Order Handling**

When handling orders, our objective is to:

- ensure that executed client orders are promptly and accurately recorded and allocated; and

- carry out otherwise comparable client orders sequentially and promptly unless: (i) otherwise instructed by the client; (ii) the characteristics of the order or prevailing market conditions make this impracticable; or (iii) the interests of the client require otherwise.

In the case of client limit orders (as defined by MiFID II/FCA Rules) in respect of shares admitted to trading on a regulated market or traded on a trading venue which are not immediately executed under prevailing market conditions, COEX will take measures to facilitate the earliest possible execution of that order by making public immediately that client limit order in a manner which is easily accessible to other market participants (by submitting the order for execution to a regulated market or ensuring the order is published by a data reporting services provider located in an EU member state and can be easily executed as soon as market conditions allow) unless:

- express instructions are given by the client not to publish; or
- the order is large in scale compared to normal market size (as defined by MiFID II/FCA
- Rules).

When COEX accepts an order from you to effect a single transaction or a series of transactions for the purpose of acquiring or disposing of all or part of a portfolio or a large basket of securities, it may undertake other client orders with respect to the constituent securities or any related security which could have an impact on the price of the constituent security.

If you are a non-exempted US client under Section 15a-6 of the Securities Exchange Act of 1934, an appointed US Broker Dealer will act in the capacity of US intermediary broker-dealer for securities transactions. The appointed US Broker Dealer used in each instance will be dependent on the COEX entity that has undertaken the transaction with you and will be notified to you as necessary.

**Settlement of Orders**

Where it is responsible for overseeing or arranging the settlement of an executed order, COEX will take all reasonable steps to ensure that any client financial instruments or client funds received in settlement of that executed order are promptly and correctly delivered to the account of the appropriate client.

**No Fiduciary Relationship**

COEX's commitment to provide you with "best execution" does not mean that it owes you any fiduciary responsibilities over and above the specific regulatory obligations placed upon it or as may be otherwise contracted between COEX and yourself. You remain responsible for your own investment decisions and COEX will not be responsible for any market trading loss you suffer as a result of those decisions.

## **ANNEX 1: FINANCIAL INSTRUMENTS AS DEFINED BY MIFID II**

1. Transferable securities
2. Money-market instruments;
3. Units in collective investment undertakings;
4. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
5. Options, futures, swaps, forwards 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 other than by reason of default or other termination event;
6. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a , or an OTF, except for wholesale energy products traded on an that must be physically settled;
7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in 6 and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
8. Derivative instruments for the transfer of credit risk;
9. Financial contracts for differences;
10. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates 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 other 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, OTF, or an MTF; and
11. Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).



## **ANNEX 2 - TP ICAP COEX (DUBAI) LIMITED: POLICY ADDENDUM**

This addendum to the Execution and Order Handling Policy applies to all staff in TP ICAP COEX (Dubai) Limited (TPDL), established in the Dubai International Finance Centre and authorised and regulated by the Dubai Financial Services Authority (DFSA). Staff for these purposes includes all permanent employees, contractors, temporary staff, secondees, external consultants, interns and agents at TPDL where they are permitted to execute client orders.

### **Policy Requirements**

Under the DFSA Rulebook COB Module 6.4 Best Execution, when TPDL agrees, or decides in the exercise of its discretion, to execute any transaction with or for a client in an investment, it is required to provide 'best execution'. This Policy sets out the arrangements to ensure staff comply with this requirement.

Under the DFSA Rulebook, TPDL is deemed to provide best execution if it takes all reasonable care to determine the best overall price available for the relevant investment under prevailing market conditions and deals at a price which is no less advantageous for the client.

Under the COEX EMEA-wide Compliance framework, in providing best execution for clients, TPDL brokers are required to also take into account factors other than price, such as:

- characteristics of the client;
- size, nature and characteristic of the order;
- likelihood and speed of execution;
- price and costs of execution; and
- characteristics of the execution venue on which that order can be directed.

The best execution obligation does not apply to Market Counterparties as defined by DFSA COB Module 2.3.9 and accordingly this Policy Addendum will not apply when dealing with a Market Counterparty.

If a third party, other than TPDL, is responsible for the execution of a transaction on behalf of a client, TPDL can rely on that third party providing best execution to the client where that third party has undertaken to do so.

## **ANNEX 3 – EXCHANGE TRADED DERIVATIVES: EQUITY, INTEREST RATE AND COMMODITIES**

### **1. Execution Venues**

COEX has access to the following execution venues:

#### **Third Party Execution Venues**

CME Group (CME, CBOT, COMEX, NYMEX)  
CBOE  
EUREX  
ICE Futures Europe, London, US  
Euronext (Paris, Amsterdam, Brussels, Lisbon)  
IDEM  
MEFF  
Montreal Exchange  
Singapore Financial Exchange (SFE)  
OSE  
ASX  
CFE  
HKFE  
SIMEX

### **2. Weighting of Execution Factors**

For equity derivatives, the following Execution Factors are given greater weight in descending importance:

- Price;
- Time priority;
- Likelihood of execution;
- Speed of execution; and
- Type of settlement

Costs of execution is not a major factor for equity derivatives products.

For orders from a US person in equity swaps governed by SEF regulation, likelihood of execution will be assigned more weight as there will be a smaller liquidity pool for such orders.

For package transactions where one component is a cash equity, the type of settlement (cleared / non-clearing) of the cash equity component will be assigned more weight.

### **3. Factors used to select Execution Venues**

For equity derivatives, the factors used to select an execution venue will be

- Where the product is listed. Where an order is placed directly on a third-party trading venue, the venue where the product is listed will determine the place of execution.
- Where products are dual listed, the execution will take place on the venue with the most liquidity (which may be a third country trading venue), unless this venue is not eligible under MiFID II rules. In such situations, COEX will execute trades on an EU trading venue or third country trading venue that is eligible under MiFID II rules (which could result in trades being executed on the venue with the least market liquidity).

- Client instruction

For Commodities, the factors used to select an execution venue are as follows:

- Type of Commodity contract traded

Certain commodity contracts only clear at certain venues. In such circumstances, the execution venue will be prescribed; COEX will not 'select' the execution venue. This will be particularly prevalent for trade registration business.

- Client instruction / ability to trade on execution venues

For trade registration business, COEX is only able to register trades onto venues to which the client(s) have the ability to trade.

For NGU business, all activity in MiFID II financial instruments relating to commodities will be carried out on the COEX Energy OTF

*In relation to a client order in Euribor, Sonia, Sofr, Bund, Schatz, BTP, OAT and Gilt options we will also charge the market makers [ a standardized rate of 40p or 50 euro cent per leg with a maximum of 2 legs when further price/liquidity provisions are required.*

*For these orders COEX will operate on a Non -exclusive basis, in the following way:*

- *COEX will reach out to liquidity providers to obtain the tightest available price (for more information and how this obligation applies to you please refer to previous sections of the COEX Execution and Order Handling Policy)*
- *The will be published to the market, alongside an RFQ, in line with exchange crossing rules. At this stage other clients or counterparties will be able to execute against the price.*
- *After this stage if no transaction is concluded through the RFQ the block will be executed with the requesting client, we will also charge the market maker at this point in accordance with the above.*

## **ANNEX 4 – FX Options**

### **1. Execution Venues**

Coex Operates off venue.

Trades are arranged between 2 parties (usually client on one side and a bank on the other side) and given up to a Prime Broker.

### **2. Weighting of Execution Factors**

The asset classes within FX will determine the relative importance of the Execution Factors, as follows:

- For G10 FX products, the Execution Factors will likely be weighted in the following descending order of importance:
  - Price;
  - Size and preferred execution style (i.e. size request); and
  - Costs of execution.
  - Limits available between counterparties;
  - Credit worthiness;
  - Likelihood of execution;

For orders which are large in size, likelihood of execution will be assigned more weight.

- For emerging markets (EM) FX, non-deliverable forwards (NDFs) and Local Market interest rate swap (IRS) products, price, likelihood of execution and client credit worthiness will be weighted more equally than for G10 FX products.

## **ANNEX 5 – CASH BONDS AND CLEARED INTEREST RATE SWAP PRODUCTS**

### **1. Execution Venues**

- Coex has access to the following third party execution venues: TradeWeb UK MTF (Cash Bonds and Cleared IRS)
- BondVision UK MTF (Cash Bonds)

The majority of Cash Bond and Cleared IRS trades are executed off venue.

Trades are arranged between 2 parties (usually client on one side and a bank on the other side). For all trades COEX trades in a matched principal capacity, being counterparty to both sides of trade.

The COEX counterparty used for:

- Cash Bonds is TP ICAP Markets Ltd
- Cleared IRS is TP ICAP Broking Ltd

### **2. Weighting of Execution Factors**

The overall liquidity will determine the relative importance of the Execution Factors, as follows:

- For all Bond and IRS transactions the Execution Factors will likely be weighted in the following descending order of importance:
  - Liquidity;
  - Underlying currency;
  - Maturity;
  - Speed and time of execution;
  - Number of market makers available to COEX;
  - Likelihood of execution;
  - Limits available between counterparties;
  - Size and preferred execution style (i.e. size request); and

- Costs of execution.