

## ICAP Execution and Order Handling Policy

January 2025

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 E&C Limited
- TP ICAP (Dubai) Limited
- ICAP Energy AS

("ICAP").

The Policy should be read in conjunction with the TP ICAP 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), **ICAP** 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;
4. within an **ICAP**-operated Organised Trading Facility ("**OTF**"), arrange and execute orders placed on that OTF;
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 ICAP) for execution in accordance with one of the methods described above.

### Organised Trading Facilities

The European regulatory package known as MiFID II introduced OTFs as a new type of multilateral trading venue alongside regulated markets ("RMs") and multilateral trading facilities ("MTFs"). Details of the OTFs operated by **ICAP** are contained in the official rulebooks, which should be consulted for information on the financial instruments, other products and transaction types that are tradable within them. The operator of an OTF is required to exercise discretion in relation to the execution of orders, either when deciding to place or retract an order on the OTF and/or when deciding not to match potential orders available in the system. The exercise of discretion within OTFs is separate from the requirement to provide best execution, which is discussed in more detail in Annex 2.



## **Business Models**

ICAP 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.

The business primarily brokers products using three major execution methods:

- Name Passing (where all counterparties to a transaction settle directly with each other or through a settlement agent/CCP);
- Matched Principal (where an ICAP entity interposes itself between the buyer and the seller to the transaction); 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 MTF or provides the clients with a settlement process through a central counterparty (CCP settlement).

## **Exchange for Physicals / Swaps or Basis Trading (Rates and Government Bonds)**

ICAP communicates indications as to where it may be able to facilitate a potential EFP/S or Basis transaction on your behalf by brokering the underlying swap or securities leg (the "underlying leg") of the transaction and by communicating the details of the futures leg based on the derived price of the underlying leg and the agreed spread differential between the underlying price and futures price. The underlying leg of the EFP/S or Basis transaction will be executed by ICAP and ICAP will confirm the details of that trade to you along with the price of, and number of contracts comprising the futures leg. Where you arrange EFP/S or Basis transactions via ICAP, you agree that you will simultaneously execute the futures leg of such EFP/Basis transaction through the futures clearing broker you have communicated to ICAP, and you permit ICAP to report the futures leg of the transaction to the appropriate exchange on your behalf.

The prices communicated by ICAP in EFP/S or Basis Transactions are indications of interest ("IOIs") only. The transactions are not executed or final until (1) ICAP communicates to you (a) that the underlying leg is executed and confirmed as part of the EFP/S or Basis transaction and (b) the price of, and number of contracts comprising the futures leg, and (2) you have communicated the details of the futures leg of the EFP/Basis transaction to your futures clearing broker, regardless of the information that may be conveyed to your trader at the time of, or following, the matching of IOIs. In the event of your futures leg failing to clear, ICAP will exercise reasonable commercial discretion in determining whether the underlying leg continues to stand and any adjustments that may need to be made to the economics of the underlying leg.



## **Volume Matching Sessions**

ICAP may provide you access to its Volume Matching sessions alongside other execution services offered by its brokers. Depending on the product type, these sessions may operate within an OTF operated by ICAP, or outside the perimeter of a venue. You may access to the Volume Matching sessions by either submitting an interest directly via a front end GUI or a ICAP broker. Depending on the nature of the session, ICAP staff including its brokers may have visibility of submitted interests to ensure orderly functioning of the session. For further information please refer to the relevant Market Segment Rules or contact your relationship manager.

## **When Best Execution Is Owed**

**ICAP** 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 and, when acting as the operator of an OTF, in concluding transactions in financial instruments on that OTF. This means that **ICAP** will aim to provide “best execution” subject to and taking into account the nature of your orders, the prices available to **ICAP** in the market, the nature of the market in question and a reasonable assessment of the relevant execution factors (which are detailed below).

**ICAP** 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. **ICAP** 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 **ICAP** 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.



ICAP 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 ICAP 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 ICAP to provide Best execution

4. Terms of Business

Where our agreements with the client, including this policy and our Terms of Business, state that ICAP will provide Best Execution, then it is more likely that the client will be placing reliance upon ICAP.

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

Notwithstanding the intentions expressed above, **ICAP** 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, Energy and Commodities) in which **ICAP** 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 ICAP 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, ICAP will execute the order in accordance with the client instructions. In following the instructions, ICAP 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 ICAP is acting on behalf of clients. Where TP ICAP provides a Request for Quote service" RFQ" TP ICAP will not be acting on behalf of clients and will not owe Best Execution

Note that when you aggress a resting order or place an order on an MTF, the best execution provisions of MiFID II will not apply to the operator of the MTF.

### **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 ICAP in writing. However, because ICAP 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 ICAP'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 ICAP will consider each written request on a case by case basis.

### **Execution Venues**

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

- any MTF operated by ICAP;
- any OTF operated by ICAP;
- regulated markets, MTFs and OTFs not operated by ICAP;

- (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 ICAP 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 ICAP reserves the right to utilise alternative execution venues.

When selecting the venue on which to transact, ICAP 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 ICAP operates, it can only give clients visibility to prices that have been communicated to ICAP by other clients 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, ICAP 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;
- ICAP 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;
- ICAP 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;
- ICAP cannot control either the cost of credit (credit premium) or credit acceptance between its clients; and
- where ICAP 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 ICAP.<sup>1</sup>

In cases where ICAP 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.<sup>2</sup> Similarly, ICAP 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 ICAP charges more than one participant in a transaction.<sup>3</sup>

The execution venues on which ICAP places particular reliance in meeting its best execution obligations, and the relevant factors for selecting a particular execution venue, also vary

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<sup>1</sup> Article 66(5) of DA2.

<sup>2</sup> Article 66(4) of DA2.

<sup>3</sup> Article 66(6) and (7) of DA2.

depending on the class of financial instruments to which your order relates. Please see Annexes 4 – 10 for more detail on the variation that applies across the various classes of financial instruments.<sup>4</sup> These Annexes also specify in which circumstances ICAP may execute an order outside a trading venue.<sup>5</sup>

## **Execution Factors**

In the absence of express instructions from you, ICAP will exercise its own discretion in determining the factors that ICAP 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 ICAP 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.<sup>6</sup>

## **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, ICAP 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 a MTF 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

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<sup>4</sup> Article 66(3)(b) and (c) of DA2.

<sup>5</sup> Article 66(3)(e) of DA2.

<sup>6</sup> Articles 64(1) and 66(3)(a) and (d) of DA2.



- the order is large in scale compared to normal market size (as defined by MiFID II/FCA Rules).

When ICAP 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 ICAP 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, ICAP 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.

### Aggregation and Allocation

ICAP may aggregate your orders with its own orders, that of its affiliates and those of other clients, in order to improve the quality of execution.

Whilst ICAP will only aggregate client orders if it is unlikely the aggregation will work overall to the disadvantage of those clients whose orders are aggregated, it is possible that the effect of such aggregation may work to the disadvantage of a client in respect of particular orders. In the unlikely event that ICAP aggregates your order with that of another client, the subsequent execution will be promptly recorded and allocated fairly. ICAP will not give preference to one client over another.

### No Fiduciary Relationship

ICAP'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 ICAP and yourself. You remain responsible for your own investment decisions and ICAP 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 MTF, or an OTF, except for wholesale energy products traded on an OTF 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<sup>7</sup> - USE OF DISCRETION BY ICAP IN RELATION TO OTF BUSINESS

Pursuant to Article 20(6) of MiFID II, execution of orders in an OTF will be carried out on a discretionary basis by the operator of the OTF. When carrying on OTF business, ICAP uses a combination of order level and execution level discretion; namely:

- (a) when deciding to place an order into or retract an order from the OTF (**Order Level Discretion**); and/or
- (b) when deciding not to match a specific client order with other opposite orders available on the systems at a given time (**Execution Level Discretion**).

The discretion exercised in respect of OTF business will be conducted in accordance with the best execution requirements under MiFID II, when they apply, and as set out in this Policy.

The OTF supports various trading systems<sup>8</sup> through which orders or indications of interest (**Trading Interests**) can be submitted by venue users or brokers on behalf of venue users and where they can interact with other Trading Interests (as part of the matching and execution process).

The nature of the discretion exercised will depend on the combination of trading systems used for a particular market segment (or sub-segment). In particular, each of the specific trading systems will enable the relevant broker to exercise discretion in different ways.

### **Order Level Discretion**

Order Level Discretion may be exercised by brokers that sit within the OTF (**Executing Brokers**). The operator of the OTF will have exercised Order Level Discretion in respect of Trading Interests whenever they have been placed in the OTF by an Executing Broker or removed from the OTF by an Executing Broker.

The operator of the OTF may establish parameters for trading by users of the OTF, which take account of the characteristics of the users and the market segment, which may be applied by the systems of the OTF to accept or reject Trading Interests. Trading Interests that are rejected will be reviewed by an Executing Broker or a person acting under their supervision.

If an Executing Broker determines at any time that a Trading Interest that has already been placed in the OTF (through any of the trading systems) should be removed, having regard to any applicable best execution requirements under MiFID II and as set out in this Policy, the Executing Broker will have discretion to reject that Trading Interest entirely or to remove the Trading Interest and, where applicable, to send it to another execution venue. The availability of other execution venues will vary according to the product being traded and the extent of external liquidity, as well as any applicable best execution requirements under MiFID II and as set out in this Policy.

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<sup>7</sup> Article 20(8) of MiFID II and ESMA Q&A.

<sup>8</sup> E.g. a system following one or more of the methodologies which are described in MiFID II (Annex 1, RTS 2).

An Executing Broker may remove a Trading Interest from the OTF if, for example, the Executing Broker is aware that the venue user does not wish to be exposed to particular positions under certain market conditions. If such market conditions occur, the Executing Broker may remove that venue user's Trading Interests from the OTF.

As another example, if the speed of execution is a priority for a Trading Interest and there is greater liquidity at another venue available to the Executing Broker, the Executing Broker may remove a venue user's Trading Interest from the OTF and submit it to that other execution venue, improving the likelihood of execution.

If an Executing Broker rejects or removes a Trading Interest from the OTF, then it may be executed in accordance with any of the methods set out in this Policy.

### **Execution Level Discretion**

Execution Level Discretion may be exercised by Executing Brokers by determining that an order submitted to the OTF and matched with an opposing order in the OTF should not be executed against that other order. The Executing Broker will have regard to any applicable best execution requirements under MiFID II and as set out in this Policy. The factors that are relevant are those derived from any applicable best execution requirements under MiFID II and as set out in this Policy.

An example of the exercise of Execution Level Discretion in the OTF may include the determination that an order could be executed at a better price if it were to be broken into child orders.

## ANNEX 3 – TP ICAP (DUBAI) LIMITED: POLICY ADDENDUM

This addendum to the Execution and Order Handling Policy applies to all staff in TP ICAP (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.

For the avoidance of doubt, the Exchange for Physicals / Swaps or Basis Trading provisions in this document also apply to TPDL.

### **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 TP ICAP 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 4– CASH EQUITIES

### 1. Execution Venues<sup>9</sup>

ICAP trades cash equities on the following execution venues:

ICAP Execution Venues	Third Party Execution or Registration Venues
<ul style="list-style-type: none"> <li>• TP ICAP UK MTF</li> <li>• TP ICAP EU MTF</li> </ul>	<ul style="list-style-type: none"> <li>• Athens Stock Exchange</li> <li>• Australian Stock Exchange</li> <li>• CBOE</li> <li>• BBG MTF</li> <li>• Brussels Stock Exchange</li> <li>• Budapest Stock Exchange</li> <li>• Copenhagen Stock Exchange</li> <li>• Euronext – Amsterdam</li> <li>• Euronext – Paris</li> <li>• Hong Kong Stock Exchange</li> <li>• Irish Stock Exchange (Xetra)</li> <li>• Istanbul Stock Exchange</li> <li>• Johannesburg Stock Exchange</li> <li>• Lisbon Stock Exchange</li> <li>• London Stock Exchange</li> <li>• Madrid Stock Exchange</li> <li>• Milan Stock Exchange</li> <li>• NYSE</li> <li>• Oslo Stock Exchange</li> <li>• Prague Stock Exchange</li> <li>• Singapore Stock Exchange</li> <li>• Stockholm Stock Exchange</li> <li>• Swiss Exchange</li> <li>• Tel Aviv Stock Exchange</li> <li>• Tokyo Stock Exchange</li> <li>• Toronto Stock Exchange</li> <li>• Vienna Stock Exchange (Xetra)</li> <li>• Warsaw Stock Exchange</li> <li>• Xetra*</li> </ul>

<sup>9</sup> Article 66(3)(b) of DA2.

## **2. Weighting of Execution Factors<sup>10</sup>**

For cash equities, the following Execution Factors are given greater weight in descending importance as follows:

- Price;
- Likelihood of execution;
- Size;
- nature and characteristics of the order; and
- Settlement.

Speed and costs of execution are not major Execution Factors for these products.

## **3. Factors used to select Execution Venues<sup>11</sup>**

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

- DMA algorithm rules.
  - Where orders are placed in a DMA algorithm, the algorithm will determine on which execution venue to execute the order, based on the rules of the algorithm.
- The trading venue where a 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, ICAP 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). For certain transactions, the nature of the characteristics of the order may determine that the execution venue is not the venue with the most liquidity due to the certainty of execution of multiple orders as a whole being given a higher execution factor.
- Settlement type.
  - For some cash equity products, the settlement type (e.g., cleared / non-cleared) will determine the execution venue which can be used.
- Client instruction.

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<sup>10</sup> Articles 64(1) and 66(3) (a) and (d) of DA2.

<sup>11</sup> Article 66(3)(c) of DA2.



#### 4. Execution outside a trading venue<sup>12</sup>

ICAP will not execute cash equity instruments outside of a trading venue (acting as an execution venue or trade registration venue).

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<sup>12</sup> Article 66(3)(e) of DA2.

## ANNEX 5 - EQUITY DERIVATIVES

### 1. Execution Venues

ICAP has access to the following execution venues:

ICAP Execution Venues	Third Party Execution Venues
<ul style="list-style-type: none"> <li>• <u>ICAP UK OTF</u></li> <li>• TP ICAP UK MTF</li> </ul>	<ul style="list-style-type: none"> <li>• Eurex</li> <li>• ICE Futures Europe</li> <li>• ICE Futures US</li> <li>• Euronext – Paris</li> <li>• Euronext – Amsterdam, Brussels and Lisbon</li> <li>• Borsa Italiana IDEM</li> <li>• OMX Stockholm</li> <li>• MEFF</li> <li>• tpSEF</li> </ul>

### 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, ICAP 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

#### **4. Execution outside a trading venue**<sup>13</sup>

ICAP will not execute any equity derivative swaps on a multilateral basis outside of a trading venue (acting as an execution venue or trade registration venue).

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<sup>13</sup> Article 66(3)(e) of DA2.

## ANNEX 6 - CREDIT DEFAULT SWAPS (CDS)

### 1. Execution Venues

ICAP has access to and places significant reliance on the following execution venues:

ICAP Execution Venues	Third Party Execution Venues
<ul style="list-style-type: none"> <li>• ICAP UK OTF</li> <li>• tpSEF</li> </ul>	N/A

### 2. Weighting of Execution Factors

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

- Price;
- Time priority;
- Speed;
- Likelihood of execution; and
- Counterparty credit limit.

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

### 3. Factors used to select Execution Venues

All orders for CDS products will be received onto and executed within the ICAP UK OTF. Consequently, any order received from a client for CDS products will be considered a client instruction to execute the trade on this venue. The OTF operator will handle the order; no venue selection will be undertaken by the ICAP investment firm.

### 4. Execution outside a trading venue<sup>14</sup>

ICAP will not execute any Credit Default Swaps outside of a trading venue (acting as an execution venue or trade registration venue).

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<sup>14</sup> Article 66(3)(e) of DA2.

## ANNEX 7 - EURO BONDS & SECURITISED DEBT PRODUCTS

### 1. Execution Venues

ICAP has access to and places significant reliance on the following execution venues:

ICAP Execution Venues	Third Party Execution Venues
<ul style="list-style-type: none"> <li>• TP ICAP UK MTF</li> <li>• TP ICAP EU MTF</li> <li>• ICAP UK OTF</li> <li>• ICAP EU OTF</li> <li>• ICAP Trading System (ATS)</li> </ul>	N/A

### 2. Weighting of Execution Factors

For Eurobonds and securitised debt products, the following Execution Factors are given greater weight in descending importance:

- Price;
- Time priority;
- Speed;
- Likelihood of execution; and
- Counterparty credit limit.

Occasionally, the weighting or price of a government bond risk hedge, or a non-standard settlement date can result in likelihood of execution being assigned more weight as an Execution Factor.

Cost of execution is not a major factor for Eurobonds and securitised debt products.

### 3. Factors used to select Execution Venues

For Eurobonds and Securitised Debt Products the following factors to select an execution venue will be as follows:

- Client instruction

Orders in Eurobonds and Securitised Debt Products will either be received directly into the ICAP UK OTF (and consequently arranged and executed by the ICAP UK OTF operator), received directly into the TP ICAP UK MTF, or received by ICAP as investment firm for the purposes of a transaction being registered onto the TP ICAP UK MTF.



- Type of contract traded

Not all products will be listed and available to trade on all venues. For example, some US corporate debt products are only available to trade on the ICAP Trading System (ATS).

#### **4. Execution outside a trading venue**<sup>15</sup>

For secondary market transactions, ICAP will not execute Eurobonds and securitised debt instruments outside of a trading venue (acting as an execution venue or trade registration venue).

For primary market transactions, specifically transactions in new issues, ICAP will execute Eurobonds and securitised debt instruments off-venue. In these markets ICAP acts in a "matched principal capacity" which means that a TP ICAP entity interposes itself between the buyer and the seller to the transaction with both sides executed simultaneously and without ICAP acquiring a position. From time to time, ICAP may also act in a "principal capacity" where to facilitate a client's order a TP ICAP entity acquires a position. In circumstances where ICAP provides this facilitation service, ICAP may post live, executable bids and offers which represent ICAP's own positions rather than those of clients.

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<sup>15</sup> Article 66(3)(e) of DA2.

## ANNEX 8 - COMMODITIES

### 1. Execution Venues

ICAP has access to and places significant reliance on the following execution venues:

ICAP Execution Venues	Third Party Execution Venues
<ul style="list-style-type: none"> <li>• ICAP EU OTF</li> <li>• TP ICAP E&amp;C OTF</li> </ul>	<ul style="list-style-type: none"> <li>• Chicago Mercantile Exchange (CME)</li> <li>• Euronext Commodities (MATIF)</li> <li>• European Energy Exchange (EEX)</li> <li>• ICE</li> <li>• ICE Endex</li> <li>• Baltex</li> <li>• Pegas</li> <li>• NASDAQ</li> <li>• Spanish Futures &amp; Options Exchange (MEFF)</li> <li>• Singapore Exchange (SGX)</li> </ul>

### 2. Weighting of Execution Factors

For Commodities, the type of trading capacity will determine the relative importance of the Execution Factors. The type of trading activity can be split in the commodity markets into trade registration and name give-up (NGU) business.

For trade registration markets, the Execution Factors will typically be weighted in the following order of descending importance:

- Price,
- Likelihood of execution;
- Size;
- Speed of execution

Although execution factors specific to the client or order may take precedence and change the relative importance of the general Execution Factors.

For registered trades, credit worthiness of counterparties, settlement and cost of execution will not be relevant Execution Factors.

For NGU markets, the Execution Factors will typically be weighted in the following order of descending importance:

- Price;
- Credit worthiness of client and their ability to trade with other counterparties;
- Likelihood of execution;
- Size
- Speed of Execution

Although factors specific to the client or order may take precedence and change the relative importance of the general Execution Factors.

For NGU markets, cost of execution and settlement of trades will not be relevant Execution Factors.

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

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; ICAP 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, ICAP 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 ICAP Energy OTF.

### **4. Execution outside a trading venue**

Whilst transactions in commodities are predominantly executed on a trading venue, spot and some physically-settled instruments (not classified as financial instruments under MiFID II) will be executed off venue.<sup>16</sup>

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<sup>16</sup> Article 66(3)(e) of DA2.

## ANNEX 9 – MONEY MARKETS (MM), FX AND LOCAL MARKET INTEREST RATE SWAP PRODUCTS

### 1. Execution Venues

ICAP has access to and places significant reliance on the following execution venues:

ICAP Execution Venues	Third Party Execution Venues
<ul style="list-style-type: none"> <li>• TP ICAP UK MTF</li> <li>• TP ICAP EU MTF</li> <li>• ICAP UK OTF</li> <li>• TP EU OTF</li> <li>• tpSEF</li> </ul>	

### 2. Weighting of Execution Factors

The asset classes within MM & 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;
  - Likelihood of execution;
  - Credit worthiness;
  - Limits available between counterparties;
  - Size and preferred execution style (i.e. size request); and
  - Costs 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.
- For MM products, the Execution Factors will likely be weighted in the following descending order of importance:
  - Price and likelihood of execution are of equal importance (likelihood of execution will be given greater weight for NGU business);
  - Client's preferred execution style (i.e., matched principal or name give-up);
  - Credit worthiness of client(s);
  - Size;
  - Speed; and
  - Costs of execution.

- For EM Bonds, the Execution Factors will be the same as for EM FX products. However client bilateral credit limits (client credit worthiness) will not be an Execution Factor as all EM bonds are traded on a matched principal basis.

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

The factors used to select an execution venue are as follows:

- Type of product traded

Not all products will be listed and available to trade on all venues. For example, Interest Rate Swaps can only be traded electronically on the iSwap MTF.

- Client permissions/ability to trade

Trades will only be able to be executed on venues where the client or ICAP is permitted to trade. This factor is prevalent for trades which are required to be executed on a SEF platform.

- Client Instruction

### **4. Execution outside a trading venue**<sup>17</sup>

Save as provided below, ICAP will not execute any trades in Local Market Interest Rate Swaps, Money Market and FX products outside of a trading venue (acting as an execution venue or trade registration venue).

ICAP brokers (including Executing Brokers) have access to liquidity on a global basis. If a Trading Interest is matched and executed against an opposite Trading Interest in a third country that does not require the execution to take place on a regulated trading venue, and the rules to which the ICAP broker is subject do not require that all transactions involving the relevant financial instrument are executed on a regulated trading venue (e.g., the MiFID II trading obligation), then the ICAP broker may interact with a counterparty or intermediary in that third country to execute the trade, subject to any restrictions or limitations under applicable law.

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<sup>17</sup> Article 66(3)(e) of DA2.



## ANNEX 10 - G10 INTEREST RATE DERIVATIVES, UK GILTS AND SCANDI GOVERNMENT BONDS

### 1. Execution Venues

ICAP has access to and places significant reliance on the following execution venues:

ICAP Execution Venues	Third Party Execution Venues
<ul style="list-style-type: none"> <li>• iSwap MTF</li> <li>• IGDL SEF</li> <li>• TP ICAP UK MTF</li> <li>• TP ICAP EU MTF</li> <li>• ICAP UK OTF</li> <li>• tpSEF</li> </ul>	<ul style="list-style-type: none"> <li>• ICE</li> <li>• CME</li> <li>• CBOT</li> <li>• EUREX</li> </ul>

### 2. Weighting of Execution Factors

The asset classes within these financial instruments will determine the relevant importance of the Execution Factors, as follows:

- For G10 IRS, inflation products, options and cross-currency swaps, the following Execution Factors are given greater weight in descending importance:
  - Maturity, direction (buy/sell), price and size of order;
  - Speed and time of execution;
  - Likelihood of execution;

For orders which are large in size and orders from a US person governed by SEF regulation, likelihood of execution will be assigned more weight.

- For UK Gilts and Scandinavian Government Bonds, the following Execution Factors are given greater weight in descending importance:
  - Price;
  - Time priority;
  - Speed;
  - Likelihood of execution; and
  - Counterparty credit limit.

### 3. Factors used to select Execution Venues

For G10 IRS, the factors used to select an execution venue are as follows:

- Type of product traded

Not all products will be listed and available to trade on all venues.



- Client permissions/ability to trade

Trades will only be able to be executed by on venues where the client or ICAP is permitted to trade. This factor is prevalent for trades which are required to be executed on a SEF platform.

- Client Instruction

#### **4. Execution outside a trading venue**<sup>18</sup>

ICAP will not execute any G10 Interest Rate Derivatives, UK Gilts or Scandi Government Bonds outside of a trading venue (acting as an execution venue or trade registration venue).

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<sup>18</sup> Article 66(3)(e) of DA2.