



# CITI SECURITIES SERVICES EXECUTION POLICY

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## TABLE OF CONTENTS

1	POLICY	3
	ANNEX A: PRODUCT SPECIFIC POLICIES	10

## POLICY

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### 1 PURPOSE OF THIS POLICY

- 1.1 This Policy, which we refer to as the “**General Policy**”, sets forth the general basis on which Citi Securities Services (we refer to ourselves in this Policy as “**Citi**”, “**we**” or “**us**”) will provide “best execution” as required by the European Union’s recast Markets in Financial Instruments Directive (“**MiFID II**”), the UK Financial Conduct Authority (the “**FCA**”) Conduct of Business Rules (the “**COBS**”) and the European Union (Markets in Financial Instruments) Regulations 2017 (the “**Irish Regulations**”, which implement MiFID II in Ireland).
- 1.2 Where a particular Citi business has established additional policy requirements applicable specifically to that business, we refer to each of those policies as a “**Product Specific Policy**”. All Product Specific Policies together with the General Policy are referred to as the “**Policy**”.

### 2 SCOPE OF THIS POLICY

- 2.1 This Policy applies to business conducted with professional clients only. If you have been categorised as a professional client under MiFID II you will have received a notification from us to that effect. This Policy is not directed at retail clients and should not be relied upon by you if you are a retail client. This Policy also does not apply to eligible counterparties in respect of eligible counterparty business.
- 2.2 This Policy will be published and updated from time to time on the Citi website at [http://icg.citi.com/icg/global\\_markets/uk\\_terms.jsp](http://icg.citi.com/icg/global_markets/uk_terms.jsp).
- 2.3 This Policy applies when we are executing orders on your behalf in ‘financial instruments’ as defined in MiFID II and set out in Schedule 1 or in foreign exchange (“**FX**”) where this is being provided as an ancillary service to a MiFID II investment service.
- 2.4 This Policy applies to all relevant client orders placed with Citi, regardless of where the client is established. References in this Policy to “**Citi**”, “**we**” or “**us**” shall mean, as the context in each case requires, Citi Securities Services acting through the entities and branches set out below:
- 2.4.1 Agency securities lending and directed agent investment solutions:
- (i) Citibank Global Markets Limited; and
  - (ii) Citibank N.A. (“**CBNA**”), London Branch.
- 2.4.2 In respect of DCC:
- (i) Bank Handlowy Warsaw;
  - (ii) Citibank Europe Plc (“**CEP**”), Dublin;
  - (iii) CEP Branches: Bulgaria, Cyprus, Czech, Greece, Hungary, Portugal, Romania, Slovakia, Spain, Sweden, UK;
  - (iv) CBNA, London Branch;
  - (v) CBNA Milan; and



(vi) Citigroup Global Markets Deutschland AG (“CGMD”).

**2.4.3** In respect of global custody:

- (i) CBNA, London Branch; and
- (ii) CEP Luxembourg Branch.

**2.4.4** In respect of depository services:

- (i) CEP;
- (ii) CEP Branches: UK, Luxembourg, Netherlands, Greece, Sweden, Hungary; and
- (iii) Citi Depository Services Ireland DAC.

**2.4.5** In respect of global fund services:

- (i) CEP, Dublin; and
- (ii) CBNA.

### **3 WHAT IS BEST EXECUTION?**

**3.1** Best execution means the requirement to take all sufficient steps to obtain the best possible result for clients, taking into account price, costs<sup>1</sup>, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order, when executing client orders or using other affiliates to execute orders. These factors are known as the “execution factors” and will provide the basis for us to explain how we will provide best execution.

**3.2** In order to determine whether a firm is executing an order on behalf of a client, the FCA and other regulators ask firms to refer to the test set out in a letter from the European Commission<sup>2</sup>. The letter provides that, even where firms are carrying out “proprietary trades” with clients, they still might be executing an order on behalf of a client if the client legitimately relies on a firm to protect its interests in respect of the pricing and other elements of the transaction – such as speed or likelihood of execution and settlement – that may be affected by the choices made by the firm. Further information on determining legitimate reliance is found in section 4 below.

### **4 WHEN DOES BEST EXECUTION APPLY?**

**4.1** We will provide best execution when we are executing an order on your behalf. This Policy should ensure you understand when we are executing an order on your behalf, but if at any time you are unsure, please contact Citi (see Contact Details section below).

**4.2** When we act as agent for you, or where we trade with you on a riskless or matched principal basis, it is generally clear that you will be relying on us to protect your interests and therefore we will provide best execution.

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<sup>1</sup> Including our own commissions and the costs for executing an order in each of the eligible execution venues listed in our Policy that is capable of executing an order.

<sup>2</sup> Letter of 19 March 2007 from the European Commission to The Committee of European Securities Regulators (CESR) headed “*Best execution – scope issues under MiFid and the implementing directive*”.

- 4.3** Executing an order on your behalf may include circumstances where you have accepted a quote or we are dealing with you on a principal basis, if you are legitimately relying on us to protect your interests in relation to the pricing and other elements of a transaction.
- 4.4** In order to assess if we are executing an order on your behalf, we will determine whether you are placing “legitimate reliance” on us, a process that will take into account a number of relevant considerations. The considerations we will assess (the “**Four-Fold Test**”) include:
- 4.4.1** *whether we or you initiate transactions* – where we approach you and suggest that you should enter into a transaction, it is more likely that you will be placing reliance on us. The reverse is true where you initiate transactions;
  - 4.4.2** *market practice* – where the practice in the market in which a business area operates suggests you take responsibility for the pricing and other elements of the transaction (e.g. there is a market convention to “shop around” for a quote), it is less likely that you will be placing reliance on us;
  - 4.4.3** *relative levels of transparency within a market* – if we have ready access to prices in the market in which we operate, whereas you do not, it is more likely that you will be placing reliance on us, whereas if our access to pricing transparency is equal, similar or to your benefit, it is less likely that you will be placing reliance on us; and
  - 4.4.4** *information provided by us and the terms of our agreements with you* – where our arrangements and agreements with you (including this Policy) do not indicate or suggest a relationship of reliance or state that we will not provide best execution, it is less likely that you will be placing reliance on us.
- 4.5** If best execution does not apply, this will remain the case notwithstanding that you may have been referred from one business area within Citi to another for the purposes of entering into a transaction. Even in situations where a business area takes the equivalent of a limit order, this limit order would relate to the risk price that Citi is prepared to offer and you should be aware that Citi is offering a risk price in this scenario.

## **5 COMPLIANCE WITH CLIENT INSTRUCTIONS**

Where we have accepted your instructions with respect to the execution of your order, we will follow them to the extent it is possible for us to do so. You should be aware that to the extent that we accept and follow your instructions, we will have satisfied our best execution obligations with respect to that aspect of the order, although best execution will still be applicable to other execution factors to the extent that they are not covered by your instructions. For example:

- 5.1.1** where you instruct us to execute your order on a particular venue, we will not be responsible for selecting the venue, but best execution may apply in relation to other aspects of the order not covered by your instructions; or

**5.1.2** where you instruct us to execute your order at a particular time or over a particular period, regardless of the price available, we will endeavour to execute your order at that time or over that period in the best possible manner but best execution obligations will not apply to the timing or any of the consequences for price or other factors that result from the timing of execution to the extent that we have followed your instructions.

Where you give us a specific instruction it may prevent us from taking the steps that we have designed and implemented in the Policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

## **6 WHEN DO WE PROVIDE BEST EXECUTION AND WHAT ARE OUR ARRANGEMENTS FOR ENSURING BEST EXECUTION IS ACHIEVED ON A CONSISTENT BASIS?**

### **6.1 General**

We will provide best execution in the circumstances described in section 4.

Unless otherwise indicated in this Policy or in other communications with you, price is generally considered the key execution factor. The overall value of a particular transaction to you may be affected by the other execution factors and the relative importance of each of the factors will differ depending on:

- 6.1.1** the characteristics of your order including whether the order includes a securities financing transaction;
- 6.1.2** the characteristics of the financial instruments to which your order relates; and
- 6.1.3** the characteristics of the venues (if there is more than one) where we are able to execute your order.

### **6.2 Product Specific Policies**

**6.2.1** Product Specific Policies are set out in the Annex to this Policy. The Product Specific Policies will be reviewed annually and when a material change occurs.

**6.2.2** The specific Product Specific Policies are:

- (i) Agency securities lending and directed agent investment solutions;
- (ii) Direct custody and clearing (“DCC”): clearing services and fails coverage;
- (iii) Global custody and DCC: corporate actions;
- (iv) Global custody and DCC: FX services;

- (v) Global custody services: collective investment services; and
- (vi) Global fund services: passive currency overlay (comprising share class hedging and portfolio hedging).

## **7 IN WHICH CIRCUMSTANCES DOES BEST EXECUTION GENERALLY NOT APPLY AND WHY?**

- 7.1** Best execution does not generally apply when we provide a firm risk price, on the basis of a response to a request for quote. In those circumstances we will act as principal. As such, we will generally take the view that there is no legitimate reliance placed on us, taking into account the Four-Fold Test. Accordingly, unless otherwise informed, you should understand that Citi is entering into transactions on its own behalf and not on your behalf. You are understood to be making your own assessment on whether to enter into a particular transaction and as such you should not be relying on Citi to provide best execution in these scenarios.
- 7.2** Please consult the Product Specific Policies for specific guidance on when you will not be owed best execution.
- 7.3** Best execution may not apply where we receive and transmit orders for you, although we will have a similar obligation under the COBS to act in accordance with your best interests.

## **8 USE OF OTHER BROKERS & DEALERS**

- 8.1** We may use an affiliated or a non-affiliated broker or dealer to execute your order. Where we owe a duty of best execution, we will have processes to regularly review and monitor our choice of brokers and dealers to ensure that, taking into account all the relevant factors, the broker or dealer is providing best execution on a consistent basis. In some cases, however, we may make this determination on the basis of a review of the best execution policy of the relevant broker or dealer.
- 8.2** Where it appears in a particular case that better execution is available from a broker that we do not ordinarily use, we may use such other broker on a case-by-case basis. However, we are not under any obligation to check a variety of brokers with respect to each transaction unless we have otherwise undertaken an obligation to do so in a Product Specific Policy.
- 8.3** Citi looks at a number of factors when selecting its brokers including accessibility to the relevant market, experience in the relevant market and ability to give up and clear trades. Citi carries out due diligence on all its brokers to ensure they meet the standards required.

## **9 EXECUTION OUTSIDE A TRADING VENUE AND INTERNALISATION OF TRANSACTIONS**

- 9.1** Where we execute an order outside an exchange, a multilateral trading facility (“**MTF**”) and an organised trading facility (“**OTF**”) (together, a “**Trading Venue**”) this may have certain consequences, for example counterparty risk arising from

execution outside a Trading Venue, and upon client request, additional information about the consequences of this means of execution. We will only execute a transaction outside a Trading Venue where we have your consent to do so.

**9.2** For example, the transaction will not be subject to any rules of the Trading Venue intended to provide for fair and orderly trading. Additionally, there may be increased settlement risk as the transaction will not be covered by the settlement rules of the Trading Venue and there may be differing exposure to counterparty risk. Additional information about the consequences of this means of execution is available on request. We will only execute a transaction outside a Trading Venue where we have your consent to do so.

**9.3** Unless instructed otherwise, in some cases we may choose to “internalise” your order by executing it in part or wholly from our own principal book. This is subject to the systematic internalisation rules of MiFID II, the Markets in Financial Instruments Regulation (MiFIR) and the Irish Regulations. We will follow those rules if we are operating as a systematic internaliser. In all other cases, we will treat our principal book as an execution venue and apply this Policy. In other words, where we owe best execution, we will internalise transactions only where, applying the factors that apply to the choice of venue, it is reasonable to conclude that internalisation of the order provides best execution on a consistent basis as required.

## **10 EXECUTION VENUES**

### **10.1 Which execution venues will we use?**

For purposes of MiFID II, a “venue” includes Trading Venues, a broker, a market maker, a systematic internaliser or another liquidity provider. Unless we agree with you otherwise, we will use a selection of venues that will be reviewed periodically. Sometimes there is only one appropriate venue, and, in such cases, we will only use a single venue.

Where your order is to be executed on a particular exchange or trading platform of which a Citi affiliate is a member, your order may be executed by the Citi affiliate that is a member of that exchange or trading platform. In such cases, in the event that the executing entity is other than the entity of which you are a client, the executing entity will be acting on behalf of the entity of which you are a client unless we agree with you otherwise.

### **10.2 What factors are taken into account in determining the execution venues?**

Factors that we consider in determining the execution venue for your orders in respect of a particular financial instrument include:

- (i) general prices available;
- (ii) depth of liquidity;
- (iii) relative volatility in the market;
- (iv) speed of execution;



- (v) cost of execution<sup>3</sup>;
- (vi) creditworthiness of the counterparties on the venue or the central counterparty;
- (vii) quality and cost of clearing and settlement;
- (viii) likelihood of execution;
- (ix) size of the order; and
- (x) nature of the order.

Where we are executing orders, taking a decision to deal or receiving and transmitting orders in OTC products including bespoke products, and we are considering the price factor we will check the fairness of the price proposed, by gathering market data used in the estimation of the price of such product and, where possible, by comparing this with similar or comparable products.

### **10.3 How might factors vary between choices of venue?**

In some markets, price volatility may mean that timeliness of execution is a priority. In other markets that have low liquidity, the fact of execution may itself constitute best execution. In other cases, our choice of venue may be limited because of the nature of your order or your requirements. For example, when investment products are more illiquid, there may be little (or no) choice of venue.

### **10.4 How often do we review our venues?**

We will review at least annually the venues we use to execute your orders. This will include monitoring data that is published in accordance with Regulatory Technical Standards 27 and 28 of MiFID II.

### **10.5 Where we have a choice of venues in respect of a particular order, how do we choose?**

In some cases, taking into account factors such as cost and benefits of accessing multiple venues and the accessibility of the venues, we may have access to more than one venue for executing an order in a particular financial instrument. In such cases, we will endeavour to choose the best venue for the order taking into account the factors applicable to choosing execution venues.

Please see the Product Specific Policies for information on the different execution venues where the firm executes its client orders.

## **11 MONITORING**

- 11.1** Citi will monitor the effectiveness of its execution arrangements and assess whether the execution venues it has selected provide the best possible results for orders it executes on your behalf. This will include the data published under Regulatory Technical Standards 27 and 28 of MiFID II. The way in which

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<sup>3</sup> Including our own commissions and the costs for executing the order.



Citi conducts its monitoring will vary dependent on asset class.

## **12 POLICY REVIEW**

- 12.1** This Policy will be reviewed annually and when a material change occurs, to consider the effectiveness of this Policy in order to identify and correct any deficiencies and to identify whether the execution venues included in this Policy provide for the best possible result for the client or whether we need to make changes to our execution arrangements.

## **13 OWNERSHIP OF THIS POLICY / CONTACT DETAILS**

- 13.1** This Policy is owned by Citi Legal and Compliance<sup>4</sup>.

Should you have any queries in relation to this policy please contact your business contact, or Citi Legal or Compliance. You can also write to Citi at the below address<sup>5</sup>:

Citigroup Centre  
Canada Square  
Canary Wharf  
London  
E14 5LB

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<sup>4</sup> This Policy is also owned by the management board of CGMD in relation to the aspects that relate to it.

<sup>5</sup> CGMD can be contacted in relation to this Policy at: Citigroup Global Markets Deutschland AG, Reuterweg 16, 30323 Frankfurt am Main



## ANNEX A: PRODUCT SPECIFIC POLICIES

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### AGENCY SECURITIES LENDING AND DIRECTED AGENT INVESTMENT SOLUTION

#### 1 Relationship to Citi General Policy

- 1.1 This Product Specific Policy is part of the Citi Execution Policy (the “**General Policy**”) to which it is annexed, and you should read it together with the General Policy. If there is any inconsistency between the General Policy and this Product Specific Policy with respect to the businesses covered, the more specific policy set forth in this Product Specific Policy applies. We use the same defined terms in this Product Specific Policy as defined in the General Policy.
- 1.2 This Product Specific Policy applies to transactions executed or arranged by the Agency securities lending (“**ASL**”) and directed agent investment solutions (“**DAIS**”) divisions of Citi.
- 1.3 ASL may enter into loans of your securities on your behalf. ASL and DAIS may also invest cash collateral received from borrowers in respect of these loans on your behalf. Except to the extent that you have provided us with specific instructions about how we should do this, we will provide best execution in both of these circumstances.

#### 2 Entering into loans of securities on your behalf

- 2.1 When we enter into loans of your securities on your behalf, the lending fee/rebate rate that we are able to achieve will be a significant factor, but there are other factors which affect a loan and its price so we will also take into account the following factors:
- (i) settlement arrangements and costs of entering into the loan<sup>6</sup>;
  - (ii) term of trade;
  - (iii) collateral parameters;
  - (iv) size;
  - (v) whether a proposed borrower meets credit risk criteria that we impose; and
  - (vi) Citi internal capital charges.
- 2.2 In order to lend securities on your behalf where you have not specified a borrower, we will approach borrowers through matching systems or by directly contacting them if we are aware that they may have an interest in your securities.

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<sup>6</sup> Including our own commissions and the costs for executing the order.

In some circumstances, you might indicate a minimum rate at which you are prepared for your securities to be loaned and we will only lend your securities at this rate or better. You may also provide us with other specific instructions about the loan that you are prepared to offer and should note that, while we do provide you with best execution, we operate a “fair allocation” process with the aim of ensuring that loans are allocated fairly. The fair allocation process takes account of factors including but not limited to those outlined in 2.1 above.

- 2.3** When a security is lent, the borrower agrees a fee if the collateral is other securities or a rebate interest rate if the collateral is cash. This fee or rebate is dependent on many factors including size, client limits, dividend rate, collateral flexibility and client type. Therefore two trades completed at the same time with the same counterparty could be justifiably transacted at a different fee/rebate. For these reasons, best execution monitoring will be performed at an overall client performance level rather than at an individual loan level.
- 2.4** We will monitor best execution on an ongoing basis through analysis of consolidated market data provided by external vendors.

### **3 Borrowing securities from you**

- 3.1** We may act for you on a principal basis by entering into securities financing transactions to borrow securities from you.
- 3.2** We will not have a duty to provide best execution in relation to these activities on the basis that you place no legitimate reliance on us to protect your interests.

### **4 Investing cash collateral on your behalf**

#### **4.1 Secured transactions**

In secured transactions, price will be the determining factor, represented by the investment rate of return achieved. The investment rate will be dependent on a number of factors including, acceptable collateral, haircuts, term and structure of trade and counterparty appetite.

Whilst the investment rate is easily comparable across different counterparties, there are also many other factors that will impact a trader’s decision to trade, for example:

- client limits;
- diversification;
- past performance in respect of collateral delivery obligations; and
- ensuring cash is fully invested on a consistent basis.

The last of these is important to balance some counterparties’ requirements for long term funding with any client preference for short term investments.

Please note, investing cash at certain sensitive dates such as month and quarter end involves specific challenges, with some counterparties reducing or closing the cash they are prepared to take completely.

For these reasons, best execution monitoring will be performed by comparing client performance against the relevant average rates quoted by client approved market counterparties.

## 4.2 Unsecured transactions

When you ask us to invest cash collateral on your behalf, the price that we are able to achieve will generally be the most important factor, but we will also take into account the following factors, usually in the following order of priority:

- (i) price;
- (ii) costs<sup>7</sup>;
- (iii) speed;
- (iv) likelihood of execution and settlement (liquidity);
- (v) size;
- (vi) type and characteristics of financial instrument;
- (vii) any other consideration relevant to the execution of the order.

The importance of the factors will vary depending on:

- (i) the terms of your Securities Lending Authorisation Agreement (“**SLAA**”) or Directed Agent Investment Services Master Agreement (“**DAISMA**”) cash investment guidelines;
- (ii) the characteristics of the financial instruments to which your SLAA or DAISMA cash investment guidelines refer; and
- (iii) the characteristics of the venue (if there is more than one) where we are able to execute your transaction.

In some cases we will enter into transactions to invest your cash collateral, in which case we will execute transactions which are comparable with those of other clients, promptly. Unless the characteristics of the prevailing market conditions make it impracticable, or a client’s interests require otherwise, these transactions will then be executed in sequential order.

In other cases, we will pass the transaction to a Citi affiliate or a third party to execute. In such cases, we will take all reasonable steps to obtain the best possible result for you, taking into account the above factors.

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<sup>7</sup> Including our own commissions and the costs for executing the order.

### **4.3 Choosing an execution venue**

Most of the financial instruments covered by the SLAA or DAISMA cash investment guidelines are not admitted to trading on a Trading Venue and as such transactions in respect of such instruments will be executed outside a Trading Venue, i.e. over-the-counter with approved counterparties (or designated dealers).

Unless you instruct otherwise, we will follow your SLAA or DAISMA cash investment guidelines in determining which venue to use for executing your transaction.

In cases where we have a choice of venue, we will endeavour to choose the best venue for the transaction taking into account factors such as price, depth of liquidity, market volatility, speed and cost of execution (including our own commissions and the costs for executing the order) and creditworthiness of counterparties.

We will update this Product Specific Policy whenever a material change occurs that affects our ability to continue to obtain the best possible results for you on a consistent basis using the venues stated.

## **5 FX**

- 5.1** DAIS facilitates currency conversions which allow for the re-investment of cash (for swap transactions only). Best execution will not apply to you when dealing with DAIS in relation to FX on the basis that legitimate reliance will not be established under the Four-Fold Test.

## **DCC: CLEARING SERVICES AND FAILS COVERAGE**

### **1 Relationship to Citi General Policy**

- 1.1** This Product Specific Policy is part of the Citi Execution Policy (the “**General Policy**”) to which it is annexed, and you should read it together with the General Policy. If there is any inconsistency between the General Policy and this Product Specific Policy with respect to the businesses covered, the more specific policy set forth in this Product Specific Policy applies. We use the same defined terms in this Product Specific Policy as defined in the General Policy.
- 1.2** This Product Specific Policy applies to transactions executed by or arranged by direct custody and clearing (“**DCC**”) (including clearing services (“**DCC CS**”) and fails coverage (“**DCC FC**”)) divisions of Citi.

### **2 General DCC CS position**

- 2.1** When DCC CS acts as a general clearing member for you at a given CCP the execution of the transaction is done by you, and therefore DCC CS is not executing orders, receiving and transmitting orders, or carrying out portfolio management. DCC CS will therefore not be subject to best execution obligations for your initial transaction.
- 2.2** If DCC CS conducts a ‘buy-in’ in the event of a shortfall (including where relevant passing on the CCP’s costs and penalties to you under the terms of our clearing agreement), best execution obligations would not apply as this event would only be triggered by your default rather than as a result of your order.

### **3 General DCC FC position**

- 3.1** When DCC FC lends you securities temporarily to cover a delivery settlement obligation and minimise settlement failure on either a principal lending or agency lending basis, it will not be subject to best execution obligations. This is because legitimate reliance will not be established under the Four-Fold Test.



## GLOBAL CUSTODY AND DCC CORPORATE ACTION SERVICES

### 1 Relationship to Citi General Policy

- 1.1 This Product Specific Policy is part of the Citi Execution Policy (the “**General Policy**”) to which it is annexed, and you should read it together with the General Policy. If there is any inconsistency between the General Policy and this Product Specific Policy with respect to the businesses covered, the more specific policy set forth in this Product Specific Policy applies. We use the same defined terms in this Product Specific Policy as defined in the General Policy.
- 1.2 This Product Specific Policy applies to transactions executed or arranged by Global Custody and DCC in relation to corporate actions (“**Corporate Action Services**”).

### 2 General Corporate Action Services position

- 2.1 When you instruct DCC or Global Custody to sell rights in financial instruments or subscribe to a corporate event, you will either not: (i) have been placing legitimate reliance on DCC or Global Custody; or (ii) have been provided with a MiFID II investment service to which best execution applies (e.g. where a default investment option is provided where you have not provided an instruction then we will not be carrying out reception and transmission of orders). As such, we will not owe you a duty of best execution in relation to Corporate Action Services.





## **GLOBAL CUSTODY AND DCC: FX**

### **1 Relationship to Citi General Policy**

- 1.1** This Product Specific Policy is part of the Citi Execution Policy (the “**General Policy**”) to which it is annexed, and you should read it together with the General Policy. If there is any inconsistency between the General Policy and this Product Specific Policy with respect to the businesses covered, the more specific policy set forth in this Product Specific Policy applies. We use the same defined terms in this Product Specific Policy as defined in the General Policy.
- 1.2** This Product Specific Policy applies to transactions executed or arranged by Global Custody and DCC in relation to FX services.

### **2 FX services position for Global Custody and DCC**

- 2.1** Global Custody or DCC may arrange for the execution of a spot FX transaction on your instruction, often as a result of your receiving cash proceeds (e.g. for a trade settlement or asset servicing event) in a currency for which you do not hold a currency account with us.
- 2.2** Best execution requirements will not apply to this service as these activities are only in spot FX, which is not financial instrument, and are not connected to an investment service (or where they are connected to an investment service the Four-Fold Test does not show legitimate reliance on us to provide best execution).



## **GLOBAL CUSTODY SERVICES: COLLECTIVE INVESTMENT SERVICES**

### **1 Relationship to Citi General Policy**

- 1.1 This Product Specific Policy is part of the Citi Execution Policy (the “**General Policy**”) to which it is annexed, and you should read it together with the General Policy. If there is any inconsistency between the General Policy and this Product Specific Policy with respect to the businesses covered, the more specific policy set forth in this Product Specific Policy applies. We use the same defined terms in this Product Specific Policy as defined in the General Policy.
- 1.2 This Product Specific Policy applies to transactions executed or arranged by the Collective Investment Services (“**CIS**”) division of Citi.

### **2 CIS position**

- 2.1 When CIS transmits your instructions to subscribe, redeem, transfer or switch fund investments we will not be required to provide best execution in relation to these transactions or associated FX transactions on the basis that legitimate reliance will not be established under the Four-Fold Test.



## GLOBAL FUND SERVICES: PASSIVE CURRENCY OVERLAY

### 1 Relationship to Citi General Policy

- 1.1 This Product Specific Policy is part of the Citi Execution Policy (the “**General Policy**”) to which it is annexed, and you should read it together with the General Policy. If there is any inconsistency between the General Policy and this Product Specific Policy with respect to the businesses covered, the more specific policy set forth in this Product Specific Policy applies. We use the same defined terms in this Product Specific Policy as defined in the General Policy.
- 1.2 This Product Specific Policy applies to transactions executed or arranged by the passive currency overlay service (“**Passive Currency Overlay**”), which includes, but is not limited to, share class hedging, portfolio hedging, look through hedging and partial share class hedging located within Global Fund Services which is part of Investor Services of Citi.

### 2 General Passive Currency Overlay position

- 2.1 In most circumstances, Passive Currency Overlay will be required to provide best execution when we provide you with the service of receipt and transmission of orders for forward and swap FX transactions. This is because under the Four-Fold test you will be legitimately relying on us to provide best execution. We will not owe a duty of best execution in relation to spot FX transactions as spot FX is not a financial instrument and our provision of spot FX services is not connected to an investment service.
- 2.2 We note that specific instructions will be given to us under the FX services agreement we have with you in respect of time of execution, execution channel, choice of counterparty/venue and (in some cases) price.
- 2.3 Where we have accepted your instructions with respect to the execution of your order, we will follow them to the extent it is possible for us to do so. You should be aware that to the extent that we accept and follow your instructions, we will have satisfied our best execution obligations with respect to that aspect of the order, although best execution will still be applicable to other execution factors to the extent that they are not covered by your instructions.
- 2.4 Our best execution obligation will generally be satisfied by us by:
- (i) where your instruction specifies that CBNA’s prevailing market price should be used, we will have complied with our obligation to provide best execution on the basis that the execution factors that are most important for you are likelihood of execution and settlement, and speed of execution. After these factors we will take into account the



following factors in order: price, costs<sup>8</sup>, size, nature and any other consideration relevant to the execution of the order;

- (ii) where your instruction specifies that an order should be executed at a particular benchmark fix timing we will have satisfied our duty of best execution where we transmit the order to CBNA ahead of the fixing. This is because we will have followed a specific instruction of yours to transmit the order to CBNA and we have no residual discretion over the order; and
- (iii) where your instruction specifies that an order should be executed at retro rate pricing (a rate that is retrospectively given to match the valuation time of the relevant fund) then we will have complied with our obligation to provide best execution providing we transmit the order to CBNA specifying the retro rate pricing that should be applied. This is because we will have followed a specific instruction of yours to transmit the order to CBNA and we have no residual discretion over the order.

### **3 Choosing an execution venue**

**3.1** The execution venue for Passive Currency Overlay will be CBNA.

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<sup>8</sup> Including our own commissions and the costs for executing the order.



## **DEPOSITORY SERVICES**

### **1 Relationship to Citi General Policy**

- 1.1** No specific stipulations apply to Depository Services above and beyond those found in the Citi Execution Policy (the "**General Policy**").

## SCHEDULE 1

The following asset classes are covered by MiFID II, Annex 1 Section C:

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 point 6 of this Section 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 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;
11. Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).