



# CITI MARKETS & BANKING EXECUTION POLICY

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(TO REFLECT THE MERGER OF CITIBANK INTERNATIONAL LIMITED INTO CITIBANK EUROPE PLC)



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## POLICY

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### 1 PURPOSE OF THIS POLICY

This Policy, which we refer to as the “**General Policy**”, sets forth the general basis on which Citi Markets & Banking (we refer to ourselves in this Policy as “Citi”, “we” or “us”) will provide “best execution” as required by the European Union’s Markets in Financial Instruments Directive (“**MiFID**”) and the UK Financial Conduct Authority (the “**FCA**”) Conduct of Business Rules (the “**COBS**”). 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 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 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).
- 2.2 This Policy applies when we are executing orders on your behalf in ‘financial instruments’ as defined in MiFID and set out in Schedule 1 – what this means is discussed further in section 4 below.
- 2.3 This Policy applies to all relevant client orders placed in the UK, regardless of where the client is established. This Policy applies therefore to all UK-based Citi legal affiliates through which Citi Markets & Banking takes client orders, including Citigroup Global Markets Limited, Citibank Europe Plc, UK Branch and Citibank, N.A., London Branch.

### 3 WHAT IS BEST EXECUTION?

- 3.1 Best execution means the requirement to take all reasonable steps to obtain the best possible result for clients, taking into account price, costs, 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 asks firms to refer to the test set out in a letter from the European Commission. 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 principal basis, it is generally clear that you will be relying on us to protect your interests and therefore we will provide best execution.
- 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 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**

**5.1** 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 if we have followed your 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;

**6.1.2** the characteristics of the financial instruments to which your order relates; and

**6.2.3** 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 Lending;
- (ii) Equities (encompassing cash equities, equity derivatives equity capital markets, multi-asset group and prime finance);
- (iii) Fixed Income, Currencies and Commodities (“FICC”) (encompassing Credit, Rates, Commodities, Foreign Exchange and Local Markets (“FXLM”), Global Securitised Markets, Repo Finance and Debt Capital Markets);
- (iv) Futures and other Exchange Traded Derivatives; and
- (v) Transition Management.

**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. We will have processes to review periodically 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 INTERNALISATION OF TRANSACTIONS**

- 9.1** 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. In the case of a transaction in shares that is subject to the systematic internalisation rules of MiFID and the COBS, 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, 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 Trading venues will we use?**

For purposes of MiFID, a “venue” includes an exchange, a multilateral trading facility, 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. A list of the primary venues of which we are a direct participant and on which we may execute orders on your behalf will be available upon request.

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;
- (vi) creditworthiness of the counterparties on the venue or the central counterparty; and
- (vii) quality and cost of clearing and settlement.

### **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.

### **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.

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

## **11 MONITORING**

### **11.1 Where the duty of best execution is provided 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. The way in which 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.

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:

Citigroup Centre  
Canada Square  
Canary Wharf  
London  
E14 5LB

## ANNEX A: PRODUCT SPECIFIC POLICIES

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### AGENCY LENDING

#### 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 the Agency Lending division of Citi.
- 1.3 Agency Lending may enter into loans of your securities on your behalf and 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;
  - (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. 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.

We will monitor best execution on an ongoing basis through analysis of consolidated market data provided by external vendors.

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

#### **3.1 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 traders 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.

### 3.2 Unsecured transactions

When we 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;
- (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 may make a decision to invest cash collateral on your behalf but 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.

### 3.3 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 regulated market and as such transactions in respect of such instruments will be executed outside a regulated market or an MTF, 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 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.

## EQUITIES

### 1 Relationship to Citi General Policy

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.

This Product Specific Policy applies to transactions executed by the EMEA Equities division of Citi for the following groups of products and services that we provide: Cash Equities, Equity Derivatives, Equity Capital Markets, Multi-Asset Group and Prime Finance.

### 2 Cash Equities

#### 2.1 *General*

Citi operates across all EEA equities markets either through direct exchange membership and/or by the use of local brokers as set forth in the General Policy.

#### 2.2 *Types of Execution*

The General Policy sets forth the circumstances under which best execution applies.

Where we are acting on your behalf and you have not specified an exchange or given us other specific instructions, we will look at the venues to which we have access. We will consider all execution factors as set forth in the General Policy when determining the venue.

We may execute your order over a period of time, or request an affiliate or a third party broker to execute over a period of time (of up to several days where permitted by local regulation) in order to achieve the best result. Where you give us parameters (such as VWAP), we will endeavour to execute a transaction or a series of transactions such that the overall execution of the order is achieved within the parameters, taking into account the size of the order, the liquidity available for the instrument or instruments that are the subject of the order, the period over which we may execute the order and the venues available at the time of the order. In giving us such an order, you acknowledge that there are many possible ways that the order could be worked, that we will have the discretion to work the order as we believe is in your best interest except to the extent that you give us specific instructions and that the result is, by the nature of the type of order, uncertain.

### 2.3 *Direct Market Access and Direct Server Access*

When you use our Direct Market Access (“**DMA**”) or Direct Server Access (“**DSA**”) products, you will have the ability to select certain parameters and strategies for the order yourself. We will follow your instructions to the extent possible for us to do so, and will not accept responsibility for those parameters selected by you as factors for providing you with best execution. However, we will provide best execution based on any remaining factors.

DMA and DSA connect only to certain exchanges, MTFs and brokers. In some circumstances, and where it is no less advantageous to you, we may internally cross DMA orders instead of seeking execution on another venue. In such circumstances, we would be providing you with best execution.

### 2.4 *Program Trading*

When we are carrying out non-risk business, we will be providing best execution and will endeavour to provide the best overall result in relation to the aggregate portfolio rather than in relation to individual transactions within the portfolio.

When we have given a risk price, trading a basket of securities, we are acting as your counterparty for our own account and under the Four-Fold Test you will not be placing legitimate reliance on us and, as such, best execution will not be owed.

### 2.5 *Equity Convertibles*

The Equity Convertibles market is characterised by limited liquidity. A small proportion of equity convertibles are exchange-traded. Where this is the case and you ask for execution on your behalf on exchange, we will provide that service. However, in most cases we will be acting as your counterparty for our own account and under the Four-Fold Test you will not be placing legitimate reliance on us and, as such, best execution will not be owed.

### 2.6 *Choosing an execution venue*

When we execute an order for a financial instrument, we may do so on one of the following exchanges where we have direct membership.

- Athens Exchange S.A.
- BATS Chi-X Europe
- Bolsa de Madrid
- Borsa Italiana
- Deutsche Börse (Xetra)
- London Stock Exchange

- NYSE Euronext – Amsterdam
- NYSE Euronext – Brussels
- NYSE Euronext – Lisbon
- NYSE Euronext – Paris
- Nasdaq Dubai
- Nasdaq OMX Nordic Exchange (Copenhagen)
- Nasdaq OMX Nordic Exchange (Helsinki)
- Nasdaq OMX Nordic Exchange (Stockholm)
- Oslo Børs – Norway
- Six Swiss Exchange
- Turquoise
- Wiener Börse

Where CGML does not hold a direct membership, we will look to execute on an appropriate venue via either Citi affiliates or via external third party brokers.

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 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.

### **3 Equity Derivatives**

- 3.1** In some circumstances, Corporate Equity Derivatives might be required to provide best execution, including in circumstances where Corporate Equity Derivatives executes a delta hedge that forms part of the pricing of your trade. In this situation that you may be relying on Corporate Equity Derivatives to protect your interests in respect of this aspect of the trade, and where this is the case, this delta hedge will be handled in the same way as cash equities as detailed above.
- 3.2** In circumstances where Corporate Equity Derivatives enters into transactions with you following a referral from another area within Citi we will be transacting with you on the basis that you have full ability to and are likely to approach other





dealers for a quote meaning you therefore have full access to pricing transparency.

#### **4 Equity Capital Markets (“ECM”)**

**4.1** Best execution will not be applicable in ECM because either (i) we will not be executing an order on your behalf, or (ii) legitimate reliance will not be established under the Four-Fold Test.

**4.2** If you are a buy side investor in securities you will not be a client of ECM in this context. You will be a corporate finance contact and we will not be responsible to you for providing protections afforded to clients of Citi or be advising you on the relevant transaction in this scenario. Please note that you might be a client of Citi in the context of other business areas – please contact Citi if you are unsure of your position.

#### **5 Multi-Asset Group (“MAG”)**

Best execution does not generally apply when you are dealing with MAG. Accordingly, unless otherwise informed following a determination by us that the nature of our activities with you give rise to a best execution determination in accordance with the factors set out in the Four-Fold Test, 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 (through appropriate access to the market and pricing information) and as such you should not be relying on Citi to provide best execution in these scenarios.

#### **6 Prime Finance**

Where Prime Finance acts in a riskless principal capacity, Citi transacts in this business area on the basis that you will not be placing reliance on Prime Finance because you have full ability to (and it is market convention to) shop around, have access to pricing information and understand that Prime Finance is not acting on your behalf. Please contact Citi if this is not the case.

## **FIXED INCOME, CURRENCIES AND COMMODITIES (“FICC”)**

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

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.

This Product Specific applies to transactions executed by the FICC division of Citi for the following groups of products and services that we provide: Credit, Rates, Commodities, Foreign Exchange and Local Markets (“**FXLM**”), Global Securitised Markets, Repo Finance and Debt Capital Markets.

### **2 General FICC position**

In FICC we generally provide a firm risk price, in response to a request for quote (“**RFQ**”). In those circumstances we will generally act as principal. We will generally take the view that there is no legitimate reliance placed on us, because the Four-Fold Test is not met. Accordingly, best execution would not be owed. The following sections of this Product Specific Policy provide more detail by asset or service type.

### **3 Credit, Rates, Commodities, FXLM and Global Securitised Markets**

The Fixed Income business includes Credit, Rates, Commodities, FXLM and Global Securitised Markets. The “financial instruments” covered by MiFID are detailed in Schedule 1.

**3.1** Best execution does not generally apply when you are dealing with these business areas. Accordingly, unless otherwise informed following a determination by us that the nature of our activities with you give rise to a best execution determination in accordance with the factors set out in the Four-Fold Test, 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.

**3.2** In circumstances where a FICC business area enters into transactions with you following a referral from another area within Citi we will be transacting with you on the basis that you have full ability to and are likely to approach other dealers for a quote meaning you therefore have full access to pricing transparency.

#### **4 Repo finance**

Repo Finance never acts in an agency-like capacity on your behalf and nor does it accept orders from you. Best execution does not apply when you are dealing with Repo Finance.

#### **5 Debt Capital Markets (“DCM”)**

**5.1** Best execution will not be applicable in DCM because either (i) we will not be executing an order on your behalf, or (ii) legitimate reliance will not be established under the Four-Fold Test.

**5.2** If you are an investor acquiring debt or selling debt back to the issuer or Citi, you will not be a client of DCM in this context. You will be a corporate finance contact and we will not be responsible to you for providing protections afforded to clients of Citi or be advising you on the relevant transaction in this scenario. Please note that you might be a client of Citi in the context of other business areas – please contact Citi if you are unsure of your position.

#### **6 Choosing an execution venue**

When we execute an order for a financial instrument, the execution venues we will use are Citigroup Global Market Limited and its affiliates.

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 and creditworthiness of counterparties.

## **FUTURES AND OTHER EXCHANGE TRADED DERIVATIVES ("FUTURES")**

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

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.

This Product Specific Policy applies to transactions executed by the Futures division of Citi.

### **2 General Futures position**

**2.1** Futures generally operates an agency/riskless principal business and carries out a number of activities that it treats as being subject to the requirement to provide best execution, including when we:

- (i) receive and execute orders at "screen price";
- (ii) execute orders for clients using algorithmic trading techniques;
- (iii) take limit orders from you, particularly in relation to block trades; and
- (iv) execute orders on venues.

#### **2.2** *Discussion of Execution Factors*

As an indication of our consideration of the execution factors, typically a weighting of 50% will be applied to the likelihood of best price, execution and settlement, a weighting of 25% for market depth, open interest and speed of execution and a weighting of 15% for client costs. This would not rule out any venue on the basis of cost of execution as standard rates are applied per client. We do not differentiate by execution venue though these may be subject to differing clearing fees as set by CCPs. A further weighting of 10% will be applied for any other factors that may be deemed relevant with that particular execution.

#### **2.3** *Single venue transactions*

When there is only one possible venue where an order can be executed, best execution is achieved by execution on that venue, subject to price obtained, unless price has been set as a limit price.

### 3 Common exception

On occasions where Futures provide a firm risk price, on the basis of a response to a request for quote (“RFQ”) we will generally act as principal for you. As such, we will generally take the view that there is no legitimate reliance placed on us in those scenarios, because the Four-Fold Test is not met. Accordingly, best execution will not generally be owed.

### 4 Choosing an execution venue

When we execute an order for a financial instrument, we may do so on one of the following exchanges where we have a membership:

Europe, Middle East and Africa

- APX-Endex
- Borsa Italiana: IDEM
- Bolsas y Mercados Espanoles: MEFF
- Eurex Deutschland
- Eurex Zurich
- European Climate Exchange (ICE)
- European Energy Exchange
- European Energy Derivatives Exchange (ENDEX)
- Euronext Paris, Amsterdam, Brussels, Portugal
- ICE Futures Europe
- London Metal Exchange
- NASDAQ OMX
- OTOB – Wiener Börse
- South African Futures Exchange

North America

- Chicago Board Options Exchange
- Chicago Board of Trade
- Chicago Mercantile Exchange
- ICE Futures US

- ICE Futures Canada
- Mexican Derivatives Exchange
- New York Mercantile Exchange
- New York Mercantile Exchange (COMEX Divisions)

#### Asia Pacific

- Australian Securities Exchange
- Hong Kong Exchange
- Korean Exchange
- Singapore Exchange Derivatives
- Taiwan Futures Exchange
- Tokyo Commodity Exchange
- Tokyo Financial Exchange

Where CGML does not hold a direct membership, we will look to execute on an appropriate venue via either Citi affiliates or via external third party brokers.

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 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.

## TRANSITION MANAGEMENT

### 1 Relationship to Citi General Policy

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.

This Product Specific Policy applies to transactions managed by the Transition Management team, within the Markets and Securities Services division.

### 2 General Transition Management position

2.1 In most circumstances, Transition Management will be required to provide best execution, including:

- (i) when carrying out large portfolio trades by arranging how these trades are executed, including timing and strategy.
- (ii) when appointed to assist with a particular project which includes trade execution and you are no longer shopping around for quotes; and
- (iii) when you could benefit from costs savings that can be achieved in comparison to the costs that are estimated for you.

### 3 Common exceptions

3.1 Best execution will not apply in circumstances where each of the following apply:

- (i) Transition Management’s role is to pass quotes it has sought from other Citi trading desks, for the transactions that need to take place to effect the larger portfolio trade;
- (ii) it is made clear to you that you should not rely on Transition Management or Citi to protect your interests in relation to these transactions; and
- (iii) you can put Transition Management’s quotes in competition by shopping around with other dealers.

### 4 Choosing an execution venue

Transition Management will at all times rely on Citi trading desks to execute orders in a financial instrument. The trading desks 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 and creditworthiness of counterparties.

For a list of execution venues please refer to the other Product Specific Policies in Annex A.



## SCHEDULE 1

The following asset classes are covered by MiFID, 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, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
5. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event);
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 and/or an MTF;
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, having regard to whether, inter alia, they are cleared and settled through recognised clearing houses or are subject to regular margin calls;
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, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognised clearing houses or are subject to regular margin calls.