

# THE NORTHERN TRUST COMPANY ORDER EXECUTION POLICY

Applicable to Northern Trust Group Entities

TNTC, NTGS PLC and NTS LLP & branches and with the  
exception of Northern Trust Asset Management

For EMEA Professional Clients

Effective Date: 11th October, 2017

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## 1. INTRODUCTION

### 1.1. Purpose of this policy

Northern Trust's execution and trading policies are integral to our core values and our commitment to market integrity.

In accordance with regulatory requirements set out in the Financial Conduct Authority ("FCA") Conduct of Business Sourcebook ("COBS"), Principle 6 of the FCA rules and Article 27 of the Markets in Financial Instruments Directive II ("MiFID II") and the MiFID II Delegated Acts (together, the "Rules"), Northern Trust is required to establish and implement an Order Execution Policy to allow us, where "Best Execution" duties apply, to take all sufficient steps to obtain the best possible result for our clients when Northern Trust entities execute client orders in financial instruments covered by MiFID II. With this Order Execution Policy (the "Policy") Northern Trust ("NT", "we", "us", or the "Firm") defines how the Firm complies with its "Best Execution" obligation on a consistent basis ("Best Execution"), taking into account the Best Execution criteria and factors as well as execution venues listed in the appendices of this document. References to "you" and "your" are to our clients. Capitalised terms used but not defined herein shall have the meaning given to them in the Rules.

This part of the Order Execution Policy is a general order execution policy that sets out the general order execution factors and processes (the "General Order Execution Policy") that we will follow. For each business line, there are further specific order execution factors and processes (the "Specific Order Execution Schedules"). Please refer to the relevant Appendix of this Order Execution Policy for the Specific Order Execution Schedule that applies to each business line. As set out in the Appendix, the Specific Order Execution Schedule for each business line supplements and qualifies the General Order Execution Policy of this Order Execution Policy. The Specific Order Execution Schedules will be reviewed annually and/or when a material change occurs. The Specific Order Execution Schedules must be read in conjunction with the General Order Execution Policy.

The General Order Execution Policy is subject to any Specific Order Execution Schedule that applies, and in case of conflict, the Specific Order Execution Schedule prevails.

The Specific Order Execution Schedules are:

- I. Brokerage;
- II. Global Foreign Exchange;
- III. Securities Lending (Ex Cash Collateral Reinvestment)
- IV. Transition Management;
- V. Fund Order Processing; and
- VI. Money Market Fund Investment Service & Client Driven Money Market Fund Investment Service

This Policy in its entirety will be published and updated annually on the Northern Trust Capital Markets page on the Northern Trust website ([www.northerntrust.com](http://www.northerntrust.com)) Where a client makes reasonable and proportionate requests for information about our policies or arrangements and how they are reviewed, we shall, where appropriate, make reasonable endeavours to answer clearly and within a reasonable time.

## 1.2. What is Best Execution?

Best execution means the requirement to take all sufficient steps to achieve the best possible result for our 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. The obligation to provide best execution will not always apply, and this Policy outlines when we will owe you this duty and when we will not.

Please note that, whether or not this policy applies to the relevant product you are trading, we are committed to acting honestly, fairly and professionally.

## 2. SCOPE

### 2.1. Northern Trust Entities Subject to this Policy

Note that only Northern Trust entities duly authorised to provide investment services, can offer each of the products or services mentioned in this Policy. Therefore not all Northern Trust entities offer all (or any) of the products or services mentioned in this Policy. The NT legal entities that may be subject to a “Best Execution” obligation are:

1. The Northern Trust Company, London Branch;
2. Northern Trust Global Services PLC and branches; and
3. Northern Trust Securities LLP and branch.

Throughout this Policy, these entities will be collectively referred to as “Northern Trust” or “NT”, “we”, “us” or the “the Firm”.

### 2.2. Types of Clients

This Policy applies to per se professional clients and elective professional clients (within the meaning of MiFID II). Clients will have received a formal notification from us informing them of their client categorization. Unless otherwise stated, this Policy applies to clients in the same way regardless of whether they are an elective professional client (via an opt-up or opt-down mechanism) or a per se professional client. Note that this policy does not apply to eligible counterparties; accordingly, we will not owe best execution in transactions entered into with eligible counterparties, unless we agree otherwise.

Specifically:

- Retail clients: **NT does not deal with retail clients.** Local authorities or LGPS (local government pension schemes) categorised as retail clients will need to opt up to elective professional status, if they meet the respective qualitative and quantitative criteria, in order for us to continue to contract with them.
- Eligible counterparties: NT has no duty to provide best execution to any client that we have categorized as an eligible counterparty, either generally or for a particular transaction or type of instrument. Nevertheless, NT will still act honestly, fairly and professionally and communicate in a way that is fair, clear and not misleading, taking into account the nature of the eligible counterparty and of its business.
- Professional clients: NT acknowledges that professional clients may place legitimate reliance upon us to provide them with best execution when placing an order to execute in any global market, subject to this Policy.

### **2.3. Activities**

The purpose of this Policy is to provide appropriate information on our order execution policy in the context of transactions undertaken with or for clients in relation to those Financial Instruments which are defined below in section 2.4.

### **2.4. Product Scope**

This policy only applies with respect to financial instruments within the scope of MiFID II ("Financial Instruments"). Financial Instruments include but are not limited to:

- Transferable securities (such as shares and bonds);
- Money market instruments;
- Units in collective investment undertakings;
- Exchange-traded and any OTC derivatives including contracts for difference, futures, options and swaps that may 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 here, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, Multilateral Trading Facility ("MTF") or organized trading facility ("OTF"), are cleared and settled through recognized clearing houses or are subject to regular margin calls.

The MiFID II definition of Financial Instruments does not include spot foreign exchange (FX) and therefore, we generally do not have any obligations regarding Best Execution in respect of spot FX. However, in line with our commitment to maintain regulatory standards, even where Best Execution rules do not apply, we undertake to treat you fairly and to manage any conflicts of interest which may arise.

The application of this policy to particular types of financial instruments is described further in the Appendices.

### **2.5. Geographical/ Entity Scope**

This Order Execution Policy applies to all professional clients to whom Northern Trust provides investment and/or ancillary services, whether or not they are resident in the EU or EEA, and irrespective of where the transaction is executed.

## **3. EXECUTION FACTORS**

NT's Best Execution obligation hereunder applies to Financial Instruments. However, given the differences in market structures or the structure of those Financial Instruments, it may be difficult to apply a uniform standard and procedure for Best Execution that would be effective for all types of Financial Instruments. Best Execution will therefore be applied in a manner that takes into account the different characteristics associated with the execution of orders related to particular types of Financial Instruments.

### **3.1. The Main Execution Factors**

The Execution Factors are: price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order. NT will take into account the following Execution Factors when under an obligation to deliver the best possible results for a particular client:

- the execution price without any costs charged to you, or our own fees and commissions;
- speed and/or likelihood of execution and settlement;
- size and nature of the order;

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- the impact on market prices of displaying and/or executing an order or part of an order;
- the availability of price improvement (the opportunity for an order to be executed at a better price than what is currently quoted publicly);
- the nature of the specific Financial Instrument including whether it is executed on a Regulated Market, MTF, OTF or over the counter (“OTC”); and
- any other consideration relevant to the efficient execution of the order.

In determining the relative importance of these factors, NT will use its own commercial experience and judgment taking into account the main Execution Factors as illustrated above, as well as the possible execution venues to which that order can be directed.

### 3.2. Relative Importance of the Main Execution Factors

The relative importance of Execution Factors will depend on:

- The characteristics of the client including classification (Professional) and experience;
- The characteristics of the order, including any strategies or specific instructions given by the client, the size of the order and the likely market impact;
- The characteristics of the Financial Instrument including liquidity, trading patterns, transparency associated with the particular Financial Instrument; and
- The characteristics of the execution venue, market or counterparty to which the client order may be directed.

Generally, price may be regarded as one of the most significant factors in order to achieve Best Execution for clients. However, in determining the “price” of a Financial Instrument, NT may take into account a number of other considerations including market parameters (i.e. the price at which a Financial Instrument may be trading on a regulated market, MTF or OTF, taking into account liquidity on that execution/trading venue), valuation models, the risks incurred by the Firm from entering into transactions, the capital requirements for us resulting from those transactions and the cost of hedging the Firm’s risks. Nevertheless, NT’s front office staff will take all sufficient steps and use their experience and commercial judgement to evaluate the available market information in order to achieve the optimal balance across a range of potentially conflicting Execution Factors.

This does not mean achieving or guaranteeing the best price for every client order, but the best possible result that can reasonably be expected given the environment and execution factors available to our front office staff at the time.

The Firm must also act in accordance with the best interests of its clients when passing client orders to other entities for execution. Aside from the explicit Best Execution rules explained in this policy, we have an overriding duty to act honestly, fairly and professionally.

#### **4. HOW WE DETERMINE WHEN BEST EXECUTION IS OWED AND HOW DO WE PROVIDE IT?**

The rules on the application of best execution depend on whether our client is classified as a Professional Client/Elective Professional Client or not and whether or not that Professional Client/Elective Professional Client has placed legitimate reliance on us.

##### **4.1. Professional Client**

This Order Execution Policy will only apply to you if we have classified you as a “Professional Client” (irrespective of whether you are a “per se” or elective Professional Client) (as defined in COBS) and when we are required under COBS, Principle 6 and MiFID II Article 27(4) and Article 66 of the Delegated Acts to establish and implement an order execution policy. We will be required to do so where we have agreed to either:

- (a) execute on your behalf; or
- (b) pass on (i.e. transmit) at our discretion to another broker or dealer (“third party”) for execution on your behalf.

##### **4.2. Four fold test - Reliance**

This obligation for “Best Execution” will only apply to you if we have determined that you have placed legitimate reliance on us to protect your interests.

To determine whether you legitimately rely on Northern Trust to protect your interests, the following factors are relevant:

- which party initiates the transaction - where Northern Trust approaches a client and suggests that the client should enter into a transaction, it is more likely that the client will be placing reliance on us. Where the client initiates the transaction it is less likely that the client will be placing reliance on us;
- market practice and the existence of a convention to “shop around” - where the practice in the market in which a business area operates suggests the client may access or choose from competing quotes or compare prices from a variety of sources (i.e. there is a market convention to “shop around” for a quote), it is less likely that the client will be placing reliance on us;
- the relative levels of price transparency within a market - if Northern Trust has ready access to prices in the market in which we operate, whereas the client does not, it is more likely that the client will be placing reliance on us, whereas if our access to pricing transparency is equal or similar to the client’s, it is less likely that the client will be placing reliance on us; and
- the information provided by Northern Trust and any agreement reached between the parties - where the arrangements and agreements with the client do not indicate or suggest a relationship of reliance, it is less likely that the client will be placing reliance on us.

The category and characteristics of a client are important factors both in the assessment of whether the client is relying on Northern Trust to deliver Best Execution and in providing Best Execution. See also paragraph 5.5 for examples of times when it is unlikely that Best Execution will apply.

#### **5. ORDER TYPES AND SCENARIO ANALYSIS**

NT may receive a variety of order types where there may be differing elements of discretion afforded to us. The following section is used to determine whether or not Best Execution applies in certain scenarios and to illustrate how NT may deal with such orders. These scenarios apply in varying degrees to transactions in different asset classes. You should consult the Appendices at the back of this Policy or contact your regular Northern Trust contact if you are unsure which scenarios apply.

### **5.1. Reception and Transmission of Order**

There will be instances when NT passes an order to another broker or third party for execution. Typically this may occur when NT is not a member of the domestic exchange, but may also occur in order to access alternative liquidity sources, which can include capital backed liquidity. In these circumstances, NT remains under an obligation to monitor the broker's performance and obtain the best possible result for our client, subject to paragraphs 5.3 and 5.4.

### **5.2. Acting as an Agent or Matched Principal**

NT may be contracted to act as a client's agent and/or as a matched principal broker. In such circumstances where NT is acting on the client's behalf and the Best Execution obligation applies because NT has discretion over how to execute the transaction, the Firm will execute the transaction for the client having regard for the terms of the order in determining the Execution Factors that need to be taken into account for the purpose of providing the client with Best Execution.

### **5.3. Execution of Orders on behalf of Clients where NT has discretion on the execution or Worked Orders**

Clients may place orders for execution with NT, where we may use our discretion as appropriate. This will normally include order types commonly used on execution venues as defined by MiFID II. We will apply the Execution Factors to each order over which we exercise discretion. Where specific instructions for certain elements of a trade are provided, these elements do not release us from our obligation to provide Best Execution in relation to those aspects of the order where you have not provided specific instructions, such as the venue of execution or the timing of the execution, where we retain some discretion over those aspects.

These types of orders include:

- Open/Close/Fixing Orders
- Price Level Orders
- At Market Orders
- At Best Orders
- Stop Orders
- Smart Order Routing
- Target Benchmark Orders

#### **5.3.1. Open/Close/Fixing Orders**

Where a client sends an order for execution at a reference price defined by a market fixing (such as a "Close" auction), which NT agrees to accept, but without guaranteeing to fill that order, the Firm will endeavor to fill the order at the fixing price published by the market by participating in the fixing or auction mechanism whilst strictly respecting any limit price specified by the client. "Close"/"Fixing" orders with a guaranteed fill price are dealt with below in paragraph 5.5.3.

#### **5.3.2. Price Level Orders**

If NT accepts a "price level" order or a "limit price order", the Firm will only fill the client's order when NT perceives that the particular level has been reached (unless we agree to a different formulation for determining when the price level has been triggered). If NT decides to fill the client's order by going into the market (whether on a regulated market, MTF, OTF or OTC), the Firm will only fill the client's order once the price and quantity is available, fully or partially.



### **5.3.3. At Market Orders**

Where the client submits an order but does not specify a price level, limit price or price determination mechanism or a specific time of execution NT shall, unless otherwise agreed with the client, accept such order as an “at market” order. In such circumstances, the Firm will endeavor to fill that order as soon as reasonably practicable after the order is accepted and in accordance with Best Execution obligations.

### **5.3.4. At Best Orders**

Where the client submits an “at best” order and does not specify a price level, limit price, or price determination mechanism or a specific time of execution, the Firm shall, unless otherwise agreed with the client, endeavor to fill that order as soon as reasonably practicable after the order is accepted and in accordance with Best Execution obligations at the first price level in the market.

### **5.3.5. Stop or “Stop Loss” Orders**

When sending a “stop” order, the client must specify the price level at which the order is to be triggered and the time for which the order will remain valid. The “stop” order will be triggered when market conditions permit execution

NT does not support “stop” orders on all markets.

When a “stop” order has been triggered, and the order becomes an “at market” order, we do not, unless we otherwise agree, guarantee that the order will be filled at the “stop” level.

The Firm does disclose that we will undertake transactions in the market that we determine in our discretion are appropriate to assist in managing our risk and/or to enable us to fill the “stop” order.

The Firm will not enter into transactions designed to trigger the relevant price level and has procedures in place in order to minimize that risk.

### **5.3.6. Target Benchmark Orders**

A client may send NT an order to execute at a price benchmark determined by a reference price in the market.

A typical benchmark order may be “Volume Weighted Average Price (VWAP)” which will be defined as the weighted average price published by the market over the period of the life of the order via a generally accepted price source, and which may be constrained by other parameters selected by the client, such as “Including Open”, “Including Close” and “End Time”. To execute such an order, NT will use a number of orders, both aggressive and passive, and over the course of a specified period.

NT will endeavor to achieve an overall outcome for the order where the overall volume weighted average execution price meets the Target Benchmark whilst taking into account the Execution Factors, but does not guarantee execution at the Target Benchmark price. Other client instructions such as Limit Price will be respected for these orders.

#### **5.4. Execution of Orders on behalf of Clients with specific instructions where NT has no discretion over the order**

Where NT receives specific instructions from a client including in relation to a particular aspect of a transaction (for example, where you instruct us to execute the order on a particular venue, at a particular time or at a particular price), NT must execute the transaction (or aspect of the transaction as appropriate) accordingly and, by doing so, will have satisfied any obligation to provide Best Execution in relation to that aspect of the order only. This is also the case where NT transmits an order to another entity for execution following a specific instruction from the client. Please note that where a client provides a specific instruction this may prevent NT from taking steps that it has designed and implemented in this policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

#### **5.5. Dealing on own Account or acting as Principal**

In certain markets (e.g. FX), NT 'deals on its own account' or operates on a principal basis with a client, for example where the client has accepted a quote provided by us. In those circumstances, whether we owe the client a duty of Best Execution will depend on whether they are legitimately relying on us as determined by the four-fold test (see section 4.2 above). Where we are dealing as principal on own account, we reserve the right to apply the four-fold test on a case by case basis in order to assess whether Best Execution should apply to a particular trade or not.

That said, some of the scenarios where Best Execution obligations are unlikely to be due and where we may deal on own account or operate as principal are as follows. This list of scenarios should not be regarded as an exclusive list, rather should be used as a guide to facilitate a greater understanding of when "Best Execution" is unlikely to apply:

- Request for Quote (RFQ) – firm price, rather than indicative
- Two Way Quote/ Price
- Guaranteed fill on a close or fixing order
- Internalisation

NT may choose to make markets in instruments by quoting prices at which we are prepared to deal with our clients. We are under no obligation to do so, unless otherwise agreed or required by legislation (e.g. where we are acting as a systematic internaliser). The prices quoted by us may be different to those available on a regulated market, MTF or OTF; it will be up to the client to determine whether they wish to accept such price. Our quotes will be kept open for a certain time period once provided to the client. If the client accepts a quote once that time period has lapsed (i.e. when the quote has technically expired), we have the right to accept the trade on the basis that the client wishes to trade at that level, but we also may reject it on the basis that the quote has expired.

##### **5.5.1. RFQ – Firm Price Offered**

Where NT acts as principal and provides the client with a risk price for the transaction (being a price which, if accepted, will form the basis of the transaction, as opposed to an indicative price that we might be able to achieve in the market), we are executing the transaction as the client's counterparty and not on the client's behalf. In this situation, Best Execution will not apply, as we are of the view that legitimate reliance will not be established under the four-fold test.

### **5.5.2. Two Way Price/Quote**

Where a counterparty asks NT for a “two way quote”, which is a quote whereby we show both the bid and the offer price of a Financial Instrument, informing you of the current price at which you could buy or sell the Financial Instrument. In this situation, the four-fold test will not usually indicate legitimate reliance and Best Execution will not be owed.

### **5.5.3. Guaranteed fill on a close or Fixing Order**

In accepting an order around the “close” (i.e. to buy certain volume at the “close” price or equivalent price set at a predetermined time by reference to published criteria), unless NT states to the contrary at the time of taking the order, we shall fill the order at the relevant published price (subject to any applicable mark-up or mark-down as agreed between the client and us). We are guaranteeing that the order will be filled at the relevant close price and we are therefore “on risk” from that time. This means that NT will be executing the order from our own book and in practice the client order may not be executed in the closing auction (or equivalent). This will be considered a specific instruction and comparable to principal trading, thus we will not have discretion in this case.

### **5.5.4. Internalisation**

NT may become a systematic internaliser for one or more Financial Instruments (we anticipate that this may be in respect of certain FX derivatives).

In these circumstances, unless instructed otherwise, 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 that we execute as a systematic internaliser, in addition to the application of this Policy as appropriate in relation to a particular order, we will separately be obliged to execute orders at the quoted price at the time of reception of that order unless we can justify the execution of that order at a better price and that price falls within a public range close to market conditions.

In all other cases (i.e. where we are not acting as a systematic internaliser), we execute off our principal book on an OTC basis or through a trading venue, e.g. FX Connect, and only apply this Policy if appropriate

## **5.6. Volatile Markets and Extreme Situations**

When there are circumstances beyond our control, we may not be able to guarantee Best Execution obligations, and we will attempt to notify any clients whose orders may be affected. However,

- An order may be executed at a substantially different price from the quoted best bid or offer, or the last reported trade price at the time of order entry, or an order may be only partially executed or may be executed in several shapes at different prices; and
- Opening prices may differ significantly from the previous day’s close.

In extreme volume and volatility situations, exchange system constraints may require automated trading systems to be switched off and/or electronic order routing to be suspended in favour of manual execution. If NT receives an order that in our view is likely to be inappropriate for the market conditions, we reserve the right not to execute the order or to adjust the instructions appropriately, and the order may then become subject to Best Execution obligations. However, it should be noted that such events lead to further execution delays and increased market volatility.

## 6. EXECUTION VENUES

### 6.1. MiFID II Regulatory Declaration

All clients must provide a general and express agreement to this Policy. This agreement will be provided by way of execution of the relevant terms of business or client contract, unless agreed between NT and the client otherwise. NT may, in its discretion, decide not to deal with any client who has not provided such consent. In order to provide clients with the best possible result when executing orders on a consistent basis, NT may on occasion need to trade outside of a Regulated Market, MTF or OTF. In order for NT to be able to do this the Firm is required to obtain prior express consent from clients. NT is also required to obtain prior express consent should clients not wish NT to make public any unexecuted quantity of a limit order placed with the Firm. In order to provide NT with the ability to obtain the best possible result for its clients, NT requests such consents as part of the client on-boarding process. Giving prior consent does not preclude clients from requesting different execution arrangements at the time of placing an order or revoking such consent during the course of the relationship. Any revocation on a permanent basis must be submitted in writing to NT's EMEA Head of Capital Markets & Treasury Compliance at least ten London business days prior to becoming effective.

Provided it has the express consent from the client to do so, NT may execute orders OTC (including in bespoke products). Where this is the case, NT shall 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

### 6.2. Venue Selection

NT will select the execution venues, with and through whom we execute client orders, which enables us to obtain on a consistent basis the best possible result for our clients.

Where there is more than one competing venue to execute an order for a Financial Instrument, in order to assess and compare the results for our client of executing the order on each of the execution venues listed in the relevant Specific Order Execution Schedule that are capable of executing that order, NT's own commissions and the costs of executing the order on each of the eligible execution venues shall be taken into account.

In order to meet the Firm's obligations, we will utilise our expertise and judgment to seek prices from available counterparties (including connected parties) which we consider will best serve your interest. The factors we consider relevant to determine the number and appropriate counterparties from who to seek prices in connection with the execution of your order include, but are not limited to:

- (a) Availability of dealers quoting a market;
- (b) The quality of indicative bids and offers;
- (c) Level of trading interest and depth of market;
- (d) Ticket size; and
- (e) Electronic execution capability.

We will typically execute orders through any the following venues as appropriate for each Financial Instrument:

- (a) Order crossing networks and other electronic platforms, Regulated Markets, MTFs or OTFs;
- (b) Our own internal sources of liquidity;
- (c) Systematic internalisers (other brokers, principal transactions and market makers); and
- (d) Other liquidity providers (including NT affiliates dealing as principal).

In certain circumstances it may be appropriate to have a single execution venue. As mentioned, we may use the services of a connected party or a third party broker or dealer to assist in the execution of a client order which may be outside of the European Economic Area (EEA). Using an affiliated or third party broker does not remove NT's obligation to deliver Best Execution to a client and we will satisfy ourselves through the application of appropriate due diligence that the other entity has arrangements in place to enable us to comply with the Best Execution obligations to our client.

NT are subject to an overarching requirement to identify and manage conflicts of interest and we take steps to ensure that we do not structure or charge commissions in such a way as to discriminate unfairly between execution venues, counterparties, brokers and dealers, including any connected parties or affiliated parties.

Where you have duly consented to trade and we do trade outside of a regulated market, MTF or OTF, you acknowledge that such trades will not have the benefits of the rules of such venues, nor the protections associated with them .e.g. buy-in rights.

Upon reasonable request from a client (or potential client), NT shall provide information about entities where orders are transmitted or placed for execution.

## 7. POLICY ACCESSIBILITY AND ACCEPTANCE

### 7.1. Review, Governance and Monitoring

Under Mifid II, Article 27 (4) and (7), NT has an obligation to monitor the effectiveness of its order execution arrangements and this Policy, including the execution quality of the entities identified in the policy, where appropriate. Should NT's review of its execution arrangements identify any internal or external event that affects the Firm's ability to provide, for its clients, the best possible result on a consistent basis, this policy will be updated.

To assist with the comprehensive review of NT's execution arrangements, NT has put in place a set of tools and processes aimed at meeting its obligation to provide clients with the best possible execution. This may include the following:

- Monthly Best Execution Working Group
- Quarterly EMEA Capital Markets Risk Council
- Ongoing Venue & Broker Review
- Ongoing Performance Monitoring

#### 7.1.1. Performance Monitoring

When "Best Execution" obligations apply, the use of real time and periodic monitoring measures endeavors to facilitate the best possible result for the client order. The results of this monitoring are reviewed and challenged by the Capital Markets Compliance Team and in the Best Execution Working Group; Any matters requiring escalation, and overall performance, are reviewed in the EMEA Capital Markets Risk Council.

Management information will be presented to senior management at legal entity and specific executive management committee level.

#### 7.1.2. Venue, Counterparty and Broker Selection Review

Additionally, in accordance with MiFID II Article 27(6) and Regulatory Technical Standard ("RTS") 28, NT will publish on an annual basis the top five execution venues in terms of trading volumes for each asset class, where the Firm has executed client orders in the previous year.<sup>21</sup> This shall be published on our website in a machine-readable electronic format, available for downloading by the public. We will also publish a summary of the analysis and conclusions we draw from our detailed monitoring of the quality of execution obtained on the execution venues where we executed all client orders in the previous year; this shall also be available in an electronic format for downloading by the public.

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Furthermore, in the event that NT operates as a Systematic Internaliser or other type of liquidity provider, the Firm undertakes on a quarterly basis, on the first day of February, May, August and November, to make available to the public free of charge, data relating to the quality of transactions on that venue for each market segment they operate and for each Financial Instrument. Reports will include details about price information for each trading day, costs, speed, and likelihood of execution for individual Financial Instruments.

### 7.1.3. Counterparty Selection

At NT's discretion, we take into account any or all of the following criteria which we believe will enable us to determine whether a counterparty's performance enables us to meet on a consistent basis our Best Execution obligations with regard to those orders executed on your behalf.

These factors include:

- (a) Market share, tenure and breadth of market coverage;
- (b) Ability of the counterparty to manage complex orders;
- (c) Performance on recent orders submitted to it;
- (d) Niche areas or specialities;
- (e) Speed of execution and responsiveness; and
- (f) Credit rating/worthiness of the relevant counterparty.

We do not enter into any "Payment for Order Flow" arrangements.

### 7.2. Demonstrating Best Execution

NT is required to demonstrate, at the request of a client, that it has executed the client's orders in accordance with this Policy. If required, please see the Broker-Dealer "Specific Order Execution Schedule" for Equities and Fixed Income or contact your NT Relationship Manager for other business lines.

## 8. CONSENT

This Policy replaces any prior Order Execution Policy in its entirety with effect from its publication on our website/delivery to the client. During the on-boarding process you will have been required to consent to this Policy. In addition, you will have agreed that we may update this Policy from time to time and publish this Policy or a summary on our website and that such publication shall constitute notification to you of our updated Policy.

## 9. CLIENT ORDER HANDLING, AGGREGATION AND ALLOCATION PROCESS

### 9.1. General application

Our order handling and allocation process is set out in this section and will apply when we exercise our discretion in how we execute orders in Financial Instruments on your behalf or transmit to other entities for execution.

### 9.2. Carrying out client orders

When carrying out client orders, we will ensure that orders executed on behalf of clients are promptly and accurately recorded. Otherwise comparable orders will be carried out sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable or the client's instructions or interests require otherwise.

### 9.3. Client accounts

Where we are responsible for overseeing or arranging the settlement of an executed order we will take reasonable steps to ensure that any Financial Instruments or client funds received in settlement of that executed order are promptly and correctly delivered to the account of the relevant client.

### 9.4. Misuse of information

We will not misuse information relating to pending client orders and we take reasonable steps to prevent the misuse of such information by any of our employees.

### 9.5. Aggregation and Allocation of client orders

#### 9.5.1. General application

Client orders may be carried out in aggregation with other client orders received by the relevant execution desk provided it is unlikely that the aggregation of such orders and transactions will work to the overall disadvantage of any client whose order is to be aggregated.

#### 9.5.2. Aggregation

Where we aggregate one or more of your orders with those of any other client, resulting in a series of transactions, we may determine the amount due from you (or on a sale, the amount owed to you) as the price paid for each investment or a volume-weighted average of the prices of a series of transactions. Orders received from you may be executed in a series of transactions over several days. This may result in the report to you of the average of prices effected during the time required to effect a purchase or sale.

#### 9.5.3. For own account

In the event that NT aggregates transactions for own account with one or more client orders, the Firm will not allocate the related trades in a way which is detrimental to the client. If such an aggregated order is only partially executed, NT will allocate the related trades to our client in priority to ourselves, unless we can demonstrate on reasonable grounds that without the combination, NT would not have been able to carry out the order on such advantageous terms for the client, or at all. Then we may allocate the transaction for own account proportionally, in accordance with our order handling and execution policies. NT has put in place systems and controls to ensure that any reallocation of transactions for own account in combination with client orders, is not effected in a manner which could in any way be detrimental to the client.

#### 9.5.4. Allocation

With regard to order allocation, all clients are treated consistently and fairly in accordance with the FCA principles. When an order is received in a financial instrument in which NT is already trading, and assuming the same dealing instructions, the initial order is booked out and then the two client orders are allocated equally from that point on (subject to any rounding). Orders that are being worked using different dealing instructions will not be aggregated, and will therefore achieve different pricing.

## 10. FIDUCIARY RESPONSIBILITY

For the avoidance of doubt, NT's commitment to provide clients with "Best Execution" does not mean that the Firm owes any fiduciary responsibilities over and above the specific regulatory obligations placed upon it or as may be expressly agreed between individual clients and NT in writing. Clients remain responsible for their own investment decisions and NT will not be responsible for any market or trading loss suffered as a result of those client decisions.

## APPENDIX 1:

### Brokerage Schedule

**Legal Entity: Northern Trust Securities LLP (NTS LLP)**

**Capacity: Matched Principal or Agency function**

This Specific Order Execution Schedule is part of the NT Order Execution Policy to which it is annexed, and it should be read together with the General Order Execution Policy. If there is any inconsistency between the General Order Execution Policy and this Specific Order Execution Schedule with respect to the businesses covered, the more specific requirements set forth in this Specific Order Execution Schedule apply. Any defined terms used but not defined herein shall have the meaning given in the General Order Execution Policy.

In accordance with applicable regulation, the obligation of Best Execution applies where NTS LLP, acting in its capacity as a broker, accepts an order to buy or sell a Financial Instrument from a client and acts as an agent or matched principal, on behalf of the client in the execution of that order, either directly on the relevant markets or indirectly via another broker.

### Demonstrating Best Execution

NT is required to demonstrate, at the request of a client, that it has executed the client's orders in accordance with this Policy. Upon request, and at your expense, NT will produce a Transaction Cost Analysis (TCA) document detailing all executions for a client for the requested period, including details of all execution venues used and industry-standard benchmarks.

### Cash Equities

In trading equities, the General Order Execution Policy will apply.

### Programme Trading (Equities)

NT will endeavour to provide the best overall result in relation to the aggregate portfolio rather than in relation to individual transactions within the portfolio.

### Fixed Income (FI)

When executing FI transactions, NT will be acting in an agency capacity, on behalf of clients. In the majority of trades, the executing counterparty will be acting in a principal capacity and will provide NT with a competing price, spread or yield quotation. In this scenario the executing counterparty would be the execution venue and, in their principal capacity, would not owe NT a general duty of best execution, unless agreed contractually.

### NT execution venues / brokers and selection process

NT will execute on trading platforms and venues, such as MTFs, OTFs or Systematic Internalisers (SIs), seeking, where available, multiple competing quotations. The size, liquidity and complexity of the individual FI instrument will dictate the trading platform, venue and strategy selected. NT uses a number of trading platforms to request quotations from competing liquidity providers, e.g. Bloomberg, Tradeweb, Marketaxess or CandDeal, although this list may change as market structures develop.

MTFs such as Liquidnet, Bloomberg Bond Cross and MarketAxess open trading platforms are also used to bring together multiple third party buying and selling interests to enable NT to electronically execute orders. Alternatively, the trading desk will request competing quotes by telephone or Instant Bloomberg.



## ORDER EXECUTION POLICY

During the selection process, the trader will assess a number of Execution Factors including, but not limited to, indicative market prices, spreads or yield size of trade, market liquidity, indications from brokers' inventory and market makers' execution hit and miss ratios in the relevant sector or instrument. Additionally, individual trading platform protocols may dictate the number of requests for quotes

(RFQs) available by trade type, e.g. Government rate trades are typically restricted to between four or five, whereas Credit trades are typically up to six in Euro/GBP Credit and up to 25 in US Credit.

### Convertibles

**“Working delta” trades** : NT considers that Best Execution is owed in respect of working delta trades where the price of the convertible bond is derived from the delta hedge. The duty of Best Execution will be measured and monitored by reference to the execution of the delta hedge.

**Sourcing liquidity**: Best execution will also be owed where NT has agreed to source bonds for the client. This applies to a small proportion of convertibles business, particularly relating to illiquid convertibles, where NT agrees to source liquidity for clients from third parties. Clients will often provide us with a limit price in relation to the bonds. These are generally considered to be firm orders, for which you are relying upon NT in relation to the execution.

REGULATED MARKETS (RMS) & EXCHANGES

*Europe*

Athens Stock Exchange+  
 Bolsa De Madrid+  
 Bolsa Y Mercados Espanoles+  
 Borsa Italiana  
 Bratislava Stock Exchange+  
 Bucharest Stock Exchange+  
 Budapest Stock Exchange+  
 Bulgarian Stock Exchange+  
 Cyprus Stock Exchange+  
 Deutsche Börse – Xetra  
 Equiduct  
 Frankfurt Stock Exchange+  
 Irish Stock Exchange  
 Ljubljana Stock Exchange+  
 London Stock Exchange  
 Luxembourg Stock Exchange+  
 NASDAQ OMX Copenhagen Exchange  
 NASDAQ OMX Helsinki Exchange  
 NASDAQ OMX Stockholm Exchange  
 NASDAQ OMX Tallinn Exchange  
 NASDAQ OMX Riga Exchange  
 NASDAQ OMX Vilnius Exchange  
 NYSE Euronext Amsterdam Stock Exchange  
 NYSE Euronext Brussels Stock Exchange  
 NYSE Euronext Lisbon Stock Exchange  
 NYSE Euronext Paris Stock Exchange  
 Oslo Stock Exchange  
 Prague Stock Exchange+  
 Sofia Stock Exchange+  
 SIX Swiss Exchange  
 Warsaw Stock Exchange+  
 Weiner Börse  
 Zagreb Stock Exchange+

*Lit MTFs*

Aquis Exchange  
 BATS Auction on Demand BXE Lit Order Book (BATS Europe)  
 CXE Lit Order Book (BATS Europe)  
 Turquoise Plato

*Dark MTFs*

BATS LIS  
 BATS BIDS  
 BlockMatch  
 BXE Dark Order Book (BATS Europe)  
 CXE Dark Order Book (BATS Europe)  
 ITG Posit+  
 Liquidnet Europe+  
 UBS MTF  
 Sigma X MTF  
 SmartPool  
 Turquoise Plato Block Discovery Service  
 Turquoise Plato Midpoint

*Dark RMs*

Nordic@Mid  
 Swiss@Mid  
 Xetra MidPoint

*Broker Dark Pools+*

CrossFinder  
 Deutsche Bank SuperX  
 CitiMatch

*Internal OTC*

VWAP-X  
 Closing Cross  
 Desk Cross  
 Note: + Exchange accessed via a local broker

LIST OF OTHER GLOBAL EXECUTION VENUES

*US*

ATD Auto  
 AQUA  
 Barclays Capital LX  
 BIDS  
 BofAML MLXN  
 Citadel Connect  
 Citi Cross  
 ConvergEx Millennium  
 ConvergEx Vortex  
 Credit Suisse  
 CrossFinder  
 CS Light Pool  
 Deutsche Bank SuperX  
 Fidelity CrossStream  
 GS Sigma X  
 IEX  
 Instinet BLX US  
 Instinet CBX™ US  
 Instinet VWAPX US  
 ITG Posit  
 KCG GETMatched  
 JP Morgan JPMX  
 Knight Link  
 Knight Match  
 Level ATS  
 Liquidnet H2O  
 Liquidnet Negotiated  
 PDQ  
 Potamus  
 SSGM BlockCross  
 UBS ATS  
 Wells Fargo WELX

*Canada*

Alpha  
 Chi-X Canada  
 CX2  
 Lynx  
 Omega  
 Pure  
 TMX Select  
 Alpha IntraSpread  
 ICX BLX  
 ICX VWAPX  
 MATCH Now

*South America*

BM&F Bovespa  
 Bolsa de Santiago  
 Bolsa de Valores de Columbia  
 Bolsa Mexicana de Valores  
 Bolsa de Valores de Lima

*EMEA Non-MiFID*

Abu Dhabi Securities Exchange  
 Bahrain Bourse  
 Borsa Istanbul  
 Boursa Kuwait  
 Casablanca Stock Exchange  
 Dubai Financial Market  
 Egyptian Exchange  
 Johannesburg Stock Exchange  
 Moscow Exchange  
 Muscat Securities Market  
 Nasdaq Dubai  
 Qatar Exchange  
 Tel-Aviv Stock Exchange

*Asia – Main Exchanges*

Australian Securities Exchange  
 Bombay Stock Exchange  
 Bursa Malaysia  
 Columbo Stock Exchange  
 Ho Chi Minh City Stock Exchange  
 Jakarta Stock Exchange  
 Korea Exchange  
 National Stock Exchange of India  
 NZX  
 Pakistan Stock Exchange  
 Phillippine Stock Exchange  
 Shanghai B-Shares Market  
 Shenzhen B-Shares Market  
 Singapore Exchange  
 Stock Exchange of Hong Kong  
 Stock Exchange of Thailand  
 Taiwan Stock Exchange  
 Tokyo Stock Exchange

*Asia – Alternative Venues*

ASX Centre Point  
 BofAML MLXN  
 BNP BIX  
 Chi-X Australia  
 Chi-X Japan  
 CLSA Dark Pool  
 Credit Suisse CrossFinder  
 Deutsche Bank SuperX  
 GS Sigma-X  
 Instinet BLX Australia  
 Instinet CBX  
 ITG Posit  
 JP Morgan JPMX  
 Liquidnet H2O  
 Macquarie XEN  
 Nomura NX Japan  
 SBI Japannext  
 TORA Crosspoint

APPENDIX 2:

**Global Foreign Exchange (FX Swaps, FX Forwards, NDFs, NDSs) Schedule**

**Legal Entities: The Northern Trust Company, London Branch (“TNTC”) and Northern Trust Global Services PLC. (“NTGS PLC”)**

**Capacity: NTGS PLC or TNTC, London Branch** is a counterparty to all transactions in FX derivatives and therefore will act as principal.

This Specific Order Execution Schedule is part of the NT Order Execution Policy to which it is annexed, it should be read together with the General Order Execution Policy. If there is any inconsistency between the General Order Execution Policy and this Specific Order Execution Schedule with respect to the businesses covered, the more specific requirements set forth in this Specific Order Execution Schedule apply. Any defined terms used but not defined herein shall have the meaning given in the General Order Execution Policy.

**Only FX transactions that are derivatives are Financial Instruments:** We consider that Best Execution may apply to transactions in FX derivatives save where we understand that you are not placing reliance on us. Spot FX is not a Financial Instrument and so will not be covered by the Best Execution rules.

**FX conversion relating to transactions in other Financial Instruments:** We will generally execute a currency conversion related to a securities transaction for a custody client with TNTC unless and until the client specifies otherwise. We will treat the cost of the FX conversion as being part of the overall cost of the securities transaction. An FX conversion is generally considered spot and no separate obligation of Best Execution is owed on the FX conversion.

**Sales Commissions and Mark-Ups :** NT will provide you with clear pricing. Given the nature of the services and our capacity as principal (and therefore counterparty) in the resulting transactions, we do not expect best execution rules to apply to the majority of transactions we enter into with you. Normally, and subject to Applicable Law, we will quote an “all in price”, which is a price that includes any spread or margin above the price at which we may be able to deal in the market (and therefore our anticipated profit). We may take into account a number of factors when determining an all in price, including the risk that we will assume under the transaction, operational and funding costs, the level of service provided to you, factors specific to you or the order itself and any pre-agreed fees/spread. It is your responsibility in these circumstances to determine whether or not to accept any quoted all in price. No dealing commission or brokerage fee will be charged in addition to the all in price.

Any sales margin charged by NT is to be determined by taking into consideration a variety of factors, including:

- (a) the service level provided;
- (b) the credit risk that NT will take on when transacting with the client;
- (c) the cost of capital NT incurs as a result of the transaction;
- (d) volumes transacted by the client;
- (e) costs by client sector and type, including costs both directly incurred and indirect cost allocation;
- (f) whether the transaction may need to be novated into a clearing transaction at a later date under regulatory rules (e.g. EMIR, Dodd Frank);
- (g) competitiveness of the marketplace; and
- (h) any other factor relevant to the transaction.

## ORDER EXECUTION POLICY

Please see Section 5.5.1 for more details.

### Passive Currency Overlay (PASCO)

PASCO provides portfolio and share class hedging services to clients. PASCO services are subject to a separate legal agreement which sets out the terms and conditions of the service. Clients enter into a standing transaction request, which is subject to strictly defined terms including, where applicable, which benchmark may be used in relation to PASCO trades. A transparent fee structure for the PASCO service is agreed in advance with each client using the service. Clients can receive currency hedge reports based on their data and frequency preferences. Therefore, since NT follows specific and defined steps, and specific instructions from the client, NT will be deemed to have satisfied its obligation for best execution. Nevertheless, as mentioned previously, when NT executes transactions under a PASCO agreement it is acting as principal and may retain any profit derived therefrom in addition to the fee specified for the PASCO service in the PASCO agreement. There will not be any other additional fees in respect of the PASCO transactions beyond the rate agreed between the parties in the PASCO legal agreement.

### List of Execution Venues:

Generally in FX we will trade with you on a principal basis and the execution venue will be either TNTC, London Branch or NTGS PLC, London. In this principal capacity, we may both execute orders directly with you on one of the following venues, as well as accessing liquidity on them. This list is not exhaustive.

- 360T
- FX Connect
- Bloomberg
- Reuters
- Fastmatch
- FXAll
- Thompson Reuters Matching
- Tullett ICAP
- Barclays BARX FX
- Goldman Sachs REDI

### APPENDIX 3:

#### Transition Management (TM) Schedule

##### Legal Entities: The Northern Trust Company, London Branch and Northern Trust Global Services PLC

##### Capacity: NTGS PLC or TNTC, London Branch acts in an agency capacity

This Specific Order Execution Schedule is part of the NT Order Execution Policy to which it is annexed, and it should be read together with the General Order Execution Policy. If there is any inconsistency between the General Order Execution Policy and this Specific Order Execution Schedule with respect to the businesses covered, the more specific requirements set forth in this Specific Order Execution Schedule apply. Any defined terms used but not defined herein shall have the meaning given in the General Order Execution Policy.

##### General Transition Management position

In most circumstances, TM will be required to provide Best Execution, including:

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

##### Potential exceptions

Best Execution may not apply in the following circumstances:

- TM's role is to communicate quotes it has sought from other NT trading desks, for the transactions that need to take place to effect the larger portfolio trade;
- it is made clear to you that you should not rely on TM or NT to protect your interests in relation to these transactions; and
- the client is in a position to put TM's quotes in competition by shopping around with competitors

##### List of Execution Venues

TM relies upon its trading affiliates for execution venue usage. This is usually NTSI or NTS LLP. Please reference the Brokerage appendix (above) for an indicative list of venues used by NTS LLP.

##### Order Management

Utilising our Order Management System (OMS), the TM team stages trades to one or more NT affiliated trade desks. The system allows us to monitor executions in real time around the clock with all the NT trade desks which have our orders.

Once the trade is sent, the trade desks use Bloomberg trading systems, SSEOMS (equity) and TOMS (fixed income). These systems are global and allow for pass the book order management regardless of trade desk location.

## APPENDIX 4:

### Securities Lending Schedule

**Legal Entities: The Northern Trust Company, London Branch and Northern Trust Global Services PLC**

**Capacity: NTGS PLC or TNTC, London Branch acts in an agency capacity**

This Specific Order Execution Schedule is part of the NT Order Execution Policy (NTOEP), and it should be read together with the NTOEP. The General Order Execution part of the Policy is subject to this Specific Order Execution Schedule, and in case of conflict, the Specific Order Execution Schedule prevails. Any defined terms used but not defined herein shall have the meaning given in the General Order Execution Policy.

This Securities Lending Specific Order Execution Schedule (“SL OES”) applies to transactions executed on your behalf by Northern Trust securities lending in accordance with the agreement between us. The SL OEP is designed to provide you with information on how NT acts in lending your securities

#### 1. Authorisation and lending parameters

You have entered into a Securities Lending Authorisation Agreement (SLAA) with us, in which you have authorised us to enter into transactions with approved counterparties on your behalf and have set out the parameters under which you have instructed us to do so. These parameters shape the structure of your lending program and are a significant factor in determining the performance we are able to achieve on your behalf.

#### 2. Demand factors

Securities Lending is largely a demand driven market with lenders reacting to requests from Borrowers to initiate a transaction. In order to attract demand, Northern Trust actively publishes certain available inventory to borrowers on an undisclosed basis (i.e. no client names are disclosed).

Borrower demand is driven by a number of factors such as hedge fund activity, corporate events such as mergers and acquisitions, trade settlement performance and a number of other market events that present opportunity to the borrower or their underlying clients. Additionally, Borrowers are constrained by a number of complex regulatory factors including balance sheet capacity and various leverage and liquidity ratios, which influence how much exposure they are able to take to Securities Lending activity and to particular counterparties. All these factors drive borrower demand and whether or not they look to borrow securities from NT clients.

### **3. Order Execution factors**

Where a borrower shows demand for a particular security (or basket of securities), there are a significant number of factors that influence whether a loan is possible (or maintainable), and the rate of return we are able to achieve on any given transaction. These include:

- i) Client lending parameters - acceptable borrowers, borrower limits
- ii) Collateral criteria – both non-cash and cash collateral reinvestment guidelines
- iii) Value of loan
- iv) Term of the transaction
- v) Manufactured dividend rate
- vi) Jurisdiction and netting of borrower
- vii) Jurisdiction and netting status of client lender
- viii) Credit risk criteria and limits (determined by Lender, borrower, or agent lender)
- ix) Transaction charges
- x) Portfolio stability (recall of lender sales)
- xi) Client minimum spread requirements

The factors listed above will largely determine whether or not loans are feasible and some will influence the rate a borrower is willing to pay to borrow the securities. We will not enter into any loan that would breach either lender imposed restrictions or our own risk parameters.

Where loans are agreed against non-cash collateral the borrower will pay a fee, whereas for loans against cash we will agree a rebate rate payable to them in relation to cash collateral they provide. Both the fee and rebate rates agreed are set taking into account some of the criteria listed above, such as collateral criteria or value of loan. As a result it is possible that two loans of the same security agreed simultaneously could justifiably be agreed at different fee/rebate rates.

### **4. Cash Collateral Reinvestment Execution**

Since NT Asset Management (“NTAM”) provides cash collateral reinvestment execution, this is not covered within this Order Execution Policy. Please refer to the NTAM policy for details of the execution policy applicable to cash collateral reinvestment activity.



## 5. Fair Allocation System

The Northern Trust lending program works on the basis that trading teams should not make arbitrary decisions on who to allocate loans to at point of trade. We maintain an automated loan allocation process to impartially determine which lending client's assets will be loaned in response to a borrower request when there are multiple lenders eligible to participate.

The allocation system takes into consideration factors such as security availability, unrealized opportunities, and existing loan allocations. Northern Trust implemented this allocation system in an effort to provide an objective methodology that requires minimal, if any, discretionary involvement in the allocation of lending opportunities, which is intended to support the fair and impartial allocation of lending opportunities among our clients

On occasions it is necessary for trading teams to override the automatic allocation process to allow a loan to be transacted. This occurs only in a very limited number of circumstances and overrides are monitored and reviewed regularly to ensure appropriate action has been taken.

For certain types of lending arrangements (such as exclusives) the loan allocation system is not relevant to the execution of loans. These arrangements are explained in more detail in the Securities Lending "Confidence through transparency" document available on Passport or upon request.

## 6. Execution Venues

Trades in the securities lending market are primarily agreed bilaterally between parties, and not traded or executed on a recognized exchange.

For securities lending we will execute transactions in one of the following ways:

- (i) **Equilend** - Equilend is a joint venture of various securities lending agents and securities borrowers. The purpose of Equilend is to provide a common electronic "platform" for the negotiation and processing of securities lending and borrowing transactions. Northern Trust is a dedicated user of Equilend, which is a regulated multilateral trading facility (MTF), and as a result a large percentage of your transactions will be matched on this platform.
- (ii) **OTC** - Orders will be negotiated via telephone or electronic system and placed with a counterparty with whom we have entered into an agreement for processing orders on an agency basis.

This policy appendix will be updated whenever a material change occurs and will be made available to you thereafter. Should you have any questions on this policy, please contact your Securities Lending Relationship Manager.

## APPENDIX 5:

### Fund Order Processing Schedule

**Legal Entities: The Northern Trust Company, London Branch (TNTC London Branch) and Northern Trust Global Services Limited (NTGS PLC)**

**Capacity: NTGS PLC or TNTC, London Branch acts in an agency capacity when receiving and transmitting orders**

This Specific Order Execution Schedule is part of the NT Order Execution Policy to which it is annexed, and it should be read together with the General Order Execution Policy. If there is any inconsistency between the General Order Execution Policy and this Specific Order Execution Schedule with respect to the businesses covered, the more specific requirements set forth in this Specific Order Execution Schedule apply. Any defined terms used but not defined herein shall have the meaning given in the General Order Execution Policy.

This appendix sets out our approach to order handling when processing transactions in respect of the following services:

- Fund Order Connect (“FOC”)
- Fund of Hedge Funds (“FoHF”)
- Smart Allocation (“SA”)

The services require us to transmit orders on your behalf to a specific party, for example the manager, administrator, transfer agent or general partner of the fund. While we are not ultimately responsible for executing your orders, we will take all sufficient steps necessary when handling your orders to obtain the best possible result for you, consistent with our obligations under the FCA’s COBS rules and Principles. Our obligations concerning receipt and transmission of orders are further set out in section 5.1 of the General Policy.

For the avoidance of doubt, where we process your transactions in accordance with your instructions, we will consider our obligations to you to have been appropriately discharged.

### Factors

We do not have any discretion when processing your instructions; however, in order to ensure we act in your best interests we will consider the following criteria where applicable:

- **Price** – this concerns the resulting price of a transaction. As noted in section 3.2 of the General Policy, this is typically considered the most important criteria. However we do not have any discretion over transaction price regarding the services above; for the avoidance of doubt, the price is determined independently by the fund manager and stipulated in the contract note provided to you. The price is calculated in accordance with the rules within the fund prospectus (also referred to as the “valuation point”).
- **Speed** – we define this as the rate at which your order can be processed, namely the time between receiving your order and transmitting it to the relevant party. We do not have any discretion regarding when your instructions will be transmitted; instead, we will adhere to pre-agreed deadlines which determine when an order can be processed for the next valuation point.

## ORDER EXECUTION POLICY

- **Likelihood of execution / settlement** – subject to your successful on-boarding and the destination fund remaining fully open to subscriptions for purchase or redemption, all orders will be transmitted in accordance with your instructions, so that the likelihood of execution and settlement is not a relevant factor for this product.
- **Costs** – any transaction costs including any fees charged, are notified to you. Such notification is communicated before transactions are executed – typically at the outset of our relationship.
- **Other factors** – there will commonly only be one method of purchasing or redeeming units, for example via the manager, administrator, transfer agent or general partner of the fund, and this limits the applicability of the other factors. For example, order size is not relevant provided no subscription or redemption caps are in place.

**APPENDIX 6:**

**Money Market Fund Investment Service &**

**Client Driven Money Market Fund Investing Schedule**

**Legal Entities: The Northern Trust Company, London Branch (TNTC London Branch) and Northern Trust Global Services Limited (NTGS PLC).**

**Capacity: NTGS PLC or TNTC London Branch acts in an agency capacity in the execution of orders in the Liquidity Solutions business.**

This Specific Order Execution Schedule is part of the NT Order Execution Policy to which it is annexed, and it should be read together with the General Order Execution Policy. If there is any inconsistency between the General Order Execution Policy and this Specific Order Execution Schedule with respect to the businesses covered, the more specific requirements set forth in this Specific Order Execution Schedule apply. Any defined terms used but not defined herein shall have the meaning given in the General Order Execution Policy.

This appendix sets out NT's approach to order handling when processing transactions in respect of the following services:

- Client Driven Money Market Fund Investing ("CDMMFI")
- Money Market Fund Investment Service ("MMFIS")

The provision of these services requires NT to execute orders to subscribe or redeem units in a money market fund (MMF) by sending an order to the Fund or the Transfer Agent of the Fund. NT will execute client orders in accordance with this policy and our obligations under the FCA's COBS Rules and Principles.

NT will receive client instructions for executing orders for the subscription or redemption of units via the Money Market Fund Investment Service addendum or Client Driven MMF Investing Agreement. The agreements provide instructions on every aspect of the transaction. Therefore, NT has no discretion over how orders are executed. The execution of all transactions, in strict adherence with the instructions, will constitute NT's discharge of our best execution obligations. This is in accordance with the provisions set out in Chapter 5.4 of the General Policy.

**Factors**

NT will not exercise any discretion in the execution of client orders, undertaken pursuant to the addendum/agreement. The Best Execution factors will be undertaken in accordance with the following, where applicable:

- **Price** – due to the nature of the instruments, being units in a fund, there is typically only one daily valuation point. Therefore, price is not a relevant factor for these transactions.
- **Speed** – All subscription or redemption orders are processed automatically at the same time each day, shortly before the respective currency dealing deadline of the destination MMF. Therefore, speed is not a relevant execution factor in terms of the timing of orders placed. NT will always try to execute client orders in a timely fashion.

## ORDER EXECUTION POLICY

- **Likelihood of execution and settlement** – Subject to a successful onboarding and approval considerations, and on the basis that the target MMF is fully open / not closed to subscriptions or in a situation where a redemption gate has been imposed, the subscription and redemption orders, which NT places on behalf of clients, will be executed and settle. Therefore, the likelihood of execution and settlement failure is not a relevant execution factor for this product.
- **Costs** – NT will take into account costs associated with execution (including costs to NT). These may include but are not limited to transaction fees and service operating fees.
- **Size** – The size of orders is determined by the automated daily investable balance, which is calculated in accordance with the client-agreed terms set out within the client addendum/ agreement. Therefore, the size of the order is not a relevant execution factor for this product.
- **Nature or any other consideration relevant to the execution of an order** – The nature of the order is always either a full subscription or redemption instruction for the full amount specified in accordance with the terms set out within the client agreement. Therefore, the nature of the order is not a relevant execution factor for this product.