



Client Order Execution Policy

1 Summary of Order Execution Policy

Further to the Markets in Financial Instruments Directive (as revised and updated from time to time) ("MiFID") and the Conduct of Business Sourcebook ("COBS") of the Financial Conduct Authority ("FCA"), Mitsui Bussan Commodities Ltd ("MBCL") is required to establish and implement an order execution policy ("policy") and to provide this policy to its clients.

Where we owe a duty of best execution in accordance with MiFID and COBS we are obliged to take sufficient steps to obtain the best possible result for our clients when executing orders on their behalf. The circumstances in which we will owe you a duty of best execution are set out below. However, even where best execution rules do not apply we will act honestly, fairly and professionally in accordance with your best interests.

2 Scope

This document applies only to clients classified as **Professional Clients** (unless expressly agreed otherwise) and only to dealings in **Financial Instruments** (each as defined in MiFID). Where you have been categorised as a professional client by us you will have received written notification from MBCL to that effect.

Depending on the specific circumstances a duty of best execution may be owed when MBCL accepts an order to execute a transaction on your behalf. However, irrespective of whether or not best execution is owed, we will trade with you on what we consider to be a reasonable commercial basis.

When we provide quotes to you or negotiate a price with you upon your request (i.e. dealing on a request for quote or **RFQ** basis) we will consider the nature of the request with respect to the **Four Fold Test** published by the European Commission to determine whether you are placing legitimate reliance on us, and therefore, if best execution will be due.

The Four Fold Test entails the consideration of the following factors:

- (i) which party initiates the transaction - 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;
- (ii) market practice - where the practice in the relevant market suggests you take responsibility for the pricing and other elements of the transaction (e.g. it is common market practice to "shop around" for a quote), it is less likely that you will be placing reliance on us;
- (iii) the relative levels of price 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

- (iv) where information (including this policy) about our services and our agreements with you do not indicate or suggest a relationship of reliance, it is less likely that you will be placing reliance on us.

Where the consideration of the above factors indicates that you are not legitimately relying on us, then best execution will not apply. However, even where best execution rules do not apply we must and will act honestly, fairly and professionally in accordance with your best interests.

3 Definition

Best execution means the requirement to take all sufficient 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. These factors are known as the “execution factors” and will provide the basis for us to explain how we will provide best execution.

4 Exclusions to the Duty of Best Execution

Eligible Counterparties

If you have been classified by MBCL an **Eligible Counterparty** (as defined in MiFID), the FCA's rules do not require us to provide you with best execution and we will not be required to meet the specific requirements for best execution, unless you specifically request we treat your orders in this manner. However, even where best execution rules do not apply we will act honestly, fairly and professionally.

Specific Instructions

Where you provide us with specific instructions as to the execution of an order, we must execute the order in accordance with those specific instructions if we agree to execute the order. In following specific instructions, we will have been deemed to have met our best execution obligations with regard to those elements of the order to which the specific instructions relate. We will, however, be required to provide best execution in relation to any elements of the order in relation to which specific instructions have not been given. **Please note that giving us specific instructions may mean that we may not be able to deliver what we would consider to be best execution, in the absence of such instructions, in relation to the execution factors the instructions apply to. They may also affect our ability to provide best execution with respect to other execution factors that may be affected by the instructions.**

Direct Electronic Access

If you are using Direct Electronic Access (DEA) provided by MBCL to transmit orders for automatic onward transmission to a particular trading venue (regulated market, MTF or OTF) you will determine all of the parameters of the order prior to transmission. As a consequence we will not owe you a duty of best execution in respect of any such orders.

5 Quality of Execution and Execution Factors

5.1 Metals

When best execution applies, we will take into consideration a range of different execution factors, these factors are total consideration (meaning price of the instruments plus costs of execution), speed of execution, likelihood of execution and settlement, size and nature of the order, nature of market for the financial instrument, likely market impact of the order and any other consideration relevant to the execution the transaction.

We believe that obtaining the best possible price (taking into account the costs associated with the execution of the order in question) for you will be the most significant factor unless we are instructed otherwise. However, in some circumstances we may consider that other factors are more important than price in obtaining the best possible execution result.

We will use our best judgment in determining whether an alternative execution factor (e.g. speed and/or likelihood of execution) should take precedence over price. Examples of circumstances that may lead to other execution factors being assessed as having greater importance are:

- any general and/or specific instructions we receive from you regarding how you wish us to execute orders on your behalf;
- the size of the order, particularly with respect to large orders, where minimizing market impact may be considered to be of greater importance; and
- the levels of market liquidity, particularly in an illiquid market, where certainty of execution may be more important than price.

Certain charges may be included in the execution price, including for example any agreed commission. Information on costs and charges will be provided to you as set out in our Terms of Business.

5.2 Energy and Power

When best execution applies, we will take into consideration a range of different execution factors including total consideration (meaning price of the instruments plus costs of execution), speed of execution, likelihood of execution and settlement, size and nature of the order, nature of market, likely market impact of the order and any other consideration relevant to the execution of the transaction.

We will assume that obtaining the best possible price (taking into account the costs associated with the execution of the order in question) for you will be the most significant factor unless we are instructed otherwise. However, in some circumstances we may consider other factors to be of greater importance than price in obtaining the best possible execution result.

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- the levels of market liquidity, particularly in an illiquid market, where certainty of execution may be more important than price.

As we operate in quote driven markets, we, in common with our competitors, do not charge an explicit commission but price products on a spread. We will ensure that spreads on transactions where best execution is owed will be the best we can offer taking into account prevailing circumstances including product type, tenor and size of the trade. Information on costs and charges will be provided to you as set out in our Terms of Business.

When trading OTC products with you we will seek to provide prices based on independent reference prices. However, where this is not possible due (for example) to the terms of a particular contract and/or market liquidity resulting in a lack of relevant or reliable pricing information we will need to construct prices based on our own assessment of other more liquid markets.

5.3 Emissions

When best execution applies, we will take into consideration a range of different execution factors including total consideration (meaning price of the instruments plus costs of execution), speed of execution, likelihood of execution and settlement, size and nature of the order, nature of market, likely market impact of the order and any other consideration relevant to the execution the transaction.

However, in some circumstances we may consider other factors to be of greater importance than price in obtaining the best possible execution result. In determining whether an alternative execution factor (e.g. speed and/or likelihood of execution) should take precedence over price we will use our best judgement taking into account prevailing market circumstances. Examples that may lead to other considerations being considered of greater importance are:

- any general and/or specific instructions we receive from you regarding how you wish us to execute orders on your behalf;
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6 Execution Venues

6.1 Metals

We have included in this order execution policy details of the execution venues we have identified as being most likely to enable us to provide best execution on a consistent basis.

The execution venues we will normally use are:

- Regulated Markets, primarily the London Metal Exchange (LME)
- Other non-EU exchanges which are not Regulated Markets, e.g. COMEX
- Our own proprietary trading desk

We will normally execute orders on these execution venues. However, in exceptional circumstances we may choose an alternative execution venue where we judge this to be in your best interests in the circumstances of a particular order.

Our selection of venue will typically be determined by taking into account the particular product being traded. Generally the choice will either be to trade on one particular venue or directly via our own proprietary trading desk. In the event there are multiple venues available for a particular product we will first take account of any specific instructions provided by you and then identify the venue that best satisfies the requirement to deliver best execution taking into account the execution factors set out earlier in this policy. Where we execute an order outside of a trading venue (i.e. trading directly with you) it is important to note that the contract will not be admitted to clearing by a regulated central clearing counterparty and therefore you will be exposed to counterparty credit risk with MBCL.

Please note, in the case of LME products we will charge you the same commission irrespective of whether the contract is an LME or OTC contract. However the LME fees which we will pass on to you may vary and you should consider this when indicating how you wish to trade these products. Information on costs and charges will be provided to you as set out in our Terms of Business.

Unless you instruct us otherwise, we may decide to “internalise” certain orders by executing them, wholly or in part, from our own MBCL principal book. We will treat our principal book as an execution venue and apply this best execution policy. We will only “internalise” transactions where we conclude it is in consistent with our duty to provide you with best execution.

MBCL will deal with you as principal. Therefore, where we execute an order from you to trade over-the-counter instruments you agree that we will constitute the sole execution venue in relation to the execution of such orders.

6.2 Energy and Power

We have included in this order execution policy details of the execution venues we have identified as being most likely to enable us to provide best execution on a consistent basis.

The execution venues we will normally use are:

- Regulated Markets, primarily ICE Futures Europe.

- Other non-EU exchanges which are not Regulated Markets, e.g. NYMEX
- Our own proprietary trading desk

We will normally execute orders on these execution venues. However, in exceptional circumstances we may choose an alternative execution venue where we judge this to be in your best interests in the circumstances of a particular order.

Our selection of venue will typically be determined by taking into account the particular product being traded. Generally the choice will either be to trade on one particular venue or directly via our own proprietary trading desk. In the event there are multiple venues available for a particular product we will first take account of any specific instructions provided by you and then identify the venue that best satisfies the requirement to deliver best execution taking into account the execution factors set out earlier in this policy. Where we execute an order outside of a trading venue (i.e. trading directly with you) it is important to note that the contract will not be admitted to clearing on a regulated central clearing counterparty and therefore you will be exposed to counterparty credit risk with MBCL.

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The execution venues we will normally use are:

- Regulated Markets, primarily ICE Futures Europe and EEX
- Other non-EU exchanges which are not Regulated Markets
- Our own proprietary trading desks

We will normally execute orders on these execution venues. However, in exceptional circumstances we may choose an alternative execution venue where we judge this to be in your best interests in the circumstances of a particular order.

Our selection of venue will typically be determined by taking into account the particular product being traded. Generally the choice will either be to trade on one particular venue or directly via our own proprietary trading desk. In the event there are multiple venues available for a particular product we will first take account of any specific instructions provided by you and then identify the venue that best satisfies the requirement to deliver best execution taking into account the execution factors set out earlier in this policy. Where we execute an order outside of a trading venue (i.e. trading directly with you) it is important to note that the contract will not be admitted to clearing on a regulated central clearing counterparty and therefore you will be exposed to counterparty credit risk with MBCL.

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7 Inducements

For most of the business we conduct there is limited (if any) choice regarding the routing of client orders to particular venues as this normally determined by the contract you wish to trade. We do not receive any direct remuneration, discount or material non-monetary benefit for routing client orders to any particular venue. We do, however, receive minimal volume based rebates from certain trading venues. These are incidental to our business and in no way impact on the decision making process for routing orders.

8 Order Handling

We execute orders on behalf of our clients promptly, fairly and efficiently. Materially similar orders will be executed by us in the order they are received.

9 Monitoring and Review

We will monitor the effectiveness of the order execution we provide to our clients, and where required, correct any deficiencies. We will review our order execution arrangements at least annually or whenever a material change occurs that affects our ability to obtain the best possible result for the execution of client orders on a consistent basis.

To facilitate this process we will review the execution of client orders and the provision of tradable quotes against identified execution factors, particularly total consideration, taking into account specific instructions received. These reviews will focus on identifying patterns in our provision of best execution rather than entailing a review of every order and quote.

On a periodic basis, and at least annually, we will assess the market landscape to identify any alternative trading venues for the instruments we trade with or on behalf of our clients.

10 Further Information

If you have any questions on the content of this policy, please set them out as clearly as possible and send them to Compliance@mbcl.com and we will aim to respond to you without unreasonable delay.

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Associate Broker Clearing Member of the London Metal Exchange
A subsidiary of Mitsui & Co., Ltd., incorporated in Japan

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