

## **NBC Paris Order Execution Policy summary**

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## **1. Background**

This document summarizes the order execution policy for NBC Paris (“we”, “us” or “our”), and outlines how we meet our best execution obligations in relation to our Fixed Income and OTC derivatives business.

We have established and implemented policies and procedures, including this Order Execution policy, that are designed to ensure we take all sufficient steps to obtain the best possible results for your orders, taking into consideration any specific instructions, the nature of your orders and the nature of the markets or products concerned.

## **2. Scope of the Policy**

The policy applies only to business conducted with clients classified as Professional Clients (“Clients”). This policy does not apply to clients classified as Eligible Counterparties.

This policy only applies with respect to “Financial Instruments” (as defined under MiFID II per Annex 1).

## **3. What is Best Execution?**

### **3.1 Execution factors**

Where we owe you the duty of best execution, we are required to take all sufficient steps to obtain the best possible result for you taking into account the following factors:

- Price
- Costs
- Speed
- Likelihood of execution and settlement
- Size
- Nature of the order
- any other consideration relevant to the execution of the order.

### **3.2 Relative importance of Execution factors**

When executing an order with respect to which we have best execution obligations, we must take into account the following criteria for determining the relative importance of the execution factors:

- The characteristics of the client
- The characteristics of the client’s order
- The characteristics of the financial instruments that are the subject of that order

Ordinarily, total consideration or price (i.e. the price of a Client’s order including costs related to execution) will merit a high relative importance in obtaining the best possible result for Clients. However, depending on the particular circumstances, other factors may become relatively more important.

NBC Paris has selected the price of the transaction and the likelihood of execution and settlement as the main criteria to be applied when seeking the best execution possible of its clients' orders (with other execution factors ranking equally thereafter). However, the priority of execution factors may vary in certain circumstances, with other factors becoming relatively more important than price. For example, when executing orders for illiquid financial instruments, certainty of execution and settlement may be more important than price; and when executing a large order, minimization of market impact may be more important than price. NBC Paris will use its commercial judgment when determining the relative importance of execution factors in a given context, and cannot guarantee that the price it will have obtained will always be the best price available at that time given market conditions, market liquidity, or other relevant circumstances.

Taking in account the nature of the financial instruments subject to your order (Fixed Income products or OTC Derivatives), NBC Paris's decision to select only affiliated entities within the NBC group as the Execution Venues for Clients' orders will allow to comply with its best execution obligation.

#### **4. When does the best execution obligation apply?**

When executing orders on your behalf, we owe you best execution if you are legitimately relying on us to protect your interests in relation to the pricing or other aspects of a transaction that may be affected by how we execute the order.

In order to assess whether or not you are placing a legitimate reliance on us to protect your interests, the following four factors (the "four-fold test") will be considered collectively:

1. Who initiate(d) the transaction. We consider it less likely that you will place a legitimate reliance on us if you have initiated the transaction. Please note that NBC Paris's provision of trade ideas, product information, market communications or indicative prices that can be independently assessed by you, as part of its general client coverage, will not be deemed to have initiated a transaction;
2. Market practice and the existence of a convention to "shop around". We do not consider that you are legitimately relying on us in the context of orders or instructions received following a request-for-quote (RFQ) or similar quote-driven activities, since the market convention is to "shop around" in these contexts. For example, these market conventions apply in the context of fixed income products and OTC derivatives;
3. The relative levels of transparency within a market. We consider it more likely that you have placed a legitimate reliance on us if you do not have access to market prices. Conversely, we consider it less likely that you have placed a legitimate reliance on us if you have access to prices in a particular market;
4. Information provided by us about our services and any agreement reached. As outlined in our Terms of Business, we assume no greater responsibility nor owe you any fiduciary duty,

other than those imposed by the applicable regulations or provided in our Terms of Business. If our Terms of Business stipulate that we do not owe a Best Execution obligation in certain contexts, we consider it unlikely that you have placed a legitimate reliance on us in such contexts.

Based on the “four-fold test”, the circumstances in which NBC Paris considers that you are not legitimately relying on NBC Paris in relation to the execution of your order include, but are not limited to:

- Where NBC Paris is approached by you for a “request for quote” (RFQ); and/or
- Where we do not exercise discretion on your behalf, and there is a market practice or convention to ‘shop around’ with respect to the financial instruments in question, and/or the information on market prices for these instruments is accessible. In these contexts, it is generally understood that you have access to prices provided via other intermediaries, execution venues, or any other source. Notably, as participants in institutional fixed income and OTC derivatives markets, you are engaging in normal market practices by accessing multiple brokers, dealers or execution venues for quotes, and/or you have access to information on market prices via other sources, and are therefore not legitimately relying on NBC Paris, unless you otherwise expressly advises NBC Paris to the contrary.

## **5. Specific instructions**

If we receive an order from you that includes specific instructions in relation to the handling and execution of your entire order, or a particular aspect or aspects of the order, we will execute your order in accordance with those specific instructions.

In following specific instructions, we will be deemed to have taken all sufficient steps to provide the best possible result for you in respect of the order, or aspect of the order, covered by the specific instructions. Where the specific instructions cover only a portion of an order, and we have discretion over the execution of other elements of the order, we will continue to be subject to the best execution obligation in respect of the elements of the order that are not covered by your specific instructions, to the extent that our assessment indicates that you have placed a legitimate reliance on us with respect to those other elements of the order’s execution.

Please note that any specific instruction provided by you may prevent us from taking steps designed to obtain the best possible result for the execution of those orders.

## **6. Client order handling**

When executing orders on behalf of Clients, NBC Paris will ensure the prompt and accurate recording and allocation of the transaction. If NBC Paris receives similar orders from two or more Clients, such orders will be executed sequentially and promptly, unless the client’s interests require otherwise and/or the characteristics of the order, prevailing market conditions or other circumstances make this impracticable.

## **7. Customer consent to policy**

### **7.1 Consent to the Order Execution policy**

You will be deemed to have given your consent to NBC Paris's Order Execution policy as soon as you place an order with us following receipt of this document.

### **7.2 Consent to execute transactions on your behalf outside a Regulated Market (RM), Multilateral Trading Facility (MTF) or Organized Trading Facility (OTF)**

During your onboarding, a consent form must be signed by you and returned to your NBC Paris Sales contact before any trade can occur.

Please note that there can be consequences to NBC Paris's execution of orders outside of a Trading Venue (notably, greater exposure to counterparty default risk with respect to OTC derivatives transactions, and lack of order bookings).

## **8. Monitoring and review**

NBC Paris Internal policies and procedures request to monitor the effectiveness of its execution arrangements and the Order Execution policy, and where appropriate correct any deficiencies.

NBC Paris's Order Execution policy and order execution arrangements will be reviewed at least annually or when a material change occurs.

The latest version of NBC Paris's Order Execution policy summary is available on our group website: <https://www.nbfm.ca/regulatory-information>

## **Annex 1:**

### Markets in Financial Instruments Directive II (MiFID II), Annex I, Section C

#### Financial Instruments

- (1) Transferable securities;
- (2) Money-market instruments;
- (3) Units in collective investment undertakings;
- (4) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
- (5) Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
- (6) Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
- (7) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Section and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
- (8) Derivative instruments for the transfer of credit risk;
- (9) Financial contracts for differences;
- (10) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF;
- (11) Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).