CITIC Securities (UK) Futures Best Execution and Client Order Handling Policy

For Professional / Institutional Clients only.

1. Purpose of the policy

1.1. Introduction

This policy ("Policy") provides clients with information on the client order handling and best execution arrangements that CITIC Securities (UK) ("CITIC Securities (UK)", "we", or "us") has in place, as required under applicable UK regulations.

In particular, this Policy is designed to meet our obligations under:

- the UK Markets in Financial Instruments framework ("UK MiFID"), being Directive 2014/65/EU[1] and Regulation (EU) 600/2014[2] as retained in UK law;
- the Financial Conduct Authority ("FCA") Handbook, including the Conduct of Business Sourcebook ("COBS"), and in particular COBS 11.2A (Best Execution); and
- any other applicable rules, guidance or regulatory expectations (together referred to as "MiFID II" in this document).

This policy is applicable to all relevant client orders handled by the UK or/and CITIC Securities (UK)'s affiliates ("Affiliates"), notably CITIC Securities Singapore as part of the Group's follow the sun operational model for the Futures business.

This Policy may be updated on a regular basis or upon any material change to our execution arrangements.

A material change means a significant event that may impact the Execution Factors.

The latest version of the Policy is available on our website.

1.2. What is best execution?

MiFID II requires us to take all sufficient steps to obtain the best possible result for Professional Clients within the meaning of Annex II of MiFID II, when executing orders (or receiving and transmitting orders to a third party) on their behalf in respect of financial instruments (as defined by Section C, Annex I MiFID II[3], "Financial Instruments") ("Best Execution"), taking into account execution factors such as price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order (referred to as "Execution Factors").

2. Scope of the policy

2.1. Geographical and entity scope

[1] Directive 2014/65/EU ("MiFID II"), as transferred into UK law.
[2] Revised including implementing measures Regulation 600/2014 of 15 May 2014 on markets in financial instruments and amending Regulation (EU) N° 648/2012 and any specific adoptions of these texts in the UK post-Brexit.
3 ESMA.

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This Policy applies to all relevant client orders handled in the UK or Asia through our Group affiliate, CITIC Securities Singapore Pte Ltd. This Policy therefore applies to the following UK and APAC based entities (together "Entities") duly authorised to provide the relevant investment services under local jurisdictions:

- CITIC Securities (UK)[4] and
- CITIC Securities Singapore Pte Ltd[5].

2.2 Services and products

This Policy will apply when we provide the following investment services ("Services"):

a) executing orders on behalf of clients (dealing on own account or as agent); and
b) receiving and transmitting client orders to third parties for execution;

in respect of the Financial Instruments set out in Annex 1 of this Policy.

This Policy will apply to securities financing transactions ("SFTs") where such transactions involve Financial Instruments and constitute the execution or transmission of client orders for the purposes of applicable UK regulatory requirements.

2.3 Clients

This Policy applies when we provide a Service to a Professional Client/Institutional Client only (together referred to as "Professional Clients"). Clients should have received a formal notification from us informing them of their client categorisation. We do not provide services to Retail Clients.

This Policy does not apply where we provide Services to Eligible Counterparties.[6]

2.4 Relevant orders

2.4.1 How we determine whether Best Execution is owed to a client

We will assume that we are acting on behalf of a Professional Client and, as such, owe a Best Execution obligation:

- when we receive an order from a Professional Client, and we execute that order on a riskless principal basis or by acting as the agent of the Professional Client;
- when entering a transaction with a Professional Client on a principal basis[7], to those Professional Clients who legitimately rely on us to protect their interests ("Legitimate Reliance").

2.4.2 Legitimate reliance

[4] CITIC Securities (UK) is a UK based Investment Firm authorised and regulated by the Financial Conduct Authority.
[5] CITIC Securities Singapore Pte Ltd is the Singapore based subsidiary of CITIC Securities regulated by the Monetary Authority of Singapore (MAS).
[6] As defined in FCA COBS.
[7] Except for riskless principal.

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The following considerations will be taken into account on a cumulative basis when determining whether a Professional Client places Legitimate Reliance on us, in line with the European Commission guideline (ESC-07-2007[8]):

- whether we or the Professional Client initiates the transaction – where the Professional Client initiates the transaction, this suggests that it is less likely that the Professional Client will be placing reliance on us. We may communicate trade ideas, relevant market opportunities or indicative prices to the Professional Client as part of our general relationship, and we do not consider that this means that we will be deemed to have initiated the transaction;
- shop around – where market practice suggests that the client takes responsibility for the pricing and other elements of the transaction and the market practice is to obtain quotes from various sources, it is less likely that the Professional Client will be placing reliance on us;
- relative levels of transparency within a market – if we have ready access to prices in the market in which we operate and the Professional Client does not, it is more likely that the Professional Client will be placing reliance on us; and
- information provided by us and the terms of our agreements with the client – the information provided by CITIC Securities (UK) about its services and the terms of any agreement between the client and CITIC Securities (UK) will also be relevant, but not determinative of the question.

2.4.3 Quote-driven activity

We may choose to make markets in instruments by quoting prices at which we are prepared to deal with the Professional Client. The prices quoted by us will be our risk prices and may be different to the rest of the market (e.g. on a regulated market ("RM")). It will be up to the client to determine whether they wish to accept the price. If a Professional Client accepts our price, we will enter the transaction on a principal basis.

In that case, in respect of our quote-driven activity, we assume that there is no Legitimate Reliance placed on us by Professional Clients and, as such, we do not owe Best Execution.

If a client accepts a quote, once its life span has expired (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 may also reject it on the basis that the quote has expired.

2.4.4 Specific instructions

Where we receive a specific instruction from a client in relation to the execution of an order (or any particular aspect of an order), and we accept such instruction (a "Specific Instruction"), we will execute the order in accordance with that Specific Instruction.

A Specific Instruction may relate to, among other things, the selection of a trading venue, timing of execution, price, or any other particular aspect of the order.

[8] European Commission on MiFID.

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To the extent that we execute an order (or any relevant part thereof) in accordance with a Specific Instruction, we will be deemed to have satisfied our obligation to provide best execution in respect of the elements of the order covered by that Specific Instruction.

However, our best execution obligations will continue to apply to any aspects of the order that are not subject to Specific Instruction.

It is worth noting that Specific Instructions may prevent us from taking the steps 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 Specific Instructions.

General provisions relating to Direct Market Access (DMA)

Where client orders are transmitted by using our Direct Market Access ("DMA") services, clients may define certain parameters and strategies for their orders. We will follow our client's instructions and execute the order in accordance with those instructions, as factors in achieving best execution. Our obligation to provide best execution will apply only to any remaining elements of the order not governed by the client's specific instructions. In all cases, we will act in accordance with our best execution obligations for aspects of the order not covered by the client's specific instructions.

3. How we provide best execution

3.1 Execution factors

In our provision of Best Execution, we take into account the following Execution Factors:

- price;
- costs payable by the client as a result of execution;
- speed of execution;
- likelihood of execution;
- size and nature of the order;
- likely market impact;
- risks relevant to the execution;
- nature of the market for the Financial Instrument, and;
- any other consideration deemed relevant to the execution of the order.

3.2 Execution criteria

(a) General

The Execution Factors have not been listed in any particular order of priority. In order to determine the relative importance of the Execution Factors, we take into account the characteristics of:

- the client, including the categorisation of the client as professional;
- the client order, including whether the order involves an SFT;
- the Financial Instruments that are the subject of the client order;
- the Execution Venues to which the client order can be directed; and
- any other criteria that we consider relevant.

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As a general principle across all products and services, we will use our commercial judgement and experience based on available market information to take all sufficient steps to obtain the best possible result for our clients (i.e. provide Best Execution) ("General Principle"). The specific steps that we take, however, vary significantly depending on the nature of the service and product. The Schedules to this Policy provide information on how the Execution Factors are prioritised for each class of Financial Instrument ("Asset Class").

(b) Professional Clients

We tend to regard price as the most significant Execution Factor in respect of the execution of a client's order. However, based on the General Principle, there may be circumstances where we consider other Execution Factors to be as important, if not more important, than the price. Specific instances are set out in the Schedules to this Policy.

When dealing with Professional Clients, the Firm will determine the relative importance of execution factors based on its commercial judgement and experience, rather than giving automatic priority to total consideration (as would typically apply for Retail Clients).

3.3 Trading Obligation in Derivatives[9]

Pursuant to our obligations under Article 28 of UK MIFIR, we shall ensure that we conclude any transactions with financial counterparties and non-financial counterparties exceeding the EMIR clearing thresholds in derivatives, pertaining to a class of derivatives that has been declared subject to the trading obligation by ESMA[10] on Trading Venues or third country trading venues that have been deemed equivalent under MiFID II ("Derivatives Trading Obligation").

Where these Trading Obligations (as appropriate) are applicable, we will apply best execution to the order only taking into account permitted execution venues.

We do not accept any Specific Instruction that would be in contravention of the Trading Obligations.

[9] Refer to the UK legislation and FCA direction for the DTO.
[10] As a pre-requisite, the derivative asset class must be subject to the clearing obligation.

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4. Client order handling

4.1 General principles

When we execute an order on behalf of a client, we ensure that we apply the following general principles:

- that the execution of the order is promptly and accurately recorded and allocated;
- where we receive comparable orders, we will carry these out sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impractical, or the interests of the client require otherwise);
- we will inform Professional Clients about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty on a best effort basis;
- where we are responsible for overseeing or arranging the settlement of an executed order, we shall take all reasonable steps to ensure that any client Financial Instruments or client funds received in settlement of that executed order are promptly and correctly delivered to the account of the appropriate client;
- Where we are subject to internal trading restrictions, it may not be possible to accept your order and you will be notified of this fact at the time of order receipt; and
- Information in respect of pending client orders will be treated as confidential, to the extent permissible by law, and we will take all reasonable steps to prevent the misuse of such information.

Further details in respect of the confidentiality procedures which we have implemented are provided in the CITIC Securities (UK) Conflicts of Interest Policy which is available on our website.

4.2 Affiliates and connected parties

We only use a connected party to execute a client order if we determine that it is in the best interests of the client to do so and that any conflicts of interest that may arise are appropriately prevented or managed.

5. Execution venues

5.1 Execution venues that we use

We use several execution venues to execute orders on behalf of clients. Execution venues mean RMs, market makers, other liquidity providers where applicable (together “Execution Venues”). RMs are referred to as Trading Venues.

5.2 Factors to select an Execution Venue for execution of a client order

When executing orders on behalf of clients, we select Execution Venues in a manner that is consistent with our approach to taking sufficient steps to provide Best Execution. Specific factors that we consider when selecting an Execution Venue depend on the Asset Class of the Financial Instrument and the nature of the service in question.

(a) Quote driven activity

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For quote-driven activity, we will be acting as a liquidity provider and, as such, the Execution Venue to our clients in respect of quote-driven activity (price risk management scenarios).

(b) Agency and riskless principal activity

For agency and riskless principal activity, the factors that determine our selection of an Execution Venue for the execution of a client order are detailed in section 2 which provide information at Asset Class level ("Execution Venue Selection Factors").
As an overarching approach, when prioritising the Execution Venue Selection Factors, we will apply the General Principle.

We note that, due to the nature of a particular order or the client's requirements, there may only be one Execution Venue where such an order can be executed.

(c) Assessment

We regularly assess the Execution Venues made available to us for the purposes of implementing this Policy.

Factors that we consider as part of this process include:

- the Execution Factors;
- clearing and settlement facilities;
- market liquidity;
- whether the client has consented to the order being executed outside a Trading Venue;
- Execution Venue trading controls;
- scheduled actions; and
- other permissible factors that we consider relevant to the provision of Best Execution.

Note certain exchange-specific execution requirements, including the LME Minimum Volume Threshold Rule, may affect the manner in which orders are executed on relevant trading venues. Refer to Schedule 1, Section 3.6 of this policy for more details.

5.3 Executing Orders Outside a Trading Venue

In providing Best Execution on financial products admitted to trading on a Trading Venue, we may, when considering the Execution Factors, decide to execute a client order outside a Trading Venue. Execution of orders outside a Trading Venue may imply some risks such as counterparty risk. When executing a client order outside a Trading Venue, we continue to act in the best interests of the client by doing so.

5.4 Execution costs

When providing Services, we may charge the client a fee, commission, mark-up or spread in the execution price.

5.5 Inducements and PFOF

We will not receive any monetary or non-monetary benefits from third parties which are not in compliance with applicable laws and regulations.

Where applicable, CITIC Securities (UK) may source liquidity using third party liquidity providers, including market makers, in order to facilitate the execution of client orders.

Payment for Order Flow (PFOF) is the practice of an investment firm which executes client orders (as a broker) receiving commission both from the client originating the order and from the counterparty with whom the trade is then executed (the market maker). In the United Kingdom, CITIC Securities (UK) (as broker and as market-marker) will not enter any PFOF arrangements. CITIC Securities (UK) and any affiliate do not enter into PFOF arrangements where these are prohibited or would conflict with our regulatory obligations.

6. Selection of a broker when receiving and transmitting orders

In certain RMs where we are not a member, we may use third party brokers or our affiliates. Brokers, to whom we transmit orders for execution (Brokers), are selected by us after a thorough due diligence process where we take into account the following factors, including, but not limited to: Execution Factors, a good reputation, market share, good coverage of market venues and mechanisms, settlement factors, lower cost of execution, best execution policy, commercial terms completed (execution fees, funding cost) and broker connectivity.

7. Monitoring and governance

7.1 Ongoing monitoring

We have implemented a governance framework to monitor, on an ongoing basis, the effectiveness of the arrangements described in this Policy. In respect of our investment service[11] of execution of orders on behalf of a client, we have a dedicated governance process which, using an independent market data provider where available, conducts post trade analysis. We regularly assess the results achieved for clients compared to the pricing levels available on relevant markets.

For execution derived from quote-driven activity, to check the fairness of the price of the transactions executed, we benchmark our proposed prices against external (when available) or internal reference prices.

As part of this analysis, we will consider the prices from multiple sources (e.g. Brokers and or Trading Venues).

If any potential deficiencies are detected in our arrangements, we will take appropriate steps to ensure that these are remedied as quickly as possible.

[11] As defined in Annex I Section A of MIFID II.

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SCHEDULE 1

Commodity products

1. Scope of products

1.1 Investment services: Such services include the activities of reception and transmission of orders and the execution of orders on behalf of third parties.

1.2 Financial instruments: The services of reception and transmission of orders and execution of orders on behalf of third parties are handled differently depending on the financial instruments in question.

1.3 All commodity derivative products admitted to Trading Venues are in scope. Spot commodity products do not fall within the definition of Financial Instruments; nevertheless, CITIC Securities (UK) is subject to obligations to treat clients fairly and to manage any conflicts that may arise relating to spot commodity product transactions.

2. Scenarios

2.1 Except when specifically instructed by the client, CITIC Securities (UK) will take all sufficient steps when executing orders for its clients, to obtain the best possible result for them.

2.2 When CITIC Securities (UK) acts only as a receiver and transmitter of orders, the selection of the service provider executing those orders must meet, to the greatest extent possible, the above, to allow CITIC Securities (UK) to comply with its own best execution obligation.

2.3 We assume that we are acting on behalf of a Professional Client and as such owe a duty of best execution when; (i) we receive an order from a Professional Client and we execute that order on a riskless principal basis or by acting as the agent of the Professional Client; and (ii) when entering into a transaction with a Professional Client on a principal basis, to those Professional Clients who legitimately rely on us to protect their interests.

2.4 For quote driven activity, we assume there is no legitimate reliance placed on us by Professional Clients and as such, no duty of best execution is owed.

2.5 Determining whether a Professional Client is placing legitimate reliance on us, we consider a range of factors, assessed on a cumulative and case-by-case basis. These include:

- which party initiates the transaction;
- whether the client is able to obtain prices from multiple market participants;
- the level of price transparency within the relevant market; and
- the information provided by us and the terms of our relationship with the client.

These factors are not exhaustive and no single factor is determinative.

2.6 When we receive a specific instruction from a client as to how we should execute an order (or a particular aspect of an order) and we accept the specific instruction (Specific Instruction'), we will execute the order in accordance with the 'Specific Instruction' and in

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so doing, satisfy our obligation to provide best execution on that aspect of the order. Nevertheless, best execution will still apply to all aspects of the order (if any) not covered by the 'Specific Instruction'. Unless otherwise stated in a 'Specific Instruction', CITIC Securities (UK) will rank Execution Factors as follows: price, likelihood of execution and the remaining factors are generally given equal ranking.

2.7 We do not owe any fiduciary responsibility over and above the specific regulatory obligations placed on us or as contractually agreed with a client.

3. Common exceptions

3.1 When requested by the client or otherwise, certain orders may require the involvement of a third-party broker to execute the order, especially when the order is large in size. In those circumstances, minimising market impact will play a larger role as an Execution Factor.

3.2 Where a client order is received, and we have discretion over execution but there is only one possible Execution Venue for that product (either because it is the only venue to offer the contract or because the client specified the contract), this order will be considered analogous to a Specific Instruction. By executing on that Execution Venue, we will satisfy our Best Execution obligations in relation to that aspect of the order.

We will provide Best Execution in relation to other aspects of the order in accordance with this Policy.

3.3 Where CITIC Securities (UK) trades LME Metals, it does not act as an Agent nor as a Riskless Principal, as defined in 2.7 of this policy; LME Members may act only as principals (Part 3, Trading Regulations, LME Rulebook[12]). The LME is a dual capacity market whereby members operate on both a proprietary basis and on behalf of clients at the same time and by the same traders; all client orders are filled against the house book. A principal relationship does not mean that an LME Member does not take on quasi-fiduciary responsibilities when executing orders for clients. CITIC Securities (UK) has an over-riding duty to act honestly, fairly, and professionally in accordance with the best interests of our clients.

3.4 CITIC Securities (UK) assumes Best Execution is owed when entering into a transaction with a Professional Client on a principal basis when that Professional Client legitimately relies on CITIC Securities (UK) to protect their interests (Legitimate Reliance). The features of the LME Market are such that when we enter into LME transactions with Professional Clients, the conditions of the European Commission cumulative Four-Fold test are not met and accordingly Professional Clients do not legitimately rely on us to protect their interests.

3.5 Where a client submits an order as a "price level", "on stop", "at market" or other similar instruction together with a "rings and kerbs only" instruction, we shall, unless agreed otherwise with the client when we accept the order, interpret this as an instruction that the client's order is to be filled: (i) only during LME ring or kerb sessions; and (ii) only by us executing transactions in the kerb; (iii) execution will be carried out in a manner consistent

[12] LME Rulebook.

with liquidity and pricing available during such sessions, including where appropriate through participation in ring or kerb pricing mechanisms (via a category 1 LME member acting on behalf of CITIC Securities (UK).

3.6 LME Minimum Volume Threshold (MVT) Rule

Where CITIC Securities (UK) executes or handles client orders in London Metal Exchange ("LME") instruments that are subject to the LME Minimum Volume Threshold ("MVT") Rule, CITIC Securities (UK) will comply with the applicable LME requirements and will apply its best execution, where applicable and appropriate, and client order handling obligations in a manner consistent with those requirements. Where an order in an LME Liquid Instrument falling within the scope of the MVT Rule is below the applicable MVT and is not subject to an available exception or exemption, CITIC Securities (UK) will execute the order through LMEselect, including through the relevant LMEselect functionality where appropriate, and will not execute or book the transaction as an inter-office agreed trade in LMEsmart unless the applicable LME requirements have been satisfied. In obtaining the best possible result for clients, CITIC Securities (UK) will continue to consider the relevant Execution Factors, including price, costs, speed, likelihood of execution and settlement, size and nature of the order. Client orders will not be aggregated, divided, structured or otherwise handled for the purpose of circumventing the MVT Rule. Where an exception or exemption is available under the applicable LME rules, CITIC Securities (UK) will ensure that the relevant conditions are satisfied and that appropriate records are maintained. CITIC Securities (UK) monitors compliance with exchange execution requirements and may review its execution arrangements where changes to LME rules, market structure or execution venues may materially affect execution outcomes.

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