CITICS (UK) – Order execution and order handling policy

1 General Information about this policy

1.1 Background

CITIC Securities (UK) ("**CITICS (UK)**") provides general broker dealer and other ancillary services to its clients. It is authorised and regulated by the Financial Conduct Authority of the United Kingdom (the "**FCA**"). As an investment firm it is subject to the requirements of the rules of the FCA (the "**FCA Rules**").

CITICS (UK) executes orders in relation to financial instruments on behalf of its clients. There are two methods that it can use to execute those orders that are distinguished for the purposes of the FCA Rules.

(A) First, CITICS (UK) can execute the relevant transaction on behalf of the client directly with a counterparty or on an exchange or other trading system (e.g., by dealing directly with a market maker on a "request for quote" basis). The counterparty, exchange or trading system with which CITICS (UK) chooses to execute such a transaction is referred to in this policy as an "**Execution Venue**". In accordance with the FCA Rules, an Execution Venue can include an EEA regulated market, or other exchange, a multilateral trading facility, organised trading facility, a systematic internaliser, a market maker or other liquidity provider or non-EEA entity performing similar functions to the Execution Venues listed above.

(B) Secondly, CITICS (UK) can place an order as agent with a third party (e.g., another broker or investment bank) and/or any of its affiliates for that third party or affiliate to execute on behalf of the client. Such entities are referred to in this policy as "**Brokers**".

CITICS (UK) will generally execute orders on behalf of its clients with third party Execution Venues or Brokers by dealing as agent for its clients. However, in relation to fixed income and currency instruments and trading in certain equity depositary receipts and equity derivative structured notes, CITICS (UK) may act as principal.

1.2 CITICS (UK)'s Core Best Execution Obligations

In accordance with the FCA Rules, CITICS (UK) is required to take all sufficient steps to obtain the best possible result for its clients when executing orders for its clients (i.e., to obtain best execution).

The obligation to take all sufficient steps to obtain the best possible result for clients does not apply where CITICS (UK) has categorised its clients as "**eligible counterparties**" for the purposes of the FCA Rules (except where CITICS (UK) has agreed with an eligible counterparty that it *will* take all sufficient steps to obtain the best possible result). In relation to its dealings with eligible counterparties, however, CITICS (UK) will strive to act in such clients' best interests and will take reasonable steps to prevent or manage any conflicts of interest that it may have in accordance with its obligations under the FCA Rules.

In seeking to obtain best execution, CITICS (UK) is required:

(A) to take all sufficient steps to obtain the best possible result for its clients, taking into account certain "**execution factors**" - price; costs; speed; likelihood of execution and settlement; size of the transaction; nature of the transaction; or any other consideration relevant to execution. Under CITICS (UK)'s policy, such other considerations can include (without limitation) the overall cost of the transaction (including any commissions received by CITICS (UK) and/or its affiliates or any costs for executing the order on an execution venue); timely execution availability of price improvement; the potential impact of the transaction on price; importance of retaining commercial confidentiality in relation to trading activities or intentions; liquidity of the market (which may make it difficult to execute an order); order information leakage; trading conflict; market conduct; market impact; venue liquidity and counterparty risk.

The relative importance of these factors shall be determined by reference to the "**execution factors**" being:

(1) the characteristics of the client including the categorisation of the client as a professional client;
(2) the characteristics of the client order;
(3) the characteristics of the financial instrument that is subject to the order; and
(4) the characteristics of the Brokers and/or Execution Venues to which that order can be directed;

(B) to establish and implement a policy (set out in section 2 below) to enable it to comply with the obligation to take all sufficient steps to obtain the best possible result for its clients. The policy must identify, in respect of each relevant class of instruments:

(1) in the case of orders that CITICS (UK) places with a Broker for execution, each such Broker. The Brokers identified must have execution arrangements that will enable CITICS (UK) to comply with its obligations in relation to best execution;
(2) in the case of transactions that CITICS (UK) itself executes directly on behalf of its clients, the Execution Venues on or with which it executes those transactions. The Execution Venues identified must at least include those that enable CITICS (UK) to obtain on a consistent basis the best possible result for the execution of client orders; and
(3) the factors affecting CITICS (UK)'s choice of Brokers and Execution Venues;

(C) to provide appropriate information (some of which is prescribed by the FCA Rules) to its clients on the policy and to obtain clients' consent to the policy;

(D) to monitor on a regular basis the effectiveness of the policy and, in particular, the execution quality of the Brokers and Execution Venues identified in that policy and, where appropriate, correct any deficiencies; and

(E) to review the policy at least annually and whenever a material change occurs that affects the firm's ability to continue to obtain the best possible result for its clients; and to notify you of any material changes to our order execution arrangements or this policy.

2 The Execution policy

2.1 This is the policy referred to above which is required by the FCA Rules.

2.2 All CITICS (UK) employees who are responsible for placing orders with Brokers for execution by those Brokers and/or for directly executing transactions on behalf of clients must ensure that any such activities are conducted in accordance with the requirements and guidance set out in this policy.

Application

2.3 This policy will apply different tests to the extent that CITICS (UK):

(A) follows specific instructions from a client when executing client orders or placing an order with, or transmitting an order to, another entity for execution. CITICS (UK) will execute in accordance with those instructions. **Clients should be aware that following specific client instructions may prevent CITICS (UK) from taking steps it has designed and implemented in this policy to obtain the best possible execution result for those orders.** Where a client's specific instructions only relate to part of an order, this policy will apply to those aspects of the order not covered by the specific instructions. CITICS (UK) may be in receipt of specific instructions from clients where it receives orders from clients via a direct market access system which specify the Execution Venue on which such orders are to be executed. In following specific instructions, CITICS (UK) shall be deemed to have taken all sufficient steps to obtain the best possible result in respect of an order for its client;

(B) only provides prices to its clients at which it would be willing to buy or sell (without dealing), in which case the policy will not apply; or

(C) deals with its clients on a 'request for quote' ("RFQ") basis and where the quote would meet the firm's obligations to take all sufficient steps to obtain the best possible result if the firm executed that quote at the time it was provided (unless the quote is manifestly out of date), then the policy would not apply.

2.4 CITICS (UK) does not, and does not have permission to, deal with retail clients (as defined in the FCA Rules). This means that CITICS (UK) is entitled to assess the best possible result for its clients in terms of the various execution factors and not simply on the basis of the total consideration (price and cost). As explained above, CITICS (UK) shall not owe an obligation to obtain best execution when it deals with clients whom it has categorised as eligible counterparties for the purposes of the FCA Rules (except where CITICS (UK) has agreed with an eligible counterparty that it will take all sufficient steps to obtain the best possible result).

RFQ's, Fixed Income, Exchange Trade Funds (ETF) and Equity Derivatives (EQD)

2.5 When CITICS (UK) deals on its own account in a quote-driven market, the following will be taken into account as to whether CITICS (UK) is acting on behalf of the client ('best execution obligation'):

(A) Who initiated the transaction;
(B) Market practice and ability to 'shop around';
(C) Levels of price transparency within a market; and

(D) Information provided by CITICS (UK) and any agreement reached with a client.

CITICS (UK)'s Fixed Income, ETF and EQD departments only operate on a RFQ basis whereby clients are not legitimately relying on CITICS (UK) in relation to the execution of transaction on the basis that the nature of the market is that a client will generally request quotes from a number of different dealers from which the client will have transparency and choice of the prices at which transactions can be effected in the market. Where a client requests a specific bespoke structured product CITICS (UK) will seek to deliver a fair price based on available market comparables.

Execution Venues

2.6 CITICS (UK) may use one or more of the types of Execution Venue as set out in section 1.1(A) above.

2.7 CITICS (UK) may execute orders with Brokers and Execution Venues.

2.8 Schedule 1 to this policy lists the Brokers and Execution Venues.

Placing Orders with Brokers

2.9 In choosing the Brokers that appear in Schedule 1, CITICS (UK) has taken care to select those Brokers that, in CITICS (UK)'s view, consistently provide a high-quality execution service, taking account of the relevant execution factors for the relevant Instrument Class. CITICS (UK) will select affiliates as Brokers where possible. When it is not possible to select an affiliate, CITICS (UK) will enter into arrangements with Brokers based upon cost, their ability to execute independently, their market reputation, their technology and their competitive positioning. Where CITICS (UK) places an order with a Broker for execution by that Broker, CITICS (UK) is not responsible for controlling or influencing the arrangements made by the Broker relating to the execution of that order (e.g., CITICS (UK) does not control the Broker's choice of execution venues, such as exchanges, multilateral trading facilities or organised trading facilities). CITICS (UK) is not required to duplicate the efforts of the Broker to whom an order is passed in ensuring the best possible result.

Direct Execution of Orders

2.10 In choosing the Execution Venues that appear in Schedule 1, CITICS (UK) has taken care to select those Execution Venues that, in CITICS (UK)'s view, enable it to obtain on a consistent basis the best possible results for its clients. The selection process takes into account such factors as liquidity, integrity of marketplace and price formation. CITICS (UK) may use direct market access facilities (e.g., trading systems provided by its Brokers that allow it to transact (in the Broker's name) directly on a regulated market) to effect the execution of trades on behalf of its clients.

Choosing Between Order Placement and Direct Execution

2.11 CITICS (UK) will determine whether to place an order with a Broker or to execute an order directly on an Execution Venue according to the nature of the order and the market in which the relevant order is to be executed. In determining whether to place an order with a Broker or to execute directly, CITICS (UK) will have regard to the relative importance of the execution factors. In certain markets, it will only be possible to execute client orders by placing them with a Broker in the relevant market.

Executing / Placing Orders with Execution Venues / Brokers that are not listed in Schedule 1

2.12 CITICS (UK) employees must not directly execute orders with an Execution Venue or place orders with a Broker that is not listed in Schedule 1 to this policy unless there are exceptional circumstances. Exceptional circumstances might include where CITICS (UK) wishes to trade in an unusual financial instrument that cannot be executed with or by one of the Execution Venues or Brokers already listed (either at all or in a manner that would be likely to achieve the best possible result for the client). Any execution of a transaction with an Execution Venue or placing of an order with a Broker that falls outside the list of Execution Venues and Brokers must be pre-approved by CITICS (UK)'s Best Execution Committee. CITICS (UK)'s procedures for assessing new Brokers and Execution Venues include a requirement for them to be assessed in terms of their ability to enable CITICS (UK) to comply with its obligations under this policy and to be included within Schedule 1 before trading with, or on, them can commence.

Relative importance of execution factors for Equities

2.13 Each order is reviewed by a sales trader who will evaluate the order in the context of the client instructions and execution factors, and trade directly as appropriate or transmit the order to a Broker with specific trading instructions.

2.14 CITICS (UK) or its Broker will take into account a range of execution factors. The usual order of priority will be as follows:

(A) price;
(B) speed;
(C) likelihood of execution;
(D) size;
(E) costs; and
(F) any other relevant execution factor (including those set out in paragraph 1.2(A) above).

2.15 However, various execution factors may be more or less important in certain circumstances, and the prioritisation will be subject to any specific instructions CITICS (UK) receives from the client.

2.16 In illiquid markets CITICS (UK) will prioritise the key execution factors in the following way:

(A) likelihood of execution;
(B) price;
(C) speed;
(D) size;
(E) costs;
(F) any other relevant execution factors.

Execution strategies

2.17 The sales trader may consult the client to discuss the trade execution strategy which may involve discussing various execution factors. Information provided by the client may impact the execution strategy CITICS (UK) uses. CITICS (UK)'s strategy may include executing orders immediately, or working orders over a period of time.

2.18 These considerations are part of all sufficient steps CITICS (UK) takes to obtain the best possible execution result on a consistent basis in accordance with the FCA Rules.

Limit orders

2.19 Clients have the option to give a limit order to CITICS (UK). Unless a client expressly instructs otherwise, CITICS (UK) must, in the case of a client limit order in respect of shares admitted to trading on a regulated market or traded on a trading venue which is not immediately executed under prevailing market conditions, take measures to facilitate the earliest possible execution of that order.

Aggregation of orders

2.20 CITICS (UK) will generally not aggregate any client orders with other orders, whether belonging to other clients or to a member of the CSI Group (meaning CITIC Securities International Company Limited ("CSI") and all its Affiliates) or its clients. However, in certain circumstances aggregation of client orders may occur when the following conditions are met:

(A) It is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated;
(B) It is disclosed to each client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order;
(C) An order allocation policy is established and effectively implemented by CITICS (UK) providing for the fair allocation of aggregated orders and transactions including how the volume and price of orders determines allocations and the treatment of partial executions.

The factors affecting the choice of Execution Venue or Broker

2.21 In relation to an order, an Execution Venue or Broker will be selected as is appropriate in view of the size and nature of the relevant order. CITICS (UK) will select Execution Venues and Brokers based on their track records of achieving the best result in terms of the execution factors taking into account, in particular, the geographic and market coverage of the relevant Execution Venue or Broker.

Over-the-counter trades

2.22 When executing orders or using a Broker to deal in financial instruments over-the-counter, CITICS (UK) will check that the price quoted is fair by taking into account market data, including comparing that price with similar instruments (where available).

2.23 There may be counterparty risk when executing an order outside a trading venue. On request by the client, CITICS (UK) can provide additional information about the potential impact on the execution of orders when executing over-the-counter.

Monitoring and reviewing this policy

2.24 CITICS (UK) has an obligation to monitor the effectiveness of its order execution arrangements and this policy. This obligation has been incorporated into CITICS (UK)'s general compliance monitoring process and business procedures and policies.

2.25 CITICS (UK) assesses, on a regular basis, whether the execution venues listed in Schedule 1 provide the best possible result for clients or whether it needs to make changes to its execution arrangements. The assessment takes into account the information on execution quality published by execution venues and brokers. CITICS (UK) also conducts regular reviews through random sampling of transactions to ascertain whether the best possible result was obtained in respect of those transactions.

Review of policy

2.26 At least annually, CITICS (UK) will review this policy and its execution arrangements. The review will focus on whether CITICS (UK) would obtain better results for its clients if it was to:

(A) include additional or different Execution Venues or Brokers;
(B) assign a different relative importance to the execution factors;
(C) modify the process by which Execution Brokers and Venues are selected; or
(D) modify any other aspects of this policy and/or its execution arrangements.

CITICS (UK) will also review this policy and/or its execution arrangements whenever a material change occurs that could affect its ability to obtain the best possible result for the execution of its clients' orders on a consistent basis, for example, a significant event that could impact the parameters of best execution such as the execution factors specified in Section 2 above. CITICS (UK) will assess whether a material change has occurred and consider making changes to the relative importance of the best execution factors.

The reviews will be supervised by Compliance and this requirement has been incorporated into CITICS (UK)'s compliance monitoring process.

Client Notification / Consent Requirements

2.27 CITICS (UK) has an obligation to provide its clients with appropriate information on this policy. Where CITICS (UK) executes orders on behalf of a client, it will also have an obligation to obtain the client's consent to this policy. By accepting our terms of business, you consent to your transactions being executed in accordance with this policy.

2.28 To the extent that CITICS (UK) makes any material changes to this policy (whether pursuant to the review process or otherwise), it will notify the changes to its clients. Compliance will ensure that such notifications are made.

Schedule 1 - Execution Venues and Financial Instruments

Asset Class	Region	Venues, regional affiliates, or third party brokers who may be used to execute CITICS (UK)'s(UK) client orders
Bonds	Global	BLOOMBERG TRADING FACILITY B.V. MTF
Bonds	Global	BLOOMBERG TRADING FACILITY LIMITED MTF
Bonds	Global	CITIC Securities International Capital Management Limited
Bonds	Global	MARKETAXESS EUROPE LIMITED MTF
Bonds	Global	MARKETAXESS NL B.V. MTF
Equities	AMER	CITIC Securities Americas, LLC
Equities	APAC	CITIC Securities Australia Pty Ltd
Equities	APAC	CLSA India Private Limited
Equities	APAC	CLSA Limited
Equities	APAC	CITIC Securities Philippines, Inc.
Equities	APAC	CITIC Securities (Thailand) Limited
Equities	APAC	CITIC Securities Japan Co., Ltd.
Equities	APAC	CITIC Securities Korea Ltd.
Equities	APAC	CITIC Securities Malaysia Sdn. Bhd.
Equities	APAC	CITIC Securities Singapore Pte. Ltd.
Equities	APAC	CT Smith Securities (Pvt) Ltd
Equities	APAC	PT CLSA Sekuritas Indonesia
Equities	APAC	SinoPac Securities Corporation CLST Branch
Equities	EMEA	Arqaam Capital Limited
Equities	EMEA	Banque Pictet & Cie SA
Equities	EMEA	Barclays Capital Securities Limited
Equities	EMEA	BCS Prime Brokerage Limited
Equities	EMEA	BGC Brokers LP
Equities	EMEA	Davy Securities
Equities	EMEA	EFG Hermes International Securities Brokerage S.A.E.
Equities	EMEA	Goldman Sachs International
Equities	EMEA	Goodbody Stockbrokers Unlimited Company
Equities	EMEA	HRTEU Limited
Equities	EMEA	Hudson River Trading Europe Ltd.
Equities	EMEA	Israel Brokerage and Investments, I.B.I. Ltd.
Equities	EMEA	Intermonte SIM S.p.A.
Equities	EMEA	Jane Street Financial Ltd.
Equities	EMEA	Joh Berenberg Gossler & Co KG

Equities	EMEA	Merrill Lynch International London
Equities	EMEA	Optima Bank
Equities	EMEA	Peresec Prime Brokers (PTY) Limited
Equities	EMEA	Piraeus Securities S.A.
Equities	EMEA	RBC Europe Limited
Equities	EMEA	Virtu ITG Europe Limited
Equities	EMEA	London Stock Exchange
Equities	EMEA	Six Swiss Exchange
Equities	EMEA	Marex Financial
Equities	EMEA	Tavira Financial Limited
Equities	EMEA	Tower Research Capital Limited
Equities	EMEA	Xconnect Trading Limited
Equities	EMEA	XTX Markets SAS
Equities	EMEA	Citadel Securities (Europe) Limited
Equities	EMEA	Citadel Securities GCS (Ireland) Limited
Equities	Global	CITIC Securities Singapore Global Markets Pte. Ltd.
Equity Derivatives	Global	CITIC Securities International Capital Management Limited
Equity Derivatives	Global	CITIC Securities International Global Markets Limited
Exchange Traded Products	Global	Bloomberg Tradebook Singapore PTE Ltd.
Exchange Traded Products	Global	Bloomberg Tradebook LLC
Exchange Traded Products	Global	CTC London Limited
Exchange Traded Products	Global	DRW Europe B.V.
Exchange Traded Products	Global	Flow Trader B.V.
Exchange Traded Products	Global	Jane Street Financial Ltd.
Exchange Traded Products	Global	MarketAxess Europe Limited
Exchange Traded Products	Global	MarketAxess NL B.V.
Exchange Traded Products	Global	Old Mission Europe LLP
Exchange Traded Products	Global	Optiver V.O.F.
Exchange Traded Products	Global	Optiver Australia Pty Ltd.
Exchange Traded Products	Global	Susquehanna Financial Group, LLLP
Exchange Traded Products	Global	Susquehanna International Securities Limited
Exchange Traded Products	Global	Tradeweb EU B.V.
Exchange Traded Products	Global	Tradeweb Europe Limited
Exchange Traded Products	Global	Tradeweb Europe Limited – Hong Kong
Exchange Traded Products	Global	Tradeweb Europe Limited - Singapore
Exchange Traded Products	Global	Tradeweb Japan KK - PTS

Exchange Traded Products	Global	Tradeweb LLC