



Level 3

Order Execution Policy - Corporate & Investment Bank Division - EEA

Deutsche Bank AG (branches & relevant affiliates within the EEA)
Corporate & Investment Banks Division ("The Bank")



1. Introduction

This document and the attached Annexes (together, the “Policy”) set out the approach taken by the Corporate & Investment Bank (“CIB”) division of **Deutsche Bank AG**, including its branches and affiliates within the EEA, (“Deutsche Bank”, “we”, “the Bank”) in providing best execution as required by **MiFID II**.

The MiFID II best execution obligation requires Deutsche Bank to take all sufficient steps to obtain the best possible result when executing Orders or transmitting Orders for execution on behalf of its clients (“you”, or “Client(s)”), taking into account the **Execution Factors**, which include price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the Order.

This Policy therefore provides information on Deutsche Bank's order execution policy with respect to Best Execution. It is supplemented by the Annexes, which provide more detailed information on different products and business lines:

- Cash Equities;
- Listed Derivatives;
OTC Equity Derivatives;
- Foreign Exchange;
- Global Prime Finance; and
- Rates & Credit.

The Policy is also supplemented by the Retail Client Annex, which provides more detailed information on the execution and transmission of Orders for Retail Clients in respect of different products or business lines.

The policy will be published and updated on Deutsche Bank's website at <https://www.db.com/company/en/order-execution-policy.htm>. If you have any queries as to particular aspects of the Policy, you should address them in the first instance to your normal Bank contact.

2. Scope

This policy applies to Orders in **Financial Instruments** which are executed or transmitted for Clients classified by Deutsche Bank as Professional Clients. It also applies to Orders executed or transmitted for Clients classified as Retail Clients, subject to the modifications set out in section 7 of this Policy.

Legitimate Reliance

Where Deutsche Bank executes an Order on your behalf or receives and transmits an Order for execution, it will provide you with Best Execution in accordance with this Policy. Deutsche Bank will be executing Orders “on your behalf” where you legitimately rely on Deutsche Bank to protect your



interests in relation to the pricing or other aspects of the execution of the Order (“legitimate reliance”).

This may be the case where:

- You have placed an Order which the Bank has agreed to execute as your agent i.e. in your own name and for your account;
- The Bank contracts with you as principal i.e. purchases or sells Financial Instruments in its own name but does not assume any price risk because it has simultaneously executed a matching “back-to-back” trade in the market (known as riskless principal execution);
- The Bank exercises discretion on your behalf. An example of where Deutsche Bank may be exercising discretion in relation to an Order and therefore where you may be legitimately relying on Deutsche Bank includes where the Bank contracts with you as principal and you have given the Bank authority to deal on your behalf, e.g. by executing a ‘limit’ Order.

Where Deutsche Bank provides quotes or negotiates a price in response to specific Client requests and upon which a Client can elect to deal, Deutsche Bank’s starting assumption is that there is no legitimate reliance by the Client in such circumstances, and therefore that it is a service where Best Execution does not apply. However, Deutsche Bank will consider whether there are any such situations where Clients may nevertheless be placing legitimate reliance on it.

Deutsche Bank will consider whether the Client is placing legitimate reliance on it by reference to the “**Four Fold Test**” (set out below) published by the European Commission, along with relevant UK and European guidance.

The Four Fold Test includes the following elements:

- i. which party has initiated the transaction;
- ii. what the market practice is, for example whether there is a market convention to ‘shop around’ for quotes;
- iii. the relative levels of transparency within a market, for example do clients have ready access to prices; and
- iv. the information provided by Deutsche Bank and any agreement reached.

Where the Bank is under an obligation to provide best execution it will take all sufficient steps to do so in accordance with both this Policy and with relevant rules and regulations. This does not mean that the Bank assumes or accepts any fiduciary, contractual or other duty to provide best execution except in accordance with those rules and regulations.

For these purposes, “all sufficient steps” means that the Bank will satisfy itself that it has processes and procedures in place that lead to the delivery of the best result on a consistent basis when it owes best execution to Clients, and will take all sufficient steps to follow those processes and procedures based on the resources available to it.

It is important to be aware that even in the circumstances where the best execution obligation does not apply, Deutsche Bank is still required to treat its Clients fairly and to manage any conflicts of



interest that may arise. Deutsche Bank also has clear standards in place that strive for a fair and transparent outcome for our Clients.

2.1 Applying Best Execution in Corporate & Investment Bank

When dealing in instruments that are typically traded on exchange, such as Cash Equities and Listed Derivatives, Orders are executed by routing them to one or more Execution Venues. They may also be “internalized” which means executing the Order wholly or in part from the Bank’s principal book. In such a case Deutsche Bank treats its principal book as an Execution Venue and apply this Policy accordingly. Where Deutsche Bank is under an obligation to provide best execution, your Order will be routed to the venue that Deutsche Bank considers will achieve the best possible outcome for you, which can be determined by reference to the Execution Factors, described below. The relative importance that Deutsche Bank assigns to each Execution Factor is set out in each Annex.

This is different to executing Orders in instruments that are traded in an OTC fashion, such as in Fixed Income and FX, where Deutsche Bank acts as principal to each transaction and orders are typically executed against Deutsche Bank’s own liquidity. In these cases, Deutsche Bank achieves the best possible outcome by considering the same Execution Factors, however demonstrating best execution is more complex since there may not be a readily observable market with which to compare prices and other aspects of an Order.

2.1.1 Execution Factors

When executing an Order Deutsche Bank will take into account the following factors: price, cost, speed, size, and likelihood of execution and settlement, nature or any other relevant considerations in relation to the execution of the Order (the “**Execution Factors**”).

The relative importance of these factors is dynamic and depends upon several variables including the following, together the “**Execution Criteria**”:

- The characteristics of the Client (including categorisation as a professional client);
- The characteristics of the Client Order, including where the Order involves a securities financing transaction;
- The characteristics of the Financial Instruments that are the subject of that Order; and
- The characteristics of the Venue(s) to which that Order can be directed,

For more information on the relative importance that Deutsche Bank places on each of the Execution Factors when it executes Orders for Clients, please refer to the product-specific Annexes at the end of the Policy. Certain other factors unrelated to the market associated with the financial instrument may impact this Policy and the prioritisation of the Execution Factors as detailed in each of the Annexes as follows:

- market positioning;
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- if Deutsche Bank is taking on any of the risk associated with the Client's Order;
- prevailing liquidity and market conditions;
- other Client Orders; and/or
- different trading strategies.

2.2 Specific instructions

Where Clients give Deutsche Bank a specific instruction either relating to an Order or a particular aspect of an Order, Deutsche Bank will execute or transmit the Order or the relevant parts of the Order to which the specific instruction relates in accordance with those specific instructions. Where the Client's instruction relates to only part of the Order, Deutsche Bank will continue to apply its order execution policy to those aspects of the Order not covered by the specific instructions.

To the extent that you provide a specific instruction or instructions in relation to execution or transmission (for example, choice of venue and/ or executing at a specific price or time) this may prevent Deutsche Bank from obtaining the best possible result for the execution or transmission of your Orders with respect to the elements impacted by such specific instructions.

3. Professional Clients and Treatment of Orders

3.1 Orders from other investment firms or credit institutions acting on behalf of their own clients

If you are an investment firm acting on behalf of your own clients, Deutsche Bank will (unless agreed in advance with you otherwise) treat you as its Client for the purposes of the Policy to the exclusion of your underlying clients. You will therefore be treated as a Professional Client.

4. Venues

Deutsche Bank executes Orders on both Trading Venues and Execution Venues:

- Trading Venues include Regulated Markets, MTFs, and OTFs; and
- Execution Venues include Venues such as:
 - o DB and its affiliates;
 - o Systematic Internalisers;



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- Market makers and other liquidity providers; and
- Non-EEA entities performing a similar function to any of the above.

A list of the Venues on which Deutsche Bank places significant reliance in meeting its obligation to take reasonable steps to obtain on a consistent basis the best possible result for the execution of Client Orders are as set out in the relevant Annexes to this Policy. The Annexes show that Deutsche Bank is itself an Execution Venue for most products covered in the Annexes to this Policy.

Where relevant, Deutsche Bank will prioritise Regulated Markets and MTFs in such a way as to ensure execution as soon as market conditions allow.

4.1 Internalisation of Transactions

Unless instructed otherwise, in some cases Deutsche Bank may choose to “internalise” your Order by executing it in part or wholly from our own principal book. In circumstances in which Deutsche Bank internalises Client Orders, Deutsche Bank will act on its own behalf as a counterparty to the Client. In such circumstances, Deutsche Bank will treat its principal book as an Execution Venue and apply this Policy accordingly. This means that, instead of Deutsche Bank passing on indicative prices or quotes from third party brokers or from affiliates (as to which see section 4.2 below), it will instead communicate its own prices to you directly.

4.2 Use of Affiliates and Third Party Brokers

Subject to any specific instructions given, Deutsche Bank may transmit your Order for execution to other brokers or dealers (which may include affiliated and non-affiliated entities located inside or outside of the EEA) in certain markets, in which case Deutsche Bank will either determine the ultimate execution venue itself on the basis described above, and instruct the other broker or dealer accordingly, or Deutsche Bank will satisfy itself that the other broker or dealer has arrangements in place to enable it to comply with its Best Execution obligations to you. When Deutsche Bank transmits your Order for execution to a third party or affiliated entity, it acts as agent on your behalf.

Execution through affiliated entities can provide particular execution benefits, such as increased certainty of execution, improved governance and oversight of order handling and execution, consistency of processing, and efficient resolution of issues for our Clients, amongst others.

The arrangements described in this Policy apply when Deutsche Bank handles the execution itself. Using affiliated entities and third party brokers allows Deutsche Bank to provide access to markets where it otherwise may not be able to execute or, where Deutsche Bank believes it to be in the best interests of the Client, to address certain characteristics of your Order. However, you should be aware of the potential difference in approach to execution standards where this is the case. Whilst



Deutsche Bank retains its obligations regarding best execution, the execution of the transaction may be carried out by an entity which is not subject to MiFID II. In accordance with section 6 of this Policy, where utilizing third party brokers, Deutsche Bank will undertake appropriate due diligence and will take steps to ensure that the entity is able to provide an appropriate standard of execution in the relevant market before selecting such a broker, as well as conduct regular monitoring of the execution quality of the entity and periodic reviews to ensure that its choice of broker provides best execution on a consistent basis in line with this Policy to satisfy itself that they are providing appropriate standards of execution. Where any deficiencies are identified, Deutsche Bank will correct these. Deutsche Bank will seek to mitigate any potential and/or actual conflicts of interest presented by the use of affiliates and third party brokers through its monitoring and review programs. In relation to affiliates specifically, whilst Deutsche Bank believes that using affiliates provides benefits to Clients (including consistency of Order handling; governance and oversight processes and the transparency thereof; certainty of market access; and integrated technology, allowing more efficient communication and front to back trade processing), Deutsche Bank acknowledges that the opportunity for potential conflicts of interests exists. Deutsche Bank is committed to mitigating these to the extent possible and performs due diligence on our affiliates to at least the same standard as for a third party broker; and Deutsche Bank monitors its executions with affiliate entities to satisfy ourselves that they are providing appropriate standards of execution.

In order to ensure that the best result is achieved for the Client when transmitting Orders for execution to third parties, Deutsche Bank will have regard to the Execution Factors in the relevant annex.

The entities to which Deutsche Bank transmits orders (where applicable) are as set out in each of the Annexes to this Policy.

5. Fees, Commissions & Mark ups

When executing an Order on behalf of a Client, having regard to the processes outlined in this Policy, Deutsche Bank may charge Clients an additional spread, mark-up (typically in quote driven markets such as fixed income) or explicit fees or commissions (typically in order driven markets such as Cash Equities) for providing the execution service. In dealing with Clients, the general principle applies that all prices charged should be fair, reasonable and justifiable. What constitutes a fair and reasonable price should be based on a number of factors influencing the cost and resource limitations of doing business. Any spread, mark-up, fee or commission applied to an Order subject to this Policy will not be set to unfairly discriminate between execution venues, and any difference will be to reflect actual differences in the cost to the firm of executing on those Venues.

For the purposes of delivering the best possible result where there is more than one competing Venue on which to execute an Order for a Financial Instrument, in order to assess and compare results for the Client that would be achieved by executing the Order on each of the Execution Venues listed in this Policy that is capable of executing the Order, Deutsche Bank will take into account its own commissions and the costs for executing the Order on each of the eligible Execution Venues.



6. Monitoring & Review

Deutsche Bank will, on an on-going basis, monitor the effectiveness of its execution arrangements and Policy in order to identify and, where appropriate, correct any deficiencies. Deutsche Bank will assess on a regular basis whether the Execution Venues and third party brokers and affiliates included in this Policy provide for the best possible result for the Client or whether the Bank needs to make changes to its execution arrangements. In undertaking such assessment, the Bank will have regard to the execution quality and top five venue reports produced by each Execution Venue, third party and affiliate in accordance with MIFID II. Deutsche Bank regularly assesses the Execution Venues available for different products, taking into account factors such as liquidity and pricing offered, credit and settlement risk, actual vs expected performance in relation to latency, fill rates, price improvements, liquidity, market share and resilience.

The way in which Deutsche Bank conducts its monitoring will vary in some cases depending on asset class, please refer to product specific appendices for further information. As part of its monitoring activity, Deutsche Bank will aim to identify and correct any deficiencies. Any such review will generally be based on aggregated information, whether by market, transaction type, client or any other classification the Bank determines to be relevant and will not generally operate on a transaction by transaction basis.

Where Deutsche Bank uses smart order routing to access liquidity, this is subject to review as part of our Best Execution Monitoring & Review process.

Accordingly, this Policy and our execution arrangements will be reviewed at least on an annual basis, and will also be carried out whenever a Material Change occurs that affects the Bank's ability to continue to obtain the best possible result for Clients. If, as a result of any review, the Bank makes any Material Changes to its order execution policy or execution arrangements, the Bank will notify you of such changes. Where you wish to query the execution of one or more of your Orders, you may ask Deutsche Bank to demonstrate that it has executed your Order in compliance with the Policy.

7. Orders carried out for Retail Clients

Where Deutsche Bank executes or transmits an Order for a Retail Client, the information set out in this Policy will apply, except that:

- when considering whether Best Execution applies, Deutsche Bank's starting assumption will always be that the Client is placing legitimate reliance on it and therefore that Best Execution applies; and
- Deutsche Bank will have regard to the characteristics of the Client (including categorisation as a Retail Client) when considering the Execution Factors, as explained further in the Retail Client Annex.



The information set out in the Annex in relation to the relevant product and business line will also apply, subject to the modifications set out in the Retail Client Annex.

8. Consents

8.1 Order execution policy:

Deutsche Bank is required to obtain Client consent to its order execution policy prior to executing Orders. Deutsche Bank will treat Clients who have either received this Policy, or who have agreed to receive this Policy electronically or via the internet, as Clients who have given consent to this Policy if they subsequently give Deutsche Bank Orders for execution, except in situations where express consent is required.

8.2 Over-the-counter transactions:

Deutsche Bank's order execution policy provides for the possibility that Orders may be executed outside a Trading Venue (i.e. "over-the-counter" or "OTC"). For Financial Instruments admitted to trading on a Trading Venue, Deutsche Bank will not execute Orders outside a Trading Venue unless it has obtained the prior express consent of the Client.

In the absence of an explicit response from you to the contrary, if you place an Order with Deutsche Bank, Deutsche Bank may treat you as having provided it with consent to trade outside a Trading Venue, where Deutsche Bank believes it is in your best interests for it to do so. Deutsche Bank will typically consider this to be the case in relation to Fixed Income and Currency markets, where Deutsche Bank understands that you expect to typically execute directly with Deutsche Bank acting as principal and therefore do not expect it to route transactions to a Trading Venue. However, this does not negate the requirement for you to provide consent to such an execution, and Deutsche Bank may still conclude that it is not, taking into account all of the circumstances, appropriate to execute your Order outside of a Trading Venue. In practice, this means that Deutsche Bank will undertake an assessment to see if Deutsche Bank thinks that it would be appropriate in the circumstances to execute your Order in the absence of your consent to the execution of orders outside of a Trading Venue. As part of this, Deutsche Bank will assess the legal and regulatory implications, and will make a judgement as to how to manage the associated risks in accordance with applicable rules. If Deutsche Bank determines, based on this assessment, that it is appropriate to continue with the execution of your Order outside of a Trading Venue, Deutsche Bank will take all sufficient steps for the execution of your Order.

Prior express consent will not be required for an OTC execution in situations where the relevant Financial Instrument is not listed on or admitted to trading on an EEA Trading Venue.

Where Deutsche Bank executes an Order outside of a Trading Venue, you will be exposed to additional risks, including counterparty risk arising from trading outside out a Trading Venue. Information in relation to the risks associated with this method of execution is available at http://globalmarkets.db.com/new/content/risk_disclosure.html. For example, see the disclosures



under the heading “*Over-the-counter transactions in Financial Instruments*”. Additional information about the consequences of this means of execution is available upon request.

8.3 Publication of unexecuted client limit Orders

Furthermore, whenever a client limit Order for shares admitted to trading on an EEA Trading Venue is not immediately executed under prevailing market conditions, Deutsche Bank is required to make the Order immediately public under FCA rules, unless you expressly instruct us otherwise, or unless the Order is large in scale compared with normal market size.

9. Definitions

Annexes mean: (i) the Foreign Exchange Annex; (ii) Cash Equities Annex; (iii) Equities Derivatives and Convertible Bonds Annex; (iv) Rates, Credit and Emerging Markets Annex; (v) Listed Derivatives Annex; and (vi) Global Prime Finance Annex;

Client has the meaning given to it in section 1 (*introduction*);

Deutsche Bank AG refers to the Corporate & Investment Bank Division of Deutsche Bank AG, including any affiliated legal entity resident in the EEA or any EEA branch. For the avoidance of doubt, this excludes services provided by Deutsche Asset Management, Private & Commercial Bank divisions;

EEA means the membership of the European Economic Area from time to time, currently comprising Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, Iceland, Liechtenstein, Norway and the United Kingdom;

Eligible Counterparty means an entity referred to in Article 30(2) MiFID II;

Execution Factors include price, speed, size, and likelihood of execution and /or settlement where it considers this appropriate or necessary; nature or any other consideration relevant to the execution of the Order;

Execution Venue means systematic internalisers, market makers and other liquidity providers that have similar functions to Trading Venues (including non EEA regulated markets and exchanges), or other sources of liquidity including DB and its affiliates, as well as other third party brokers;

Financial Instrument means those instruments set out in Annex I, Section C of MiFID II and include:

- (a) transferable securities;
- (b) money-market instruments;
- (c) units in collective investment undertakings;



- (d) 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 in cash;
- (e) 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;
- (f) 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;
- (g) options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in (f) above and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
- (h) derivative instruments for the transfer of credit risk;
- (i) financial contracts for differences;
- (j) 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 a MTF;
- (k) emission allowances consisting of any units recognized for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme);

Four Fold Test has the meaning given to it in section 2;

Material Change means a significant event that could impact parameters of best execution, such as the Execution Factors;

MiFID II means the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast) and any implementing directives and local regulations;

Multilateral Trading Facility or **MTF** means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in Financial Instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract in accordance with the provisions of Title II of MiFID II;

Order means an instruction to buy or sell a Financial Instrument which is accepted by Deutsche Bank CIB for execution by DB or transmission to a third party;

Organised Trading Facility or **OTF** means a multilateral system which is not a regulated market or an MTF in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract in accordance with Title II of MiFID II;



Professional Client means any natural or legal person that meets the criteria laid down in either Section I or Section II of Annex II of MiFID II;

Retail Client means a Client that is not a Professional Client or an Eligible Counterparty;

Regulated Market means a multilateral system operated and/or managed by a market operator which brings together or facilitates the bringing together of multiple third-party buying and selling interests in Financial Instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the Financial Instruments admitted to trading under its rules and/or systems, and which is authorized and functions regularly and in accordance with the provisions of Title III of MiFID II;

Trading Venue means a Regulated Market, MTF or OTF;

Venue means a Trading Venue or Execution Venue.