



Level 3

# Order Execution Policy - Corporate and Investment Bank Division

**Rates, Credit and Emerging Markets Annex**

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



## 1. Introduction

This Annex provides further information on how the application of best execution applies in relation to Rates, Credit and Emerging Markets business transacted with Professional Clients where **Deutsche Bank, Corporate and Investment Bank Division** is providing execution services from its branches or relevant affiliates within the EEA. The term “Client” should therefore be interpreted as referring to Professional Clients only in the context of this Annex.

This Annex should be read in conjunction with Deutsche Bank’s overarching Order Execution Policy, available at <https://www.db.com/company/en/order-execution-policy.htm> (the **Policy**). All defined terms which have not been defined in this Annex shall have the meaning given in the Policy.

## 2. Scope & Application to Rates, Credit and Emerging Markets

This annex applies to business undertaken with Deutsche Bank’s Rates, Credit and Emerging Markets divisions with the exception of Emerging Markets FX business which is covered by Deutsche Bank’s Foreign Exchange annex.

This Annex covers Orders in the following asset classes:

- Debt instruments;
  - Interest rate derivatives;
  - Credit derivatives;
  - Structured finance instruments
  - Securitised derivatives;
  - Commodities derivatives;
  - Exchange traded products,
- (together, the **RC&EM Asset Classes**)

Note that this Annex does not apply to listed derivatives. Please refer to the Listed Derivatives Annex for our policy in respect of listed derivatives.

As outlined in the Policy, best execution is owed where Orders are executed on behalf of Clients where Clients place legitimate reliance on Deutsche Bank to protect their interests in relation to pricing and other elements of the transaction. If Deutsche Bank is not executing an Order on a Client’s behalf, Deutsche Bank will not owe best execution to such Client and accordingly the Policy and this Annex will not apply.

Typically, the Rates, Credit and Emerging Markets business transacts based on requests by Clients to buy or sell Financial Instruments or on the acceptance by the Client of a bid/offer made by Deutsche Bank, broadly referred to as negotiated or Request for Quote (RFQ) transactions. Deutsche Bank has concluded, by reference to the Four Fold Test, that such transactions do not typically qualify as executing an Order on behalf of Clients.

In addition to the paragraph above, through the application of the Four Fold Test, Deutsche Bank has concluded that in general, in circumstances in which it accepts Orders, the Rates, Credit and Emerging Markets business is not acting on behalf of the Client, and the Client is not placing reliance on Deutsche Bank to protect its interests and best execution is therefore not owed to the Client.

However, although Deutsche Bank has concluded that best execution does not typically apply when transacting on a RFQ basis, there may be limited circumstances where following the application of the Four Fold Test it cannot be clearly established whether or not a Client is placing reliance on Deutsche Bank. For example, this may occur in connection with certain unwinds or restructuring of certain structured products where the Client may rely on Deutsche Bank to price the risk of components of the transaction. In such circumstances, Deutsche Bank will consider the Four Fold Test and if, on balance,



the Client is likely to be placing legitimate reliance on it and, if it determines that it is, Deutsche Bank will provide best execution when executing the Order.

### 3. Execution Factors

As noted in section 2 above, Deutsche Bank does not typically execute Orders on behalf of clients in the Rates, Credit and Emerging Markets business. However, in the atypical situation in which Deutsche Bank does consider that it owes best execution to a Client, it will consider the Execution Factors as part of its obligation to take all sufficient steps to obtain the best possible result for its Clients.

When determining the relative importance to be assigned to each of the Execution Factors, Deutsche Bank has regard to the nature of the transaction, such as the size of the transaction, any specific terms and the overall complexity of the transaction (including the type and duration of the Order Deutsche Bank receives and any other consideration which it considers relevant to the execution of the Order, such as available internal and/or external liquidity for the relevant instrument and the potential impact on the market of execution. By considering these factors as an initial step, Deutsche Bank is able to determine which of the Execution Factors are most important and the weight that it should give to each.

Typically, the price of the transaction excluding Deutsche Bank's own execution charges is given the greatest weight. However, where circumstances exist such that the usual prioritisation of the Execution Factors would not result in the best outcome for the Client, Deutsche Bank will determine the relative priority of each Execution Factor on an order-by-order basis. This means that there may be circumstances in which other factors are assigned a greater weight than price.

These factors may include:

- likelihood of execution of settlement: this is the likelihood that Deutsche Bank are able to fill an Order in the size specified (or at least a substantial part of it, in its entirety, and the likelihood that Deutsche Bank can settle the transaction in a timely fashion once executed;
- speed: this the pace at which Deutsche Bank is able to progress and Order;
- costs: these are the costs incurred by a Client that relate to the execution of such Client's Order;
- any other consideration relevant to the execution of the Order, such as available internal and/or external liquidity for the relevant currency pair and the potential impact on the market of execution.

An example of where other factors may be assigned a greater weight than price is where access to liquidity in the relevant product is constrained in some way, such as where the product is illiquid. In such a case, the likelihood of execution and settlement in view of the size of the Order may be assigned a greater weight than price by Deutsche Bank. Speed is usually something that is assigned a greater weight if the nature of the Client Order or market conditions means that this factor is more important than price, but this will depend on the nature of the Order and other relevant considerations, which will be considered upon receipt of the Order. In the majority of cases, costs are usually not considered to be of high importance in RC&EM Asset Classes, given that there are typically no significant third party costs associated with the execution of these financial instruments, and likelihood of settlement is also not usually assigned a high importance.

Ultimately, the Execution Factors will vary depending on (i) general market conditions during the period of execution, including volatility and available market liquidity, and (ii) the precise terms and complexity of the transaction.



## 4. Execution Venue

Deutsche Bank itself is the sole Execution Venue used for executing Orders in the RC&EM Asset Classes for Clients and therefore is the Execution Venue on which it places significant reliance in meeting its obligation to take all sufficient steps to achieve the best possible result for Clients on a consistent basis. Deutsche Bank considers that by internalizing all Orders it is able to obtain best execution for Clients on a consistent basis. Deutsche Bank reasonably expects that, by selecting this Execution Venue, it will be able to obtain results for Clients that are at least as good as the results that it could reasonably expect from using alternative Execution Venues.

Deutsche Bank does not transmit orders in RC&EM Asset Classes to any other entities for execution.

See Section 8 of the Policy for the risks associated with OTC execution.

## 5. Monitoring of Best Execution

Where relevant, Deutsche Bank will monitor the effectiveness of its execution arrangements and Policy, including this Annex, in accordance with section 6 of the Policy.