

**MARKETAXESS NL B.V.**

**ORDER HANDLING & EXECUTION POLICY**

## 1. INTRODUCTION

In accordance with regulatory requirements set out in the Dutch Financial Supervision Act, MarketAxess NL B.V. (**'MANL'**, **'we'**, **'our'** or **'us'**) is required to establish and implement a policy for the handling of client orders in the financial instruments covered by the EU Markets in the Financial Instruments Directive<sup>1</sup> (**'MiFID'**) pursuant to MANL's permission to conduct the licensable activity of reception and transmission of orders (**'RTO'**). This order handling and execution policy (**'Policy'**) does not apply to the operation of the MANL multilateral trading facility. To the extent MANL provides you with the RTO services, it is subject to the terms of business set out in the relevant addendum to your agreement with MANL, as such agreement may be amended from time to time. MANL will act in the best interests of its clients when providing the service of reception and transmission of orders.

This Policy forms part of the agreement entered into between you and MANL.

## 2. INSTRUMENTS

This Policy is in relation to the following financial instruments only:

- (a) Options and futures admitted to trading on a trading venue:
  - (i) Single stock options, index options, exotic options; and
  - (ii) Single stock futures, index futures;
- (b) Other derivatives:
  - (i) Single stock forwards, index forwards;
  - (ii) Single stock swaps, index swaps, and variance swaps; and
  - (iii) Fixed income interest rate, swaptions, and index excess return swaps;
- (c) Bonds and money-market instruments:
  - (i) European high-grade bonds;
  - (ii) European high-yield bonds;

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<sup>1</sup> EU Directive 2014/65/EU, dated 15 May 2014 (Annex 1, Section C)

(iii) Sovereign, supranational and agency bonds;

(iv) Emerging Market bonds;

(v) US high-grade bonds;

(vi) US (taxable) municipal bonds; and

(vii) US high-yield bonds,

(each an '**Eligible Instrument**', and together the '**Eligible Instruments**').

### 3. **TARGET MARKET**

MANL provides RTO services only to professional clients and eligible counterparties as each is defined in MiFID ('**Professional Clients**' and '**Eligible Counterparties**' respectively). MANL does not provide services to retail clients. Professional Clients and Eligible Counterparties are presumed to possess an appropriate level of knowledge and competence in relation to the Eligible Instruments and the RTO services provided by MANL.

The RTO service provided by MANL is to enable Professional Clients and Eligible Counterparties to access liquidity from other venues, exchanges and third parties.

### 4. **DISTRIBUTION**

MANL will never recommend any product or service, nor will it buy or sell financial instruments in its own name or on its own account for the benefit of its clients. MANL will only receive and transmit orders following explicit written instructions from its clients.

### 5. **APPLICATION**

This Policy will only apply to you if we have classified you as a Professional Client and we handle an order in Eligible Instruments for you under our RTO permissions. The best execution obligation will be deemed to be satisfied in relation to our RTO service as outlined in Section 7 below.

This Policy applies to all Professional Clients of MANL, without making a distinction as to whether the Professional Client is resident inside or outside of the EU / EEA, and irrespective of where the transaction is executed.

This Policy does not apply to Eligible Counterparties.

## 6. CLIENT ORDER HANDLING

We will be obliged to take all sufficient steps to obtain the best possible result for you in accordance with your instructions. This obligation is referred to in this document as our '**order handling obligation**' or '**order handling**'.

The circumstances in which the order handling obligation is expected to apply in connection with our RTO service include any of the following:

- (a) the transmission of orders to execute an Eligible Instrument to the relevant exchange where it is listed and any transaction involving such Eligible Instrument is required to be executed; and
- (b) the transmission of an order to a third party for execution or onward transmission.

When handling client orders, we will ensure that orders are promptly and accurately recorded. MANL does not deal on own account and does not aggregate client orders in any way.

We will not misuse information relating to pending client orders and we take reasonable steps to prevent the misuse of such information by any of our employees.

## 7. BEST EXECUTION IS DEEMED SATISFIED OR DOES NOT APPLY

In relation to our RTO service, the best execution obligation is deemed to be satisfied due to the following factors:

### (a) Specific client instructions

MANL follows specific instructions from its client when placing an order with, or transmitting an order to, another entity for execution.

We shall only handle your orders when accompanied by specific instructions in writing or electronically through the MarketAxess system, relating to an order or a particular aspect of an order. The correctness of the specific instructions will be the responsibility of each client. Where we accept those instructions and receive and transmit an order, or enable you to transmit an order to another entity for execution as far as reasonably practicable or possible in accordance with those instructions, we will have satisfied our best execution obligation. This covers situations such as the selection of an algorithm or individual parameters of an algorithm.

### (b) Electronic trading systems

Where we have provided you with access to prices displayed on third party crossing networks or other third party electronic systems and you decide to deal at the prices displayed, you are responsible for achieving your own best execution.

If you want to discuss the application of best execution to your activities with MANL please feel free to contact us at [complianceeu@marketaxess.com](mailto:complianceeu@marketaxess.com).

## 8. EXECUTION VENUE AND STRATEGY

Any client may request the addition of an execution venue provided they provide assurance that they are able to clear and settle transactions executed thereon. We will only receive and transmit orders to execution venues that have been pre-notified to you or appear on a list of MarketAxess-approved execution venues that we may provide you from time to time. MANL requires every execution venue to provide it with proof of regulation.

As noted in Section 7 above, we will only receive and transmit orders to third parties as specified by you as a client in writing or electronically through the MarketAxess system. Such instructions must pertain to all aspects of the order.

MANL does not assess execution quality of any third party.

## 9. INFORMATION FOLLOWING EXECUTION

On your request, we will demonstrate that we have handled your orders in accordance with this Policy. On the request of our competent authority, we will demonstrate that we have complied with this obligation to you and our other clients.

## 10. INDUCEMENTS

MANL does not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular trading venue or execution venue that would infringe the requirements on applicable conflicts of interest or inducements.

## 11. CONSENT

You will be deemed to have read, understood and consented to this Policy and given prior consent to the application of this Policy to our dealings with you as soon as you accept our terms of business, or place an order with or through us, whichever occurs first. You will also be deemed to have read, understood and consented to any amendments to this Policy if you continue to place an order with or through us or continue to receive services from us.

## 12. POLICY MONITORING, REVIEW AND UPDATE

### **Monitoring of the Policy**

We will monitor this Policy on a regular basis, and where a material change has occurred update the Policy as necessary.

### **Policy Updates**

We will notify clients with whom we have an on-going client relationship of any material change to our arrangements or this Policy.