

# **POLICY ON ORDER EXECUTION**

**NIBC**

DATE  
20 April 2011

CONTENTS	PAGE
<b>1. INTRODUCTION</b>	<b>3</b>
1.1. Introduction	3
1.2. Order execution	3
1.3. Purpose	3
<b>2. BEST EXECUTION</b>	<b>4</b>
2.1. General	4
2.2. Venues	5
Appendix 1      List of Financial Instruments	

---

## 1. INTRODUCTION

---

### 1.1. Introduction

With the implementation of the Markets in Financial Instruments Directive ('MiFID<sup>1</sup>') in the Dutch Financial Supervision Act ('DFSA'), an answer has been given to the increasing need for protecting clients interest. The DFSA sets out a set of guidelines for NIBC Bank N.V. ('NIBC') to ensure fair and honest trading and to provide the client with a suitable measure of protection. The level of protection is tailored to client's level of professionalism, knowledge and experience regarding the products the client intends to trade.

### 1.2. Order execution

When executing client orders, the DFSA stipulates (section 4.90a and 4.90b) that NIBC must ensure that client's rights are protected and all reasonable steps are taken to obtain the best possible result for the client. In order to adhere to these obligations, NIBC has an order execution policy in place ("Policy"). Also the venues, on which NIBC executes client's orders are, are defined.

### 1.3. Purpose

The purpose of this policy is to describe the way NIBC conducts transactions in financial instruments<sup>2</sup> for and on behalf of our clients. It sees to transactions where NIBC's client, as defined in the DFSA, has been classified as either a Professional Client or a non-Professional Client. The transaction will only be executed after client's approval with the order execution policy.

This Policy on Order Execution comes into effect on <.,> 2011. It replaces the Policy on Order Execution as issued on 1 November 2007. NIBC reserves the right to amend this Policy from time to time if circumstances (e.g. changes to legislation and regulations) make this necessary.

---

<sup>1</sup> The MiFID came into force throughout Europe on November 1st 2007.

<sup>2</sup> The definition of financial instruments as described in section 1.1 of the DFSA is attached ('Attachment 1').

---

## 2. BEST EXECUTION

---

### 2.1. General

NIBC has set out below information on the execution factors we consider in selecting the different venues on which we may execute client orders and have identified the types of venues we will most regularly seek to execute client orders and which we believe offer the best prospects for affording the client 'Best Execution'.

In the absence of specific instructions from the client, NIBC will consider the following execution factors to determine the manner in which a client order will be executed (in random order):

- Price;
- Costs;
- Speed of execution;
- Likelihood of execution or settlement;
- Size of client order;
- Nature of client order;
- Any other consideration relevant to the efficient execution of client order.

In case of specific instructions of the client NIBC will follow that instruction.

NIBC will determine the relative importance of each factor using the following criteria:

- Client characteristics (including regulatory client categorisation);
- The characteristics and nature of the client order, including whether any specific instructions are given;
- The characteristics of the financial instruments that are the subject of a client order;
- The characteristics of the execution venues to which a client order can be directed (including the ability of the venue to manage complex orders, the creditworthiness of the venue and the quality of any related clearing and settlement facilities).

With regard to the execution of an order for a non-Professional client, the price of the financial instrument and the executing costs are used as reference for best execution." (we refer to Section 4:90a (3) Wft). In some circumstances and for some products, cost, speed and likelihood of execution and liquidity may also determine the manner in which the client order will be executed.

In meeting our obligation to take all reasonable steps to obtain on a consistent basis the best possible result for the execution of client orders we may use one or more of the following venue types when executing an order on clients behalf:

- Regulated markets;
- Multilateral Trading Facilities;
- Systematic Internalisers;
- Our own account;
- Third party investment firms and/or affiliates acting as a Market Maker or other liquidity providers; and/or
- Non-EU entities performing similar functions.

NIBC will assess which venues within this list are likely to provide the best possible result for our clients on a product-by-product basis. In certain financial instruments, there may be only one execution venue, and in

executing a trade in such circumstances NIBC presumes that we have provided the best possible result in respect of these types of financial instruments.

Client orders may be executed outside a Regulated market or a Multilateral Trading Facility to achieve the best possible result for execution of client orders. The order will be executed only after client's explicit consent.

## **2.2. Venues**

The venues NIBC makes use of in executing client's orders are either handled Over the Counter / OTC (the venue of these transactions will therefore be NIBC The Hague's own book) or if it concerns transactions in listed financial instruments it will be handled on regulated markets.

## Appendix 1 List of Financial Instruments

### *Financial Instruments*

- a. transferable securities;
- b. money market instruments;
- c. units in a collective investment scheme, not being securities;
- d. options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivative instruments, indices or financial measures which may be settled physically or in cash;
- e. options, futures, swaps, forward rate agreements 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, otherwise than by reason of a default or other termination event;
- f. options, futures, swaps and any other derivative contracts relating to commodities that can only be physically settled provided they are traded on a regulated market or a multilateral trading facility;
- g. options, futures, swaps or forward rate agreements other than those referred to under (f) and any other derivative contracts relating to commodities which can be physically settled and are not intended for commercial purposes, and 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 climate variables, freight rates, emission rights, 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, otherwise than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices or measures other than those referred to above which have the characteristics of other derivative financial instruments.