

Execution Policy

Trading



Owner:	Trading
Author:	Trading and Legal & Compliance
Nr.:	7.0
Status:	Final
Version:	January 2024
Reason adjustment:	Periodic review
Approved by:	Board of Directors
On:	6 th of February 2024

1. Introduction

1.1. Background

Cardano Risk Management BV (hereafter 'CRMBV') executes orders in a broad range of financial instruments on behalf of its clients. CRMBV has a fiduciary obligation to take all sufficient steps to seek to obtain the best possible trade execution result for its clients (known as best execution). This Execution Policy ('Policy') describes how CRMBV meets these obligations.

The Policy is a key component in CRMBV's ongoing effort to provide transparency to our clients on our business practices. The requirement to provide our clients with this policy is an essential part of the structural changes being made to the marketplace by the implementation of the Markets in Financial Instruments Directive 2 ('MiFID').

CRMBV will act in accordance with the best interest of its clients and take all sufficient steps to obtain the best possible results for its clients when it executes client orders, considering the execution factors described in this Policy. CRMBV has established and implemented arrangements, including this Policy, designed to meet these objectives.

1.2. Scope

- Entity scope: this Policy applies to CRMBV
- Activity scope: this Policy applies when CRMBV carries out order execution or order transmission services in financial instruments on behalf of its clients. CRMBV provides these services to Professional Clients (as defined under MIFID) only.
- Instrument scope: all financial instruments, as defined by MIFID, where CRMBV is active in on behalf of its clients.

1.3. Objective

When executing orders on our client's behalf in relation to financial instruments as defined by MiFID, CRMBV will take all sufficient steps to achieve "best execution" of our client's orders. This policy describes the procedures that are designed to obtain the best possible result for our client's orders, subject to and considering any specific instructions, the nature of the orders and the nature of the markets and products concerned.

While we will take all sufficient steps, based on the resources available to us, to satisfy ourselves that we have processes in place that can reasonably be expected to lead to the delivery of the best possible result for our clients, we cannot guarantee that we will always be able to achieve this for every order executed on our client's behalf, particularly where specific instructions are part of the order or when operating in OTC markets. Furthermore, in times of extreme stress in the market we can deviate from our execution policy if that would render better execution results.

2. Execution of Orders

CRMBV owes a duty of best execution when it executes orders on behalf of clients. CRMBV considers itself to be in receipt of an order and to be acting on behalf of the client whenever CRMBV receives a legally binding instruction to execute an order or whenever CRMBV executes an order on behalf of a

client in the exercise of discretionary management services.

2.1. Specific client instructions

Where a client has given a specific instruction in relation to the entire order, or any particular aspect of the order, the relevant part of that order will be completed in accordance with these instructions. If a client provides CRMBV with a specific instruction, this may prevent CRMBV from taking some or all the steps it has designed and implemented in this Policy to obtain the best possible result for the execution of orders. CRMBV will still be deemed to have taken all sufficient steps to provide the best possible result in respect of the order or aspects of the order which are not covered by the specific instructions.

If a client requires the order to be executed in a particular manner and not in accordance with our execution policy, the client must clearly state their desired method of execution when placing the order. To the extent that specific instructions are not comprehensive, we will determine any non-specified components in accordance with our order execution policy.

3. Execution venues

For each product in which we execute orders on behalf of our clients we have included in our order execution policy those venues or sources of liquidity that enable us to obtain on a consistent basis the best possible result for the execution of our client orders.

In meeting our obligation to take all sufficient steps to obtain on the best possible result for the execution of our client's orders on a consistent basis, we may use one or more of the following venues and counterparty types when executing an order:

- Regulated Markets (RM);
- Multilateral Trading Facilities (MTF);
- Organised Trading Facilities (OTF), when available;
- Systemic Internalisers (SI, parties that match client' orders internally, not via exchanges);
- Third party investment firms acting as a Market Maker or other liquidity providers (LP);
- Firms and Investment Banks providing and arranging OTC derivative contracts (Inv. Banks);
- Dealers in the OTC markets;
- The providers of collective investment vehicles.

All venues will be considered for each order. Note that if we trade outside a Regulated Market, clients may be exposed to counterparty risks. These are mitigated by the exchange of collateral. More information will be provided on request. We will assess which of these venues are likely to provide the best possible result for our clients on a product-by-product basis. We distinguish between the following classes of financial instruments and venues:

Instrument category	Instruments used in category	Venues considered
Interest rate derivatives	Swaps, forwards & other interest rate derivatives	MTF, SI, LP, Inv. Banks, Dealers in the OTC markets, OTF
	Futures & options admitted to trading on a trading venue	RM
Inflation linked derivatives	Inflation linked swaps	MTF, SI, Inv. Banks, Dealers in the OTC markets, OTF
Equity derivatives	Futures & options admitted to trading on a trading venue	RM
	Swaps, options and other equity derivatives	RM, SI, Inv. Banks, Dealers in the OTC markets, OTF
Credit derivatives	Futures & options admitted to trading on a trading venue	RM
	Other credit derivatives	RM, SI, Inv. Banks, Dealers in the OTC market, OTF
Currency derivatives	Futures & options admitted to trading on a trading venue	RM
	Swaps, Forwards and other currency derivatives	RM, SI, Inv. Banks, Dealers in the OTC markets, OTF
Debt instruments (cash) instruments	Bonds	MTF, SI, Dealers in the OTC markets
	Money Market instruments	MTF, SI, Dealers in the OTC markets
Securities Financing Transactions	Repo/reverse repo	MTF, SI, Dealers in the OTC markets
	Securities lending	MTF, SI, Dealers in the OTC markets
Commodity derivatives instruments	Futures & options admitted to trading on a trading venue	RM
	Other commodity derivatives	SI, Inv. Banks, Dealers in the OTC markets
Exchange Traded Funds	ETF in several asset classes	RM, MTF, SI, Dealers in the OTC markets
Equities and equity like instruments	Equities	RM, MTF, SI, ATS, Inv. Banks
Listed investment funds	Mutual funds	RM

Further information on the execution venues is listed in the Annex.

When selecting dealers in the OTC markets for specific transactions we use a long list of selection criteria including items referring to (i) price, (ii) counterparty creditworthiness, (iii) counterparty risk budget (iv) long term commitment to the specific market, (v) reputation and specialism in the specific product and (vi) flexibility in documentation. CRMBV warrants and represents that it is independent from any product provider and does not supply any OTC products itself.

In case of execution of OTC orders (including bespoke products), CRMBV challenges the fairness of the

price using independent mid-market reference prices. For some of the more bespoke instruments we transact in, we use in-house models to construe mid-market reference prices. Independent third-party benchmark data feeds into these models. Supported with other relevant information (ISDA terms, counterparty intelligence), this ensures traders always have access to independent reference prices.

In certain financial instruments, there may only be one execution venue, and in executing a trade in such circumstances we will presume that we have provided the best possible result in respect of these types of financial instruments.

4. Execution factors and criteria

4.1. Execution factors

In the absence of specific instructions from our clients, we may consider the following factors (in no particular order) to determine the way the order will be executed:

- Price or spread;
- Transaction costs, including explicit costs such as fees, commissions and tax, and implicit costs such as market impact;
- Counterparty risk, creditworthiness and liquidity;
- Document and collateral flexibility for OTC derivatives;
- Speed of execution of the order;
- Likelihood of execution, completion and settlement of the order;
- Size and nature of the order;
- Any other consideration relevant to the efficient execution of the order, e.g., clearing arrangements or rules on trading intervention.

4.2. Execution criteria

Ordinarily, price will merit a high relative importance in obtaining the best possible result for professional clients. However, the most important factors, especially for OTC derivatives, will depend on the type of instrument being traded. In determining the relative importance of the execution factors CRMBV will apply its commercial judgement and expertise and will determine the relative importance of each factor using the following criteria:

- The characteristics and nature of the order, including whether any specific instructions are given;
- Clients' characteristics (including the regulatory client categorization);
- The characteristics of the financial instruments that are the subject of the order;
- The characteristics of the execution venues to which order can be directed.

5. Governance

CRMBV's trading desk is responsible for the correct application of this policy. It will review this Policy at least annually or whenever a material change occurs.

CRMBV has implemented a process to monitor execution quality. The quality of the execution on the venues considered is analysed by benchmarking against mid-market prices of instruments traded or by means of trade cost analysis where execution slippage is measured against the benchmarks attached to

the orders. Monitoring whether the best price is achieved, when trading in competition by means of a Request For Quote, is done by comparison of received quotes against realised prices. The second line reviews and challenges the execution results periodically.

Annex: Names of the venues used

A list of execution venues considered by Cardano is set out below. We may use other execution venues, add or remove any venue from the list where we determine it is appropriate to do so.

Instrument	Venues	Selection criteria
Interest rates	Tradeweb, Eurex, CBOT, CME, ASX Group, ICE, Montreal Exchange	Liquidity and pricing
Currencies	FX All, CME	Liquidity and pricing
Commodities	CME, ICE	Liquidity and pricing
Equity	Regulated Markets (covering MSCI ACWI) via intermediate brokers, Liquidnet EU Ltd, Virtu Financial Ireland Ltd, TP ICAP	Liquidity and pricing
Debt cash	Tradeweb	Liquidity and pricing

Cardano | Weena 690, 21st floor, PO Box 19293, 3001 BG Rotterdam The Netherlands
T: +31 (0)10 206 1300 | E: info@cardano.com | W: cardano.com

Cardano Risk Management B.V. is part of the Cardano Group
and statutory seated in Amsterdam and registered with the Dutch Chamber of Commerce under number 24308915.