

## **Execution Policy**

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## 1. Purpose & Scope

Nomura Bank (Luxembourg) S.A. (hereinafter 'NBL' or 'the Bank') is subject to the regulatory duty of best execution by the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (being 'MiFID II' or 'MiFID recast' and hereafter referred to as 'MiFID'), as being incorporated in the Luxembourg legal and regulatory framework. NBL has adopted the following execution policy exclusively aimed at its 'professional clients' (as defined under MiFID, hereinafter the 'Client(s)'), when executing the Clients' order or when receiving and transmitting orders on behalf of the Clients.

This execution policy (hereinafter 'the Policy') pursues the following objectives:

- it describes the execution principles applied by NBL when executing the Clients' orders or when receiving and transmitting orders on behalf of the Clients. It informs the Clients on the execution venues and/or entities which will be selected by NBL in order to comply with its MiFID duties in this context;
- it specifies the general measures implemented by NBL in order to comply with its MiFID duties.

The Policy fully applies to all foreign exchange forwards and currency swaps. Orders for any other instruments can be executed or transmitted by NBL upon a specific instruction from the Client (as set in paragraph 3.1). Such specific instruction should contain all required details for NBL to proceed with the execution or transmission of the order.

The Client will be deemed to have accepted the terms of the Policy in the following circumstances:

- 1) return of a signed approval form; or
- 2) when sending or continuing to send orders for execution to NBL

## 2. Best execution criteria

### 2.1 Execution Principles

NBL commits itself to take all sufficient steps to obtain the best possible result for the Clients when executing and/or receiving and/or transmitting orders for their execution, in the absence of specific instructions from the Clients.

To that purpose, NBL will take into account MiFID execution factors (i.e. price, cost, speed, likelihood of execution and settlement, size, nature, or any other factor that could relate to the order), the importance of which will be determined depending on the below execution criteria through an objective assessment based on the experience and capability of NBL staff as well as all market information available to the latter.

#### 2.1.1 Execution criteria

In order to comply with its execution principles, and in the absence of specific instruction from the Client, NBL will determine the importance of its execution factors with an accurate assessment of the following execution criteria:

- the client characteristics;
- the order characteristics;
- the characteristics of the financial instrument subject to the order;
- the characteristics of the venue where the order can be directed.

### **2.1.2 Execution factors**

Unless otherwise instructed by the Client, NBL will take into account the following execution factors, classified by their importance for NBL, in order to reach the best possible result, and depending on the above criteria:

- specificities, peculiarity and complexity of the order;
- speed;
- price availability;
- credit worthiness of the available counterparty(ies);
- quality of execution and settlement;
- any other factor which could relate to the order.

### **2.1.3 Execution venues**

NBL usually deals as principal using its own capital when executing its Clients' orders. NBL covers its position through opposite trades executed with first class market counterparties ('Market Transactions'). By first class, NBL is considering counterparties of good reputation, providing market liquidity and with high credit worthiness according to Nomura credit risk policy.

Transactions can be executed Over the Counter ('OTC') or through a Trading venue available for the financial instrument concerned.

Such market counterparties are selected by NBL depending on the same execution criteria and factors as described above. The entities with which Client's orders are covered are deemed to have execution mechanisms and procedures that will allow NBL to comply with its MiFID best execution duties.

In case of transaction between NBL and its Client, the Client is exposed to NBL and NBL is exposed to the counterparty with which it covers its position. In case NBL is only transmitting Client's order, the Client is directly exposed to the counterparty.

## **3. Execution and dealing methodology**

### **3.1 Specific instruction**

Where a Client gives NBL a specific instruction in respect of an order or a particular aspect of an order, NBL owes the Client the obligation to act in accordance with its instruction.

When NBL executes an order following specific instructions from the client, it should be treated as having satisfied its best execution obligations only in respect of the part or aspect of the order to which the client instructions relate. The fact that the client has given specific instructions which cover one part or aspect of the order should not be treated as releasing NBL from its best execution obligations in respect of any other parts or aspects of the client order if not covered by such instructions.

When executing orders or taking decision to deal in OTC products including bespoke products, NBL shall check the fairness of the price proposed to the client, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

The Client acknowledges that any specific instruction given in relation to an order or to part of an order may prevent NBL to take all sufficient measures in order to achieve its objective of best possible result. NBL will anyway be deemed to have satisfied best execution to the extent that NBL executes the order, or the specific part of the order, following the specific instruction.

### **3.2 Client orders handling rules**

As part of its best execution duty when executing the Client's order (i.e. when an execution instruction is given by the Client and this gives rise to contractual or agency obligations owed by NBL, which will exercise its discretion in relation to the execution of the order), NBL has implemented specific procedures and arrangements which provide for the prompt, fair and expeditious execution of Clients' orders and which allow NBL to act in compliance with all MiFID requirements. Whenever NBL would aggregate its Clients' orders, it will ensure that this is performed in the best interest of the latter.

Each Client's trade is executed as soon as practicable upon receipt of instruction or upon triggering event in case of standing instruction set up.

As a general principle, NBL seeks to execute client's orders on a Matched Principal basis. This refers to a transaction where the facilitator interposes itself between the buyer and the seller to the transaction in such a way that it is never exposed to market risk throughout the execution of the transaction, with both sides executed simultaneously, and where the transaction is concluded at a price where the facilitator makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction (MiFID II Article 4(1)(38)). Specific instructions may be received from the Client.

In case Matched Principal trading cannot be applied due to the complexity of the instrument or the unavailability of trading venue to perform the transaction, NBL will perform it OTC as entered into between NBL and a Client directly. When NBL will cover the Client's transaction by dealing against market counterparties, this can be done OTC or through a trading venue available for the financial instrument concerned.

Regulatory reporting under MiFID II will reflect these two types of execution.

The price quoted to the Client is derived from the price obtained by NBL for its own market transaction (as defined under 2.1.3 Execution venues). NBL would typically obtain quotes from several potential market counterparties through bilateral requests for quotes or through multi-dealer trading platforms (which may or may not be multilateral trading facilities). The quotes obtained may be compared against market benchmarks and NBL would assess the fairness of the price eventually applied to the Client. The market counterparty is selected by NBL based on the competitiveness of its quote but also taking into account a variety of factors as described in the section 2.1.2.

NBL can also act as a broker for its clients, especially for the sales and purchases of equities and fixed income products. NBL execution will be triggered by the receipt of a Client instruction containing the necessary information (see 3.1 Specific instruction). Although NBL executes the transaction, the Client remains exposed to the market counterparty.

If applicable, NBL will report the transactions under MiFID II regulatory reporting standards.

### **3.3 Best execution monitoring**

NBL will monitor the respect of its best execution processes on a risk based approach and at least once a year. Such control will be performed by NBL Compliance department, and will be aimed to verify that the best possible results were obtained for professional clients.

#### **4. Remuneration**

The price quoted by NBL to the Client is an all-in price. An all-in price is a price that includes any spread or margin above the price at which NBL transacted in the market.

NBL shall not receive any remuneration, discount or non-monetary benefit from any trading venue or executing venue that would infringe the requirements on conflicts of interests or inducements as set out by MiFID.

When NBL is instructed to sell or purchase equities or fixed income products, a specific fee is applied.

#### **5. Notification of material difficulties**

Where NBL encounters material difficulties in the timely or complete execution of a client order, it is required to inform the Client of the difficulty in question once it has become aware of the fact that execution will not occur in line with the reasonable expectations of the Client.

#### **6. Monitoring and review of the Policy**

NBL will regularly verify the effectiveness of measures taken with respect to achieving best execution so as to define, and when necessary, incorporate any modification to its procedures and Policy. This process is reviewed at least once a year, or at the time of any important changes affecting NBL's capacity to secure best execution of Clients' orders..

#### **7. Information**

This Policy shall be made available by NBL on its corporate website :  
<https://www.nomuraholdings.com/nbl/about/>.

Where requested by a Client, NBL can demonstrate that the execution of the Client's order has been undertaken in accordance with this Policy. Any information request on execution can be sent to the following email addresses:

[Lux-JapanDesk@lu.nomura.com](mailto:Lux-JapanDesk@lu.nomura.com)

or

[IML@lu.nomura.com](mailto:IML@lu.nomura.com)

or

[Dept\\_IML\\_HedgePrivat@lu.nomura.com](mailto:Dept_IML_HedgePrivat@lu.nomura.com)

On an annual basis, NBL publishes on its corporate website <https://www.nomuraholdings.com/nbl/about/> the top five trading venues where Client orders have been executed for the relevant instruments and information on the quality of the execution obtained. This list represents all execution venues used by NBL.

## ANNEX

### LIST OF FINANCIAL PRODUCTS FALLING UNDER EXECUTION POLICY

- Foreign exchange swap
- Foreign exchange outright (including Non Deliverable forward)
- Equity
- Fixed income instrument