

# **Summary of the Execution Policy**

Nomura Bank (Luxembourg) S.A.

## 1. Best Execution Policy

### a. Scope

The provisions of this clause outline the main features of the Best Execution Policy (the “Best Execution Policy”) of Nomura Bank (Luxembourg) S.A. (referred hereafter as “NBL”).

This Best Execution Policy is only applicable to professional clients regardless of whether they are an elective professional (via opt-up process) or per se professional, as defined by Markets in Financial Instruments Directive (MiFID) II and any reference in this section to a client refers to these categories. Clients should have received a formal notification from NBL informing them about their categorization. Where best execution requirement applies, NBL will take all sufficient steps to obtain the best possible result for its clients taking into account the best execution criteria and factors detailed below.

As per the MiFID II requirements, this policy applies to clients who are classified as Professional Counterparties by NBL (NBL does not have any retail clients).

### b. Covered financial instruments

NBL acts in a principal capacity and executes itself client’s orders in relation to the following financial instruments:

- Equities
- Foreign Exchange derivatives (FX forwards, FX swaps including Non deliverable forwards)

### c. Best execution factors and criteria

In order to achieve the best possible result for the client, NBL will consider a range of execution factors that should determine the best outcome for its clients.

#### i. Execution factors

The execution factors that NBL will consider are:

- Price: this is the price a financial instrument is executed at;
- Costs: all expenses incurred by the client which are directly related to the order execution including NBL’s own remuneration through commission or spread;
- Speed: time it takes to execute a client order;
- Likelihood of execution and settlement: the likelihood that NBL will be able to complete a client order;
- Size and Nature: Order size and how the characteristics of a client order can affect how best execution is performed.
- Any other circumstance which, in NBL’s opinion, is relevant to the execution of a particular order

#### ii. Best execution criteria

In order to determine the relative importance of each execution factor detailed here above, NBL will take into account:

- the characteristics of the client including the categorization of the client;
- the characteristics of the client order;
- the characteristics of financial instruments that are the subject of that order; and
- the characteristics of the execution venues to which that order can be directed.

#### iii. Total consideration

As a general rule, when executing an order on behalf of a client, the best possible result shall be determined in terms of the total consideration. “Total consideration” includes the price of the final instrument and the costs related to execution, including all expenses incurred by the client which are directly related to the execution of the order. There are three categories of costs which NBL takes into account in evaluating “total consideration”:

- Implicit costs: these costs are variable and unknown before a trade. They include the spread and the market impact of a trade. These costs depend fundamentally on the trade characteristics, the prevailing market conditions as well as the speed of execution.
- Explicit external costs, which include commissions, fees, clearing and settlement costs, or any other costs passed on the client by intermediaries participating on the transaction; and
- Explicit internal costs, which represent the remuneration of NBL through its commission or spread.

In executing client orders, NBL takes all necessary steps to minimize implicit costs as well as explicit external costs. Where appropriate or required by law, NBL also undertakes to make a prior disclosure to its clients of all its internal costs (see Costs & Charges disclosures available at the following address: <https://www.nomuraholdings.com/hbl/resource/pdf/costs.pdf>).

Whilst total consideration is of primary importance in achieving best execution, other factors identified above may also be instrumental in delivering the best possible execution result to the client.

More details regarding how an order will be executed by NBL broken down by type of financial instrument is provided in section e. below.

#### d. Execution venues

For the purposes of this Best Execution Policy, where NBL is acting as principal, it will use a number of execution venue including a regulated market, a MTF<sup>1</sup>, an OTF<sup>2</sup>, a systematic internalizer, or a market maker (including NBL) as liquidity providers who acts as broker of NBL and on whom NBL place significant reliance. The selection of these execution venues will be made at NBL's discretion

NBL must check the fairness of the price proposed to the client when executing orders or taking decisions to deal in OTC products, including bespoke products, by gathering market data used in the estimation of the price of such products.

#### e. Execution of order per type of financial instrument

##### Equities

NBL executes client orders on Equities on approved execution venues.

The Annex A of this document lists the approved venues and the factors considered in the selection of the venue when an order is to be transmitted.

##### Foreign Exchange Derivatives

Client orders are executed by NBL acting as principal to the client, engaging in a back-to-back transaction against Nomura Bank Luxembourg S.A., which faces the market counterparty in most cases.

Given the nature of the foreign exchange market, which is a continuous and over-the-counter market, price and timely execution of a client order is considered a paramount factor to achieve best execution.

NBL systematically requests a minimum of two quotes from approved counterparties before executing client orders, using a variety of means from MTFs (Bloomberg and FXAll), chat (Bloomberg, Refinitiv) or phone (as last option/emergency). The counterparty gathering all the most favourable factors during this process is always selected to execute clients' order, and NBL maintains an archive of all prices obtained in this process.

In some cases, a price comparison may be unachievable or may be limited application. This may occur:

- First, when, as a result of the particular nature/structure of the product at hand, NBL cannot identify, using reasonable means to this end, more than one approved counterparty able or willing to provide a quote on the product (e.g. exotic cross currency NDF).
- Secondly, when NBL faces operational constraints (size, limits) and must rely exclusively on Nomura International PLC to obtain a quote. NBL will still use various sources to evaluate the competitiveness of the price (Bloomberg/Refinitiv) provided by Nomura International PLC.

*The Annex A of this document lists the approved venues and the factors considered in the selection of the venue when an order is executed.*

#### f. Specific client instructions – warning to the client

Where the client provides NBL with a specific instruction as to how to execute an order, NBL shall, where possible, endeavour to carry out the client's instruction. **However, the client should note that if NBL acts on the client's specific instruction, NBL may be prevented from obtaining the best possible result for the execution of the orders in accordance with NBL's Best Execution Policy.** If a client provides NBL with specific instruction(s), NBL will be still take all reasonable steps to obtain the best possible result for the client.

Should it not be feasible to follow specific clients' instructions, NBL shall inform the client about the potential risks coming from.

<sup>1</sup> MTF: Multilateral Trading Facility, a multilateral system operated by an investment firm or market operator, which brings together multiple third-party buying and selling interests in financial instruments in the system and in accordance with non-discretionary rules – in a way that results in a contract in accordance with Title II of Directive 2014/65/EU. 'Non-discretionary rules' means that the investment firm operating an MTF has no discretion as to how interests may interact.

<sup>2</sup> OTF: Organized Trading Facility, means a multilateral system which is not a Regulated Market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract in accordance with Title II of Directive 2014/65/EU.

**g. Verification, monitoring and review**

NBL has procedures and systems in place that enable it to verify, on an on-going basis, the trading performance of orders execution against industry standard benchmarks (Bloomberg quotes).

The client may request verification of the quality of execution. Upon request, NBL will provide clients with proof that this policy was observed.

NBL will monitor the effectiveness of its execution arrangements and Best Execution Policy and assess on a regular basis whether the execution venues, including NBL execution venues, that NBL has selected, provide the best possible result.

NBL will review this Best Execution Policy and its execution arrangements at least annually. NBL will also notify its clients of any material changes to its execution arrangements or this Policy. A material change is considered as such whether it affects NBL's capability to offer the best possible results for its clients on consistent basis.

**h. Amendments to this Policy**

NBL may amend this Best Execution Policy without prior notification at any time as it deems necessary. Where a material change has occurred in NBL's Best Execution Policy, including changes to the list of execution venues on which NBL places significant reliance, NBL will inform its clients whether by publishing these on its website or by written and/or electronic notification in the form of an amended Best Execution Policy.

**i. Client information request**

The client is entitled to make reasonable and proportionate requests for information about NBL's policies, arrangements and how they are reviewed by NBL. NBL undertakes to answer as clearly as possible and within a reasonable time.

This Summary of the Best Execution Policy is available online at the following address:

[https://www.nomuraholdings.com/hbl/resource/pdf/summary\\_execution\\_policy.pdf](https://www.nomuraholdings.com/hbl/resource/pdf/summary_execution_policy.pdf)

The full version of Execution Policy is available upon request to NBL Compliance department.

**Annex A: Main execution venues used by Nomura Bank (Luxembourg) S.A. and importance given to each execution factor by category of financial instrument**

The information contained in the following table concerns professional client orders.

Asset Class	Execution/ Reception and Transmission of orders	Factors Priority	Execution Venues
Equities	Execution	<ol style="list-style-type: none"> <li>1. Price</li> <li>2. Costs</li> <li>3. Likelihood of execution and settlement</li> <li>4. Speed</li> <li>5. Size of the trade</li> <li>6. Nature of the trade</li> <li>7. Other factors</li> </ol>	- NBL as principal
FX derivatives	Execution	<ol style="list-style-type: none"> <li>1. Price</li> <li>2. Nature of the trade</li> <li>3. Size of the trade</li> <li>4. Likelihood of execution and settlement</li> <li>5. Speed</li> <li>6. Costs</li> <li>7. Other factors</li> </ol>	- NBL as principal