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Institutional Financial Broker

## EXECUTION POLICY

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### INTRODUCTION

This execution policy only relates to **Professional Clients** and **Eligible Counterparties**. Part III of this policy, dealing with "best execution", does not concern Eligible counterparties.

This policy applies for all entities of the Carax group (CARAX):

- **CARAX S.A.** : A.M.F. and A.C.P.R. regulated.
- **CARAX Monaco S.A.M.** : C.C.A.F. regulated.

CARAX has set up an order execution policy applicable to financial instruments and a best selection policy applicable to intermediaries (the "Policy") which allow obtaining the best possible result, when executing orders on behalf of its clients.

When CARAX does not directly execute orders on behalf of its clients, it has implemented a selection policy applicable to its third party brokers in charge of executing these orders, in order to obtain the best possible execution for its clients.

CARAX must provide its clients with proper information regarding its Policy, which is available on CARAX website ([www.carax.com](http://www.carax.com)) and brought to every new client attention.

## I. SERVICES AND FINANCIAL INSTRUMENTS

### 1.1 Services

According to applicable regulation, CARAX takes all reasonable steps to obtain the best possible result for its Professional clients when:

- Either executing orders; or
- Receiving and transmitting orders.

### 1.2 Financial instruments

This Policy applies to all financial instruments covered by MiFID (Markets in Financial Instruments Directive).

## II. METHODS OF EXECUTING ORDERS

### 2.1 Methodology

When a client asks CARAX to execute an order, and except in the case of client specific instructions, the methodology is as follows:

- CARAX places the orders on a regulated market or an MTF that it deems to be the most appropriate, taking into account the execution factors listed below, either directly or, when CARAX is not a direct member of the regulated market or MTF concerned, via a third-party member duly selected by CARAX;
- When the client wishes to execute his order over the counter, two types of situations may occur and for which the execution policy does not apply:
  - CARAX acts on a name give-up basis; or
  - CARAX trades as riskless principal and is counterparty to the client's order. In such a case, CARAX, acting as counterparty of its clients, does not take the place of its clients regarding the assessment of the most appropriate way to conduct such a transaction.

## 2.2 The execution venues

Clients' orders may be executed in the following venues:

- Regulated markets defined by the MiFID;
- Multilateral Trading Facilities (MTF), as defined by the MiFID; or
- Other liquidity providers such as:
  - i. Other platforms without regulated market, or Multilateral Trading Facility (under the MiFID) status;
  - ii. Third party dealers, systematic internalisers and market-makers.
- CARAX;
- Third party brokers.

The principal execution venues on which CARAX shall have orders are disclosed in the appendix. This non-exhaustive list includes the most relevant execution venues. CARAX may have cause to execute orders on venues which do not appear on the list when it judges such to be appropriate and in compliance with this Policy. This list will be updated at least once a year.

## 2.3 Selection of third-party brokers

With regards to exchanges where CARAX is not a member, the obligation of "best execution" becomes an obligation of "best selection". CARAX has set up a selection policy of third-party brokers to which orders are sent for execution by ensuring that these intermediaries have implemented rules that enable CARAX to comply with its order execution policy.

## 2.4 Combining orders

CARAX may combine orders issued by a client with orders from other clients. By combining the client's orders with those of other clients, CARAX believes that it is able to reasonably record better results for all its clients. Nevertheless, the consequences of combining orders may sometimes penalise (a) client(s) in respect of a specific order.

## 2.5 Verification and monitoring

CARAX regularly monitors the effectiveness of the execution of orders and that of its execution policy. CARAX revises said execution policy at least once a year and whenever a change impacts on its ability to ensure the best-possible execution for its clients. CARAX provides notice of all changes to its execution process or execution policy by posting an updated version on *its website*.

# III. SERVICES AND FINANCIAL INSTRUMENTS

## 3.1 "Best execution" criteria

CARAX takes all reasonable steps to obtain the best possible result when executing orders on behalf of its clients, taking into account the following execution factors including: price, probability and promptness of execution, the size and nature of the order and any other factor which is relevant for the execution of the order. Any specific instructions from the client shall take precedence over CARAX's execution policy which shall, in this case, only apply to elements not covered by the said instructions.

CARAX assesses the relative importance of the above-mentioned factors on the basis of its business experience and judgment in the light of the information available on the markets at the relevant time, and by taking into account of the following criterias:

- Characteristics of the client;
- Characteristics of the order;
- Characteristics of the financial instruments relating to the order;
- Characteristics of the execution venue to which the order may be routed.

## 3.2 "Best selection" criteria

In the context of its order reception and transmission activity, CARAX takes all reasonable steps to obtain the best possible result, taking into account factors and criterias set above and transmits orders to third party brokers that are able to meet the "best execution" obligation.

CARAX selects third-party brokers according to several criterias, the main criteria being:

- Quality of order execution system;
- Connectivity;
- Financial solidity;
- Quality of Middle/Back office support teams;
- Quality of the relationship and the service offered.

CARAX transmits specific instructions given by its Clients to third-party brokers. Third-party brokers remain under the best execution obligation toward CARAX regarding the aspects of the order not covered by the specific instruction.

### 3.3 Terms and conditions for selecting the execution venues

If such is both relevant and appropriate, in order to achieve the best-possible execution, CARAX takes account of a certain number of factors when selecting the execution venue, including:

- The available price and the degree of liquidity available at this price;
- The transaction expenses (i.e. the commission invoiced for the execution of an order on a specific execution venue, clearing and settlement fees) borne either directly or indirectly by the client;
- The speed of execution on the market;
- The probability of execution and settlement (e.g.: the market's liquidity for the product in question);
- The execution venue's ability to handle complex orders;
- The clearing and settlement agreements; and
- Any other relevant consideration as regards execution of the order.

The relative importance of these factors may vary according to the different financial instruments. For Professional clients, price and costs generally represent the most important factors but, when such is justified, CARAX also focuses on other factors as dictated by the circumstances, including when there is an opportunity to obtain a better price.

When there is only one possible execution venue where the transaction may be executed, best execution is achieved by means of execution on said execution venue.

Best execution is subject to best effort obligation and not an obligation of result. This means that when CARAX executes orders for its clients, it must execute them in accordance with its execution policy, without guaranteeing, however, that the best-possible price will be obtained in all circumstances. In all cases, the factors may lead to a different result being obtained within the framework of a specific transaction.

Moreover, the duty does not apply in certain circumstances such as serious disruption to the markets and/or a breakdown affecting the internal or external system (non-exhaustive list), in which case the duty is essentially reduced to routing orders in due time, or even simply routing them. In addition, in the event of a system-breakdown, CARAX may not have access to all the possible execution venues for the execution of orders.

## VI. APPLICABILITY

CARAX is bound to obtain its clients' prior agreement as regards its execution policy and, also, any order placed with CARAX shall represent acceptance of this Policy by the client.

Moreover, when a financial instrument is admitted to trading on a regulated market or a MTF, CARAX is bound to obtain its clients' agreement before executing their orders away from a Regulated Market or MTF. An acceptance form is available for this purpose.

In the context of order reception and transmission services, orders from clients transmitted by CARAX to third party brokers for execution may be ultimately executed outside a regulated market or a MTF. In such a case, clients are exposed to the counterparty risk of the broker involved.

## APPENDIX

### LIST OF PRINCIPAL EXECUTION VENUES

#### EQUITIES / ETF

##### Regulated Markets:

Copenhagen Stock Exchange\*  
Euronext Amsterdam\*  
Euronext Brussels\*  
Euronext Lisbon\*  
Euronext Paris\*  
Frankfurt Stock Exchange\*  
Helsinki Stock Exchange \*  
London Stock Exchange\*  
Madrid Stock Exchange\*  
Milan Stock Exchange\*  
Oslo Stock Exchange\*  
Stockholm Stock Exchange\*  
SWX Swiss Exchange\*  
Virt-x Swiss Exchange\*

##### MTF:

BATS Exchange\*  
Chi-X Europe Exchange\*  
Turquoise Stock Exchange\*

#### FUTURES AND OPTIONS

##### Regulated Markets:

Australian Securities Exchange\*  
CBOE\*  
CME\*  
Eurex  
Hong Kong Futures Exchange\*  
IDEM\*  
NYSE Euronext Paris  
NYSE Euronext Amsterdam\*  
ICE\*  
MEFF \*  
OMX\*  
Singapore Exchange\*  
Vienna Stock Exchange\*

##### Bonds:

CARAX own account

(\* ) Execution via third-party brokers

### LIST OF PRINCIPAL THIRD PARTY BROKERS

SGSS  
CITI