

## Best Execution and Order Handling Policy (derivatives) Professional Clients

This Best Execution and Order Handling Policy (the “**Policy**”) provides professional clients (“**Professional clients**”) with information on the best execution and order execution arrangements (“**Best Execution**”) implemented by de Volksbank N.V. (hereafter “**de Volksbank**”, “**Financial Markets**”, “**us**” or “**we**”) in order to manage the execution of client orders as required by the revised Markets in Financial Instruments Directive 2014/65/EU and implementing measures as transposed into national laws and regulations (“**MiFID II**”).

### 1. General - Best Execution

Where an investment firm executes an order in relation to a financial instrument on behalf of a client, it must take all reasonable steps to achieve Best Execution of such client's order.

Best Execution is the overarching obligation to take **all sufficient steps** to obtain the best possible result for clients when executing client orders or receiving and transmitting orders on their behalf, taking into account factors such as price, costs, speed, likelihood of execution and settlement, size, nature or any other considerations relevant to the execution of the order. However, where there is a specific instruction from a client, the investment firm shall execute the order following the specific instruction.

### 2. Scope of the Policy

This Policy applies when de Volksbank is executing orders on behalf of its Professional clients (including when acting as principal). The financial instruments covered by this Policy include, but are not limited to, Over-The-Counter (OTC) derivatives.

This Policy applies to Professional clients only. In accordance with MiFID II, this Policy does not apply to clients which are categorised as Eligible

Counterparty (including clients that have opted up to Eligible Counterparty). These clients are deemed to be sophisticated enough to protect their own interests. Accordingly, de Volksbank does not owe any best execution obligation to Eligible Counterparties

### 3. How do we determine whether Best Execution is owed to a client?

De Volksbank has an obligation of best execution where it acts in the following capacity, when:

“executing orders on behalf of clients” (as a Principal).

De Volksbank is not transmitting any client orders to third party brokers for execution (therefore not acting as an Agent).

#### Four Fold Test

When dealing with Professional clients, de Volksbank has an obligation to provide Best Execution when circumstances demonstrate that a client legitimately relies on de Volksbank to protect its interests in relation to the execution of a transaction, also referred to as “Legitimate Reliance”.

To determine whether there is Legitimate Reliance on de Volksbank to protect a client's interests in relation to pricing and other elements of the transaction, it is common use to apply the ‘Four-Fold Test’ guidelines as issued by the European Commission.

This test requires firms to take into account the following four considerations to help determine whether a Professional client is legitimately relying on us to protect its interests in relation to the transaction:

#### 1. Whether we or the client initiate(s) the transaction

In those cases where de Volksbank approaches a client and suggests such client to enter into a specific transaction, the client is more likely to place Legitimate Reliance on de Volksbank. However, if a client initiates a transaction, this may indicate that such client is placing less reliance on us.

## 2. Market practice and the existence of a convention to “shop around”

For instance, if it is market practice for a client to ‘shop around’ by approaching several dealers for a quote for a particular transaction, it is less likely that this client is placing Legitimate Reliance on de Volksbank (as the (counter)party selected by the client for that transaction).

## 3. The relative levels of transparency within a market

If the client does not have access to market prices while de Volksbank does, this is an indication that the client is placing Legitimate Reliance on de Volksbank in relation to the pricing of the transaction.

## 4. Information provided by us about our services and any agreement reached

Where the arrangements and agreements with a client state that de Volksbank will provide Best Execution, it is more likely that the client will be placing Legitimate Reliance on us and then de Volksbank will be obliged to provide Best Execution.

Where the consideration of the above ‘four-fold’ factors concludes that there is no Legitimate Reliance on de Volksbank, then Best Execution will not apply.

## Request for Quote

Where a Professional client requests de Volksbank to provide a quote to trade on a bilateral basis (a “**Request for Quote**” or “**RFQ**”), de Volksbank assumes that there is no Legitimate Reliance placed on us by a Professional client and, as such, we do not owe Best Execution to such Professional client.

We may choose to make markets in instruments by quoting prices at which we are prepared to deal with the Professional client. The prices quoted by us will be our risk prices and may be different to the rest of the market (e.g. on a regulated market (RM) or multilateral trading facility (MTF)). It will be up to the client to determine whether they wish to accept the price. If a Professional client accepts our price, we will enter into the transaction on a principal basis.

Consequently, the obligation to provide Best Execution to a Professional client will not apply when de Volksbank is responding to a RFQ from a Professional client, as no Legitimate Reliance is placed on de Volksbank .

## Specific instruction (Specific Order)

When we receive a specific instruction from a Professional client as to how de Volksbank should execute an order (or a particular aspect of an order) and we accept such specific instruction (the “**Specific Instruction**”), we will execute the order in accordance with the Specific Instruction. When de Volksbank executes an order (or the relevant aspect of the order) in accordance with such Specific Instruction, we are deemed to have satisfied our obligation to provide the client with Best Execution in relation to such order.

To the extent that de Volksbank executes an order or a specific aspect of an order following Specific Instructions from a client relating to such order, de Volksbank has satisfied its obligation to take all “sufficient steps” to obtain the best possible results for a client.

**Clients should be aware that: any Specific Instruction (Specific Order) from a client, may prevent de Volksbank from taking any further steps as implemented in this Policy that are designed to obtain the best possible result for the execution of orders.**

## Execution Costs

When executing orders on a client’s behalf and when providing quotes in response to RFQs, de Volksbank may charge a fee, commission or apply a mark-up or a spread to the execution price. De Volksbank shall provide the client with the appropriate information on all costs and related charges as mentioned in the ex-ante Cost Disclosure Document. These charges will be made to cover the costs and risks associated with the transaction on a reasonable basis.

De Volksbank does not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular execution venue which would infringe any conflicts of interest or inducement requirements under MiFID II.

#### 4. Client Order Handling

When executing orders on behalf of clients, de Volksbank will ensure the prompt and accurate recording and allocation.

In the event that we receive comparable orders from two or more clients, the orders will be executed sequentially and promptly, unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise.

Information in respect of executed or pending client orders will be treated as confidential and de Volksbank will take all reasonable steps to ensure that information of any pending orders will not be misused.

##### **Aggregation and Allocation of orders**

De Volksbank shall not carry out a client order or a transaction for own account in aggregation with another client order.

However, in certain circumstances aggregation of client orders may occur but only when the following conditions are met:

(a) It is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated;

(b) It is disclosed to each client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order;

(c) Upon execution, any aggregated orders are fairly allocated taking into account the size of the orders and the price.

#### 5. Monitoring and Review

This Policy and the order execution arrangements of de Volksbank will be reviewed at least annually or when a material change occurs that affects the ability of de Volksbank to continue to obtain the best possible result when executing orders for its clients. The latest version of this Policy is available on the website of de Volksbank

[www.devolsbank.nl/mifidprofessionalclients](http://www.devolsbank.nl/mifidprofessionalclients).

#### 6. Reporting

To the extent that Best Execution is applicable, an investment firm is under MiFID II required to make publicly available (i) certain execution quality data and (ii) information on its top five execution venues.

As stated above under Paragraphs 2 and 3 in this Policy, the obligation and steps to provide Best Execution to a Professional client do not apply with respect to the execution of orders further to a Specific Instruction or when responding to a RFQ from a Professional client.

Since de Volksbank only executes orders from Professional clients following a Specific Instruction or an RFQ – Best Execution does not apply to de Volksbank in this respect. Accordingly no such information as mentioned above under (i) and (ii) shall be reported nor made publicly available.

#### 7. Consent

This Policy shall apply to the investment services provided by de Volksbank. By entering into a client agreement with de Volksbank for investment services or by giving de Volksbank orders for execution, the client is deemed as giving its consent to this Policy unless de Volksbank is expressly notified otherwise.

