ORDER EXECUTION POLICY
Jefferies GmbH

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I. INTRODUCTION

As required by the Markets in Financial instruments Directive II ('MiFID II') and the German Securities Trading Act ("WpHG") as well as Art. 64 et sqq. Delegated Regulation 2017/565, this document (the "Policy") sets out Jefferies GmbH's ("Jefferies") Order Execution Policy and arrangements for complying with the obligation to take all sufficient steps to obtain the best possible outcome for their client's orders when executing or routing client orders (so called 'best execution'). As detailed in Jefferies Terms of Business, clients are deemed to have consented to their transactions being handled in accordance with this Order Execution Policy and in particular any OTC trade possibilities.

II. SCOPE

Jefferies is required to put in place an Order Execution Policy, and to take all sufficient steps to obtain the best possible outcome for clients who are 'legitimately relying' on Jefferies for the execution or receipt and transmitting of client orders in "financial instruments" (as defined in Annex 1 Section C of MiFID II), including but not limited to financial instruments of issuers incorporated in Europe, Asia and the Americas. An order is an instruction to buy or sell a financial instrument which is accepted by Jefferies for execution or onward transmission to a third party and which gives rise to contractual or agency obligations to the client.

This Policy deals with the activities of Jefferies Sales and Trading division, covering Cash Equity Products, Fixed Income Products, and related OTC and Exchange Traded Derivative Products.

Depending in the asset class in question, Jefferies may become your direct counterparty by way of own account trading or route the order to an appropriate broker to have the trade executed according to the broker's best execution policy or as instructed by Jefferies to access a certain trading venue. Where reasonably possible and allowed by law, brokers within the Jefferies Group are used. Client instructions overrule best execution obligations.

III. WHAT TYPE OF CLIENTS DOES BEST EXECUTION APPLY TO?

A client's regulatory classification, as detailed below, impacts the determination of whether a client is 'legitimately relying' on Jefferies to protect their interests, and as such whether best execution is owed.

- **Retail Clients**: Retail clients are always deemed to legitimately rely on Jefferies to protect their interests, and as such the best execution obligation is deemed to apply whenever Jefferies would transact with retail clients.

  IMPORTANT NOTE: JEFFERIES DOES NOT TRADE WITH RETAIL CLIENTS.

- **Professional Clients**: Each specific transaction needs to be assessed to decide as to whether the client is 'legitimately relying' on Jefferies to protect their interests:
  - **Four-fold test**: To determine whether a professional client is 'legitimately relying' on Jefferies in relation to a particular client order (whereby best execution is therefore owed to the client), the following four factors are considered by Jefferies:
    - **Which party initiates the transaction**: where it is Jefferies that 'initiates' a transaction the client is more likely to place 'legitimate reliance' on Jefferies. In this context, 'initiate' means where Jefferies approaches a client regarding a potential transaction;

- **Market practice and the existence of a convention to 'shop around'**: In certain wholesale markets, there is a common practice or convention to 'shop around' and obtain quotes from several dealers prior to a client executing any transaction. The existence of such a practice indicates that a client is less likely to place 'legitimate reliance' upon Jefferies for best execution of the order (for example, wholesale bond markets and OTC markets feature 'shop around' practices);
- **The relative levels of price transparency within a market**: In certain markets, transparent prices may not be readily available to clients, and this indicates that the best execution obligation is more likely to apply; and
- **The Terms of Business/ other information provided to clients should make clear if best execution applies or not**. This must reflect the economic reality of the relationship.

– Section IV provides further guidance as to how best execution applies to professional clients, with various trading scenarios and examples provided.

- **Eligible Counterparties**: The best execution obligation will not be applied when dealing with Eligible Counterparties if one of the following services is provided: principal brokerage (Finanzkommissionsgeschäft), reception and transmission of orders (Anlage- and Abschlussvermittlung) or own account trading (Eigenhandel).

All Jefferies employees who, on behalf of professional or retail clients (or eligible counterparties, subject to the above-named limitations[1]), either execute client orders or pass orders for execution to other entities must ensure such activities are conducted in accordance with this Policy.

IV. BEST EXECUTION – APPLICATION TO PROFESSIONAL CLIENTS

- Where a professional client 'legitimately relies' on Jefferies to protect its interests in relation to the relevant elements of a transaction that may be affected by how Jefferies, or the entity to which the order is transmitted, executes or routes the order, then the best execution obligation will apply. For example, a best execution obligation would likely apply where Jefferies execute an order by dealing as riskless principal; and
- 'working' an order on behalf of a client (e.g. where Jefferies make decisions as to how the order is executed).

Further, best execution also applies where Jefferies routes an order by:

- dealing as agent (e.g. Jefferies transmits an order for execution to a third party);

Please be aware that there are many circumstances, particularly in bond markets, where a client will not be 'legitimately relying' on Jefferies to protect its interests, and consequently where the best execution obligation will not apply.

Detailed below are the main asset classes that Jefferies trade, further analysed into key trading scenarios, along with an assessment for each of whether the best execution obligation applies or not and whether Jefferies executes trades by way of own account trading or acts as agent or principal broker and routes the order to a broker. Such assessments are provided for guidance only, and do not apply in all

[1] Eligible counterparties are not further reflected because they either fall outside the scope of best execution or must be treated similar to the professional clients.

circumstances. Where specific instructions are provided by a client then the best execution obligation will only apply to those parts of the order not covered by the instruction. See Section VII.

Equities – Cash Products (Shares, Funds, ETF's, Convertible Bonds, etc.): When dealing in equity cash products Jefferies acts in various capacities, though primarily as either agent or on a riskless principal basis and in these instances, the best execution obligation is deemed to apply. However, ETFs and Convertible Bonds primarily trade on a request for quote basis, either electronically or via non electronic methods. For such cash equity markets, it is market convention to 'shop around' and obtain a quote from several different dealers prior to execution, and professional clients would, as standard, have access to various sources providing them with a high degree of market transparency. The best execution obligation would generally not be owed to clients executing transactions via such request for quote processes.

- **Jefferies capacity:**
  - Jefferies act in an agency role routing orders to another broker
  - Jefferies act by way of own account trading resulting in Jefferies being the client's trading counterparty
  - Where the client gives order instructions, these instructions overrule other best execution procedures

Equities – Derivative Products: Jefferies transact in a range of listed and OTC Derivatives.

- **Exchange Traded Derivatives (Futures, Options, etc.):** Where Jefferies trade exchange traded derivatives on an agency basis (including through a third-party broker), the best execution obligation is deemed to apply. However, Jefferies generally trade exchange traded derivatives on a risk basis, such as block trades, and here the best execution obligation will not be deemed to apply. Due to best execution being applicable, Jefferies takes the view that the best execution obligations also prevent relevant potential conflicts of interests.
- **OTC Derivatives (SWAPS, Options, etc.):** These types of financial instruments are usually traded on a bi-lateral basis where Jefferies acts on risk in a principal capacity and a client will decide whether to proceed with the transaction based on the price provided by Jefferies and typically subject to a shop around process, and here the best execution obligation will not be deemed to apply.
- **Jefferies capacity:**
  - Jefferies act in an agency role routing orders to another broker
  - Jefferies act by way of own account trading resulting in Jefferies being the client's trading counterparty
  - Where the client gives order instructions, these instructions overrule other best execution procedures

Fixed Income – Cash Products (Government Bonds, Corporate Bonds, etc.): Jefferies act as market maker on a principal-to-principal basis under several differing trading scenarios, which cover both traditional 'high touch' and electronic 'low touch' channels, the most significant of which are summarised below:

- **Firm Executable Quotes Via Regulated Markets, Multilateral Trading Facility ("MTF") or Organised Trading Facility ("OTF")**: Where Jefferies quote executable prices via regulated markets, MTFs or OTFs and subsequently transact on a principal to principal basis with a client who has accepted Jefferies's quote, then the best execution obligation would generally not be owed;
- **Request for Quote - Via MTF/OTF/ e-Trading Platform**: MTF/OTF/ e-trading platforms offer Request for Quote functionality whereby several dealers offer executable (for limited timeframes) prices in

competition, which are displayed concurrently to the professional client. The best execution obligation would generally not be owed to clients executing transactions via such electronic request for quote processes;

- **Request for Quote – Via Non-Electronic Methods**: Jefferies trade Fixed Income cash products with professional clients on a request for quote principal to principal basis without using a regulated market, an MTF, an OTF or e-Trading Platform to facilitate the transaction. For such cash bond markets, it is market convention to 'shop around' and obtain a quote from several different dealers prior to execution, and professional clients would, as standard, have access to various sources providing them with a high degree of market transparency. An example is the Bid/ Offer Wanted in Competition (BWIC/ OWIC) process used for much of the MBS/ ABS market, whereby a client submits its bond bid/offer list concurrently to several dealers who then provide the client with competitive quotes. In such circumstances, where trading has been undertaken via phone, Bloomberg chat, email or another equivalent medium, the best execution obligation would in most instances not be deemed to apply, even where the resultant transaction is executed through a regulated market/MTF/OTF. There are, however, certain request for quote non-electronic sub-scenarios where the best execution obligation is deemed to apply [though please note that we expect this to be in limited circumstances]. These include:
  - **'Working' an order on behalf of a client**: Where Jefferies take a client order and 'work' it in the market, looking to identify relevant securities from other market sources, then Jefferies are deemed to be making decisions as to how the order is executed, and the best execution obligation will apply;
  - **Captive Client**: Where a is not able nor able to find other quotes. In such circumstances the client is deemed to be 'legitimately relying' on Jefferies to protect its interests in relation to the transaction, and as such the best execution obligation will apply. This scenario will generally only apply to select Global Structured Solutions products.
- **Jefferies capacity:**
  - Jefferies usually do not act in an agency role
  - Jefferies act by way of own account trading resulting in Jefferies being the client's trading counterparty
  - Where the client gives order instructions, these instructions overrule other best execution procedures

Fixed Income – Derivative Products: Jefferies transact in a range of listed and OTC Derivatives:

- **Exchange Traded Derivatives (Futures, Options, etc.)**: Where Jefferies trade exchange traded derivatives on an agency basis, , the best execution obligation is deemed to apply. However, Jefferies generally trade exchange traded derivatives on a risk basis, such as block and basis trades, and here the best execution obligation will not be deemed to apply. Due to best execution being applicable, Jefferies takes the view that the best execution obligations also prevent relevant potential conflicts of interests;
- **Fixed Income – OTC Derivatives (SWAPS, Options, FX Forwards etc.)**: These types of financial instruments are usually traded on an RFQ or bi-lateral basis where Jefferies acts on risk in a principal capacity and a client will decide whether to proceed with the transaction based on the price provided by Jefferies and typically subject to a shop around process, and here the best execution obligation will not be deemed to apply. However, in certain limited circumstances, Jefferies may determine, based

on the four-fold cumulative test, that a duty of best execution is owed, including for worked orders, restructurings and unwinds where the client may be legitimately relying on Jefferies.

- **Jefferies capacity:**
  - Jefferies acts in an agency role routing orders to another broker
  - Jefferies acts by way of own account trading resulting in Jefferies being the client's trading counterparty
  - Where the client gives order instructions, these instructions overrule other best execution procedures

V. ACHIEVING BEST CLIENT OUTCOMES

When the best execution obligation applies and Jefferies are executing or receiving and transmitting orders in relation to financial instruments on behalf of a client, Jefferies will take all sufficient steps to achieve the best possible result for the client. This means that Jefferies is required to have in place policies and procedures that are designed to obtain on a consistent basis the best possible outcome for execution of client orders, subject to and considering the nature of the client orders, the priorities placed on Jefferies in filling those client orders, and the nature of relevant markets Jefferies will ensure that clear instructions are received from clients on the relevant aspects of an order that Jefferies execute on a client's behalf, so that where there is a legitimate reliance for best execution, Jefferies will comply with its best execution obligations.

In taking all sufficient steps, Jefferies will look to achieve the best balance across a range of sometimes conflicting execution or routing factors. This does not mean achieving the best outcome for every individual client order, but the best possible outcome on a consistent basis. Jefferies is not required to ensure best execution for individual trades.

In extreme volume and volatile situations, trading venue system (or broker system) constraints may (depending upon the client's instruction) require automated trading systems to be switched off and/or electronic routing to be suspended in favour of manual execution. Such events lead to further execution delays and increased market volatility. Clients should be aware that in such volatile markets, especially at or near the close of a standard trading session, an order may be executed at a substantially different price from the quoted bid or offer or the last reported trade price at the time of order entry. In addition, an order may only be partially executed or may be executed in several shapes at different prices; and opening prices may differ significantly from the previous day's close.

VI. ORDER EXECUTION FACTORS

When determining the strategy for execution of a client's order Jefferies will take into consideration certain 'Execution Factors' as appropriate, in the context of the terms of the client's order. The 'Execution Factors' that Jefferies may consider include, but are not limited to:

- price;
- speed;
- market liquidity;
- size of the order;

- likelihood of execution and settlement;
- costs of the transaction;
- market impact;
- nature of the transaction including whether it is executed on a regulated market, MTF, OTF or over the counter; and
- any other consideration relevant to the efficient execution of the order.

Jefferies considers the following criteria when determining the relative importance of the various 'Execution Factors':

- characteristics of the client (including whether they are categorised as a Retail or Professional client – if categorized as Retail, the total consideration[2] is the most important factor);
- characteristics of the client's order (market order, limit order etc., including where the order involves a securities financing transaction ("**SFT**"));
- characteristics of the financial instruments that are the subject of the order (share, bond etc.); and
- characteristics of any execution venues to which the order can be directed.

In the absence of specific instructions from the client (see Section VII below), Jefferies will exercise its own judgment, skill and experience, having regard to available market information when determining the 'Execution Factors' that it needs to take consider for the purpose of providing the client with best execution.

The diverse markets for different financial instruments, and the types of orders that clients place with Jefferies, means that different 'Execution Factors' could be applicable each time Jefferies considers a particular execution strategy. For example, there is no formalized market for some OTC transactions, in some markets price volatility may mean that timeliness of execution is a priority, whereas in an illiquid market the ability to execute the transaction may be the key execution factor.

In general, Jefferies regards price as being the most important consideration when seeking to obtain the best possible outcome for clients in accordance with this Policy. In certain circumstances Jefferies may decide in its absolute discretion that the other factors noted above may be more important than price. In addition, subject to any specific instructions which are given to Jefferies by a client (see Section VII), the financial instrument to which the order relates often dictates to a large extent the determination and ranking of the relative importance of the Execution Factors.

If a client gives Jefferies a limit order in relation to shares admitted to trading on an EEA regulated market, Jefferies will be required to make public such limit orders to the extent they are not immediately executed under prevailing market conditions unless the client consents to Jefferies exercising its discretion as to whether to make such limit orders public.

The main execution venues where Jefferies typically executes orders are as set out in **Appendix 1** of this Policy, differentiating between the different classes of financial instruments.

Similar factors as set out above will be applied when selecting a broker for further processing a client order, i.e. where Jefferies route the client order to a third party (including intra-group brokers).

[2] "Total consideration" representing the price of the financial instrument and the costs related to execution.

When routing client orders, Jefferies either determine the ultimate trading venue itself on the basis described above, and instruct the other broker accordingly, or Jefferies will satisfy itself that the broker has arrangements in place to enable it to comply with its Best Execution obligations to the client. When Jefferies transmit client orders for execution to a third party or affiliated entity, Jefferies act as agent on your behalf or may act as principal broker (*Finanzkommissionär*). Execution through affiliated entities can provide particular execution benefits, such as increased certainty of execution, improved governance and oversight of order handling and execution as well as consistency of processing.

Also, in case of order routing, the brokers used will typically allow OTC trading. In addition, brokers may be domiciled outside the EU and the execution or further processing of the transaction may be carried out by a broker which is not subject to MiFID II.

More information on the order routing is set out in Section X. below.

The entities to which Jefferies transmit orders (where applicable) are as set out in **Appendix 2** of this Policy, differentiating between the different classes of financial instruments.

VII. SPECIFIC INSTRUCTIONS

Whenever a client gives a specific instruction to Jefferies as to the execution of its order, Jefferies will execute that order in accordance with the client's specific instructions. In following those specific instructions, Jefferies will be deemed to have satisfied its best execution obligations in respect of that part of the order to which the specific instructions relate. If a client requires its order to be executed in a particular manner, it must clearly state its desired method of execution when it places its order with Jefferies. To the extent that the client's specific instructions are not comprehensive, Jefferies will determine any non-specified aspects in accordance with this Policy.

It should be noted that specific instructions from a client may prevent Jefferies from taking the necessary steps it has designed and implemented in this Policy, to obtain the best possible outcome for the execution of those orders in respect of the elements covered by those instructions.

Where a client uses a direct market access ("DMA") system provided by Jefferies through other group companies (whereby the client selects transaction parameters, including price, client/venue, timing, size etc.), then such clients will be regarded as providing specific instructions to Jefferies in relation to the execution of their order. In such situations, Jefferies will be deemed to have satisfied its best execution obligations and the client will be deemed to have given a specific instruction for the whole order by means of the DMA system.

Where an algorithm is used in the execution of a client order then the choice of that algorithm is not considered to be a form of specific instruction. The exception to this being where a client seeks customisation of Jefferies algorithms to meet their own needs, in which case a specific instruction is deemed to have been provided with respect to any such customisation.

VIII. EXECUTION VENUES AND BROKERS

Subject to any specific instructions from a client, Jefferies may use one or more of the following venues to enable it to obtain the best possible outcome on a consistent basis when executing an order:

- Regulated markets;
- Multilateral Trading Facilities (MTFs);

- Organised Trading Facilities (OTFs);
- Systematic Internalisers;
- Internal sources of liquidity (i.e. matching client orders);
- Jefferies and its affiliated companies' trading desks (re proprietary positions, or when acting as a liquidity provider or market maker); and
- Third party investment firms and brokers (or non-EU entities performing similar functions, including but not limited to those in Asia and the Americas) which may also trade proprietary positions, act as market makers or as liquidity providers.

Jefferies is execution venue agnostic and will use the venues that allow it to obtain the best possible outcome on a consistent basis when executing an order on a client's behalf irrespective of the client's regulatory classification.

A list of the main execution venues used by Jefferies is set out in the "Execution Venue List". This Policy, including the Execution Venue List, can be found on the Jefferies corporate website (www.jefferies.com) under the Notices and Disclosures tab. As well as having regard to an entity's access to markets and execution venues, when choosing entities for inclusion in the list, Jefferies assesses each entity's ability to obtain the best outcome on a consistent basis, having regard to the above 'Execution Factors'. This list is non-exhaustive and Jefferies may use an execution venue that is not included on the list, for instance when executing an order for a financial instrument in which Jefferies do not normally transact. Further to the client's prior express consent, the entity to which its order is transmitted may execute that order outside a regulated market, MTF or OTF or similar non-EU market venue.

Where applicable, whenever a client places an order with us, Jefferies shall be entitled at its absolute discretion and without reference to the client, to select the venue for executing the order in line with this Policy. Subject to any specific instructions, to select an Execution Venue for an order Jefferies will apply the following methodology:

- When carrying out orders on a Regulated Market, MTF or OTF Jefferies will select the Execution Venue that it considers the most appropriate considering the different factors affecting the choice of Execution Venue listed in Section IX below and Section VI above. The Execution Venue may be a Regulated Market, MTF or OTF itself, or via a member firm who is a member of a Regulated Market, MTF or OTF;
- For a financial instrument admitted to trading on a Regulated Market, MTF or OTF where Jefferies believe an order can be executed to a client's advantage or at no disadvantage to a client, and to the extent permitted by MiFID II and the WpHG, Jefferies may transmit an order to, or execute an order on, an Execution Venue that is outside a Regulated Market, MTF or OTF;
- For a financial instrument not admitted to trading on a Regulated Market, MTF or OTF, Jefferies will select the Execution Venue that is considered the most appropriate taking into account the different factors affecting the choice of Execution Venue listed in Section IX below; and
- Where Jefferies believe that an order can be executed to a client's advantage or at no disadvantage to a client, a Jefferies group entity may be used as the Execution Venue.

Where Jefferies executes an order outside of a Regulated Market, MTF or OTF, there may be increased counterparty risk, i.e. the risk that the counterparty to the transaction does not fulfil its obligations. Additional information about the consequences of orders being executed outside of a Regulated Market, an MTF or an OTF is available upon client request.

Due to the nature of some of the markets on which Jefferies's clients effect transactions, the execution venues chosen by Jefferies for executing orders are often product driven and there may only be limited venues for the execution of the products. Where necessary and relevant, Jefferies will consider the advantages of indirect access, namely transmitting client orders to another execution intermediary rather than executing those orders itself.

Clients may offer a venue of preference subject to any conflicts of interest and bearing in mind that client interest always comes first. Where this is unlikely to lead to the best possible outcome, Jefferies will endeavor to provide the client with adequate information, in a fair, clear and not misleading way, to allow it to make a more informed judgement.

Jefferies commissions and charging structure is designed not to discriminate between venues i.e. client commissions will not vary depending on the venue(s) chosen to execute a client's order. Execution commission is charged to clients at a flat basis points rate. There is no connection/correlation between where orders are routed / executed and the commission rates charged to clients. In addition, routing logic embedded into the smart order router is based on liquidity capture, not cost of execution. Jefferies receives no payment for order flow nor inducements from any venue. Where Jefferies is the execution venue (i.e. where Jefferies fills the client on risk), it will review the quality of its own execution in the same way as it would for any other execution venue.

Where Jefferies does not select the execution venue and does not act by way of own account trading, it will rely on the broker's execution policy of the broker selected by Jefferies as per Section VI above or as instructed by the client. More information on the order routing is set out in Section X. below.

JEG ensures full compliance with the Share Trading Obligation under Article 23 of MiFIR by executing trades in EEA-listed shares exclusively on regulated markets, MTFs, SIs, or equivalent third-country venues. This obligation is currently fulfilled through the use of JIL as our executing broker, supported by an agreement between JIL and an external broker to ensure access to compliant trading venues.

IX. ASSET CLASS EXECUTION STRATEGIES

Jefferies adopts differing execution strategies depending on the client classification, asset class and market being traded.

Also for professional clients, Jefferies emphasizes the total consideration, represented by the price of the financial instrument and the costs incurred by the client in relation to execution, which includes all expenses incurred by the client that are directly related to the execution of the order (e.g. execution venue, clearing and settlement fees, and any other fees paid to third parties involved in the execution of the order), cf above. Other factors as noted below under the particular asset classes may be given precedence over the immediate price and cost consideration insofar as they are instrumental in delivering the best possible outcome in terms of the total consideration to the retail client.

For professional clients, guidance on the execution strategies likely to be employed, along with the relevant importance given to differing execution factors as well as execution venues (shown on Jeffries' website), is provided below for the main asset classes traded by Jefferies.

Equities – Cash Products (Shares, Funds, ETF's, Convertible Bonds, etc.):

- Jefferies Equity desks execute transactions on directly accessed markets through affiliates, as well as executing with/ through approved brokers. The decision as to an appropriate execution venue is undertaken on a trade by trade basis, and depends on the reason for the trade, the size of the order, the percentage of average daily volume that the trade represents, the available liquidity in

the stock at the time, or any other execution factors deemed relevant by Jefferies traders. Jefferies may utilise algorithms where appropriate depending on the nature of the order;

- For smaller orders, price is the primary execution factor when choosing the appropriate venue as the markets are generally transparent and liquid, with costs being the second key factor; Jefferies instructs brokers accordingly to execute on the identified trading venue;
- For larger orders, price is still the primary execution factor, but liquidity, likelihood of execution, reduction of market impact and speed of execution have greater importance and these execution factors will often drive the traders' decisions as to whether to pass the order to a broker or to execute directly with a particular execution venue;
- Where the order is to be passed to a broker for execution, Jefferies will select a broker from those that have been approved based primarily upon price, but also considering the following factors: liquidity capability, clearance and settlement capabilities, quality of service, access to markets, credit worthiness and financial stability;
- To ensure quick executions and minimum market impact, such orders may be split amongst multiple brokers/venues.
- For Convertible Bonds and ETFs that are primarily traded on a request for quote basis, the decision as to an appropriate execution strategy is undertaken on a trade-by-trade basis and will depend on the goals of the client. The overarching principle at Jefferies will be to obtain the best outcome for the client considering a range of factors. In liquid and transparent markets, price, speed and to a lesser degree market impact are likely to be the primary execution factors in determining whether a client has achieved their goal. For more illiquid securities, while price remains a key consideration, likelihood, and speed of execution as well as executable size and ability to settle, are also key.

Fixed Income – Cash Products (Government Bonds, Corporate Bonds, etc.):

- The decision as to an appropriate execution strategy is undertaken on a trade-by-trade basis and will depend on the goals of the client. The overarching principle at Jefferies will be to obtain the best outcome for the client considering a range of factors.
- In general terms as an asset class Fixed Income products trade in liquid and transparent markets. Price, speed and to a lesser degree market impact are likely to be the primary execution factors in determining whether a client has achieved their goal. Since commissions are not charged on cash products, costs do not need to be considered in determining best execution.
- For more illiquid Fixed Income securities Jefferies' access to liquidity in the marketplace may be limited. For such securities, while price remains a key consideration, likelihood, and speed of execution as well as executable size and ability to settle are also key. In these markets a client's sensitivity to price may be diminished in lieu of the goal to buy or sell a certain quantity within a given timeframe, and in such a scenario achieving the client's goal of prompt execution will likely constitute a significant factor in determining best execution.

Exchange Traded Derivatives – Equities and Fixed Income (Futures, Options, etc.):

- Jefferies transact in exchange-traded derivative instruments to facilitate client trading, hedge against market risk, and to gain exposure to underlying assets. Listed derivatives are in most of cases not fungible, and Jefferies choice of Execution Venue may therefore be limited. The decision to deal on a particular trading venue may therefore be based primarily on the fact that there are no alternative sources of dealing in the products being traded. For example, a client wishing to

affect a transaction in 3-month short sterling future has no alternative than to transact on ICE Futures Europe as this is currently the only venue for that product. Where there is only one execution venue then time of execution will be the highest ranked execution factor. Jefferies instructs brokers accordingly to execute on the identified trading venue.

- Where there is a choice of Execution Venue, price remains the primary factors, but Jefferies will, unless market conditions dictate, consider that time of execution, costs, order size, and likelihood of execution are also important execution factors. Jefferies instructs brokers accordingly to execute on the identified trading venue.

OTC Derivatives – Equities and Fixed Income (SWAPS, Options, Forwards, etc.):

- There are no formalised markets, and in most instances no standard settlement infrastructure, for OTC derivative transactions. Dealing in OTC derivatives will be limited to pre-authorised clients with whom legal and ISDA agreements are in place, including agreements to facilitate settlement ('give-up agreements') for certain centrally cleared derivative contracts, and in such cases the perceived operational efficiency of such clients will be relevant. Jefferies typically acts based on client instructions.
- In certain cases, the nature of the client order is such that the transaction is tailored to meet the client's specific needs and there are little or no comparable products available in the market from which a price and cost comparison can be made. Where this occurs, Jefferies will assess the unique features of the transaction and the client's instructions to determine the relevant execution factors to be considered when executing the client order. Jefferies typically acts based on client instructions.
- In general, Jefferies consider price, followed by costs, as the most important factors. Other key execution factors include speed of execution, certainty of execution, and market impact. Jefferies instructs brokers accordingly to execute on the identified trading venue.
- When executing client orders or taking decisions to deal in OTC products (including bespoke products), Jefferies will 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.

X. RECEIVING AND TRANSMITTING ORDERS

When Jefferies receives a client's order and transmits that order to another entity for execution, it will take all sufficient steps to achieve the best possible outcome, in accordance with this Policy, taking account of the factors noted above and any specific instructions received from the client in relation to that order (or a specific aspect of that order). When determining the strategy for obtaining the best outcome for a client's order, in the absence of any specific instructions, Jefferies will consider if it is sufficient to simply transmit the order to another entity or whether it is necessary to exercise additional control when instructing the other entity in relation to that client's order. Where an affiliate of Jefferies is the entity to which it transmits a client's order for execution, Jefferies will review the quality of the execution in the same way as it would for any other execution venue.

Information on the brokers regularly used by Jefferies can be found in Appendix 2 to this Policy.

XI. MONITORING AND REVIEW

Jefferies monitors the effectiveness of its order execution arrangements in a number of ways, including via Best Execution Committee which meet quarterly (these are split out by business area, Equities and Fixed Income) and a yearly best execution framework review.

Jefferies regularly assess whether the execution venues it accesses, and the brokers and dealers to whom Jefferies transmit orders, continue to provide for the best possible outcome for clients.

Equities Monitoring and Review: Jefferies Equities (JE) monitoring consists of a combination of pre-trade, real time, post trade and periodic execution monitoring.

Liquidity venue monitoring: JE undertakes periodic reviews of Regulated Markets, MTFs and OTFs regardless of whether Jefferies is connected to the liquidity venue. Factors assessed include universe of securities covered; liquidity; market / sector share capture; post trade set up and structure; types / nature of participants; sustainability of liquidity venue; fee structure; and order placement functionality.

Consolidated Book and EBBO: JE systems build a consolidated book from most venues which is used as a reference price for order placement. It also picks up where venues are down for technical reasons (circuit breakers etc.) and rebuilds the book around currently available venues.

Information Content Factor and Information Leakage: JE monitors the quality of executions from all venues accessed by measuring their toxicity as well as expected versus realized fill rates to assess the level of leakage.

When selecting / onboarding a third-party broker as an executing broker in a market where Jefferies does not have a direct trading venue membership (or as a back-up in a membership market), several factors are considered as part of the selection process, these can include technical infrastructure; technical support; commission rates charged; operational support; counterparty risk; and available limit structure. Each broker selected is only utilized in a Direct Market Access capacity whereby Jefferies is using the third-party broker's technical connectivity/gateway to a trading venue and their membership of that venue to place and execute order flow. In all cases the broker will not interact with the order flow and Jefferies remains in full control of where and when orders are submitted. Each broker is assessed prior to connectivity being established as well as on an on-going basis. In each market, there is a primary and secondary broker. In the event a technical, or any other, issue occurs with the primary broker, the secondary broker connection can be migrated to the primary location in real time.

Fixed Income Monitoring and Review:

Jefferies Fixed Income (JFI) has implemented a best execution monitoring process. The monitoring system flags for further investigation, trade executions outside of threshold parameters. JFI evaluates these exceptions, when applicable, to provide feedback to improve overall best execution performance.

JE and JFI produce MI which is provided to the respective Best Execution Committees for review and to ensure that all sufficient steps are continually being taken to obtain the best possible outcome for its clients.

Jefferies formally reviews both its order execution arrangements and this Policy at least annually or when a material change occurs in respect of one of our chosen execution venues or otherwise that affects our ability to continue to deliver best execution to clients. Changes to this Policy and the list of execution venues will be notified through the Jefferies corporate website and be available to current and prospective clients. Where a client makes a reasonable and proportionate request for information about Jefferies' policies and arrangements in relation to best execution and how they are reviewed, we will answer clearly and within a reasonable time. This may include a re-construction of a particular order and its executions,

how the market was performing at the time and how Jefferies traded to achieve the best possible outcome for that client.

Upon reasonable request from a client, Jefferies will provide its client with information about entities or brokers where the orders are transmitted or placed for execution.

XII. APPENDIX 1 EXECUTION VENUES INFORMATION

Below is a list of execution venues, regularly used by Jefferies GmbH when executing orders on behalf of clients. This list is not exhaustive and is subject to change and will be re-issued periodically. Jefferies receives no payment for order flow and no inducements from any venue.

1) Execution and trading venues for Jefferies GmbH

Equities

Please check the JEG Execution Venues Annex regularly updated in our website Jefferies.com

Fixed Income, Bonds, Notes

Please check the JEG Execution Venues Annex regularly updated in our website Jefferies.com

Derivatives

Please check the JEG Execution Venues Annex regularly updated in our website Jefferies.com

XIII. APPENDIX 2 BROKERS REGULARLY USED BASED ON THEIR BEST EXECUTION POLICY AND THEIR MAIN EXECUTION VENUES

Below is a list of brokers and their main execution venues regularly used by Jefferies GmbH when routing clients orders on behalf of clients. This list is not exhaustive and is subject to change and will be re-issued periodically. Jefferies receives no payment for order flow and no inducements from any broker.

1) Brokers used by Jefferies GmbH

Equities

Please check the JEG Execution Venues Annex regularly updated in our website Jefferies.com

Fixed Income, Bonds, Notes

Please check the JEG Execution Venues Annex regularly updated in our website Jefferies.com

Derivatives

Please check the JEG Execution Venues Annex regularly updated in our website Jefferies.com

2) Main execution venues used by brokers

Equities

Please check the JEG Execution Venues Annex regularly updated in our website Jefferies.com

Fixed Income, Bonds, Notes & Derivatives

Please check the JEG Execution Venues Annex regularly updated in our website Jefferies.com

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