



## EXECUTION AND SELECTION POLICY, EXHIBIT.1e – AGENCY CASH INVESTMENT

SECURITIES SERVICES

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# 1 AGENCY CASH INVESTMENT TRANSACTIONS EXECUTION POLICY

## 1.1. Introduction

This policy is intended to provide clients with information on the order handling and execution arrangements that BNP Paribas Securities Services (“**Securities Services**”, “**we**” or “**us**”) has put in place to carry out cash investment transactions in its capacity as agent, as required by MiFID II directive<sup>1</sup> and its implementing measures<sup>2</sup>.

### 1.1.1. Agency Cash Investment programme

Securities Services’ Agency Cash Investment programme entitles it to act as agent on behalf of its clients (each client acting as principals to the transaction), in order to invest or re-invest, as the case may be, part or all of their cash deposited with either their collateral account or cash account in accordance with pre-agreed investment guidelines.

This product can be offered to Professional and Eligible Counterparty clients on a standalone basis or in conjunction with the Agency Lending programme where a client instructs us to lend its securities to borrowers on its behalf in exchange for collateral and may also ask us to either invest or re-invest on its behalf, but on a non-discretionary basis, any received cash collateral as documented in the legal agreement in place between us (the Securities Lending Agreement). In the latter case, this policy is to be read in conjunction with the “Execution and selection policy, exhibit 1B – Agency Securities Lending Securities Services” document.

MiFID2 defines “execution of orders on behalf of clients” as “acting to conclude agreements to buy or sell one or more financial instruments on behalf of clients and includes the conclusion of agreements to sell financial instruments issued by an investment firm or a credit institution at the moment of their issuance” and qualify this activity as an investment service, which consequently qualifies the execution of agency cash investment as such.

### 1.1.2. Financial instruments to which this policy applies

This policy refers to those purchase of money-market instruments (reverse repurchase agreements and shares in Money Market Funds) carried out by Securities Services on behalf of the client as part of its cash investment programme only.

## 1.2. Agency cash investment execution framework

The agent operates, on a non-discretionary basis, and in accordance strictly with the investment guidelines as pre-defined by the client. These will be the Agent’s primary reference when considering a transaction.

The Agent will seek full investment of the cash under its mandate in eligible investment instruments at the end of each business day.

The Agent shall seek to maximize the client’s risk-adjusted returns on its portfolio, while considering all the factors as indicated in section 3 below.

If, after considering all these factors, the Agent faces a choice between different investment options with identical outcome, the Agent will seek the client’s express guidance. In absence of response from the Customer within a reasonable time and if market conditions have not changed, the Agent shall split the investment evenly across the different investment options.

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<sup>1</sup> Directive 2014/65/EU of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU

<sup>2</sup> Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive

## 2 MANAGEMENT OF CONFLICTS OF INTEREST

Conflicts of interest may arise when Securities Services, in its capacity as agent, enters into a transaction on behalf of the client with its own principal desk or with another BNP Paribas group affiliate as counterparty or Money Market Funds (“MMF”), as defined by Regulation (EU) 2017/1131 of the European Parliament and of the Council on money market funds) provider (together “BNPP”). The selection of BNPP as a counterparty is carried out in accordance with the Conflict of Interest Policy.

## 3 EXECUTION FACTORS

Securities Services will owe Best Execution in respect of Agency Cash Investment business. Within the client’s pre-defined parameters as agreed in the Investment guidelines, the rate of return that Securities Services is able to achieve on the cash invested will be a significant factor, but there are other factors which affect the execution of a transaction so the following relevant execution factors will be considered in the following order of priority:

- **Investment guidelines:** Securities Services will endeavour to adhere to the client’s investment guidelines at all times. These can include, but is not limited to:
  - collateral acceptability and flexibility of the client with regards to repurchase agreements,
  - concentration limits per approved counterparties and MMF providers or per asset class,
  - liquidity limits,
  - credit limits,
  - duration limits.
- **Price:** Securities Services will endeavour to generate a competitive return assessed across a client's portfolio (rather than on an individual transaction basis);
- **Term of the investment;**
- **Costs:** Securities Services will take into account costs associated with execution (including costs to us). These could include, but are not limited to transaction costs and our capital costs;
- **Likelihood of execution:** counterparties may be looking for certain trade attributes which can impact their ability to trade or impact trade pricing. These may include, but are not limited to, dedicated execution set-up, netting opinions, collateral status of a client, credit quality of a client, relative stability of a clients’ portfolio. A proposed counterparty also needs to meet the credit risk criteria as defined by us from time to time for risk management purpose;
- **Likelihood of settlement:** particular counterparty or MMF provider could be preferred depending on markets and counterparties cut-offs;
- **Size:** transactions will be filled by clients that have the required amount of cash; and

## 4 EXECUTION VENUES

Repurchase agreement transactions are entered into on a bilateral basis between the client and a counterparty. Hence, client orders will typically be executed on an OTC basis, with Securities Services acting as agent against one of a panel of seller who maintain a relationship with us and which the client has pre-approved or approved from time to time.

For those clients who have pre-approved , or approved from time to time, certain Money Market Funds as eligible investment in their investment guidelines, there will commonly be only one method of purchasing or redeeming units,

for example via the manager, administrator, transfer agent or general partner of the fund. In this case, venue selection is not relevant where there is no choice of venue.

