



EXECUTION AND SELECTION POLICY, EXHIBIT 1C – FOREIGN EXCHANGE (FX)

SECURITIES SERVICES

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1 PRODUCTS AND SERVICES IN SCOPE

This policy is an appendix to the BNP Paribas Securities Services (hereafter “Securities Services”) Execution Policy and should be read in conjunction with this document.

This appendix provides further details with regards to the application of best execution in relation to the following financial instruments:

- FX Swaps;
- FX Forwards.

Within Securities Services, Forex derivatives are traded through two categories of services:

- (i) on-demand FX and
- (ii) Passive Currency Overlay (PCO).

2 APPLICATION OF BEST EXECUTION FOR PRODUCTS IN SCOPE OF THIS APPENDIX

BP2S’ FX clients are categorized as Professional clients in accordance with MIFID II client classification rules and this appendix addresses BP2S obligations in respect of this category of clients.

2.1. Forex on demand

On-demand FX is offered to Securities Services clients and enables access to our global on-demand execution services through our FX trading desks based in Europe, Americas and Asia.

Client accesses are granted through multiple channels composed of the following:

1. Multilateral Trading Facility (MTF) platforms¹;
2. Electronic Platforms not classified MTF;
3. Others (e.g. voice orders and chat);

In situation 1, the MTF platform will be the execution venue as both Securities Services and you are considered as participants of the MTF.

In situations 2 and 3, Securities Services will be the execution venue in respect of the FX transaction.

In any of situations described above, Securities Services is acting in a principal capacity and dealing on their own account.

Situations where we don’t owe best execution:

- Where the client accesses our execution service through a MTF, we both act as a participant of the platform.
- Specific instructions #2.3.

2.2. Passive currency overlay

Passive Currency Overlay (PCO) provides FX hedging solutions to Securities Services clients. In that context, PCO team acts as an execution agent.

¹ FXAll, FXGo and 360T are classified as MTF.

When FX orders resulting from the PCO services are generated and executed by Securities Services on behalf of the client, we owe Best Execution to our clients in all circumstances except the ones listed below. In this situation, Securities Services is the execution venue in respect of the FX transaction and enters into the transaction concerned with you as your counterparty, acting as principal and dealing on our own account.

Situation where we don't owe best execution: Specific Instructions #2.3.

2.3. Specific instructions for Forex on demand or PCO

Where there are specific instructions from a client, covering each and every aspects of an order, Securities Services will execute the order in accordance with the instructions. These specific instructions can limit the application of the Execution Policy and any discretion from Securities Services with respect to the elements of the order that are impacted by the instructions.

Nevertheless, when a specific instruction covers only partial aspects of the order, or only one aspect of it, the Execution Policy remains applicable to the aspects of the order not covered by the specific instruction.

3 EXECUTION FACTORS TAKEN INTO CONSIDERATION

When executing FX transactions and in the absence of any specific instructions, Securities Services will prioritise the execution factors in the following order:

1. Likelihood of execution

BNP will endeavour to provide a quotation which is valid for a sufficient time window to allow the client to accept if they so desire, notwithstanding a significant market move rendering the quote invalid.

2. Likelihood of settlement

Before responding with a price, Securities Services will check credit line and settlement limit availability, when applicable, and will only respond with a firm price where sufficient limits are available to settle any resulting transaction.

3. Size of the quotation request

A quotation will be provided such that the full size requested by the client can be filled. If this is not possible due to market conditions, Securities Services will communicate to the client with a view to changing the execution criteria to facilitate partial fills.

4. Speed and Price

Securities Services seeks to provide a highly competitive service to clients and will respond with a price it considers competitive, fair and timely, with both speed and price having equal importance.

5. Cost

When Securities Services is the execution venue, there will be no additional costs to the client price given by Securities Services for this access.

4 PRICE FORMATION AND MONITORING

When Securities Services is acting in a principal capacity on a Trading Venue, or dealing in OTC products (including bespoke products), and when best execution has been determined to be owed, we 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, when possible, by comparing with similar or comparable products. The price will consist of a mid-market price to which a number of costs (as described below # 4.1) and margins are added to produce the final price proposed to the client.

4.1. Ex ante price formation

Leveraging on BNP Paribas GM capacities, Securities Services makes extensive use of the external market prices of similar or related products to estimate the "Fair Value" of a financial instrument. These external tradable prices are then, together with model parameters, used by BNP Paribas internal proprietary models to price a range of products. Throughout the trading day, Securities Services leverages on BNP Paribas Global Market to continuously recalibrate these model parameters tracking available markets and ensuring its prices remain accurate and up to date.

Once the fair value has been determined, the final price will encompass two other components:

- Execution spread: the execution spread is an explicit internal cost which represents our own remuneration for the liquidity provided. Securities Services leverages on BNPP Global Market capacities to continuously assess market conditions and adjust the execution spread as necessary. For each product category, internal guidance has been provided regarding execution spreads.
- Other costs: the other costs include credit and funding charges, and any mark-up are added to produce the price proposed to the client. These costs and charges are subject to disclosure to the client pursuant to Article 24(4) of Directive 2014/65/EU and Article 50 of Commission Delegated Regulation C (2016) 2398 final.

4.2. Types of benchmark used to monitor ex-post

Prices are benchmarked against external and internal reference prices to ensure that Best Execution is achieved on a consistent basis. Wherever possible, external prices from market venues and brokers are used to obtain the best comparison of our price against externally available prices. Where the external data available is limited in scope or quality, internal data may be used as a reference. Where internal pricing data is used additional controls are implemented to ensure the integrity of this data.

Where Best Execution is owed, we will continuously monitor the execution spreads applied and investigate the situations where, if any, the internal guidelines have not been met.

5 EXECUTION VENUES

The execution venue can either be BP2S or electronic venues i.e. Multilateral Trading Facility where clients access our liquidity. A list of main venues MTF where BP2S FX clients can access our liquidity electronically can be found on our website <https://securities.cib.bnpparibas/regulatory-disclosures-publications/markets-in-financial-instrument-directive-ii-mifid-ii/>.

BP2S trades FX products on a principal basis. For FX products that are admitted to trading on a trading venue (ToTV), BP2S will be the systematic internaliser.

6 SPECIAL CONSIDERATIONS

In some circumstances Securities Services may agree to take an order to transact at a price based upon a published reference price, such as WM/ Refinitiv² 4pm fixing. The spread, if any, to be applied is negotiated with the client ex-ante and as such orders specify all attributes leaving Securities Services no discretion best execution is not judged to be owed. Such orders, also known as fixing orders, are executed on a principal basis (as the FX Business has market risk versus the fixing rate) and are subject to a pre-disclosed fee. Best execution is not owed on fixing orders as Securities Services does not have any discretion and the fee is agreed by the client prior to the order being accepted.

² The World Markets Company's WM/Refinitiv FX benchmark calculation business are provided by Refinitiv.