BNP Paribas CIB
Order Handling and Execution Policy
Asset Class Specific Appendices
Securities Financing Transactions ("SFT") and Synthetic Prime Brokerage (Swaps)
Financing Collateral Services

BNP PARIBAS CIB GLOBAL MARKETS AND SECURITIES SERVICES
London, October 2026



BNP PARIBAS

The bank for a changing world

Table of Contents

1. Products in scope 3
2. Application of Best Execution for products in scope of this Appendix 4
3. Execution factors taken into consideration 6
4. BNP Paribas' choice of execution venues 11
5. Price formation and monitoring 13
5.1 Ex-ante price formation 13
5.2 Ex-post monitoring and review of prices 14

1. Products in scope

This policy is an appendix to the overarching BNP Paribas CIB Order Handling and Execution Policy and should be read in conjunction with that document. Terms used in this Appendix but not otherwise defined shall have the meaning given to them in the BNP Paribas CIB Order Handling and Execution Policy.

This appendix provides further details with regards to the application of best execution in relation to the following financial products: the **"Securities Financing Transactions (SFTs)"** which include:

- Repurchase Agreement (Repo) / Reverse repo
- Lending/ Borrowing transactions
- Buy-Sell Back / Sell-Buy Back
- Margin lending transactions
- Total Return Swaps referencing, Equities, Equity Indices and Baskets, Bonds (Convertible, Corporate and Government) and Listed Futures

With respect to the SFT products, we provide the following services listed below, but these will vary depending on the nature of the product traded:

- Orders in relation to Synthetic Prime Brokerage activity
- Requests for Quote ("RFQ");
- Unwinding or restructuring a derivative or secondary market product;
- Transactions resulting from the provision of investment advice;
- Execution of orders pursuant to specific instructions and therefore without discretion and
- Executable or streaming (two way) prices.

2. Application of Best Execution for products in scope of this Appendix

Retail clients

BNP Paribas will always owe a duty of best execution to retail clients unless they place an order with specific instructions that cover each and every aspect of that order.

Professional clients

In respect of the SFT products, whether or not a duty of best execution is owed for a particular trade will depend on whether BNP Paribas determines that the client has placed legitimate reliance on it to meet the relevant best execution requirements. This is, in practice, is less likely to apply where clients have asked BNP Paribas for a quote (RFQ), as well as when we execute orders pursuant to specific instructions (and therefore without discretion) or provide executable or streaming (two way) prices.

Requests for Quotes and Executables Streamed Prices

Where a client executes a trade directly from a live streamed BNP Paribas price or submits a request for quote, the obligation to provide best execution will depend upon whether or not the client is placing legitimate reliance upon BNP Paribas in the execution of the transaction. This will be determined by a number of factors, including the complexity and transparency of the product / market, the level of sophistication of the client and the ability of the client to seek alternative competitive quotes.

BNP Paribas will take these factors into consideration to assess whether or not a duty of best execution is owed, but considers that for such activity, Professional Clients will not generally be placing reliance upon BNP Paribas.

Specific Instructions

Where a client places an order with specific instructions that cover each and every aspect of an order, BNP Paribas, acting in accordance with these instructions, will not have any discretion over the execution of the transaction, including when or where to execute the order. As such BNP Paribas will not be deemed as acting on behalf of the client and best execution will not apply

To the extent that a client places an order with specific instructions that only cover partial aspects of the order best execution will be owed on the aspects of the order in respect of those elements not covered by the instructions, for instance where the order does not specify the venue on which the trade should be executed on.

Synthetic Prime Brokerage Give In Transactions

In respect of Give In transactions, clients arrange for a third party broker to execute any underlying hedge transaction and for this hedge transaction to be "given in" to BNP Paribas.

To the extent that this Give Up hedge is used to reference the price of a Swap transaction the client subsequently enters into with BNP Paribas, we consider that BNP Paribas does not owe the client a duty of best execution as the hedge was executed by a third party.

We will generally owe clients a duty of best execution for the following services:

- Where the execution of a client transaction in terms of size or price is specifically linked to and dependent upon the outcome of BNP Paribas' own hedging activity, such as Equity Swap transactions, where BNP Paribas arranges the execution of its own hedge.
- Unwinding or restructuring a derivative or secondary market product; and
- Transactions resulting from the provision of investment advice.

3. Execution factors taken into consideration

When executing transactions in SFT Products where best execution applies, in the absence of any specific instructions, BNP Paribas will prioritise the Execution Factors in the following order:

Repo and Securities Borrowing and Lending Transactions

i. Size of the request
   A quotation will be provided such that the full size requested by the client can be filled. If, due to market conditions, this is not possible BNP Paribas will communicate this to the client with a view to changing the execution criteria to facilitate partial fills.
ii. Speed
   When a client submits an RFQ we will prioritise speed of execution over price. Should the client wish to prioritise price over speed an alternate order type may be more appropriate and the client should communicate this to BNP Paribas when placing the order.
iii. Price
   BNP Paribas will seek to provide a highly competitive service to clients and will respond with a price it considers competitive and fair.
iv. Likelihood of execution
   BNP Paribas 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 large market move rendering the quote invalid
v. Likelihood of settlement
   Before responding with a price, BNP Paribas will check the credit line, CCP limit and or settlement limit availability and will only respond with a firm price where sufficient limits are available to settle any resulting transaction.
vi. Ability of execution venue to manage the quotation request
   BNP Paribas is authorised to trade a number of financial instruments within predetermined risk limits; any RFQ on an instrument outside this scope or beyond the risk limit, typically for larger size transactions, may be declined and the client notified accordingly.

Synthetic Prime Brokerage Transactions ("Swaps"), where BNP Paribas executes its own hedge

i. Price

BNP Paribas considers that for Swap transactions, the clients main priority will be the execution price obtained. This will be determined by a combination of the financing rate charged and any dependency the Swap reference price has on BNP Paribas' hedge execution.

ii. Speed and Market Impact

Absent any specific instruction the client may provide in respect of the timeframe over which a transaction may be executed, BNP Paribas considers that speed of execution will be an important secondary factor. For large transactions BNP Paribas will take into account any potential market impact in executing the transaction and may adjust its hedging activity accordingly

iii. Likelihood of execution and Size

The ability of BNP Paribas to execute the Swap transaction in its entirety or to substantially fill the order. This will be most relevant in respect of large orders on less liquid markets

Due to the custody driven activity and in the absence of any specific instructions, Securities Services will prioritise the Execution Factors in the following order:

i. Likelihood of execution and settlement :

Securities Services assumes that client's main driver in executing a trade with us is the availability of the requested securities and the chance the trade settled. In the view of Securities Services, its broad inventory and its capacity to borrow and lend from a wide range of market participants are the reasons why the clients choose Securities Services as a venue.

It includes Multiple trading axes and Time of instructions

ii. General Prices / Quotes:

Securities Services seeks to provide a highly competitive service to clients and will respond with a price it considers competitive and fair.

Various factors have an impact on the price Securities Services take into account all those items when executing a transaction and providing a price to the client, including

- Trade stability
- Market of security
- Market sector
- Collateral flexibility
- Market demand
- Client fiscal status
- Recall timeframe
- Term
- Voting constraints

iii. Size of the transactions

Securities Services will ensure to execute the transactions according to the requested size while proposing the best possible prices. Upon clients' approval, Securities Services may also adjust the size of the transaction to reach better market conditions.

iv. Speed of Execution

Securities Services ensure all Requests For Quotes ("RFQs") are responded in a timely manner, thus enabling the client a sufficient time window to choose a potential alternative execution venue.

v. Cost of transaction

There are no additional costs to the transaction that the quote offered by Securities Services to the client. Hence Securities Services considers this is a factor driven the client to choose us as their venue.

vi. Nature

Securities Services only treats RFQs, hence the nature of orders has no impact on its execution framework.
Due to internal compliance and risk guidelines or international/ national restrictions, Securities Services may choose not to proceed with some transactions.

Specific arrangements for Lenders under auction process

Securities Services Lending desk provides a guaranteed fee for exclusive access to a client's portfolio for a fixed duration. The guaranteed fee is paid in equal monthly instalments, one month in arrears. The guaranteed fee for exclusivity to the client's portfolio is dependent on the following factors:

- Nominal size of the portfolio
- Attractiveness of individual securities for borrowing
- Size per line of stock
- Equity markets covered and allocation per market
- Unlimited access to the portfolio for the specified duration
- Asset turnover / stability
- Recall timeframe
- Collateral requirements, including margin
- Voting constraints
- AGM recalls
- Duration of trade requirements
- Fiscal status
- Market sector of the underlying securities
- Timing of borrowing and ability to borrow on same day basis
- Election on optional dividends
- Client credit rating and organisational structure
- BNP Paribas Securities Services internal credit rating for the client
- PEA ratios
- Fund manager pre-approval

Securities Services when participating to an auction for such exclusive mandate provides its price for the portfolio, competing with various competitor. The choice of awarding the exclusivity of the portfolios is the sole choice of the lending client. Hence Securities Services does not owe Best execution on such specific arrangements.

Specific arrangements for Fail Coverage clients

The fail coverage programme is designed to provide local custody clients with the ability to request securities just prior to market cut-offs. The fees applied to those transactions are contractually pre-agreed with the clients.

For such executions, the execution factors are ranked as follows:

- Market price observed by the market place
- Likelihood of the settlement of the overall chain
- Quality of Collateral to provide as a guarantee

Securities Services highlights that not all requests can be fulfilled due to security availability and in some instances timing of requests. The Securities Services lending desk provides the fail coverage programme on a reasonable efforts basis. Considering the above elements, Securities Services does not owe Best execution to clients being part of on such programme.

4. BNP Paribas' choice of execution venues

BNP Paribas will generally act as the execution venue for SFT Products.

BNP Paribas believes that using BNP Paribas as execution venue for SFT Products is in the best interests of its clients for the following reasons:

1. Limited product scope of external alternatives
   BNP Paribas is able to offer liquidity on a comparatively wide range of products, whereas external venues tend to be limited to a smaller range or product sizes;

2. Likelihood of execution and settlement
   External venues to which BNP Paribas could direct client orders are typically central limit order books which can be fast moving and subject to variable liquidity. BNP Paribas is able to offer consistency in liquidity provision as well as the ability to hold prices firm for sufficient time to improve the likelihood of execution;

3. Price
   BNP Paribas aims to provide a competitive service and is often able to offer clients an improvement on the price available on external venues. When executing a previously provided quote BNP Paribas will take into account any change in market conditions during the time elapsed from when the quote was made adjusting the quote accordingly where market conditions dictate; and

4. Market impact
   BNP Paribas maintains significant inventories to facilitate client transactions. By using these inventories and transforming liquidity in related instruments BNP Paribas is able to minimise the implicit cost to clients by minimising market impact.

Whilst clients will generally face BNP Paribas as the execution venue, BNP Paribas will utilise a number of execution venues in executing hedge transactions related to OTC transactions executed for clients and in more limited circumstances where BNP Paribas executes an order for clients directly on another execution venue (typically a regulated market). A list of the major execution venues that BNP Paribas relies upon when executing such trades is provided in the execution venues appendix of the BNP Paribas Order Handling and Execution Policy.

Securities Services primarily uses BNP Paribas as the principal execution venue for the majority of its SFTs clients but can also use Trading Venues such as Multilateral Trading Facilities ("MTF").

The Securities Services Agency lending activity operates securities lending transactions on behalf of clients and does not interacts with its own account.

The Agency lending desk is independent from Principal lending, physically segregated. The operational workflows and systems infrastructures are also clearly separated.

As a matter of fact, each desk is located in a dedicated trading room, and using different applications & Front-to-Back systems. Back-office core functions are also separated for each activity, thus ensuring clients' interests & confidential data are not shared amongst the 2 activities.

5. Price formation and monitoring

When Best Execution has been determined to be owed, and when BNP Paribas executes orders, hedges transactions related to Swap trades or takes a decision to deal in OTC products (including bespoke products), BNP Paribas will take all sufficient steps to 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.

For trades executed on an RFQ basis the price will consist of a mid-market price to which a number of costs and margins are added to produce the final price proposed to the client. For orders and trades that may be referenced to the execution by BNP Paribas of a related hedge transaction, the determination of best execution will be dependent on the best price available in the market taking into consideration available liquidity and any specific instructions.

In addition, where we owe clients a duty of best execution, we will use the following processes to analyse the prices obtained for our clients and the quality of execution obtained.

5.1 Ex-ante price formation

For transactions executed on an RFQ basis, BNP Paribas 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 proprietary models to price a range of products. Throughout the trading day BNP Paribas recalibrates these model parameters tracking available markets and ensuring its prices remain accurate and up to date.

Once the fair value has been determined, BNP Paribas adds an execution spread; this is an explicit internal cost representing BNP Paribas' own remuneration for the liquidity provided. BNP Paribas assesses market conditions and adjusts the execution spread in line with internal guidelines.

Finally a number of other costs, including credit and funding charges and any applicable mark-up, are added to produce the price proposed to the client.

Under the MIFID II and as per Article 24(4) of Directive 2014/65/EU and Article 50 of the Commission Delegated Regulation, the difference between the client price and the fair value of the financial instrument are subject to disclosure to the client.

5.2 Ex-post monitoring and review of prices

For Swaps transactions that reference BNP Paribas, hedge execution post trade analysis will be conducted to evidence the effectiveness of BNP Paribas execution arrangements. This analysis will measure the quality of hedge execution in accordance with various benchmarking tools that assess the trade execution against the liquidity and pricing levels available on relevant markets throughout the duration of the hedge execution.

For transactions executed on an RFQ basis prices provided by BNP Paribas are benchmarked against external and internal reference prices to monitor that Best Execution is achieved on a consistent basis. Wherever possible, external prices from market venues and brokers are used to compare BNP Paribas' price against externally available prices (e.g. EBS BrokerTec). 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 judged to be owed, BNP Paribas will monitor the execution spreads applied to determine that the trade has been executed in accordance with the policy.