



Mizuho Bank, Ltd., London Branch

Order Execution Policy Disclosure Statement for Professional Clients

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1. Background

Mizuho Bank, Ltd., London Branch (“we”, “us”, “our” or “MHBK”) aims to act in the best interests of its clients at all times when acting on their behalf.

This Disclosure Statement provides clients with information regarding MHBK’s Order Execution Policy (“the Policy”), which set outs the arrangements implemented by MHBK which are designed to provide in-scope clients with “best execution”.

UK MiFID II and the United Kingdom Financial Conduct Authority’s (“FCA”) Conduct of Business Sourcebook Rules require that a firm must take all sufficient steps to obtain, when executing orders, the best possible result for its clients. In particular, the best execution obligation applies where a firm owes agency or contractual obligations to an in-scope client.

The rules do not require that firms must obtain best execution in respect of every order executed on behalf of in-scope clients, but that they have a policy which enables the best possible result to be obtained on a consistent basis. As such, we will take the appropriate measures to satisfy ourselves that we have processes in place that we believe can be expected to lead to the delivery of best execution of orders, but we cannot guarantee that we will be able to provide best execution for every order executed on behalf of clients.¹

Where not immediately defined in the text hereof, defined terms have the meanings set out in Appendix 3.

2. Scope

This Policy describes the arrangements implemented by MHBK when executing orders on behalf of clients which have been categorised by us as Professional Clients under the FCA Client Categorisation Rules.

The obligation to provide best execution does not apply to business undertaken on behalf of clients which have been categorised as Eligible Counterparties under the FCA Client Categorisation Rules. MHBK does not provide investment services directly to Retail Clients.

The best execution obligation applies where MHBK executes ‘orders’ in Financial Instruments.

This includes the following circumstances:

- Where we execute an order on your behalf, including where we decide to ‘internalise’ an order by executing against a principal trading book.
- Where we transmit orders to third parties for execution on your behalf, including where we are dealing as a riskless principal.
- Where we agree to ‘work’ an order on your behalf, such that we make decisions as to how the order should be executed.
- Where we otherwise agree to provide best execution.
- In quote driven markets, where we determine in accordance with the ‘four-fold’ test that you are likely to be relying on MHBK to provide best execution [see below].

The best execution obligation does not apply where we are not executing an order on your behalf, or where we transact with you but not on the basis of an ‘order’ (unless you are deemed to rely on MHBK to provide best execution in accordance with the ‘four-fold’ test).

¹ Or when executing a riskless principal transaction or a transaction that is subject to best execution following application of the four-fold cumulative test (see below). Any references to “order executed on a client’s “behalf” in this Policy also capture such transactions.

In particular, in the OTC quote-driven dealer markets, trading activity is generally undertaken on the basis of a request by a client to buy or sell a Financial Instrument from or to MHBK or acceptance by a client of an offer or quote from MHBK to buy or sell a Financial Instrument from or to it, including 'hitting' or 'lifting' quotes displayed by MHBK on electronic trading platforms. In such cases, MHBK trades on an arm's length basis in a principal capacity.

Guidance published by the European Commission and endorsed by the FCA suggests that the application of the best execution rule to client trading activity booked to principal trading books depends on whether the client legitimately relies on the firm to protect its interests in relation to the pricing or other elements of the transaction. As recommended by the FCA, in order to determine this, MHBK applies a four-fold cumulative test to its trading activity by considering:

- which party initiates the transaction;
- market practice, including the convention of clients to 'shop around' for the best deal;
- relative levels of price transparency within a market; and
- the information provided by the firm about its services and any agreement reached with the client.

The European Commission noted that the application of these factors is likely to lead to a presumption that in the wholesale markets clients do not rely on firms to protect their interests in relation to pricing or other factors concerning a transaction.

Based on this test, in general, MHBK does not owe an obligation of best execution:

- where we are acting as a dealer and offering to buy from or sell to you a Financial Instrument at a price and on terms accepted by you or we accept a price or terms specified by you, or otherwise negotiate the price or terms of a transaction with you;
- where you transact with us on the basis of a quote published by us or on a request for quote basis; or
- where we tailor or structure a Financial Instrument to meet your specific requirements.

Notwithstanding how the four-fold test applies in general to quote-driven wholesale markets, MHBK will provide best execution in those markets if specific circumstances require it. Where MHBK is not executing an order on your behalf, we will determine whether transactions are subject to best execution by applying the four-fold test. For instance, MHBK will typically apply best execution where a client is not in a position to shop around for a price due to the size of a transaction or where there is likely to be little or no price transparency available to the client.

In any event, MHBK will take measures to check the fairness of the price offered to clients when dealing on an OTC basis, regardless of how the 'four-fold test' applies to a particular transaction.

Any other Mizuho Group entity which accepts an order on behalf of a MHBK client is responsible for ensuring best execution is provided to the client, in accordance with the regulatory requirements to which it is subject. In addition, as described later in this Policy, MHBK monitors the quality of execution provided by the brokers and/ or affiliates which it uses.

3. Summary of the Policy

The order execution arrangements implemented by MHBK in its Policy are designed to obtain the best possible execution result and are summarised below.

3.1. Execution Factors

When executing an order, we will take into account the nature of the order, any specific instructions and a range of factors such as the Financial Instruments that are the subject of the order, the Execution Venues to which that order can be directed, the price of the Financial Instruments that are the subject of

the order, the costs, the speed and likelihood of execution and settlement, the liquidity of the market and the size of the order, or any other consideration which may be relevant in the circumstances.

Price will normally be an important factor in obtaining the best possible result. However, for some orders we may, in our discretion, decide that other factors may be more important. The size of an order, for instance, will be an important consideration in determining how orders are executed. As a general rule, MHBK will give most consideration to the price, market impact and liquidity when handling client orders. More details on the relative importance assigned to the execution factors per class of financial instrument can be found in Appendix 2.

We take into account the following criteria for determining the relative importance of the factors described above:

- (a) the characteristics of the client, including the categorisation of the client;
- (b) the characteristics of the client order, including where the order involved a securities financing transaction;
- (c) the characteristics of financial instruments that are the subject of that order; and
- (d) the characteristics of the execution venues to which that order can be directed.

3.2. Execution Venues

In meeting the obligation to take sufficient steps to obtain the best possible result when executing orders on your behalf, we may use one or more of the following venues: Regulated Markets (“**RMs**”), Multi-lateral Trading Facilities (“**MTFs**”), Organised Trading Facilities (“**OTFs**”) (together known as “**Trading Venues**”) and similar venues in third countries.

We may execute orders, or transmit or pass orders to a Mizuho affiliate or a third party broker for execution, on behalf of a client outside of a Trading Venue where we believe we can achieve best execution by doing so (see further Section 6 of this Policy). MHBK will take into account its own commissions (if any) and costs when doing so. Such transactions may be subject to less regulation than those which take place on a Trading Venue and may be less transparent.

In some Financial Instruments there may only be one possible execution venue. In such situations, we will be deemed to have provided best execution by executing your order on that execution venue.

Where the selection of an execution venue is relevant, MHBK will select the most appropriate execution venue (or venues) to achieve best execution, taking into consideration all relevant quantitative and qualitative factors, including but not limited to the execution factors and their relative importance in each individual scenario.

The main Execution Venues currently used by MHBK for each Financial Instrument are set out in Appendix 1.

3.3. Specific Instructions

Where a specific instruction as to the execution of an order is received from a client, we will take all sufficient steps to execute that order in accordance with that instruction.

A specific instruction may include the venue on which you want an order executed, the price at which an order should be executed, or the time or period of time over which you want the order executed irrespective of the price.

If we are not able to follow your instructions, we may not be able to accept your order.

By executing an order in accordance with specific instructions, we will have satisfied our best execution obligations. Specific instructions may prevent MHBK from taking steps to obtain the best possible result, in accordance with its Policy, in respect of the elements covered by those instructions.

Where the specific instructions relate to only part of the order, MHBK will apply its Policy to those aspects of the order not covered by the specific instructions.

When accepting an order, MHBK may seek to clarify your order and your instructions as to how it should be executed. However, we will not induce you to provide specific instructions in order for MHBK to avoid our duty to provide best execution.

3.4. Transmitting Orders to Third Parties

MHBK may transmit or pass an order received from a client, or a principal order for the purpose of facilitating a client order, to a Mizuho affiliate or a third-party broker in order to execute orders at a set price.

When we do this, we will be under an obligation to take sufficient steps to obtain the best possible result for you. MHBK monitors on an ongoing basis the quality of execution received from the Mizuho affiliates and third-party brokers it uses.

MHBK engages with third-party brokers on a transaction-by-transaction basis and will assess the choice of broker based on tariffs negotiated and prices provided, to help ensure that best execution is being provided to clients on a consistent basis.

MHBK has implemented standard procedures and systems where orders are transmitted to Mizuho affiliates for execution.

3.5. Discrimination Against Venues

MHBK will take steps not to structure or charge commissions (if any) in such a way as to discriminate unfairly between execution venues.

MHBK does not receive payment for order flow, which means that MHBK does not receive remuneration, discount or non-monetary benefit for routing client orders to a particular trading venue or execution venue.

MHBK will not seek to encourage a client to choose a venue solely on the basis of any pricing policy applied by MHBK.

3.6. Order Priority, Aggregation & Allocation Policy

MHBK's policy is to provide for the prompt, fair and expeditious execution of client orders and in doing so will take into consideration any potential conflicts which may arise from competing orders from either MHBK itself or other clients.

MHBK does not consider an order to be received until it has been understood and acknowledged by the appropriate representative of MHBK. For this reason, MHBK requests that orders be communicated to MHBK by established methods which will generally be voice, Bloomberg Chat, FIX or RFQ system, depending on the practice in the relevant market or as agreed with the sales representative. Failure to do so may lead to delays in the desired execution with the risk that market movements during that time may lead to orders being executed at a worse rate.

Whilst MHBK may aggregate orders in Spot FX, these are not in scope of best execution, and we do not currently aggregate client orders in scope of best execution with own account transactions or with orders from other clients.

3.7. Market Making and Pre-Hedging Activity by MHBK

As a market maker in various classes of products, MHBK seeks to transact or hold positions in the same Financial Instruments which may be the subject of a customer order so that MHBK can meet any reasonably expected near term customer demand in those Financial Instruments and manage its risks

arising and regulatory obligations (e.g. compliance with the Volcker Rule) from those positions and customer orders. It is possible that such activity may contribute to movement in prevailing prices in those Financial Instruments and therefore may impact the price of a subsequent customer order or request to trade.

As part of its ordinary course activities when acting as principal, MHBK may be required to hedge its exposure arising from anticipated customer orders, e.g. where MHBK has provided a price to a client and anticipates in good faith (i.e. has reasonable expectations) that the client will accept the price. The hedging transactions entered into by MHBK may contribute to movement in prevailing prices prior to executing a customer's trade request. Such transactions are not entered into with intent to cause a movement in price.

3.8. Spread and Mark-up

In dealing in certain instruments, MHBK will provide an 'all-in' price based on a spread (or otherwise known as "mark-up"). The spread applied is intended to compensate MHBK for a number of service, risk and cost considerations which MHBK incurs, or is likely to incur, as a result of agreeing to transact with its clients. The spread may occasionally include a sales margin.

The spread is added to the price at which MHBK may be able to source the Financial Instruments in the market, or the price at which the firm can otherwise deal with its market counterparts. The decision to add a spread, including the degree of the spread, is determined by a number of factors including, but not limited to, the size of the transaction, liquidity, market conditions, funding costs, clearing and settlement fees, broker and platform fees, market risk, credit and counterparty risks, operational risk, the level of service provided to the client, a client's past trading activity with MHBK, as well as the expectation that a client will buy or sell including the timeframe in which this might occur.

The addition of the spread is at MHBK's discretion and may mean that MHBK will offer a different price to different customers for the same Financial Instrument. The size of the spread will therefore vary according to the unique circumstances of a particular transaction. In any event, MHBK will ensure that the level of the spread is appropriate and fair.

MHBK has processes in place to monitor the level of spread applied, as described in more detail below.

3.9. Pricing in Illiquid Markets

When dealing in illiquid markets where products trade infrequently or there may be little or no price transparency available to either MHBK or our clients, MHBK will seek to derive what it considers to be a fair market price from Financial Instruments with comparable characteristics, for instance in terms of maturity, creditworthiness, and type of issuer. MHBK will also consider the last traded price where available. MHBK will apply what it considers to be a reasonable and fair spread to such price to compensate the firm for incurred costs. In such markets, although price remains a key factor, the likelihood of execution may at times be the most prominent execution factor.

4. Monitoring and Review

MHBK will monitor and review the effectiveness of the order execution arrangements implemented by it pursuant to this Policy, including the Execution Venues, to seek to ensure that best execution is provided on a consistent basis where applicable.

MHBK will review its Policy and order execution arrangements at least annually, or whenever there is a material change that affects its ability to continue to obtain the best possible result for its clients.

MHBK intends to publish material amendments to the Policy on its website:

<https://www.mizuhogroup.com/emea/who-we-are/governance/mizuho-bank-legal-and-compliance/mifid-ii-disclosures>

You will not be separately notified of any material changes to the Policy or Execution Venues.

5. Demonstration of Best Execution

MHBK is required to demonstrate upon request, that it has executed orders in accordance with its Policy. If you require further information as to how MHBK has executed any of your orders, you should contact your MHBK relationship manager.

If after discussions with your relationship manager, you are not satisfied with the information provided to you or the quality of execution, you should contact MHBK's Compliance Department at ldncompliance@mizuhoemea.com

6. Client Consent

6.1 Consent to MHBK's Policy

MHBK is required to obtain your prior consent to the way in which the Policy applies to you. You will be deemed to have provided such consent when you give an order to us.

If you have any queries or concerns regarding this Policy, you should contact your MHBK relationship manager or MHBK's Compliance Department.

6.2 Consent to Execution of Orders outside of a Regulated Market, MTF or OTF ('Trading Venue')

For Financial Instruments admitted to trading on a Trading Venue, MHBK is required to obtain your express consent before it executes orders in such Financial Instruments outside of a Trading Venue.

Information on how to provide consent is set out in the 'Providing Consent' section below.

6.3 Providing Consent

Clients can provide consent to MHBK for executing orders outside of a Regulated Market, MTF or OTF by:

- Completing and returning the consent form sent to you as part of MHBK's client onboarding pack;
or
- Providing a form of written approval to your MHBK relationship manager expressing your consent.

Appendix 1 – Execution Venues

MHBK uses the following main execution venues for executing orders on behalf of clients:

1. FX Derivatives

Multi-Lateral Trading Facilities

360T
Bloomberg (BMTF)
FXALL (LSEG)
Integral
Refinitiv (LSEG)
EBS

Voice Broking Facilities

BGC
GFI
ICAP
Tradition
Tullett Prebon

2. Interest Rate Derivatives

MHBK may transact in Interest Rate Derivatives directly with Eligible Counterparty clients; these transactions are not in scope of Best Execution.

Under Mizuho's corporate and investment banking structure, some MHBK Professional Clients may have the ability to enter into Interest Rate Derivative transactions with our affiliate Mizuho International Plc ("**MHI**") acting as MHBK's agent. Such transactions would be in scope of Best Execution and are covered by this Order Execution Policy (see further section 3.4).

Multi-Lateral Trading Facilities

Tradeweb
Bloomberg (BMTF)

Voice Broking Facilities

BGC
ICAP

Tradition
Tullett Prebon

Appendix 2 – Relative Importance of Execution Factors

Financial Instrument	Relative Importance of Execution Factors (Determined by MHBK at the time of the order, using our discretion, and considering all available information at the time of the order)
FX Derivatives	<ol style="list-style-type: none">1. Price;2. Size of order;3. Costs;4. Speed;5. Likelihood of execution and settlement;6. Nature of order; and7. Any other consideration relevant to the execution of the order.
Interest Rate Derivatives	<ol style="list-style-type: none">1. Price;2. Costs;3. Speed;4. Size of order;5. Likelihood of execution and settlement;6. Nature of order; and7. Any other consideration relevant to the execution of the order.

Appendix 3 – Definitions

Executing Party	The party who will be executing a given order on relevant execution venue(s)
Execution Venue	A Regulated Market, an MTF, an OTF or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.
Financial Instruments	An instrument listed in Part 1 of Schedule 2 to the Regulated Activities Order, including: (a) transferable securities; (b) money-market instruments; (c) units in collective investment undertakings; (d) various options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivative instruments, financial indices, financial measures or commodities; (e) derivative instruments for the transfer of credit risk; and (f) financial contracts for differences.
EU MiFID II	The European Parliament and Council Directive on Markets in Financial Instruments (No. 2014/65/EU) and any implementing directives and regulations.
UK MiFID II	The on-shoring of EU MiFID II following the withdrawal of the UK from the European Union.
Multilateral Trading Facility (MTF)	A multi-lateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract in accordance with the provisions of Title II of MiFID II.
Organised Trading Facility (OTF)	A multilateral system which is not a Regulated Market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract in accordance with Title II of MiFID II.
Professional Clients	<p>The Professional Client categorisation includes each of the following unless and to the extent it is given a different categorisation:</p> <ul style="list-style-type: none">• Entities which are required to be authorised and regulated to operate in the financial markets (in any jurisdiction), namely:<ul style="list-style-type: none">- credit institutions;- investment firms;- other authorised or regulated financial institutions;- insurance companies;- collective investment schemes and their management companies;- pension funds and their management companies;- commodity and commodity derivative dealers;- locals; and- other institutional investors.• Large undertakings meeting two of the following size requirements on a company basis:

- balance sheet total of €20m;
- net turnover of €40m;
- own funds of €2m.

- National and regional governments, public bodies that manage public debt national or regional level, central banks and international and supranational institutions or another similar international organisations.
- Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.
- An Eligible Counterparty that has opted down to be treated as a Professional Client.
- A Retail Client that has opted up to be treated as an Elective Professional Client.

Regulated Market

For the purpose of best execution, a UK Recognised Investment Exchange (RIE), i.e. an investment exchange which is declared by a recognition order for the time being in force to be a recognised investment exchange.

Trading Venue

A regulated market, an EU regulated market, an MTF or an OTF.