

Order Execution & Best Execution Policy



As of April 2026

Order Execution & Best Execution Policy
Clear Street Europe B.V.
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Purpose

This Order Execution Policy (the 'Policy') sets out the obligations and the arrangements that Clear Street Europe B.V. (the 'Firm' or 'CSE') has put in place to comply with the best execution and order handling obligations as required under the regulatory regime within which the Firm operates. The Policy is designed to comply with MiFID II, in addition to the Dutch Financial Services Act (Wft).

The Firm is applying for an investment firm license to carry out certain regulated activities in connection with its business which include receipt and transmission of order for clients and execution of orders for clients. The Firm is required to take all sufficient steps to obtain the best possible result when executing orders on behalf of professional clients¹ or passing them to other firms for execution. This obligation is known as 'best execution'. When executing an order on behalf of professional clients, the Firm must consider a variety of execution factors. These factors will differ depending on the financial instrument concerned.

The overarching requirement does not mean that the Firm must obtain the best possible result on every single occasion. Rather, the Firm must verify on an ongoing basis that its execution arrangements work well throughout the different stages of the order execution process. All appropriate remedial actions must be adopted if any deficiencies are detected.

The rules around best execution can be categorised into three main groups:

- obligation to obtain best execution
- requirements regarding the transparency of execution
- regular review of a firm's best execution arrangements

The obligation around best execution is not a new concept. However, the obligation from the previous 'reasonable steps' concept under the old regime has been replaced by the 'sufficient steps' concept. When designing execution policies and establishing execution arrangements, firms must ensure that the intended outcomes can be successfully achieved on an ongoing basis.

The guiding principle of integrity is central and paramount to the Firm's client relationships. As such, the Firm is committed when providing services to always act in clients' best interests. Reference to 'execution venues' in this Policy refers to trading venues (regulated markets, multilateral trading facilities, organised trading facilities) and counterparties such as market makers or other liquidity providers, systematic internalisers and entities performing similar functions in a third country.

¹ The Firm does not service retail clients. Best execution is not a requirement for ECP.
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If you are in any doubt as to the application or interpretation of this Policy, or its contents, you should contact the Compliance department.

Responsibilities

The Firm has overall responsibility for ensuring that this Policy complies with applicable legal and regulatory obligations, and for ensuring that all relevant personnel comply with its content. An overarching principle of this Policy is that responsibility for compliance with best execution and order handling obligations rests with those undertaking trading activities, who are required to implement appropriate execution practices. These practices are subject to independent monitoring to assess their ongoing effectiveness, for example through benchmarking execution prices against available market data.

Personnel engaged in trading activities, as well as those overseeing such activities, must be able to articulate how the best execution obligation applies to their respective business lines and ensure that their activities comply with the requirements set out in this Policy. Appropriate governance and oversight are applied to the Firm's execution arrangements through regular management information and review processes. The Firm assesses the effectiveness of its execution arrangements on an ongoing basis and, where such assessments result in material changes that may impact execution factors or their relative importance, these changes will be communicated promptly to clients through an updated client-facing Best Execution Policy Summary.

The Firm is responsible for monitoring both the effectiveness of its order execution arrangements and the ongoing accuracy of this Policy. This monitoring includes review of transaction execution data to determine whether the best possible results have been achieved for clients, as well as independent assessment of the adequacy of the Firm's execution arrangements and associated controls.

Where monitoring identifies that the best possible result may not have been achieved, the Firm will determine whether this is due to a failure to adhere to this Policy or a deficiency within the Policy itself. The Firm may amend this Policy as appropriate based on the outcome of such assessments.

In addition, the Firm conducts periodic reviews, at least annually, of its execution arrangements. These reviews consider whether improved outcomes for clients could be achieved by, for example:

- Including additional or alternative execution venues or third parties for relevant instrument classes; or
- Adjusting the relative importance assigned to execution factors for particular instrument classes.

The Firm also conducts a periodic review of this Policy, at least annually, and updates it as necessary. Any breaches of this Policy must be escalated in accordance with the Firm's internal governance and escalation procedures.

Application of Best Execution

The classification of a client impacts the protections they are afforded by the Firm when providing an investment service:

- Eligible Counterparties: If a client is an Eligible Counterparty, it will not be entitled to best execution as defined under the Financial Services Act (Wft), unless the Firm has agreed to provide best execution on a contractual basis (which is not the Firm's policy)
- Professional clients: All clients that are classified as Professional clients will be provided with best execution in accordance with this Policy

The Firm only provides investment services to Eligible Counterparties and Professional clients. This means that the Firm is entitled to assess the best possible result for its clients in terms of all the execution factors as set out in this Policy and not simply on the basis of the total consideration (price and cost).

The best execution obligation applies in respect of orders relating to all financial instruments traded by the Firm on behalf of its clients. For example, the obligation does not apply in respect of orders relating to spot foreign exchange which is not classified as a financial instrument. The best execution obligation also applies when the Firm executes an order 'on behalf of' a Professional client and/or receives and transmits the order to another entity for execution. If the Firm is executing an order by dealing as agent or principal for a Professional client, then it is executing 'on behalf of' the client and best execution will be owed (subject to any specific instructions which the client provides in relation to its order).

However, even when the Firm is not dealing as agent and enters into a proprietary trade with the client, best execution could still be owed if the client legitimately relies on the Firm to protect their interests in relation to the pricing or other aspects of the transaction that may be affected by how the Firm executes and/or transmits the order. To determine whether a client has legitimately relied on the Firm, the following factors should be considered:

- Which party initiated the transaction
- Market practice and the existence of a convention to 'shop around'
- The relative levels of price transparency within the market, and
- The information provided by the Firm and any agreement reached

Examples of when the Firm will not owe best execution for proprietary trading because the client is not legitimately relying on the Firm include:

- When a client approaches the Firm for its quote in a financial instrument and the client decides to execute the transaction on the basis of that quote, and
- When the Firm is trading with the client on a principal basis and there is a market practice for buyers to 'shop around' by approaching several dealers for a quote and there is no expectation between the parties that the dealer chosen by the client will owe best execution

However, even when the best execution obligation does not apply, the Firm must still treat its clients fairly, honestly and professionally at all times.

Client specific instructions

Whenever there is a specific instruction from the client (e.g. executing on a particular execution venue, time or price, or using a specific trading strategy or working orders), the Firm will execute the order following the specific instructions subject to its regulatory obligations. The Firm will be treated as having satisfied the best execution obligation but only to the extent of that part of the order to which the client instructions relate.

If the client has given specific instructions which cover one part of the order, it will not be treated as releasing the Firm from its best execution obligation in respect of any other parts of the client order that are not covered by such instructions. The Firm will not encourage a client to instruct it to execute an order in a particular way. Any specific instructions from a client may prevent the Firm from taking the steps that have been designed and implemented in this Policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

Client Limit Orders

A client limit order with a specific validity date is deemed to be a specific client instruction for the purpose of meeting the Firm's best execution obligation. A client limit order received in respect of shares admitted to trading on a regulated market or traded on a trading venue which is not immediately executed under prevailing market conditions must be made public immediately for execution upon a regulated market or other trading venue unless the client instructs otherwise.

Order Handling and Execution

Unless a specific instruction is received, the Firm will determine the most appropriate method of execution of a client order taking account of the applicable best execution factors. There are two methods of handling orders with a different best execution obligation for each:

- Indirect execution: The Firm can place an order with a third party (e.g. another broker or investment bank (each a 'Broker')) for that third party to execute on behalf of the Firm's client. This would include the situation where the Broker uses an execution algorithm to execute the transaction. The best execution obligation requires the Firm to act in accordance with the best interests of its clients when placing orders with Brokers for execution.
- Direct execution: Alternatively, the Firm can execute the relevant transaction on behalf of the client directly with a counterparty or on an exchange or other trading system, for example, by dealing directly with a market maker or other liquidity provider on a 'request for quote' basis. The best execution obligation requires the Firm to take all sufficient steps to obtain the best possible result for its clients when directly executing orders on behalf of its clients

When receiving an order, the Firm's principal objective is to:

- Ensure client orders are promptly executed, accurately recorded and allocated
- Comply with any specific client instructions related to the client order, and

- Undertake comparable client orders sequentially (i.e. price and time unless the characteristics of an order or prevailing market conditions make this impossible or impractical, or the interests of the client otherwise require).

Once a client has instructed the Firm to deal in a financial instrument on its behalf, the relevant trader will decide whether to place the order with a Broker or to attempt to execute the transaction directly. This decision will be made having regard to the relative importance of the execution factors for the instrument class in question.

In the case of certain instrument classes, there may be no choice. For example, where the financial instrument falls within the OTC derivatives instrument class, the transaction is likely to be executed by way of direct execution. For equities and exchange-traded derivatives transactions, the transactions may be executed by placing an order with a Broker who is a member of the relevant exchange or may, having regard to the execution factors, be executed directly (i.e. via a DMA facility).

Depending upon the circumstances and the prevailing market conditions, the Firm may decide to aggregate a client's order with orders of other clients if the order is executed on a trading venue where order aggregation is permitted, and the Firm considers that the aggregation of orders is unlikely to work to the overall disadvantage of any client whose order is to be aggregated.

Where the Firm is responsible for overseeing or arranging the settlement of an executed order, it will take reasonable steps to ensure that any client financial instruments or funds received in respect of settlement of the executed order are promptly and correctly delivered to the client's account. The Firm will take reasonable steps to ensure information relating to pending orders is not misused.

Direct Market Access

A client may execute electronically via DMA to a regulated market or other such trading venue. Client orders placed directly on to a regulated market or other trading venue via DMA with no involvement by the Firm will be deemed to have satisfied the Firm's best execution obligations. This is because when a client submits an order electronically through one of the Firm's DMA systems, they will select the parameters of the trade (e.g. the price, the timing, the size and nature of interaction) with the selected trading venue. In such a case, although the Firm will be acting on the client's behalf in providing the DMA service, it will be treated as having satisfied its best execution obligation and the client will be treated as having given specific instructions for the entirety of the order by means of the DMA service.

Execution factors and execution criteria

In order to comply with the best execution obligation, the Firm must take all 'sufficient steps' to obtain the best possible result for its clients, taking account of the execution factors. These factors are price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order.

In determining the relative importance of the execution factors, the Firm will take account of the following criteria:

- characteristics of the client, including the categorisation of the client
- characteristics of the client order, including where the order involves a securities financing transaction ('SFT')
- characteristics of the financial instrument that are the subject of that order, and
- characteristics of the Brokers and/or trading venues to which that order can be directed

The Firm will give the highest priority to the total consideration of the transaction (e.g. the price and costs of execution) and the remaining execution factors will be given equal weighting. However, relative importance of the execution factors will depend on the instrument, the client's specific instructions, market practice and the nature of the client. For example, where the instrument is illiquid or if the size of the order is particularly large then the likelihood of execution will take a higher priority.

Total consideration represents the price of the financial instrument, and the costs related to execution, including all expenses incurred by the client which are directly related to the execution of the order including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. The Firm will not structure or charge its commissions in such a way as to discriminate unfairly between execution venues.

When selecting Brokers for order placement or transmission, the Firm may take account the following qualitative factors (amongst others):

- Accurate and timely execution, settlement, clearance and error/dispute resolution processes
- Reputation, financial strength and stability
- Block trading and block positioning capabilities
- Willingness to execute difficult transactions
- Willingness and ability to locate and/or commit capital to complete trades
- Access to liquidity
- Execution algorithm functionality
- Ongoing reliability
- Overall costs of a trade including commissions, mark-ups, markdowns or spreads
- Nature of the security and the available market makers
- Execution at a desired time for the transaction
- Size of the trade and ability to fill trades in staged orders
- Anonymity of trading activity
- Market intelligence regarding trading activity

- Licensed, as required, to execute the type of transaction

Where the Firm places an order with a Broker, the Firm is not responsible for controlling or influencing the arrangements made by the Broker relating to the execution of that order (i.e. the Firm does not control the Broker's choice of execution venues). The Firm is not required to duplicate the efforts of the Broker to whom an order is passed in ensuring the best possible result.

In choosing the approved execution venues used by the Firm for a particular instrument class, the Firm has taken care to select those execution venues that, in its view, enable it to obtain on a consistent basis the best possible results for its clients. When selecting execution venues for direct execution the Firm may take account of the following qualitative factors (amongst others):

- Order type functionality of the execution venue
- Transparency (e.g. lit dark) of the execution venue
- Clearing schemes
- Circuit breakers
- Scheduled auctions
- Liquidity analysis
- Market share
- Breadth of market coverage
- Reputation, financial strength and stability
- Willingness to execute difficult transactions
- Access to liquidity
- Ongoing reliability
- Overall costs of a trade including commissions, mark-ups, markdowns or spreads*
- Anonymity of execution activity
- Licensed, as required, to execute the type of transaction

Analysis of venues

For each of the financial instrument classes that are relevant to the services the Firm provides to its clients, the Firm needs to decide which Brokers will be the approved Brokers (indirect execution) and approved execution venues (direct execution) This must be done based on a summary of the execution factors which will be considered when selecting a particular Broker or execution venue to execute a particular trade.

When executing a trade, traders must decide which broker/execution venue to use based on the most important execution factor. Transaction cost will usually be the most important execution factor. In appropriate circumstances, the Trader may ascribe the most

importance to an execution factor other than price/cost (and will need to record this choice). Examples of situations where other execution factors may be ascribed the most importance are:

- Primary market transactions (IPOs/secondary issuances) where there may be only one or more bookrunners from which to source liquidity where certainty of execution may be the most important factor
- Block trades where a sell side counterparty approaches the Firm in circumstances where the counterparty is the only source of liquidity for that volume and price (including buybacks by the issuer)
- Agreeing to the terms of a takeover offer/tender offer in respect of shares already held by the Firm, and
- Large orders which may need to be 'worked' with skill in order to avoid the execution of the order having a detrimental impact on the price of the shares.

The most important execution factor might differ per type of instrument and per type of client. The Annexes of this document provide an overview of execution brokers and trading venues.

Client Disclosure and Consent

The Firm has an obligation to provide its clients with appropriate information on this Policy. In order to comply with this obligation, the Firm has made this Policy available on its website.

As the Firm directly executes orders on behalf of clients, it also has an obligation to obtain the client's consent to this Policy. The Firm has evidenced this consent by providing clients with a summary of this Policy in its agreements in which there is an express provision pursuant to which the client consents to this Policy.

Additionally, to the extent that the Firm executes orders directly on behalf of clients in financial instruments that are admitted to trading on a trading venue but executes those transactions outside of a trading venue, it needs to obtain its clients' consent to this. The Firm has evidenced this consent by including in its agreements with its clients a provision pursuant to which the clients give this consent.

To the extent that the Firm makes any material changes to this Policy (whether pursuant to the review process or otherwise), it is obliged to notify the changes to its clients.

Training

Employees have received the necessary training and have the required understanding of this Policy, their individual responsibilities and the associated execution arrangements to ensure the Firm complies with its best execution obligation.

Record retention

The Firm is required to retain all records relating to client orders. The length of time for which relevant records must be retained is a minimum of five years.

Annex I. Cash Equities: Stocks

Brokers/execution venues	Reason for inclusion in approved broker/venue list
Instinet	Satisfies all criteria mentioned under qualitative execution factors for brokers.
[]	[]
[]	[]
[]	[]
[]	[]
[]	[]

Annex II. Securitized Derivatives: Options and Futures

Brokers/execution venues	Reason for inclusion in approved broker/venue list
Eurex	Satisfies all criteria mentioned under qualitative execution factors for exchanges.
[]	[]
[]	[]
[]	[]
[]	[]
[]	[]