



**Information on the RBC I&TS  
Global  
Best Execution Policy**

**RBC Investor & Treasury Services, Global**

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## 1.0 PURPOSE OF THIS DOCUMENT

This document forms the RBC Investor & Treasury Services<sup>1</sup> ('RBC I&TS', 'we', 'us' or the 'Firm') Global Best Execution Policy (the "Policy") and approach to providing best execution, as required by the Second Markets in Financial Instruments Directive 2014/65/EC ("MiFID II"). Following the UK's departure from the EU, all references in this document to MiFID II or MiFIR should be read as also referring to the corresponding provision in the UK requirements, including any amendments as made by the Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018, as they apply to RBC I&TS.

This document is published and updated as necessary on our website at:  
<https://www.rbcits.com/assets/rbcits/docs/disclaimers/BestExecutionPolicy.pdf>.

## 2.0 SCOPE OF THE POLICY

The Policy applies to business conducted with Retail and Professional Clients ("Clients") (as classified by us) and applies to "Financial Instruments" as defined by MiFID II (see Annex 1).

We do not typically deal with Retail clients. If we have agreed to deal with you as a Retail client then you will be legitimately reliant on us to deliver best execution for all transactions, regardless of how they arose and will be assessed on the basis of 'total consideration' which is the sum of the price and the costs (both explicit and implicit) incurred by you. Services provided by us to Eligible Counterparties are out-of-scope of the Policy; however, where we deal with you as an Eligible Counterparty we will manage any potential conflict of interest fairly in line with our Conflicts Management Policy.

MiFID II does not define spot foreign exchange transactions ("Spot FX") as "Financial Instruments", however, we will strive to apply equivalent standards to Spot FX.

## 3.0 WHAT IS THE "BEST EXECUTION" OBLIGATION?

Best execution is the requirement to take all sufficient steps to obtain the best possible result for you, taking into account price, costs, speed, likelihood of execution and settlement, size, nature and/or any other consideration relevant to the execution of an order or any other scenario where you place legitimate reliance on us to protect your interests ("Execution Factors").

## 4.0 WHEN DOES THE BEST EXECUTION OBLIGATION APPLY?

We owe you an obligation to take all sufficient steps to obtain best execution when executing orders on your behalf. We regard ourselves to typically be in receipt of an order and acting on your behalf where you legitimately rely on us to protect your interests in relation to the Execution Factors relevant to that transaction and to act on your behalf. This will include but is not limited to the following situations where we are:

- executing an order by dealing as your agent;

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<sup>1</sup> RBC I&TS is a brand name of the RBC Global Financial Group. In the UK, RBC I&TS operates out of the following UK authorised entities: RBC Investor Services Trust, London Branch; RBC investor Services Bank S.A., London Branch; Royal Bank of Canada, London Branch; RBC Europe Limited.



- executing an order by dealing as a riskless principal on your behalf; and
- “working an order” on your behalf.

In all other circumstances, for example when we deal on our own account in response to a request for quote (“RFQ”), we will assess whether you are placing legitimate reliance on us to protect your interest in relation to the Execution Factors relevant to that transaction. In order to make this assessment the following four factors (the “four-fold test”) will be considered. These factors will be considered collectively and not in isolation; any one factor, or a combination thereof, may require us to apply best execution:

- i. ***which party initiated or solicited the transaction*** - it is more likely that you will be placing reliance on us where we propose the transaction to you;
- ii. ***whether there is a market practice and the existence of a convention to “shop around”*** – it is more likely that you will be placing reliance on us in markets where there is not a convention for you to “shoparound” for a quote; iii. ***the relative levels of price transparency within a market*** - it is more likely that you will be placing reliance upon us where the level of price transparency available to you is not the same or similar to that available to us;
- iv. ***information provided by RBC I&TS and any agreement reached*** - it is more likely that you will be placing reliance on us where there are arrangements and agreements in place which state we will provide best execution and indicates or suggest a relationship of reliance.

We do not guarantee that we will be able to achieve best execution for every transaction received from you, however, in all cases we will comply with the Policy.

## 5.0 WHEN DOES THE BEST EXECUTION OBLIGATION NOT APPLY?

The best execution obligation will not apply in circumstances in which we are transacting with you as counterparty on the basis of a own account risk price and you do not place legitimate reliance on us to protect your interest in relation to the Execution Factors relevant to that transaction (taking into account the “four-fold test” outlined above).

## 6.0 SPECIFIC INSTRUCTIONS FROM CLIENTS

Where you provide us with specific instructions in relation to one or more Execution Factors, we will execute the order in accordance with those instructions so far as reasonably possible. Where your instructions relate to only part of the order, in following those instructions we will be deemed to have taken all sufficient steps to provide best execution in respect of that part of the order. In respect of those aspects of the order not covered by your specific instructions, we will apply the Policy accordingly.

Please be advised that where you provide us with a specific instruction this may prevent us from taking some or all of the steps in the Policy that are designed to obtain the best possible result for the execution of your orders in respect of the elements covered by those instructions.

## 7.0 APPLICATION OF BEST EXECUTION ACROSS CLASSES OF INSTRUMENTS

While the obligation to deliver best execution applies to all Financial Instruments, the differences in market structures or the structure of Financial Instruments means that it is necessary to apply the best execution obligations in a manner that takes into account the different circumstances associated with the execution of orders related to particular types of Financial Instruments.



Determining the relative importance of the Execution Factors is a dynamic process and may depend upon several variables and characteristics. In determining the relative importance of the Execution Factors we will apply our commercial judgement and expertise, in light of the prevailing market conditions, as well as taking into account:

- your characteristics;
- the characteristics of your transaction;
- the characteristics of the Financial Instruments that are the subject of your transaction; and
- the characteristics of the Execution Venues<sup>2</sup> to which your transaction can be directed.

In many circumstances price will merit a high relative importance in obtaining best execution. However, in some circumstances we may judge that other Execution Factors will be more important than price in obtaining the best possible result for you.

Additional guidance in relation to the following classes of Financial Instruments is set out in the Annex 2:

- Foreign Exchange;
- Money Market Funds;
- Collective Investment Schemes; and
- Securities Financing Transactions.

## 8.0 EXECUTION VENUES AND BROKERS

The list of Execution Venues that RBC I&TS utilises in respect of each class of Financial Instrument may be found on the RBC I&TS website at <https://www.rbcits.com/en/disclaimers.page>.

This list represents those Execution Venues that should enable us to obtain on a consistent basis the best possible result for the execution of your transactions. This list may, from time to time, be updated and any new venue will be selected in accordance with the Policy.

The factors that have been considered in determining the list of Execution Venues may include the depth of liquidity a particular Execution Venue is able to offer, the likelihood of execution, speed of execution, the costs, if any, to execute on such Execution Venues, reliability and system availability, historical trading activity and the robustness of the clearing arrangements.

When RBC I&TS is the Execution Venue, consideration will be given to various sources of reasonably available information, so as to obtain the best possible result for your transaction.

We may also transmit your order to another broker, which could include an RBC I&TS affiliate, for execution, in which case we will determine the Execution Venue ourselves in accordance with the Policy and instruct the broker to deal accordingly.

In cases, where the broker is located outside the UK, orders will be required to be executed in accordance with the local rules and regulations. We will give consideration to such local rules and regulations when selecting an Execution Venue outside of the UK as those requirements may be more or less stringent than the Policy, or may require the broker to apply different criteria to the assessment of execution quality.

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<sup>2</sup> The term "Execution Venue" includes regulated markets, multi-lateral trading facilities ("MTFs"), organised trading facilities ("OTFs"), systematic internalisers ("SIs"), market makers, and other liquidity providers.



We will not structure or charge commissions in a way as to discriminate unfairly between Execution Venues.

## 9.0 OVER-THE-COUNTER (“OTC”) TRANSACTIONS

For transactions involving OTC Financial Instruments<sup>3</sup> where it has been determined that we have a best execution obligation, we shall gather relevant market data in order to check whether the price offered to you is fair.

## 10.0 DATA PUBLISHING REQUIREMENTS

We are required to make available to you periodic reports containing information related to Execution Factors and Execution Venues, including details of:

- each Financial Instrument where RBC I&TS acts as an Execution Venue;
- the top five Execution Venues for Client transactions where a duty of best execution was owed; and
- the quality of the execution obtained on the Execution Venues where we executed all Client orders in the previous year.

This information will be published on the RBC I&TS website at <https://www.rbcits.com/en/disclaimers.page>.

## 11.0 MATTERS OUTSIDE OF OUR CONTROL

In some cases, whether as a result of system failures, disrupted markets or otherwise, it may be necessary to execute your orders in a different manner to that documented in the Policy for the Financial Instrument in question.

In such circumstances we will still seek to achieve the best possible result available for you in the prevailing circumstances.

## 12.0 MONITORING

We will monitor the effectiveness of our execution arrangements, and when appropriate, implement corrective actions to address any deficiencies that may be identified. If this were to result in a material change to our execution arrangements, you will be notified accordingly.

## 13.0 POLICY REVIEW

RBC I&TS conducts an annual review of the Policy, as well as our order execution arrangements. The objective of this review is to assess whether there is any scope to improve the quality of the order execution delivered to you, by for example, including additional/different Execution Venues, considering whether the relative importance of the execution factors in different circumstances could be adjusted, or by modifying any other aspects of the Policy.

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<sup>3</sup> A Financial Instrument is considered “OTC” when it is not (i) admitted to trading or (ii) traded on a Regulated Market, MTF, or OTF.



Such a review will be undertaken on a more frequent basis if there is a material change that affects our ability to obtain the best possible result for the execution of your orders on a consistent basis using the Execution Venues found on the RBC I&TS website at <https://www.rbcits.com/en/disclaimers.page>.

## **14.0 FURTHER INFORMATION ON HOW WE HANDLE YOUR ORDERS**

We have further policies and procedures in place to ensure we execute and allocate your orders promptly and fairly, taking into account the need to manage any potential conflicts of interest that may exist between you, ourselves and our other clients.

We will execute your order in line with other comparable client orders sequentially and promptly, unless (i) the characteristics of your order or prevailing market conditions make this impracticable<sup>4</sup>; or (ii) your interests require otherwise.

Where you do not provide specific instructions, we will execute and allocate your order as soon as reasonably practicable, unless we reasonably consider that delaying the execution of your order is in your best interests.

When executing your order we may decide to aggregate your order with a transaction for our own account or that of another client. Such aggregation will be taken, for example, to provide a better price to you or to reduce transaction costs by allowing us to execute in larger size. We will only aggregate your order if it is unlikely that the aggregation will work overall to your disadvantage. Where we are unable to fill an aggregated order in full, we will allocate the executed notional on a fair and equitable basis.

We will endeavour to communicate the order execution and allocation status of your order to you soon as reasonably practicable.

## **15.0 CLIENT ENQUIRIES**

Should you have any enquiries in relation to this document or the Policy please contact your usual business contact.

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<sup>4</sup> For example, it may not be practical for client orders that are received by different means (e.g. voice versus electronic) to be carried out sequentially.



## **ANNEX 1 - FINANCIAL INSTRUMENTS AS DEFINED UNDER MiFID II**

1. Transferable securities;
2. Money-market instruments;
3. Units in collective investment undertakings;
4. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
5. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties otherwise than by reason of a default or other termination event;
6. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market and/or an MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in 6. and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognized clearing houses or are subject to regular margin calls;
8. Derivative instruments for the transfer of credit risk;
9. Financial contracts for differences;
10. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Annex, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF; and
11. Emission allowances consisting of any units recognized for compliance with the requirements of the Emissions Trading Scheme.



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## **ANNEX 2 - OVERVIEW OF BEST EXECUTION BY CLASS OF FINANCIAL INSTRUMENT**

The following sections provide an overview of when and how we will provide you with best execution across different classes of Financial Instruments.

Included in each section is the relative importance RBC I&TS places on the different Execution Factors in obtaining the best possible result for you.

**Each section provides the general position of RBC I&TS in relation to each class of Financial Instrument. Our approach may differ, to that outlined, depending upon the particular circumstances of individual transactions.**

As outlined in Section 8.0, the list of Execution Venues that RBC I&TS utilises in respect of each class of Financial Instrument may be found on the RBC I&TS website at <https://www.rbcits.com/en/disclaimers.page>.



## **ANNEX -**

### **21 FOREIGN EXCHANGE**

The types of Foreign Exchange (“FX”) products traded by us encompass Spot FX, FXForwards and FXSwaps.

MiFID does not define Spot FX as a “Financial Instrument”; however, we have chosen to apply equivalent standards to Spot FX and, as such, an assessment regarding our best execution obligations will be made in relation to all Spot FX trading.

In line with Sections 4.0 and 6.0, where we execute FX orders (including Limit Orders, At-Best Orders, PriceCapped Orders, Time-sliced Orders, Stop Loss Orders and Fixing Orders) on your behalf, we will owe a duty of best execution to you. Where you provide specific instructions for some or all Execution Factors, rather than instructing us to use our discretion to execute, we will execute those orders according to those instructions and will therefore meet best execution standards with regards to those Execution Factors subject to your instructions.

Where we execute orders subject to specific instructions or execute discretionary orders with no risk component (e.g. At-best orders) a fair, reasonable and justifiable mark-up may be added. Where we execute a discretionary order with a risk component (e.g. Price-Capped Orders) a fair, reasonable and justifiable risk premium may also be included in the all-in-price provided to you.

Generally, where we transact with you as principal on the basis of a published quote, or one provided in response to an RFQ enquiry; we conclude that best execution is not owed as we consider that you do not place reliance on us. Our rationale for this is that such transactions are initiated by you, there is a convention for Clients to “shop around” by approaching several dealers for a quote, and a high level of price transparency exists across FX markets.

In general, we will consider the most important Execution Factors to be Price, Size, and Speed of execution. Where no instructions are provided by you, we will typically use the following order of priority: Price, Size, and Speed of execution.



## ANNEX -

### 22 MONEY MARKET FUNDS (“MMFs”)

We may offer you an automated “sweeping” to and from MMFs, by providing a daily settlement service for rebalancing your cash accounts through investments and redemptions in third-party MMFs.

Your accounts are set-up to trade on an automated basis via pre-agreed standing instructions as per an executed cash management agreement or letter of direction as received from you.

When requested we will process the investments of cash balances retained in your accounts based on your specific instructions, in units of third-party MMFs as selected by you. The decision to invest and the investment risk are held by you.

Your interest in such units is a beneficial interest and you are not a unit holder or shareholder of record of the Funds. Units may be registered either in the name of RBC I&TS or in the name of a nominee company that is controlled by either RBC I&TS, or an affiliated company of RBC I&TS.

The units are held within your custody accounts, segregated and classified as Client assets.

**Price:** due to the nature of the instruments (i.e. units in a fund) there is typically only one daily valuation point. This means that “price” is not a relevant factor for these transactions.

**Speed:** We will always try to execute the order in a timely fashion. Following calculations at the times agreed, we will endeavour to process any resulting transactions in accordance with the executed cash management agreement or letter of direction in place with you and the terms applicable to subscriptions or redemptions for the relevant fund.



## ANNEX -

### 23 COLLECTIVE INVESTMENT SCHEMES (“CIS”)

Where we provide you with access to a daily dealing service into UK CIS we act on an agency basis, processing trades based on your specific instructions. The decision to invest and the investment risk are held by you.

Your units/shares are registered separately in a designated nominee accounts so they remain anonymous to the vendor (i.e. no name disclosure). As a result, you are not legally the unit/shareholders of the funds but have full beneficial interest to the units/shares registered on your behalf in the designated nominee accounts.

The units/shares are held within your custody accounts, segregated and classified as Client assets.

**Price:** due to the nature of the instruments (i.e. units in a fund) there is typically only one daily valuation point. This means that “price” is not a relevant factor for these transactions.

**Speed:** We will always try to execute your order in a timely fashion. Following calculations at the times agreed within the Client documentation, we will endeavour to process any resulting transactions in accordance with any agreed documentation in place with you and the terms applicable to subscriptions or redemptions for the relevant fund.



## **ANNEX -**

### **24 SECURITIES FINANCING TRANSACTIONS (“SFT”)**

#### **LENDING AS AGENT**

RBC I&TS acts as securities lending agent where custody and third party custody Clients earn fees from Borrowers by lending unutilized securities from their asset portfolios. Applicable products include: cash bonds (including Government, Corporate, Supra-Sovereign and Agency, Asset-Backed Securities (“ABS”), Residential Mortgage-Backed Securities (“RMBS”) and Collateralized Loan Obligations (“CLOs”)) and equities instruments (including Common Stock, Preferred Stock, American Depositary Receipts (“ADRs”), Global Depositary Receipts (“GDRs”), Exchange Traded Funds (“ETFs”), and Master Limited Partnerships (“MLPs”).

Your accounts are set up to be lent in accordance with your Securities Lending Agency Agreement (“SLAA”), which specifies approved parameters such as Borrowers, collateral, active markets, and minimum margin. To the extent that you have provided us with specific instructions in the SLAA, we will lend your securities according to those instructions, and will therefore meet best execution standards with respect to those factors subject to your instructions.

In general, we will consider the most important Execution Factor to be lending fee. The lending fee is dependent on many factors including size, Client limits, withholding tax rate, collateral flexibility, and Client type. We also take into account the following factors: settlement arrangements and costs of entering into the loan, term of trade, collateral parameters, size, and whether a proposed borrower meets credit risk criteria that we impose. Loans are booked from a pool of Client assets using an algorithm. Further, information in relation to the algorithm is available upon request.

Most of the securities lending transactions covered by the SLAA are not admitted to trading on a regulated market and as such, transactions in respect of such instruments will be executed outside a regulated market or an MTF, i.e. over-the-counter with approved counterparties (or designated dealers).

#### **LENDING AS PRINCIPAL**

RBC I&TS transacts as principal in the capacity of a Securities Lender with Securities Borrowers in products encompassing cash bonds (including Government, Corporate, Supra-Sovereign and Agency, ABS, RMBS and CLOs) and equities instruments (including Common Stock, Preferred Stock, ADRs, GDRs, ETFs, and MLPs).



## **ANNEX -**

Generally, we transact with you as principal on the basis of a published quote, or one provided in response to an RFQ enquiry; we conclude that best execution is not owed as we consider that you do not place reliance on us. Our rationale for this is that such transactions are initiated by you, there is a convention for Clients to “shop around” by approaching several dealers for a quote, and a high level of price transparency exists in the market.