

# Best Execution Policy 2023

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## 1. Company Statement

Gulf International Bank (UK) Limited ('GIB') acts in the best interests of its clients and takes all sufficient steps to obtain, when executing orders, the best possible result for its clients, subject to, and taking into account the execution factors listed in this policy. Treating customers fairly is a requirement and a key initiative of the Financial Conduct Authority ('FCA'), and GIB's practices are aimed at consistently achieving fair treatment of customers.<sup>1</sup>

The purpose of this document is to set out GIB's approach to providing best execution.

## 2. Scope of Policy

This policy applies to professional<sup>2</sup> clients of GIB and to the execution and placement of all orders initiated by GIB on behalf of its clients in the following financial instruments:

- Equities
- Debt Instruments
- Interest Rate Derivatives
- Credit Derivatives
- Currency Trades
- Equity Derivatives

Although GIB is not obliged by the rules of the Financial Conduct Authority ("FCA") (the "FCA Rules") to seek or provide best execution for clients who are categorised as eligible counterparties<sup>3</sup>, GIB will endeavour to obtain the best price reasonably available for such clients given prevailing market conditions.

The obligation to provide best execution will always arise in circumstances where GIB is acting in an agency capacity and will also apply where GIB acts as principal and is aware that a client is placing a legitimate reliance on GIB to protect their interest in relation to the execution of a transaction.

## 3. General Principles of Best Execution

The FCA Rules on best execution have been derived from MiFID II and are outlined in COBS 11.2A. The rules require regulated firms when executing or placing orders on behalf of clients to take all sufficient steps to obtain the best possible result ('best execution') for its clients on a consistent basis, taking into account any specific instructions from clients and the execution factors outlined below.

GIB executes orders in relation to financial instruments on behalf of its clients in three main ways:

One	GIB can transmit an order to a third party broker to execute on behalf of a Client
Two	GIB can be the counterparty (as principal on own account) to the Client
Three	GIB can be the facilitator between the Client and the buyer/seller in a transaction on a matched principal basis (i.e. back-to-back trading)

Whilst it is GIB's responsibility to take sufficient steps to ensure our clients receive best execution on a consistent basis, when GIB places or transmits orders for clients, GIB places a reliance on brokers and other counterparties to execute orders on an agency basis with the same level of fiduciary responsibility. In such circumstances, GIB remains under an obligation to monitor the counterparty's performance and does not remove GIB's obligation to obtain the best possible result. GIB continuously ensures that appropriate documentation is in place with the relevant counterparties/brokers before trading activity can commence.

<sup>1</sup>Fair treatment of customers' as defined in the FCA rules.

<sup>2</sup>Professional client" as defined in the FCA Rules.

<sup>3</sup>Eligible counterparty" as defined in the FCA Rules.

### 3.1 Execution factors

In the absence of any specific instructions from a client, GIB, depending on the instrument, generally considers the following factors to determine the manner in which orders may be executed:

Price	This is the price that a financial instrument is executed at.
Speed of execution	This is the time it takes to execute a transaction.
Likelihood of execution and settlement	This is the likelihood that GIB will be able to complete a transaction.
Size of order	This is the size of the transaction that is executed.
Costs	This includes all fees and costs related to order execution, including implicit costs such as the possible market impact and explicit costs such as broker fees.
Nature of the order	This is how the particular characteristics of a transaction can affect how best execution is achieved.
Other	This is any other consideration relevant to the execution of an order.

Generally, price will merit the highest relative importance in obtaining the best possible result for GIB’s clients. However, in certain circumstances, for some client orders, financial instruments or markets, GIB may appropriately determine that other Execution Factors are as or even more important than price and costs in obtaining the best possible execution result for the client. The relevant importance of these factors will be determined by considering the characteristics of the order, the financial instrument, the counterparty and the execution venue.

### 3.2 Execution criteria

GIB’s primary objective in handling client orders is to provide the best balance across a range of potentially conflicting factors.

In determining the relative importance of execution factors listed in section 3.1, our dealing desk will use their commercial judgement and expertise in light of market information reasonably available and take into account the market information and conditions as well as the following criteria:

- the investment intention of the Portfolio Manager who instigated the order;
- the client concerned (including their categorisation);
- the nature of the order (including the size of the trade relative to other trades, the need to minimise possible market impact);
- the type of financial instrument; and
- the execution venue to which the order can be directed.

### 3.3 Execution Venues

In meeting its obligation to take all sufficient steps to obtain the best possible result for the execution of client orders, GIB may ask its brokers to use one or more of the following venue types when executing a client order:

- Regulated markets<sup>5</sup>
- Other exchanges that are not regulated markets
- Multilateral trading facilities (“MTF”)<sup>6</sup>
- Dark pools<sup>7</sup>

<sup>4</sup>Several venues / liquidity pool(s) may be used for the execution of one order.

<sup>5</sup>“Regulated market” as defined in the FCA Rules.

<sup>6</sup>A trading venue operated by a market operator or investment firm that brings together buyers and sellers in a non-discretionary way according to a defined set of rules resulting in trades.

<sup>7</sup>A trading venue that is not available to the public and is used by institutional investors for buying and selling large blocks of securities that avoid market impact, since neither the size of the trade or the identity are revealed until the trade is filled.

- Systematic internalisers<sup>8</sup> ('SI')
- Organised Trading Facilities ('OTF')
- Third party investment firms, brokers, and/or affiliates acting as a market maker or other liquidity provider
- Non-EU entities performing similar functions

GIB assesses venues to determine which are likely to provide the best possible result for its clients on a consistent basis. GIB may execute client orders outside a regulated market, MTF or OTF. In accordance with the FCA Rules. GIB reserves the right to use other execution venues where GIB deems it appropriate in accordance with our Best Execution Policy and may add or remove any execution venues from the list without prior notification. GIB will not unfairly discriminate between execution venues and must make a decision on an execution venue based on a consideration of some or all of the execution factors.

GIB regularly assesses the execution venues and counterparties available in respect of the financial instruments that it trades to identify those that will enable GIB, on a consistent basis, to obtain the best possible result when executing or placing client orders. However, in certain financial instruments, there may be only one execution venue and in executing a trade in such circumstances GIB generally determines that the best possible result has been obtained in respect of these types of financial instruments.

### 3.4 Over the Counter (OTC) trades

There may be occasions when achieving the best possible result for the client will result in a client order being executed outside of a trading venue. Execution of orders outside of a trading venue may be subject to increased counterparty risk and settlement risk, as these transactions are not covered by the clearing and settlement rules of the relevant trading venue and central counterparty.

When executing orders or using a broker to deal in financial instruments over-the-counter, GIB will check that the price quoted is fair by taking into account market data, including comparing that price with similar instruments (where available).

### 3.5 Illiquid Securities

For transactions involving illiquid securities, GIB generally determines the relative importance of the aforementioned execution factors, which may be prioritised based on the underlying nature, rationale and objectives of the individual trading decision as well as GIB's experience and judgement. In determining the level of importance of these factors, all available market information and best execution criteria may be taken into account. Assessment of OTC derivatives may be based on similar factors in respect of the underlying instrument.

In respect of debt instruments, the availability of price information for other instruments of similar tenor and exposure characteristics may to be taken into account when determining a target price for an order.

### 3.6 Aggregation of orders

We have procedures and arrangements in place to provide for the prompt, fair and expeditious execution of client orders. In the interests of achieving best execution, we may aggregate a client's order with those of one or more other clients, where orders are suitable to aggregation and it is unlikely that the aggregation will work to the disadvantage of any of the clients whose order is aggregated.

GIB may also decide it is in the best interests for client accounts under its discretion to transact in a financial instrument with one another, which is also called a 'cross transaction'. Cross transactions between accounts may be possible depending upon clients' guidelines.

<sup>8</sup>An investment firm that deals for its own account by executing client orders outside a regulated market, OTF or MTF, and which performs such activity on an organised, frequent and systematic basis.

## 4. Specific Client Instructions

It is important to note that specific instructions may prevent GIB from obtaining best execution for a client.

Where a client provides GIB with a specific instruction in relation to an order, or part of an order (for example, on the use of a counterparty or execution venue), GIB will follow that instruction so far as is reasonably possible when executing the trade. Specific client instructions shall be documented and retained in client file records in support of the execution of trade orders subject to these instructions.

Where a client's instructions relate to only part of an order, GIB will apply this policy to those aspects of the order not covered by the specific instruction.

### 4.1 Conflicts of interest

GIB strives to act professionally and independently, with clients' interests in mind at all times and takes sufficient steps to identify and prevent conflicts of interest that may arise in the course of providing investment and/or ancillary services. Such conflicts may arise between GIB (or another entity within its group) and a client of GIB; a member of staff or representative of GIB and a client of GIB; or one client of GIB and another. Internal measures are designed to mitigate conflicts of interest from arising but, where circumstances indicate such measures are insufficient to mitigate with reasonable confidence the risk of damage to a client's interests, GIB will disclose the general or specific nature of the conflict(s) with the client or clients affected. GIB may decline to act for a client, unless the client provides informed consent.

**This policy aims to achieve consistent standards across all the different markets and financial instruments in which GIB executes client orders. However, the diversity found in those markets and instruments means that different factors may have to be taken into account, on a case by case basis, when GIB applies this policy.**

## 5. Record Keeping

When a decision is taken to execute a trade at a price that is not the best firm price available at the time of execution or a decision is otherwise outside the terms of this policy, the trader will record the justification for this.

## 6. Monitoring and Review

GIB will monitor the effectiveness of its best execution arrangements and this policy in order to identify and correct any deficiencies. GIB will assess, on a regular basis, whether the execution venues, and the brokers and dealers to whom GIB transmits orders, allow GIB to achieve best execution on a consistent basis or whether GIB needs to make changes to its execution arrangements, including changes to the execution venues or brokers and dealers on which GIB places reliance on to meet its best execution requirements.

GIB will review this policy at least annually and in the event of a material change (i.e. an event that could impact the parameters of best execution such as cost, price, speed, likelihood of execution and settlement, size, nature or any other relevant consideration) that affects GIB's ability to obtain the best possible execution result on a consistent basis, for example. If a material change occurs, GIB will also reevaluate the execution venues on which it places significant reliance in obtaining best execution.

GIB Asset Management, trading name of Gulf International Bank (UK) Limited ("GIB"). GIB is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FRN 124772")