

Appendix 2 - Fixed Income Execution Arrangements

This appendix sets out the approach to best execution when handling transactions in bonds and notes (together Fixed Income). It is an appendix to Nexent Bank N.V.'s Best Execution Policy.

When effecting execution of orders or quoting in response to an RFQ in Fixed Income Instruments, Nexent Bank N.V. can be acting in:

- Principal capacity
- Agent or Riskless Principal capacity, executing through:
 - A trading venue
 - An SI or Other Liquidity Provider

The execution can be done both on a Trading Venue and outside a Trading Venue, provided the client has given its consent.

The execution venues on which Nexent Bank N.V. places significant reliance in meeting its best execution obligations on a consistent basis are listed in Appendix 1.

RFQ-based transactions

Due to the OTC-based nature of the market in cash fixed income instruments, transactions with clients will often be performed, with Nexent Bank N.V. acting in a riskless-principal capacity conducting price discovery through an execution venue or quoting directly in principal capacity and with clients deciding whether or not to accept the price quoted by Nexent Bank N.V.. Whether and to what extent a duty of best execution is owed to the client will depend on the criteria set out in paragraph 2.2 of this Policy. Where this duty applies Nexent Bank N.V. shall ensure that it shall check the fairness of the price proposed to the client.

Market Orders

When Nexent Bank N.V. receives a market order, where the bank is making decisions as to how the order is executed, e.g. where Nexent Bank N.V. is 'working the order' on the client's behalf, the bank always owes best execution. Market Orders are generally executed at the best price available in the market through or outside a trading venue, on a riskless principal basis. There can be seldom instances, where Nexent Bank N.V. executes the market order in Principal capacity. In these cases, Nexent Bank N.V. has to ensure that it shall check the fairness of the price proposed to the client and that there is no conflict of interest.

Orders for New Issues

Nexent Bank N.V. does not act as a book runner for new Bond issues. On the other hand, where a client has an interest to buy a new issue in primary markets, Nexent Bank N.V. can leave an order to the book runner(s) on its client's behalf. In these instances, multiple client orders and in some cases orders for Nexent Bank N.V.'s own account might need to be aggregated. For client orders aggregated with transactions on own account by Nexent Bank N.V. that have only been partially executed, allocations are distributed on pro-rata basis, however generally priority in allocation will be given to the client's real interest and this will be done in a manner that is not detrimental to the client.

Specific Instructions

If the client provides specific instructions in relation to any aspect of the carrying of a client order (for example, where the client instructs Nexent Bank N.V. to execute the order on a particular venue, at a particular time or at a particular price), or otherwise selects specific parameters of the transaction, then Nexent Bank N.V. will execute the transaction in accordance with these instructions or parameters and it will not have discretion in respect of how (that aspect of) the order is executed. As a result, by following a specific instruction from the client, Nexent



Bank N.V. will have satisfied the obligation to provide the client with best execution in relation to that order. It is noted that if a specific instruction is provided by the client, this may prevent Nexent Bank N.V. from following some or all of the steps in this Policy that are designed to obtain the best possible result for the execution of orders.

Execution Factors

The relative importance of the Execution Factors is determined on a trade-by-trade basis. Generally price is the most important Execution Factor. For orders of larger sizes other Execution Factors such as the likelihood of execution, market impact and speed of execution might be more important than price.

Monitoring

Nexent Bank N.V. will benchmark the execution price against external or internal reference prices. Wherever possible, we will use external prices, from reputable market data vendors, to compare the quote offered by Nexent Bank N.V. against market prices. Where external data is unavailable or limited in scope or quality, internal reference price data may be used.