SAXO BANK A/S
ORDER EXECUTION POLICY

About Best Execution

Introduction

Scope

This order execution policy (the "Policy") provides an overview of how Saxo Bank A/S ("Saxo Bank") executes orders on behalf of clients, the factors that can affect the timing of execution and the way in which market volatility plays a part in handling orders when buying or selling a financial instrument.

This Policy applies to Saxo Bank's execution of orders on behalf of retail clients and professional clients according to the Rules, as defined below.

Upon acceptance of a client order and when there is no specific client instruction regarding the execution method, Saxo Bank will execute an order in accordance with this Policy.

This Policy is subject to Saxo Bank's General Business Terms and other business terms from time to time governing the relationship between the client and Saxo Bank. Further information on order execution, including Saxo Bank's market making function, can be found in Saxo Bank's General Business Terms.

Why are we doing this?

This Policy is issued pursuant to, and in compliance with, EU Directive 2004/39/EC of 21 April 2004 on Markets in Financial Instruments ("MiFID") and the Danish legislation implementing MiFID (the "Rules") that applies to Saxo Bank.

Our commitment

When dealing with clients, Saxo Bank has a general duty to act honestly, fairly, professionally and in the best interest of the client. In relation to order execution, Saxo Bank is required to take all reasonable steps to obtain the best possible result when executing client orders or when placing orders with, or transmitting orders to, other entities to execute.

Your agreement to this Policy

This Policy has been provided to help clients understand how Saxo Bank executes client orders so that they can make an informed choice on whether to use Saxo Bank's services. You should ensure that you have read and understood its contents.

If you proceed to place an order with us, we will take that as your consent to Saxo Bank executing that order in accordance with this Policy.

What does Saxo Bank mean by 'Best Execution'?

Best Execution is the process by which Saxo Bank seeks to obtain the best possible result when executing client orders. The definition of best possible result will vary as Saxo Bank must take into account a range of execution factors and determine their relative importance based on the characteristics of its clients, the orders that it receives and the markets in which it operates. These factors are further described in this Policy.

Execution Factors

Saxo Bank has considered a number of criteria that might be important to clients. These are called the Execution Factors:

- Price – the market price at which the order is executed.
- Costs – any additional charges that may be incurred in executing the order in a particular way over and above Saxo Bank's normal charges.
- Speed of execution – this can be particularly important in fast moving markets.
- Likelihood of execution and settlement – the best price is of little use if Saxo Bank cannot execute at it or if the transaction fails to complete.
- Size and Nature of the transaction – the way that Saxo Bank executes an unusual order (for example, one that is larger than the normal market size or has unusual features such as an extended or shortened settlement period) may differ from the way it executes a standard order.
- Market Impact – the effect that executing a client's order, or showing it to other market participants, might have upon the market.
- Other factors relevant to particular order types – as applicable.

When Saxo Bank executes orders on behalf of clients, Best Execution is determined on the basis of the total consideration paid to or by the client, unless the objective of execution of the order dictates otherwise. Total consideration is 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 such as venue execution fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. When assessing whether best execution has been achieved, Saxo Bank does not take account of its standard charges that will be paid by the client irrespective of how the order is executed.

Execution Criteria

The relative importance that Saxo Bank attaches to the Execution Factors in any particular case may be affected by the circumstances of the order. These are called the Execution Criteria.

- Client Characteristics – professional customers may have different needs to retail customers.
- Transaction Characteristics – such as the potential for it to have an impact on the market.
- Financial Instrument Characteristics – such as liquidity and whether there is a recognised centralised market.
- Venue Characteristics – particular features of the liquidity sources available to Saxo Bank.
- Other relevant circumstances – as applicable.

Execution Venues

Based on its assessment of the Execution Factors and the Execution Criteria, Saxo Bank will select one or more venue(s) for the execution of the client's order. Venues used might include:

- Regulated Markets
- Multilateral Trading Facilities
- Order Crossing Networks and other electronic platforms
- Liquidity provided from Saxo Bank's our own internal flow aggregation book
- Other brokers, dealers and market makers

Saxo Bank will take reasonable care not to discriminate between execution venues other than on the basis of the Execution Factors relevant to the order concerned.

Where executing orders against liquidity provided by its own internal flow aggregation book, Saxo Bank will aggregate the risk from client transactions with risks arising on other clients' orders and will undertake hedging activities at other dealing venues in the manner that it considers to be most efficient.

The prices that Saxo Bank makes available to clients under this model will be based upon the prices available to it from its selected hedging venues.

Saxo Bank is a member of NASDAQ OMX Copenhagen and Chicago Mercantile Exchange ("CME") and additionally uses a number of external financial institutions and brokers in the process of receiving and relaying orders or to directly execute listed financial instruments which are not listed on NASDAQ OMX Copenhagen and CME.

Saxo Bank has access to a number of exchanges and other execution venues through its order routing vendors.

A list of the main execution venues including brokers used by Saxo Bank is available on www.home.saxo and as an Appendix to this Policy.

When does Best Execution apply?

Best execution applies when Saxo Bank executes a transaction on behalf of a client in financial instruments and products as defined by the Rules including:

- Bonds
- Cash Equities
- CFD Equities
- CFD Indices
- CFD Commodities
- Futures
- Listed Options
- Rolling Foreign Exchange Spot
- Foreign Exchange Forward
- Foreign Exchange Options

When does Best Execution NOT apply?

Best execution does not apply to:

- Spot foreign exchange transactions undertaken with the intention of converting money from one currency to another – including transactions undertaken to facilitate settlement of other transactions.
- Transactions arising from the exercise of an option. Saxo Bank will treat an instruction to exercise an option as a specific instruction from the client to exercise his rights under the option contract and will not take account of the state of the underlying market at the time.

Risks of dealing in volatile markets

Clients should be aware of the following risks associated with volatile markets, especially at or near the open or close of the standard trading session:

• Execution at a substantially different price from the quoted bid or offer or the last reported price at the time of order entry, as well as partial executions or execution of large orders in several transactions at different prices.

• Delays in executing orders for financial instruments that Saxo Bank must send to external market makers and manually routed or manually executed orders.

• Opening prices that may differ substantially from the previous day's close.

• Locked (the bid equals the offer) and crossed (the bid is higher than the offer) markets, which may prevent the execution of client orders..

• Price volatility is one factor that can affect order execution. When there is a high volume of orders in the market, order imbalances and back logs can occur. This implies that more time is needed to execute the pending orders. Such delays are usually caused by the occurrence of different factors:

(i) the number and size of orders to be processed,

(ii) the speed at which current quotations (or last-sale information) are provided to Saxo Bank and other brokerage firms; and

(iii) the system capacity constraints applicable to the given exchange, as well as to Saxo Bank and other firms.

Saxo Bank is obligated to take necessary steps to keep an orderly market. Therefore Saxo Bank operates with "Compliance" order filters. Such Compliance order filters are also present at exchanges and other brokers that might be used by Saxo Bank to route the order to the designated market. The filters might result in orders with a large expected market impact to be paused or traded using an algorithm potentially causing slippage from the expected arrival price. Stop orders are also at Saxo Bank's discretion grouped into larger orders and then traded as an algorithm to prevent cascading market impact or large market impact in general. Saxo Bank cannot be held liable for price slippage caused by acting to keep an orderly market.

Regular Review

Saxo Bank will review this Policy annually and whenever a material change occurs that affects Saxo Bank's ability to obtain the best possible result for the execution of client orders.

Saxo Bank regularly reviews the overall quality of its order executions and its order routing practices, including its order routing vendors and the available exchanges. Saxo Bank will amend this Policy on the basis of such reviews if it considers it to be necessary. Any new policy will be made available on Saxo Bank's websites and will be in force as from publication.

About Saxo Bank's Charges

Saxo Bank charges for its services. These may vary depending on factors such as the service it is providing to the client; the manner in which they are used; and the pricing plan that the client has agreed to.
Details of Saxo Bank's charges are available on its website. Where it provides liquidity from its internal flow aggregation book, Saxo Bank will provide the client with a two way dealing price. In normal circumstances, the difference between the bid price (at which Saxo Bank is willing to buy) and the ask price (at which it is willing to sell) will constitute part of its charges for the service Saxo Bank provides. For the purpose of assessing whether it has achieved Best Execution, Saxo Bank will not take its standard charges that apply to a client's transactions irrespective of the venue at which they are executed into account. Saxo Bank will, however, take account of any charges levied by a third party or incorporated into its prices to reflect cost differentials of dealing at different execution venues.

Information Handling

Saxo Bank may have access to, use and provide counterparties with information on an anonymous and aggregated basis, including but not limited to, your orders (i.e., orders executed in full or part, cancelled, or expired), positions, trade and other data and analytics (collectively, "Anonymous and Aggregated Data"). This Anonymous and Aggregated Data may be used for market information, analytical tools, risk management strategies for market making and liquidity provision and other Saxo Bank products and services. The nature of any Anonymous and Aggregated Data provided to you may differ from that provided to other counterparties in terms of quantity, scope, methodology or otherwise and may be changed from time to time without notice to you.

Specific Instructions

Clients may ask Saxo Bank to execute their orders in accordance with specific instructions – either generally or on a case by case basis. To the extent that Saxo Bank is able to accommodate such requests, it will do so. However:

- Where the specific instructions will result in higher costs, Saxo Bank may reflect those additional costs in its charges to the client. In this case, Saxo Bank will notify the client of its revised charges before accepting the order(s).
- Where the specific instructions conflict with its normal processes, Saxo Bank will give the specific instructions precedence. This may result in a different outcome for the transaction.
- Where there is no conflict, Saxo Bank will continue to follow its normal execution Policy.

Direct Market Access

Clients may ask Saxo Bank to provide them with direct access to the market. Saxo Bank will treat this as a Specific Instruction from the client and will accordingly consider whether it is able to do this and on what terms.
Where Saxo Bank provides clients with direct market access, Saxo Bank will select one or more execution venues that it believes will provide the best outcomes for that client's transactions. This may be a different selection of venues than it otherwise uses for execution of similar transactions or for its own hedging purposes. This may result in a different outcome for the client's transactions.

Dealing on Quotes

When trading OTC derivatives with Saxo Bank, clients are trading on Saxo Bank's price. There are a number of factors that can be used to construct a derivative price, and these will vary depending on the asset class traded, the nature of the market and the characteristics and terms of the transaction and any special market or credit risks posed by it. Saxo Bank applies a standardised method of calculation for these types of derivatives to ensure that the price that it is offering at any given time is always considered the best price it can obtain on the client's behalf. In monitoring best execution for these types of instruments, Saxo Bank will monitor the calculation method to ensure that it is applied consistently at all times.

Event of Default (Automatic margin close-out)

In an Event of Default, Saxo Bank shall seek to immediately terminate, cancel and close-out any and all outstanding positions. Saxo Bank retains discretion as to how to handle the automatic margin close-out, including with respect to order execution, fill quantity, aggregation, priority and pricing.

About Markets

The following schedules set out the specific details relating to the markets in which clients can trade with Saxo Bank.

Schedule 1: Bonds

Products in Scope:

Purchase and sale of global Bonds

Order Types Available

- Market order
- Limit Order

Saxo Bank's selected venue

Bonds are normally traded on an inter-dealer basis. Saxo Bank may source liquidity from:

- Orders that it is working for other clients;
- Its own trading book;
- Other dealers in the market

Price formation

OFFLINE TRADING:

Saxo Bank trades as a principal to bond trades with clients. In exceptional circumstances, for instance when working large orders in highly illiquid bonds, Saxo Bank may execute an order as agent.

Pricing and execution of Bonds is a manual process, with many orders still negotiated over the telephone. The market is characterised by indicative OTC prices. For bonds traded offline Saxo Bank splits all bonds into one of three baskets based on the relevant bond's liquidity. For highly liquid bonds, Saxo Bank will offer a bid/offer price equal or better than that shown in any attainable firm market (this includes public exchanges to which Saxo Bank has access, as well as OTC counterparts). For bonds with lower liquidity, Saxo Bank will source a minimum of three separate indicative prices to gauge the best price based on the order size. For highly illiquid bonds, Saxo Bank seeks to derive a mid-price based on all indicative pricing information available to it, and then quotes a bid/offer spread to the client factoring in a predefined additional spread.

ONLINE TRADING:

Saxo Bank trades as a principal towards the client, however with the technology and connectivity available for the bonds traded online, the execution methodology is different than offline.

Bonds traded via Saxo Bank's online bond offering are carefully selected based on sustainable liquidity, hence sufficient indicative prices and active dealers.

The Client can place a **market order**, where Saxo Bank's indicative composite price will work as the upper (buy)/lower (Sell) limit. The indicative composite price is made up from several indicative price data points, and remodelled to reflect the real firm market as much as possible. The pricing model strives towards a high execution ratio (90-95%) but at the same time to appear as competitive as possible.

Each client order is automatically routed to a multi-dealer RFQ competition where a number of dealers are selected automatically, prioritized according to their indicative prices. Also other parameters decide the prioritization, based on historic data and the relevance of the dealers' indicative price as well as speed of quoting a firm price. All parameters are changeable and optimized with the single aim of having the best price possible, within a given timeframe.

When receiving firm live pricing from the multi-dealer RFQ competition, the algorithm will take into consideration:

- Number of firm quotes (at least 2 – up to 6)

- Time to Fill the order (a maximum of between 30-45 seconds depending on market)

When at least 2 firm prices have been achieved within the timeframe of 30-45 seconds, the algorithm compares the prices to the maximum limit price (the indicative composite price) and executes on the best firm price if that is better than or equal to the limit price.

If no prices are better than or equal to the limit, or if only one quote comes up, the order is killed after 30- 45 seconds (depending on market). The order is hereafter cancelled automatically.

Clients are able to place **limit orders** on selected European exchanges, and such orders are automatically routed to Banca IMI Market HUB. The limit order function exists for certain bonds which are expected to have sufficient liquidity on the relevant exchanges. The benchmark for the order will reflect the price action seen on the exchange and Market Hub's smart order exchange routing platform.

Clients may experience that their order is not done, despite placed on the most relevant exchange and indications in OTC prices that the order should be done. This is due to the fact that exchanges often lack liquidity and are not yet the preferred vehicle for bond trading.

Relevant Execution Factors

The ranking of execution factors for bonds is:

1. Price
2. Expected impact of execution
3. Likelihood of execution and settlement
4. Order size & type
5. Costs
6. Speed
7. Other factors

Schedule 2: Cash Equities

Products in Scope:

Purchase and sale of cash equities and equity-like products.

Not in Scope:

Transactions arising from the exercise of an option

Order Types Available

- **Market order**

  With a market order the client instructs a financial institution or trading counterparty to execute a trade of a certain size as promptly as possible at the prevailing market price. Financial institutions are required to execute market orders without regard to price changes. Therefore, if the market price moves significantly during the time it takes to fill a client's order, the order will most likely be exposed to the risk of execution at a price substantially different from the price when the order was entered. Certain exchanges do not support market orders. If the client places a market order in these markets, Saxo Bank will automatically translate the order to an aggressive limit order within a certain percentage limit "in the money". It is the client's own responsibility to check if the order is traded in the market after order entry. If the client experiences or suspects any errors with his/her order the client should contact Saxo Bank immediately.

  Orders may be traded using an algorithm potentially causing slippage from the expected arrival price. This is done by Saxo Bank in an attempt to prevent large market impact and live up to our obligations to keep an orderly market. Saxo Bank cannot be held responsible for missing fills when using such algorithms to minimize market impact.

- **Limit Order**

  With a limit order, the client sets the maximum purchase price, or minimum sale price, at which the trade is to be executed. As a limit order may be entered away from the current market price, it may not be executed immediately. A client that leaves a limit order must be aware that he/she is giving up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. Limit orders may be routed to an exchange without human intervention.
  Where a limit order is placed in a share admitted to trading on a regulated market, Saxo Bank shall not be obliged to publish that limit order if it cannot be immediately executed under prevailing market conditions.

- **Immediate or Cancel (IOC)**

  An immediate or cancel order (IOC) is an order to buy or sell that must be executed immediately, and any portion of the order that cannot be immediately filled is cancelled. IOC order may fill completely or partially, or it may not fill at all.

- **Stop Order**

  Different from a limit order, a stop order allows selling below the current market price or buying above the current market price if the stop price is reached or breached. A stop order is therefore a "sleeping" market order until the stop price is reached or breached.

- **Trailing Stop Order**

  The trailing stop order is a stop order as described above but the trailing stop price moves according to parameters set by the client. This way the trailing stop can be used to sell if the price drops more than a specified distance from the highest price traded or to buy if the price trades above a set level from the lowest traded price.

- **Stop Limit Order**

  A stop limit order is a variation of a stop order as described above with a lower (higher) limit price to suspend trading if the price falls (rises) too far before the order is filled restricting trading to a predefined price range.

- **Algorithmic Order**

  An Algorithmic Order is an order executed by an automated strategy according to specific parameters or conditions. Algorithmic Orders are intended to minimize the market impact created from placing larger orders or achieving a recognized trading benchmark such as VWAP etc. The orders can also be used to follow a volume participation or in general to achieve a better overall execution. Saxo Bank facilitates a number of different algorithmic order types, specific information about these can be found in the information text on the Saxo Trader.

Given the risks that arise when trading in volatile markets, the client may want to consider using different types of orders to limit risk and manage investment strategies

Relevant Execution Factors

Saxo Bank trades as agent with respect to cash equity trades with clients. Saxo Bank has access to a number of Smart Order Routers that are able to check multiple different execution venues when trying to execute a cash equity order. Not only does this allow Saxo Bank to potentially access better prices, it also gives access to additional liquidity, meaning that there is a greater likelihood of obtaining an execution. The ranking of execution factors for cash equities is:

1. Price
2. Expected impact of execution
3. Likelihood of execution and settlement
4. Costs
5. Speed
6. Other factors

Price formation

Prices are determined on the different venues to which orders may be routed by Saxo Bank's Smart Order Routers.

Schedule 3: CFD Equities

Products in Scope:

Purchase and sale of contracts for differences based on individual shares

Order Types Available

- **Market order**

  With a market order the client instructs a financial institution or trading counterparty to execute a trade of a certain size as promptly as possible at the prevailing market price. Financial institutions are required to execute market orders without regard to price changes. Therefore, if the market price moves significantly during the time it takes to fill a client's order, the order will most likely be exposed to the risk of execution at a price substantially different from the price when the order was entered. Certain exchanges do not support market orders. If the client places a market order in these markets, Saxo Bank will automatically translate the order to an aggressive limit order within a certain percentage limit "in the money". It is the client's own responsibility to check if the order is traded in the market after order entry. If the client experiences or suspects any errors with his/her order the client should contact Saxo Bank immediately.

  Orders may be traded using an algorithm potentially causing slippage from the expected arrival price. This is done by Saxo Bank in an attempt to prevent large market impact and live up to our obligations to keep an orderly market. Saxo Bank cannot be held responsible for missing fills when using such algorithms to minimize market impact.

- **Limit Order**

  With a limit order, the client sets the maximum purchase price, or minimum sale price, at which the trade is to be executed. As a limit order may be entered away from the current market price, it may not be executed immediately. A client that leaves a limit order must be aware that he/she is giving up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. Limit orders may be routed to an exchange without human intervention.
  Where a limit order is placed in a share admitted to trading on a regulated market, Saxo Bank shall not be obliged to publish that limit order if it cannot be immediately executed under prevailing market conditions.

- **Immediate or Cancel (IOC)**

  An immediate or cancel order (IOC) is an order to buy or sell that must be executed immediately, and any portion of the order that cannot be immediately filled is cancelled. IOC order may fill completely or partially, or it may not fill at all.

- **Stop Order**

  Different from a limit order, a stop order allows selling below the current market price or buying above the current market price if the stop price is reached or breached. A stop order is therefore a "sleeping" order until the stop price is reached or breached.

- **Trailing Stop Order**

  The trailing stop order is a stop order as described above but the trailing stop price moves according to parameters set by the client. This way the trailing stop can be used to sell if the price drops more than a specified distance from the highest price traded or to buy if the price trades above a set level from the lowest traded price.

- **Stop Limit Order**

  A stop limit order is a variation of a stop order as described above with a lower (higher) limit price to suspend trading if the price falls (rises) too far before the order is filled restricting trading to a predefined price range.

- **Algorithmic Order**

  An Algorithmic Order is an order executed by an automated strategy according to specific parameters or conditions. Algorithmic Orders are intended to minimize the market impact created from placing larger orders or achieving a recognized trading benchmark such as VWAP etc. The orders can also be used to follow a volume participation or in general to achieve a better overall execution. Saxo Bank facilitates a number of different algorithmic order types, specific information about these can be found in the information text on the Saxo Trader.

Given the risks that arise when trading in volatile markets, the client may want to consider using different types of orders to limit risk and manage investment strategies.

Relevant Execution Factors

Saxo Bank trades as a principal to CFD equity trades with clients. CFD equity orders are handled in the same manner as cash equity orders because Saxo Bank will route its hedge trade against CFD equity orders directly to the market in the same way as it would route a client's cash equity trade. As a result the ranking of execution factors is the same.

1. Price
2. Expected impact of execution
3. Likelihood of execution and settlement
4. Costs
5. Speed
6. Other factors

Saxo Bank's selected venue

In many cases, Saxo Bank hedges the CFDs that it enters into with clients using cash equities. Saxo Bank executes these hedges in the same way that it would execute a transaction for that client in the cash equity concerned.

Price formation

Where Saxo Bank executes a hedge in the underlying equity, the price the client receives will be the price at which it hedges plus or minus any pre-agreed charges.

Schedule 4: CFD Indices

Products in Scope:

CFDs based on stock indices

Order Types Available

- **Market order**

  With a market order the client instructs a financial institution or trading counterparty to execute a trade of a certain size as promptly as possible at the prevailing market price. Financial institutions are required to execute market orders without regard to price changes. Therefore, if the market price moves significantly during the time it takes to fill a client's order, the order will most likely be exposed to the risk of execution at a price substantially different from the price when the order was entered.

- **Limit Order**

  With a limit order, the client sets the maximum purchase price, or minimum sale price, at which the trade is to be executed. As a limit order may be entered away from the current market price, it may not be executed immediately. A client that leaves a limit order must be aware that he/she is giving up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. Limit orders may be routed to an exchange without human intervention.

- **Immediate or Cancel (IOC)**

  An immediate or cancel order (IOC) is an order to buy or sell that must be executed immediately, and any portion of the order that cannot be immediately filled is cancelled. IOC order may fill completely or partially, or it may not fill at all.

- **Stop Order**

  Different from a limit order, a stop order allows selling below the current market price or buying above the current market price if the stop price is reached or breached. A stop order is therefore a "sleeping" market order until the stop price is reached or breached.

- **Trailing Stop Order**

  The trailing stop order is a stop order as described above but the trailing stop price moves according to parameters set by the client. This way the trailing stop can be used to sell if the price drops more than a specified distance from the highest price traded or to buy if the price trades above a set level from the lowest traded price.

- **Stop Limit Order**

  A stop limit order is a variation of a stop order as described above with a lower (higher) limit price to suspend trading if the price falls (rises) too far before the order is filled restricting trading to a predefined price range.
  Given the risks that arise when trading in volatile markets, the client may want to consider using different types of orders to limit risk and manage investment strategies.

Spread Filters

In order to ensure that the client's Stop Orders are not filled at unreliable prices during short termed periods with abnormally wide bid/ask spreads caused by for instance release of key economic figures Saxo Bank has implemented spread filters preventing order execution when spreads exceeds certain levels. Having the spread filters in place will in general benefit the client, but can in rare instances be in the disfavour of the client.

Relevant Execution Factors

Saxo Bank trades as a principal to CFD Index trades with clients. CFD Index prices are derived from the relevant underlying index price, taking into account the cost of carry. Saxo Bank calculates its own cost of carry that factors in future expectations of dividends and interest rates, and this can include both internal and external inputs.

Please see the section on DEALING ON QUOTES in the main document for more information on trading OTC derivatives and best execution monitoring. For CFD indices the ranking of applicable execution factors is:

1. Price
2. Expected impact of execution
3. Likelihood of execution and settlement
4. Costs
5. Speed
6. Other factors

Saxo Bank's selected venue

All orders in CFD Indices are executed against Saxo Bank's own liquidity.

Price formation

CFD Index prices are Saxo Bank's proprietary prices, which are derived from the relevant underlying Index price, taking into account the cost of carry and liquidity. Saxo Bank calculates its own cost of carry that factors in future expectations of dividends and interest rates, and this can include both internal and external inputs.

Schedule 5: CFD Commodities

Products in Scope:

CFDs based on commodity futures

Order Types Available

- **Market order**

  With a market order the client instructs a financial institution or trading counterparty to execute a trade of a certain size as promptly as possible at the prevailing market price. Financial institutions are required to execute market orders without regard to price changes. Therefore, if the market price moves significantly during the time it takes to fill a client's order, the order will most likely be exposed to the risk of execution at a price substantially different from the price when the order was entered. Certain exchanges do not support market orders. If the client places a market order in these markets, Saxo Bank will automatically translate the order to an aggressive limit order within a certain percentage limit "in the money". It is the clients' own responsibility to check if the order is traded in the market after order entry. If the client experiences or suspects any errors with his/her order the client should contact Saxo Bank immediately. Some of Saxo Bank's third party execution brokers may choose to translate market orders on various markets into aggressive limit orders. This is often a result of exchange rules applied to protect clients from "bad fills". Saxo Bank cannot be held responsible for missing fills due to such translation performed by third party execution brokers.

- **Limit Order**

  With a limit order, the client sets the maximum purchase price, or minimum sale price, at which the trade is to be executed. As a limit order may be entered away from the current market price, it may not be executed immediately. A client that leaves a limit order must be aware that he/she is giving up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. Limit orders may be routed to an exchange without human intervention.

- **Immediate or Cancel (IOC)**

  An immediate or cancel order (IOC) is an order to buy or sell that must be executed immediately, and any portion of the order that cannot be immediately filled is cancelled. IOC order may fill completely or partially, or it may not fill at all.

- **Stop Order**

  Different from a limit order, a stop order allows selling below the current market price or buying above the current market price if the stop price is reached or breached. A stop order is therefore a "sleeping" order until the stop price is reached or breached.

- **Trailing Stop Order**

  The trailing stop order is a stop order as described above but the trailing stop price moves according to parameters set by the client. This way the trailing stop can be used to sell if the price drops more than a specified distance from the highest price traded or to buy if the price trades above a set level from the lowest traded price.

- **Stop Limit Order**

  A stop limit order is a variation of a stop order as described above with a lower (higher) limit price to suspend trading if the price falls (rises) too far before the order is filled restricting trading to a predefined price range.

Given the risks that arise when trading in volatile markets, the client may want to consider using different types of orders to limit risk and manage investment strategies.

Spread Filters

In order to ensure that the client's Stop Orders are not filled at unreliable prices during short termed periods with abnormally wide bid/ask spreads caused by for instance release of key economic figures Saxo Bank has implemented spread filters preventing order execution when spreads exceeds certain levels. Having the spread filters in place will in general benefit the client, but can in rare instances be in the disfavour of the client.

Relevant Execution Factors

Saxo Bank trades as principal to CFD commodity trades with clients. CFD Commodity prices are Saxo Bank's proprietary prices, which are derived from the relevant underlying instrument price, taking into account the cost of carry and liquidity which is calculated by Saxo Bank and includes both internal and external input. Please see the section on DEALING ON QUOTES in the main document for more information on trading OTC derivatives and best execution monitoring.

For CFD Commodities, the ranking of execution factors is:

1. Price
2. Expected impact of execution
3. Likelihood of execution and settlement
4. Costs
5. Speed
6. Other factors

Saxo Bank's selected venue

Saxo Bank acts as market maker for CFD commodity contracts

Price formation

The mid-price of CFD Commodities is a proprietary price derived by Saxo Bank and will generally track that of the relevant underlying exchange traded market. Because there is only one exchange on which to trade the financial instrument that underlies these derivatives, Saxo Bank will consider its price 'correct' when it is in line with the underlying future. There is no opportunity to 'shop around' for price improvement in these markets, due to the fact that there is only a single execution venue.

Schedule 6: Futures

Products in Scope:

- Purchase and sale of Futures for speculative and hedging purposes

Not in Scope:

Saxo Bank does not support physical delivery of the underlying security on expiry of a futures.
Therefore, Saxo Bank advises clients to take note of the expiry and first notice dates (FND) of any futures in which they have positions and ensure they are closed before the appropriate day, as described below.

If the FND is before the expiry date, positions need to be closed the day before the FND. If the expiry date is before the FND positions need to be closed no later than on the expiry date.

If futures positions are not closed before the relevant date, Saxo Bank will close the position on the client's behalf at the first available opportunity at the prevailing market rate. Any resulting costs, gains or losses will be passed on to the client.

Order Types Available

- **Market order**

  With a market order the client instructs a financial institution or trading counterparty to execute a trade of a certain size as promptly as possible at the prevailing market price. Financial institutions are required to execute market orders without regard to price changes. Therefore, if the market price moves significantly during the time it takes to fill a client's order, the order will most likely be exposed to the risk of execution at a price substantially different from the price when the order was entered. Orders may be traded using an algorithm potentially causing slippage from the expected arrival price. This is done by Saxo Bank in an attempt to prevent large market impact and live up to our obligations to keep an orderly market. Saxo Bank cannot be held responsible for missing fills when using such algorithms to minimize market impact.

- **Limit Order**

  With a limit order, the client sets the maximum purchase price, or minimum sale price, at which the trade is to be executed. As a limit order may be entered away from the current market price, it may not be executed immediately. A client that leaves a limit order must be aware that he/she is giving up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. Limit orders may be routed to an exchange without human intervention.
  Where a limit order is placed in a share admitted to trading on a regulated market, Saxo Bank shall not be obliged to publish that limit order if it cannot be immediately executed under prevailing market conditions.

- **Stop Order**

  Different from a limit order, a stop order allows selling below the current market price or buying above the current market price if the stop price is reached or breached. A stop order is therefore a "sleeping" order until the stop price is reached or breached.

- **Trailing Stop Order**

  The trailing stop order is a stop order as described above but the trailing stop price moves according to parameters set by the client. This way the trailing stop can be used to sell if the price drops more than a specified distance from the highest price traded or to buy if the price trades above a set level from the lowest traded price.

- **Stop Limit Order**

  A stop limit order is a variation of a stop order as described above with a lower (higher) limit price to suspend trading if the price falls (rises) too far before the order is filled restricting trading to a predefined price range.

- **Algorithmic Order**

  An Algorithmic Order is an order executed by an automated strategy according to specific parameters or conditions. Algorithmic Orders are intended to minimize the market impact created from placing larger orders or achieving a recognized trading benchmark such as VWAP etc. The orders can also be used to follow a volume participation or in general to achieve a better overall execution. Saxo Bank facilitates a number of different algorithmic order types, specific information about these can be found in the information text on the Saxo Trader.

Given the risks that arise when trading in volatile markets, the client may want to consider using different types of orders to limit risk and manage investment strategies.

Relevant Execution Factors

Saxo Bank trades as principal with respect to futures trades with clients. Exchange traded futures and other futures traded on a multilateral basis are traded on a centrally regulated venue so the opportunity to shop around is limited because of the consequential concentration of the liquidity on those venues. For futures, the ranking of the applicable execution factors is:

1. Price
2. Expected impact of execution
3. Likelihood of execution and settlement
4. Costs
5. Speed
6. Other factors

Saxo Bank's selected venue

Saxo Bank offers Direct Market Access (DMA) to the Futures Exchanges.

Where similar products are offered on multiple exchanges, Saxo Bank will normally provide access to the market offering the best liquidity because this is generally where the best prices will be found.

Other markets may be available on request.

Price formation

Client orders will be routed to the electronic order book of the relevant exchange. Price formation will be according to the rules of the exchange.

Schedule 7: Listed Options

Products in Scope:

- Purchase and sale of Exchange Traded Options for speculative and hedging purposes

Order Types Available

- **Limit Order**

  With a limit order, the client sets the maximum purchase price, or minimum sale price, at which the trade is to be executed. As a limit order may be entered away from the current market price, it may not be executed immediately. A client that leaves a limit order must be aware that he/she is giving up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. Limit orders may be routed to an exchange without human intervention.

  Where a limit order is placed in a share admitted to trading on a regulated market, Saxo Bank shall not be obliged to publish that limit order if it cannot be immediately executed under prevailing market conditions.

Relevant Execution Factors

Saxo Bank trades as principal with respect to listed options trades with clients. Exchange traded options and other options traded on a multilateral basis are traded on a centrally regulated venue so the opportunity to shop around is limited because of the consequential concentration of the liquidity of those venues. For listed options, the ranking of the applicable execution factors is:

1. Price
2. Expected impact of execution
3. Likelihood of execution and settlement
4. Costs
5. Speed
6. Other factors

Saxo Bank's selected venue

Saxo Bank offers Direct Market Access (DMA) to the Exchange Traded Options

Price formation

Client orders will be routed to the electronic order book of the relevant exchange. Price formation will be according to the rules of the exchange.

Schedule 8: Rolling Foreign Exchange Spot

Products in Scope:

- Purchase and sale of rolling foreign exchange spot contracts

Not in Scope:

- Spot foreign exchange transactions undertaken with the intention of converting money from one currency to another – including transactions undertaken to facilitate settlement of other transactions.
- Transactions undertaken to roll forward the value date of a client position which do not result in a change to the client's FX market exposure.

Order Types Available

- **Immediate or Cancel (IOC) Market Order**

An Immediate or Cancel (IOC) Market order is similar to a standard Market order (described below). It is an instruction to trade immediately on the best available terms. However, Saxo Bank will not continue to work the order if it is unable to fill it immediately within three seconds.

Although Saxo Bank will take all reasonable steps to obtain the best terms available at the time, in illiquid market conditions the best available terms may be substantially worse than the previous (or even the next) price. A Market IOC order is for immediate execution. Saxo Bank will not delay execution in the hope that market conditions will improve.

Saxo Bank monitors the prices available to it at its selected external venues. If Saxo Bank believes it is able to execute a Market IOC order immediately from its own liquidity then it will do so. Otherwise it will route the order to a third party to attempt execution. Where an order has not been filled after three seconds then the order will be cancelled.

Clients should note that where their orders are routed externally, they cannot be cancelled until Saxo Bank receives confirmation from its chosen external venue that they have cancelled the order.

Some of the external venues to which Saxo Bank may route orders may not support market orders. In this case the client's order may be converted to an aggressive limit order. This will give the client some protection from a bad fill. However, it also introduces a risk that the order will not be filled if the market moves sharply.

- **Market Order**

A Market Order is a traditional 'at best' instruction to trade as much of the order as possible on the best available terms in the market. A Market order will normally be filled immediately (or failing that in a relatively short time). Saxo Bank will take all reasonable steps to identify the best terms immediately available for a transaction of that size and will transact on those terms. Financial institutions are required to execute Market orders as soon as reasonably possible without regard to price changes. Therefore, although Saxo Bank will seek to obtain the best terms immediately available, if the market price moves significantly during the time it takes to fill the client's order or if only limited liquidity is available at the best price, the order will be exposed to the risk of execution at a price which could be substantially different from the price when the order was entered.

A Market Order will be treated as good for the day. If Saxo Bank believes it is able to execute a Market order immediately from its own liquidity then it will do so. Otherwise it will route the order to a third party to attempt execution. If the order cannot be filled in full immediately, Saxo Bank will continue to work the order until the official close of the relevant market.

Some of the external venues to which Saxo Bank may route orders may not support Market orders. In this case the client's order may be converted to an aggressive limit order. This will give the client some protection from a bad fill. However, it also introduces a risk that the order will not be filled if the market moves sharply.

- **Immediate or Cancel (IOC) Limit Order**

A Limit IOC order is an order to trade at the price the client sees on his screen if it is still available subject to a defined tolerance (see below).

When Saxo Bank receives a Limit IOC order, it will treat it in a similar way to a Market IOC order (see above) except that it will only fill the order if it is possible at the client's specified limit price, or better. For internally routed orders, if this is not immediately possible then the order (or any unexecuted part thereof) will be cancelled.

When placing a Limit IOC order, a client may specify a tolerance. Tolerance can be specified either as a fixed price increment or as a percentage of the current market price. If the client specifies a tolerance, Saxo Bank may fill the order at a worse price than the client had seen on the screen, provided the price difference does not exceed the client's specified tolerance.

If a better price is available, Saxo Bank will give the client the full benefit of the available improvement by filling the client order at the better price no matter how much better it is.

As with a Market IOC order, if Saxo Bank is unable to supply sufficient liquidity from its own book, it may route the order externally. The order will be cancelled after three seconds, but clients should note that where their orders are routed externally, they can't be cancelled until Saxo Bank receives confirmation from the external venue that they have cancelled the order.

- **Limit Order**

A Limit order is an order to trade at a specified price or better if it is possible to do so within a specified time. The following order durations are available:

- Day Order (DO): Valid until the official close of trading on the day the order is placed (or on the subsequent business day for orders accepted during the weekend).
- Good Till Date (GTD): Valid until the official close of trading on a date of the client's choice.
- Good Till Cancelled (GTC): Valid indefinitely unless or until specifically cancelled by the client. Where an order is attached to an open position, it will automatically be cancelled if the position is closed.

When Saxo Bank executes a Limit order, the client will have specified the price at which he wishes to trade. Saxo Bank will seek to achieve execution at this price as soon as reasonably possible. Saxo Bank will not seek to improve upon the price that the client has specified if this may cause a delay to the execution of his order.

A Limit order will be triggered when the market price observed on one of Saxo Bank's main execution venues reaches the limit price. If Saxo Bank believes it is able to execute a Limit order immediately from its own liquidity then it will do so. Otherwise it will route the order to a third party to attempt execution. At any time when there is not enough liquidity available from Saxo Bank's own book or externally, to fill the order in full at the specified price or better, the remaining order will revert to a 'resting order'.

- **Stop Order**

A Stop order is usually used to close a position when the market is going against it with a view to prevent further losses. It may also be used to open a position when the market moves through a chosen level.

A Stop order may have a duration similar to a Limit order. These are described in the section on Limit orders above.

Where an order is attached to an open position, it will automatically be cancelled if the position is closed.

A Stop order to sell will be triggered when the offer price observed on one of Saxo Bank's main execution venues, at which the client could undertake a transaction of equivalent size, reaches the specified price level. Once triggered, the order will be treated as a Market order.

A Stop order to buy will be triggered when the bid price observed on one of Saxo Bank's main execution venues, at which the client could undertake a transaction of equivalent size, reaches the specified price level. Once triggered, the order will be treated as a Market order.

This arrangement is designed to protect clients from the risk that their Stop order is executed as a result of spreads widening without the market actually moving. This can happen around the release of economic statistics or at times of reduced liquidity such as during a value date roll or during the close and opening of the market.

Clients should note, however, that this means a stop order will never be executed at their specified level but always at a price that is worse for the client (typically the spread away from the client's stop level).

The trigger level for a Stop order can be specified to trail the market. In this case, when the market moves in the client's favour, the trigger level for the order moves the same way.

The trigger level for a trailing stop moves in steps which are defined when the order is placed.

When a Stop order is triggered it will be executed at the first possible opportunity on the best terms immediately available in the market. This means that the client is exposed to the risk of a worse fill in gapping or illiquid markets.

- **Stop Limit Order**

A Stop Limit order rests in the same way as a Stop order. However, once triggered, rather than execute at the next available price it converts to a Limit order at a pre-agreed Limit price. From that point on, the order is treated as a Limit order.

This type of order gives the client some protection from a bad fill in a gapping or illiquid market. However, that protection comes at a cost. In some circumstances the order may not be executed at all.

Trailing Stop Limit orders are not available.

Relevant Execution Factors

Except for Limit orders, Saxo Bank will place the highest priority on total consideration (the combination of price and costs associated with dealing).

For Limit orders, where the client has stipulated a price that is not immediately available in the market, Saxo Bank will place the highest priority on execution at the client's specified price at the first possible opportunity. This means that Saxo Bank will prioritise speed and certainty of execution.

Market Making and Risk Management

Market making and risk management activities may impact the prices communicated to you for a transaction and the availability of liquidity at levels necessary to execute your orders. These activities may also trigger or prevent triggering of stop loss orders, take profit orders, barriers, knock-outs, knock-ins and similar terms or conditions. Saxo Bank retains discretion as to how to satisfy competing interests, including with respect to order execution, fill quantity, aggregation, priority and pricing.

Last Look

Saxo Bank utilises two types of liquidity; order driven liquidity for Rolling FX Spot and FX Forward, and quote driven liquidity for FX Options.

Quote driven liquidity gives Saxo Bank the ability to see the order and choose to fill or reject the order, before execution. At Saxo Bank, last look is used to check whether trade requests are made at prices that are within Saxo Bank's price tolerance for execution. This control will be applied immediately upon receipt of a trade request. In each case, the current price is compared to the trade request price. If the current price has not moved in either direction from the trade request price by more than a defined tolerance, and other pre-trade controls are passed, Saxo Bank will accept the trade request. If the current price differs from the trade request price by more than a defined tolerance, Saxo Bank will reject the trade request. Other factors such as technical and pricing errors may also cause trade requests to be rejected by last look. The primary purpose of last look is to protect against trading on prices that do not reflect the current market, and against certain trading behaviour.

For order driven liquidity where Saxo Bank may route the order externally to a third party to attempt execution, a form of last look may be applied by other liquidity providers that may result in the order being filled completely or partially, or it may not fill at all.

Saxo Bank's selected venue

For FX Spot and FX Forward, Saxo Bank is able to execute orders on a trade-by-trade basis either as principal through liquidity provided from its internal flow aggregation book, or as agent when routing particular orders directly to one of Saxo Bank's execution venues.

Saxo Bank will normally provide liquidity from its internal flow aggregation book.

Saxo Bank believes this provides the best outcome for clients because:

- Saxo Bank's internal flow aggregation model allows it to place larger trades in the underlying market at prices that would not be available for the smaller trades usually undertaken by its clients.
- Its continuous two-way order flow means that it usually able to use a single (mid-market) price to which it adds its spread. In less liquid market conditions, it may quote a two-way price. However, its pre-charge price is always within the best bid and offer prices available to it in the underlying market.

- The foreign exchange spot market is characterised by rapid price movements relative to the costs of dealing. Providing liquidity from its own book allows it to avoid the delays that would arise in routing trades to the underlying market.

In limited circumstances, where Saxo Bank believe it is necessary to do so to enhance the experience of the majority of its customers, it may route particular orders directly to third party execution venues.

Price formation

Saxo Bank constantly monitors the prices available to it in the wider market. Its price for foreign exchange spot transactions is formed from these prices (including any associated costs that it is able to allocate on a trade-by-trade basis).

Saxo Bank's price is normally a single price valid for buying or selling, to which its charges are added. Depending on its risk appetite and proprietary interests, Saxo Bank may set its single price anywhere between the best price at which it is able to sell the relevant currency pair and the best price at which it is able to buy it.

Saxo Bank's capacity to provide liquidity in any given currency pair is subject to its internal exposure limits. If a particular order would cause it to breach those limits, Saxo Bank may suspend dealing on its price until it is able to reduce its exposure.

Saxo Bank's Charges

Saxo Bank's charges may include the following, some of which may be included in the net price at which the client trades:

- **Price Mark Up/Mark Down.**

Saxo Bank's main dealing charges will normally be imposed through an addition to/subtraction from the price at which the client deals with it. This add-on or deduction will not form part of the price for best execution comparison purposes.

- **Flat or percentage based commission charges.**

In some cases, such as where Saxo Bank allows a client direct access to the underlying market, the client will pay a commission based charge. This charge will be shown separately from the trade price.

- **Financing Adjustments.**

Where a client holds a position in a rolling spot contract open overnight, Saxo Bank will make a cash adjustment to reflect the financing implications of the position. This is based on the interest rates of the currencies in question. Generally, if the client is long the currency with the lower interest rate, this adjustment will be a cost to the client. If the client is long the currency with the higher interest rate, it may be in the clients favour. There is a charge element in the interest rates Saxo Bank uses to calculate these financing adjustments.

- **Liquidity Utilisation Charges.**

Where Saxo Bank acts as liquidity provider, it will provide executable prices to meet the majority of the orders it receives. However, Saxo Bank will not be obliged to provide liquidity in excess of the liquidity available to it in the underlying market. For larger transactions, Saxo Bank may add an additional mark up or mark down to its price.
If a client undertakes repeated transactions, Saxo Bank will view them on a cumulative basis for the purpose of determining the liquidity utilisation charge until a period of 20 seconds has elapsed since his last trade.

Fixing Orders

From time to time Saxo Bank may execute a transaction at a rate calculated by a third-party based on trading during a specified time of day (commonly referred to as the "Fixing Window") or at a price determined at a specified time (commonly referred to as a "Reference Time"). Risk management related to such transactions and other transactions conducted in the ordinary course of business may lead Saxo Bank to execute hedging transactions before, during or after the Fixing Window or Reference Time. Saxo Bank seeks to conduct such hedging activities consistent with all applicable legal and regulatory requirements, although those hedging activities, as well as unrelated transactions and other ordinary course of business activities executed by Saxo Bank prior to and during the Fixing Window or Reference Time, or at other times, may have an impact in some cases on the benchmark fixing or related markets.

Schedule 9: Foreign Exchange Forward

Products in Scope:

- Purchase and sale of foreign exchange forward contracts.

Not in Scope:

Foreign exchange transactions undertaken with the intention of converting money from one currency to another – including transactions undertaken to facilitate settlement of other transactions.

Order Types Available

- **Immediate or Cancel (IOC) Market Order**

See Foreign Exchange Spot for details.

- **Immediate or Cancel (IOC) Limit Order**

See Foreign Exchange Spot for details.

Relevant Execution Factors

Saxo Bank will place the highest priority on total consideration – being the combination of price and costs associated with dealing.

Market Making and Risk Management
See Foreign Exchange Spot for details.

Last Look
See Foreign Exchange Spot for details.

Saxo Bank's selected venues

Foreign exchange forward prices are based on the spot price for the relevant currency pair and a spot/forward swap price.
When Saxo Bank executes an order for a client in relation to foreign exchange forward, the spot component will be executed in the same way that Saxo Bank would execute a spot order for that client.

For the forward swap element, Saxo Bank provides liquidity from its internal flow aggregation book. This allows Saxo Bank to aggregate risks and undertake consolidated hedging trades in the underlying market. These larger trades attract keener pricing that Saxo Bank is able to pass on to its clients.

Price Formation

The spot component of a foreign exchange forward contract is priced in the same way that Saxo Bank would price a foreign exchange spot contract for that client.

The forward swap component of the price is calculated from the spot price (as above) and the differential between the interest rates for the two currencies for the relevant forward value date.

Saxo Bank's interest rates for US Dollars are based on interbank rates. For other currencies, Saxo Bank's interest rates are implied from the US Dollar rates and the forward swap rates available to Saxo Bank from its hedging counterparties.

Where there is no published interest rate for the specified date, Saxo Bank will calculate a rate by interpolation between the available dates on either side.

Saxo Bank creates a single mid-market price for the forward swap for the client's chosen dates.

The spread Saxo Bank adds to this mid-point varies depending upon the spot rate, the interest rates applying to the currencies concerned, and the time to maturity. Saxo Bank will disclose the total spread for each transaction before the client trades.

Saxo Bank's Charges

See foreign exchange spot for details of charges that may apply to foreign exchange trades.

Schedule 10: Foreign Exchange Options

Products in Scope:

- Foreign Exchange Vanilla, Barrier and Binary Touch Options.

Not in Scope:

All foreign exchange options are in-scope.

Order Types Available

- **Dealing on Quotes**

  Saxo Bank will provide prices for foreign exchange options to clients on request. These prices will be calculated to meet its obligation to provide the client with the best possible outcome on his transaction in terms of total consideration.

  If a client wishes to trade, he may elect to do so at the price Saxo Bank has quoted. Acceptance of the trade is subject to filters based on time elapsed and/or price movements in the underlying market since the price was quoted.

Relevant Execution Factors

Saxo Bank will place the highest priority on total consideration – being the combination of price and costs associated with dealing. Saxo Bank will also prioritise speed and certainty of execution and the ability to trade in retail sizes.

The underlying market for foreign currency options is the 'inter-bank market'. Transactions undertaken in this market are normally of a wholesale size. It is not normally practical to undertake individual smaller transactions.

Market Making and Risk Management

See Foreign Exchange Spot for details.

Last Look

See Foreign Exchange Spot for details.

Saxo Bank's Selected Venue(s)

Option prices are based on a number of factors, the most significant of which are the spot price of the underlying and the 'implied volatility' of the relevant currency pair.

For the implied volatility Saxo Bank trades as principal through liquidity provided from its internal flow aggregation book. This allows it to aggregate risks and undertake consolidated hedging trades in the underlying market. These larger trades attract keener pricing that Saxo Bank is able to pass on to its clients.

Price Formation

Saxo Bank uses the Black Scholes pricing model to price options from its own liquidity. This model generates a single mid-market price based on spot prices, interest rates and 'implied volatilities' for the currencies concerned.

Saxo Bank constantly review its prices against prices available to it in the inter-bank market to ensure that its mid points are within the best bid and offer prices available to it.

Saxo Bank's premium for any given option is derived from three factors which it internally treats as separate markets. Saxo Bank's net spread for an option trade is derived from the spread it quotes on each component. The net spread on any particular option transaction will be disclosed before the client trades. Spreads will normally be wider for longer dated options than for shorter dated ones; and wider for closer to the money options than for deeper in or out of the money ones.

Saxo Bank's Charges

Saxo Bank's charges may include the following, some of which may be included in the net price at which the client trades:

- **Price Mark Up/Mark Down.**

Saxo Bank's main dealing charges will normally be imposed through an addition to/subtraction from the price at which the client deal with it. This add-on or deduction will not form part of the price for best execution comparison purposes.

- **Flat or percentage based commission charges.**

In some cases the client will pay a commission based charge. This charge will be shown separately from the trade price.

Appendix to Saxo Bank's Best Execution Policy

List of main execution venues - December 1, 2016

Shares, ETFs, Certificates, Warrants, CFDs, Mutual Funds	Futures / Options	Bonds	FX
Alpha	BATS Options MarkeT	Online trading	Barclays Bank
Aquis Exchange	BM & F Bovespa	ABN AMRO	Citibank
ASX Centre Point	Borsa Italiana SpA/Italian Exchange	ANZ Banking Group	Deutsche Bank
ATD Auto	Bourse de Montreal Inc.	Banca IMI	Goldman Sachs
Athens Exchange	BOX Options Exchange LLC	Bank of America/Merrill Lynch	JP Morgan Chase
Australian Securities Exchange	C2 Options Exchange, Incorporated	Barclays Bank	UBS
BATS Dark	Chicago board of trade	BBVA	XTX Markets
BIDS	Chicago Board Option Exchange	BNP Paribas	EBS
BME Spanish Exchange	Chicago Mercantile Exchange	Citigroup	Reuters
BNP BIX	Citadel	Commerzbank	Hotspot
BofAML MLXN	Comex	Credit Agricole	Currenex
Borsa Italiana/MilanStock Exchange	Eurex	Credit Suisse	
Budapest Stock Exchange	Euronext	Daiwa Capital Markets	
BXE (BATS) Dark Pool	Hong Kong Exchanges	Deutsche Bank	
BXE (BATS) Lit Book	ICE Futures Europe	DZ Bank	
Chi-X Australia	ICE Futures U.S.	Goldman Sachs	
Chi-X Canada	International Securities Exchange, LLC	HSBC Bank	
Chi-X Chi Delta	ISE Gemini, LLC	ING Bank	
Chi-X Japan	JP Morgan	Jeffries International	
Citadel Connect	MIAX Options Exchange	JP Morgan	
Citi Cross	Morgan Stanley	Lloyds Bank	
CLSA Dark Pool	NASDAQ OMX BX, Inc.	Millennium Europe	
Commerzbank	NASDAQ OMX PHLX, LLC	Mitsubishi	
Commonwealth Bank of Australia	NASDAQ OMX Stockholm	Morgan Stanley	
ConvergEx Millenium	NASDAQ Options Market	MPS Capital	
ConvergEx Vortex	New York Mercantile exchange	Natixis	
Credit Suisse CrossFinder	Nomura	Nomura	
CS Light Pool	NYSE Amex Options	Oddo	
CX2	NYSE Arca Options	Rabobank	
CXE (CHI-X) Dark Book	Options Price Reporting Authority	Royal Bank of Canada	
CXE (CHI-X) Lit Book	Osaka Exchange Inc.	Royal Bank of Scotland	

Deutsche Bank SuperX	Oslo Børs/Oslo Stock Exchange	Santander	
Deutsche Börse (Xetra)	Singapore Exchange Derivatives Trading Ltd.	Societe Generale	
Equiduct	Spanish Official Exchange	Standard Chartered Bank	
Euronext Amsterdam	Sydney Futures Exchange Corp. Ltd.	Toronto Dominion Bank	
Euronext Brussels		UBS	
Euronext Lisbon		Unicredit	
Euronext Paris		Wells Fargo	
Fidelity CrossStream		NASDAQ OMX Copenhagen	
GS Sigma X		Offline trading	
Hong Kong Exchange		Arctic Securities	
ICX BLX		Danske Bank	
ICX VWAPX		DNB Bank	
IEX		Jyske Bank	
Instinet		Market Axess	
Instinet BlockMatch		Nedbank	
Instinet BLX Australia		NIBC Markets	
Instinet BLX US		Pershing	
Instinet CBX Hong Kong		SEB Bank	
Instinet CBX Japan		Tradition	
Instinet CBX US		VTB Capital	
Instinet JapanCrossing		Zurich Cantonalbank	
Instinet Nighthawk VWAP			
Instinet VWAPX Europe			
Instinet VWAPX US			
Irish Stock Exchange			
ITG POSIT			
Johannesburg Stock Exchange			
JP Morgan			
JP Morgan JPMX			
KCG GETMatched			
Knight Link			
Knight Match			
LavaFlow ECN			
Level ATS			
Liquidnet H2O			
Liquidnet Negotiated			
London Stock Exchange			
Lynx			
Macquarie XEN			
MATCH Now			
Morgan Stanley			
MS Trajectory Cross			

NASDAQ			
NASDAQ OMX Copenhagen			
NASDAQ OMX Helsinki			
NASDAQ OMX Nordic@Mid			
NASDAQ OMX Stockholm			
New York Stock Exchange			
New York Stock Exchange (ARCA)			
Nighthawk VWAP			
Nomura			
Nomura NX Japan			
NYSE MKT (American Stock Exchange)			
Omega			
Oslo Børs/Oslo Stock Exchange			
OTC Bulletin Board			
OTC Markets Group (Pink Sheets)			
PDQ			
Potamus			
Prague Stock Exchange			
Pure			
SBI Japannext			
Singapore Exchange			
SIX Swiss Exchange			
SmartPool			
SSGM BlockCross			
TMX Select			
Tokyo Stock Exchange			
TORA Crosspoint			
Toronto Stock Exchange			
TSX Venture Exchange			
Turquoise			
Turquoise Dark			
Turquoise MidPoint			
UBS			
UBS PIN			
Warsaw Stock Exchange			
Wells Fargo WELX			
Wiener Börse/Vienna Stock Exchange			
Xetra MidPoint			

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