



ORDER EXECUTION POLICY

Effective as of 3rd January 2018

SAXO CAPITAL MARKETS UK LTD

Company registered in England & Wales no: 07413871
Registered office at: 40 Bank Street, Canary Wharf, London E14 5DA. United Kingdom
Authorised and regulated by the Financial Conduct Authority,
FRN: 551422

1. INTRODUCTION

- 1.1. Under the Markets in Financial Instruments Directive II (Directive 2014/65/EU) (MiFID II) and the rules of the Financial Conduct Authority (FCA Rules), Saxo Capital Markets UK Limited (SCML) is required to put an Order Execution Policy (the Policy) in place. MiFID II and the FCA Rules further require SCML to take all sufficient steps to obtain the best possible results for its clients (Best Execution) on a consistent basis when executing client orders or when placing orders with, or transmitting orders to, other entities to execute.
- 1.2. This Policy has been provided to help clients understand how SCML executes client orders and how SCML satisfies its Best Execution obligations so that clients can make an informed choice on whether to use SCML's services. You should ensure that you have read and understood its contents.
- 1.3. SCML is a wholly owned subsidiary of Saxo Bank A/S, a private company incorporated in Denmark (Company No: 15731249) and having its registered office at Philip Heymans Allé 15, DK-2900 Hellerup, Denmark (Saxo Bank). Saxo Bank executes all SCML client orders on our behalf, whether we are acting as principal or agent to the trade. SCML does not execute client orders through any other dealing venue or counterparty. We therefore place reliance on Saxo Bank as our single execution venue. However, in accordance with regulatory requirements, SCML remains solely responsible to its clients for taking all sufficient steps to obtain the best possible result for them.
- 1.4. SCML requires Saxo Bank, through an arm's length service agreement, and through fulfilling the requirements in its own Order Execution Policy, to implement processes and procedures to evidence that, as our single execution venue, it will deliver Best Execution and so enable SCML to meet its Best Execution obligation to its clients. In addition, SCML has its own ongoing and independent processes in place for monitoring the quality of execution obtained on your behalf by Saxo Bank.

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

2. SCOPE

- 2.1. When dealing with clients, SCML has a general duty to act honestly, fairly, professionally and in the best interest of the client. In relation to order execution, SCML is required to take all sufficient steps to obtain the best possible result on a consistent basis.
- 2.2. The obligation to provide Best Execution may arise in circumstances where SCML is acting in an agency or riskless principal capacity, where we have a contractual obligation to do so or when SCML is acting in a principal capacity and you, as a client, are placing a legitimate reliance on SCML to protect your interest in relation to the execution of a transaction.
- 2.3. This Policy applies to SCML's execution of orders on behalf of retail and professional clients according to the FCA Rules. This Policy and the Best Execution obligation do not apply to Eligible Counterparties or to non-MiFID business.
- 2.4. SCML will execute an order in accordance with this Policy upon acceptance of a client order and when there is no specific client instruction regarding the execution method. The Policy should be read with SCML's General Business Terms and other business terms from time to time governing the relationship between the client and SCML.

3. BEST EXECUTION OBLIGATION

In order to satisfy its Best Execution obligations, when executing orders on behalf of clients, SCML 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 below.

3.1. Execution Factors

- 3.1.1. SCML has considered a number of criteria that might be important to clients. These are called the Execution Factors:
- a. Price – the market price at which the order is executed;
 - b. Costs – any additional charges that may be incurred in executing the order in a particular way over and above SCML's normal charges;
 - c. Speed of execution – this can be particularly important in fast moving markets;
 - d. Likelihood of execution and settlement – the best price is of little use if SCML cannot execute at it or if the transaction fails to complete;
 - e. Size and Nature of the transaction – the way that SCML 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;
 - f. Market Impact – the effect that executing a client's order, or showing it to other market participants, might have upon the market; and
 - g. Other factors relevant to particular order types – as applicable.

3.2. Execution Criteria

- 3.2.1. The relative importance that SCML attaches to the Execution Factors in any particular case may be affected by the circumstances of the order. These are called the Execution Criteria.
- a. Client Characteristics – professional clients may have different needs to retail clients;
 - b. Transaction Characteristics – such as the potential for it to have an impact on the market;
 - c. Financial Instrument Characteristics – such as liquidity and whether there is a recognized centralized market;
 - d. Venue Characteristics – particular features of the liquidity sources available to SCML; and
 - e. Other relevant circumstances – as applicable.

3.3. Execution Venues

- 3.3.1. SCML rely on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their [website](#), and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.
- 3.3.2. Venues used might include:
- a. Regulated Markets (RM)
 - b. Multilateral Trading Facilities (MTF)
 - c. Systematic Internalisers (SI)
 - d. Liquidity provided from Saxo Bank's own internal flow aggregation book
 - e. Other brokers, dealers and market makers
- 3.3.3. SCML regularly and independently reviews the execution venues that Saxo Bank selects in order to provide our clients with an additional and independent monitoring process to help ensure that we are taking all sufficient steps to deliver the best possible result for our clients.
- 3.3.4. As SCML has a single execution venue, it continuously applies rigorous checks to Saxo Bank to ensure that they are consistently able to deliver Best Execution for SCML clients.

3.4. Application of the Best Execution Obligation

- 3.4.1. SCML will use sufficient endeavours to act in accordance with this Policy, but does not guarantee that the best possible price will be obtained in all circumstances. There may be

occasions when SCML changes the priorities given to the execution factors and executions criteria outlined in 3.1 and 3.2, where we deem that execution may not lead to the best possible result as well as our overall obligations in respect of our obligations to take necessary steps to keep an orderly market. The relative ranking of the different execution factors can therefore be dependent upon, for example, the nature of the asset class traded, the liquidity of the relevant market and the time of the trade, whether there has been severe market disruption or a system outage. This ranking reflects the nuances and differences between markets and exchanges, notably when looking at trading on exchange versus OTC products.

3.4.2. When SCML 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.

3.4.3. When assessing whether Best Execution has been achieved, SCML does not take account of its standard charges that will be paid by the client irrespective of how the order is executed.

4. TRANSACTIONS WHERE BEST EXECUTION HAS LIMITED SCOPE

4.1. Specific Instructions

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

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

4.2. Automatic Margin Close-Out (Event of client default)

In an event of client default due to insufficient margin, SCML shall seek to immediately terminate, cancel and close-out all or part of any outstanding positions. SCML retains discretion as to how to handle automatic margin close-outs, including with respect to order execution, fill quantity, aggregation, priority and pricing.

5. ORDER HANDLING

5.1. Execution of Client Orders

5.1.1. SCML offers execution only trading to our clients and our parent company Saxo Bank executes all SCML client orders on our behalf whether we are acting as principal or agent to the trade. SCML does not execute client orders through any other dealing venue or counterparty.

5.1.2. Saxo Bank uses automated systems to route and execute client orders and SCML is dependent on Saxo Bank for onward routing of SCML client orders to the appropriate execution venues. Saxo Bank may in turn route its own orders to other market maker firms, venues or exchanges. However, if we transact your order as agent it is automatically routed to an execution venue determined by Saxo Bank to achieve the Best Execution according to this Policy.

5.1.3. SCML undertakes to take all steps necessary to resolve any service issues by negotiation with Saxo Bank and to take into full account the operational issues involved in any such decision.

Saxo Bank as the venue provider to its affiliate, Saxo Capital Markets Limited (SCML) recognises SCML's right to decide to execute trades on an alternative venue in circumstances where there is a continued and serious deterioration in the quality of its service to SCML.

5.2. Aggregation and Split

An SCML client's order may at the discretion of Saxo Bank be aggregated with Saxo Bank's own orders, orders of any of SCML's associates and/or their clients. Furthermore, Saxo Bank may split a client order as well as aggregate orders where it is unlikely that the aggregating of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated. However, it remains possible that the effect of any aggregation may work to the disadvantage of any particular client in relation to any particular order.

5.3. Information Sharing

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.

5.4. Market Volatility

- 5.4.1. Market volatility may result in the price of a Financial Instrument moving significantly from the time of receipt of a client order to the time of order execution.
- 5.4.2. Clients should be aware that there are risks associated with volatile markets, especially at or near the open or close of the standard trading session and these risks include, but are not limited to:
 - a. 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;
 - b. Delays in executing orders for financial instruments that Saxo Bank must send to external venues and manually routed or manually executed orders;
 - c. Opening prices that may differ substantially from the previous day's close
 - d. Locked (the bid equals the offer) and crossed (the bid is higher than the offer) markets, which may prevent the execution of client orders
 - e. 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.

5.5. Orderly Markets

SCML and Saxo Bank are obliged to take necessary steps to keep an orderly market, and so operate with Compliance order filters. Compliance order filters are also present at exchanges and other brokers that might be used by Saxo Bank to route an order to the designated market. The filters might result in

orders with large expected market impact being delayed or traded using an algorithm, potentially causing slippage from the expected arrival price. Stop out or Stop Traded 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. Neither SCML nor Saxo Bank can be held liable for price slippage caused by acting to keep an orderly market and minimize the impact on markets and prices.

6. REVIEW AND MONITORING OF THIS POLICY

- 6.1. SCML has an obligation to monitor the effectiveness of its execution arrangements under this Policy, and where appropriate, correct any deficiencies. SCML will check the fairness of the price proposed to the client, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.
- 6.2. SCML will review this Policy annually and whenever a material change occurs that affects SCML's ability to consistently obtain the best possible result for the execution of client orders. SCML 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 SCML's websites and will be in force as from publication.
- 6.3. SCML will summarise and make public on an annual basis, for each class of financial instrument in Schedule 1 to this Policy, reports on the top five execution venues in terms of trading volumes for the preceding year and information on the quality of the execution obtained by Saxo Bank on behalf of SCML. Any new report will be made available on the SCML website.

7. CHARGES

- 7.1. SCML 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.
- 7.2. Details of SCML's charges are available on its website. Where it provides liquidity from Saxo Bank's internal flow aggregation book SCML will provide the client with a two way dealing price. In normal circumstances, the difference between the bid price (at which SCML is willing to buy) and the ask price (at which it is willing to sell) will constitute part of its charges for the service provided. For the purpose of assessing whether it has achieved Best Execution, SCML will not take its standard charges that apply to a client's transactions irrespective of the venue at which they are executed into account. SCML 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.

Schedule 1

Financial Instruments

1. The Best Execution obligation applies when SCML executes a transaction on behalf of a client in the following Financial Instruments as defined in MiFID II and the FCA Rules:

Listed Instruments

- a. Cash Equities & Equity like Products
- b. Listed Options

OTC Instruments

- c. CFD Equities
- d. CFD Indices
- e. CFD Commodities
- f. Futures
- g. Bonds
- h. Rolling Foreign Exchange Spot
- i. Foreign Exchange Forward
- j. Foreign Exchange Options

2. Best Execution does not apply to the following (non-exhaustively):
 - a. 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.
 - b. Transactions arising from the exercise of an option. SCML 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.

Schedule 2.1 Cash Equities & Equity like Products

1. Scope

1.1. Products in Scope

Purchase and sale of cash equities and equity-like products, such as ETFs, ETCs and ETNs.

1.2. Not in Scope

Transactions arising from the exercise of an option

2. Relevant Execution Factors

SCML trades as agent with respect to cash equity trades with clients. SCML via 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 SCML 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

3. SCML's selected venue

All orders in Cash Equities are executed on venue via Saxo Bank as an agent.

4. Price formation

Client orders will be routed by smart order routers to the electronic order book of different venues. Prices are formed according to rules of the venue.

5. List of Main Execution Venues

5.1. SCML rely on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their [website](#) and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

5.2. Saxo Bank's execution venues for Cash Equities and Equity like products include (this table is subject to change without notice):

Cash Equities, ETFs, ETC, ETNs - Venues to which Saxo Bank has access via Executing Brokers			
Alpha	CXE (CHI-X) Lit Book	Instinet Nighthawk VWAP	Nomura NX Japan
Aquis Exchange	Deutsche Bank SuperX	Instinet VWAPX Europe	NYSE MKT (American Stock Exchange)
ASX Centre Point	Deutsche Börse (Xetra)	Instinet VWAPX US	Omega
ATD Auto	Equiduct	Irish Stock Exchange	Oslo Børs/Oslo Stock Exchange
Athens Exchange	Euronext Amsterdam	ITG POSIT	OTC Bulletin Board
Australian Securities Exchange	Euronext Brussels	Johannesburg Stock Exchange	OTC Markets Group (Pink Sheets)
BATS Dark	Euronext Lisbon	JP Morgan	PDQ
BIDS	Euronext Paris	JP Morgan JPMX	Potamus
BME Spanish Exchange	Fidelity CrossStream	KCG GETMatched	Prague Stock Exchange
BNP BIX	GS Sigma X	Knight Link	Pure

BofAML MLXN	Hong Kong Exchange	Knight Match	SBI Japannext
Borsa Italiana/MilanStock Exchange	ICX BLX	LavaFlow ECN	Singapore Exchange
Budapest Stock Exchange	ICX VWAPX	Level ATS	SIX Swiss Exchange
BXE (BATS) Dark Pool	IEX	Liquidnet H2O	SmartPool
BXE (BATS) Lit Book	Instinet	Liquidnet Negotiated	SSGM BlockCross
Chi-X Australia	Instinet BlockMatch	London Stock Exchange	TMX Select
Chi-X Canada	Instinet BLX Australia	Lynx	Tokyo Stock Exchange
Chi-X Chi Delta	Instinet BLX US	Macquarie XEN	TORA Crosspoint
Chi-X Japan	Instinet CBX Hong Kong	MATCH Now	Toronto Stock Exchange
Citadel Connect	Instinet CBX Japan	Morgan Stanley	TSX Venture Exchange
Citi Cross	Instinet CBX US	MS Trajectory Cross	Turquoise
CLSA Dark Pool	Instinet JapanCrossing	NASDAQ	Turquoise Dark
Commerzbank	Instinet Nighthawk VWAP	NASDAQ OMX Copenhagen	Turquoise MidPoint
Commonwealth Bank of Australia	Instinet VWAPX Europe	NASDAQ OMX Helsinki	UBS
ConvergEx Millenium	Instinet VWAPX US	NASDAQ OMX Nordic@Mid	UBS PIN
ConvergEx Vortex	Irish Stock Exchange	NASDAQ OMX Stockholm	Warsaw Stock Exchange
Credit Suisse CrossFinder	Instinet CBX US	New York Stock Exchange	Wells Fargo WELX
CS Light Pool	Instinet JapanCrossing	New York Stock Exchange (ARCA)	Wiener Börse/Vienna Stock Exchange
CX2	Instinet Nighthawk VWAP	Nighthawk VWAP	Xetra MidPoint
CXE (CHI-X) Dark Book	Instinet VWAPX Europe	Nomura	

Schedule 2.2

Listed Options

1. Products in Scope

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

2. Relevant Execution Factors

SCML trades as principal with respect to listed options trades with clients. Exchange traded options are traded on a centrally regulated venue therefore the concentration of the liquidity is on 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

3. SCML's selected venue

SCML offers Direct Market Access (DMA) to Exchange Traded Options via Saxo Bank.

4. 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

5. List of Main Execution Venues

5.1 SCML rely on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their [website](#) and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

5.2 Saxo Bank's execution venues for Listed Options include (this table is subject to change without notice):

Venues to which Saxo Bank has access via Executing Brokers			
BATS Options Market	Comex	MIAX Options Exchange	NYSE Amex Options
BM & F Bovespa	Eurex	Morgan Stanley	NYSE Arca Options
Borsa Italiana SpA/Italian Exchange	Euronext	NASDAQ OMX BX, Inc.	Options Price Reporting Authority
Bourse de Montreal Inc.	Hong Kong Exchanges	NASDAQ OMX PHLX, LLC	Osaka Exchange Inc.
BOX Options Exchange LLC	ICE Futures Europe	NASDAQ OMX Stockholm	Oslo Børs/Oslo Stock Exchange
C2 Options Exchange, Incorporated	ICE Futures U.S.	NASDAQ Options Market	Singapore Exchange Derivatives Trading Ltd.
Chicago board of trade	International Securities Exchange, LLC	New York Mercantile exchange	Spanish Official Exchange
Chicago Board Option Exchange	ISE Gemini, LLC	Nomura	Sydney Futures Exchange Corp. Ltd.
Citadel	JP Morgan		

Schedule 2.3

CFD Equities

1. Products in Scope

Purchase and sale of contracts for differences based on individual shares

2. Relevant Execution Factors

SCML trades as a principal to CFD equity trades with clients. CFD equity orders are handled in the same manner as cash equity orders because our venue 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

3. SCML's selected venue

SCML's venue is Saxo Bank. Saxo Bank hedges the CFDs that it enters into with clients using cash equities.

4. Price formation

Prices are formed according to rules of the venue.

Schedule 2.4

CFD Indices

1. Products in Scope

Purchase and sale of contracts for differences based on stock indices

2. 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 SCML 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 is in the disfavour of the client.

3. Relevant Execution Factors

3.1. SCML 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 provides SCML with calculations of its own cost of carry that factors in future expectations of dividends and interest rates, and this can include both internal and external inputs.

3.2. 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

4. SCML's selected venue

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

5. Price formation

CFD Index prices are Saxo Bank's proprietary prices, which are derived from the relevant underlying Market.

Schedule 2.5

CFD Commodities

1. Products in Scope

Purchase and sale of contracts for differences based on commodity futures

2. 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 SCML 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 is in the disfavour of the client.

3. Relevant Execution Factors

SCML 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. 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

4. SCML's selected venue

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

5. Price formation

The price of CFD Commodities is a proprietary price derived by Saxo Bank and will generally track that of the relevant underlying exchange traded market.

Schedule 2.6

Futures

1. Products in Scope

Purchase and sale of Futures for speculative and hedging purposes.

2. Not in Scope:

2.1. SCML does not support physical delivery of the underlying security on expiry of futures.

Clients should therefore 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.

2.2. 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.

2.3. If futures positions are not closed before the relevant date, SCML 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.

3. Relevant Execution Factors

SCML trades as principal with respect to futures trades with clients. Exchange traded futures are not fungible and are traded on a centrally regulated venue therefore the liquidity is 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

4. SCML's selected venue

SCML uses Saxo Bank A/S as executing broker to access underlying markets. Saxo Bank offers Direct Market Access (DMA) to the Futures Exchanges

5. Price Formation

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

6. List of Main Execution Venues

6.1. SCML rely on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their [website](#) and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

6.2. Saxo Bank's execution venues for Futures include (this table is subject to change without notice):

Venues to which Saxo Bank has access via Executing Brokers			
BATS Options Market	Comex	MIAX Options Exchange	NYSE Amex Options
BM & F Bovespa	Eurex	Morgan Stanley	NYSE Arca Options

Borsa Italiana SpA/Italian Exchange	Euronext	NASDAQ OMX BX, Inc.	Options Price Reporting Authority
Bourse de Montreal Inc.	Hong Kong Exchanges	NASDAQ OMX PHLX, LLC	Osaka Exchange Inc.
BOX Options Exchange LLC	ICE Futures Europe	NASDAQ OMX Stockholm	Oslo Børs/Oslo Stock Exchange
C2 Options Exchange, Incorporated	ICE Futures U.S.	NASDAQ Options Market	Singapore Exchange Derivatives Trading Ltd.
Chicago board of trade	International Securities Exchange, LLC	New York Mercantile exchange	Spanish Official Exchange
Chicago Board Option Exchange	ISE Gemini, LLC	Nomura	Sydney Futures Exchange Corp. Ltd.
Citadel	JP Morgan		

Schedule 2.7

Bonds

1. Products in Scope:

Purchase and sale of global Bonds

2. Order Types Available

2.1 SCML's online trading works with one order type: Fill or Kill (market) order:

- a. Order will be filled at the indicative limit price.
- b. Order will be filled at better terms than (below/above) the limit price.
- c. Be cancelled (killed) due to firm or pricing outside of the indicative bid/offer price, or due to lack of liquidity.

2.2 SCML's offline trading, for specific bonds, allows the client to place an OTC limit order. In this case SCML's execution venue, Saxo Bank, works the limit order manually on a best effort basis, versus Saxo Bank's liquidity and follows the rules for offline trading as described below.

3. Relevant Execution Factors

3.1 SCML trades as a principal to bond trades with clients. In exceptional circumstances, for instance when working large orders in highly illiquid bonds SCML may act as agent.

3.2 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

4. SCML's selected venue

4.1. Orders can be executed over the counter (OTC) against Saxo Bank Liquidity referred to as offline trading, or traded on the SCML platform STP to execution venues via Saxo Bank referred to as online trading.

4.2. When executing client orders and hedging, Saxo Bank may source liquidity from:

- a. Its own trading book;
- b. Other dealers in the market;
- c. Regulated Trading venues.

4.3. *Saxo Bank Offline Trading:*

4.3.1. Execution is done bilaterally with Saxo Bank with many orders still negotiated over the telephone. Due to the market structure, Bonds are still largely traded bilaterally using voice trading. Saxo Bank uses a Principal model, where clients can trade on prices offered by Saxo Bank, on request from the client.

4.4. *Saxo Bank Online Trading:*

4.4.1. Bonds traded via Saxo Bank's online bond offering are carefully selected based on sustainable liquidity, hence sufficient indicative prices and active dealers. Execution is carried out on the Request For Quote (RFQ) model of a trading venue allowing Saxo to access multiple

liquidity providers. The Liquidity providers participating are prioritized based on historical data in order to obtain a fair price, within a given time frame.

5. Price formation

5.1. OFFLINE TRADING:

- 5.1.1. 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;
- 5.1.2. 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).
- 5.1.3. 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.
- 5.1.4. 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.

5.2. ONLINE TRADING:

- 5.2.1. The (live indicative platform) price is derived from multiple prices, price sources, and price model calculations, to form a relevant average of the market. The aim of our pricing is to reflect the real market prices as close as possible, despite the indicative nature of the bond markets.

6. List of Main Execution Venues

6.1. SCML relies on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their [website](#) and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

6.2. Saxo Bank's execution venues for Bonds include (this table is subject to change without notice):

Online Venues and Liquidity Providers			
Tradeweb MTF - RFQ Model (see some member liquidity providers below)			
ABN AMRO	Credit Suisse	Millennium Europe	Santander
ANZ Banking Group	Daiwa Capital Markets	Mitsubishi	Societe Generale
Banca IMI	Deutsche Bank	Morgan Stanley	Standard Chartered Bank
Bank of America/Merrill Lynch	DZ Bank	MPS Capital	Toronto Dominion Bank
Barclays Bank	Goldman Sachs	Natixis	UBS
BBVA	HSBC Bank	Nomura	Unicredit
BNP Paribas	ING Bank	Oddo	Wells Fargo
Citigroup	Jeffries International	Rabobank	
Commerzbank	JP Morgan	Royal Bank of Canada	
Credit Agricole	Lloyds Bank	Royal Bank of Scotland	
DMA to Regulated Markets			
Euronext	NASDAQ OMX Copenhagen		
Offline - Hedging Liquidity Providers *in addition to all above mentioned liquidity providers			
Arctic Securities	Jyske Bank	NIBC Markets	Tradition
Danske Bank	Market Axxess	Pershing	VTB Capital
DNB Bank	Nedbank	SEB Bank	Zurich Cantonal bank

Schedule 2.8

Rolling Foreign Exchange Spot

1. Products in Scope

Purchase and sale of rolling foreign exchange spot contracts

2. Not in Scope:

- 2.1. 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.
- 2.2. 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.

3. Order Types Available

3.1. Immediate or Cancel (IOC) Market Order

- 3.1.1. 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.
- 3.1.2. Although Saxo Bank will take all sufficient 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.
- 3.1.3. 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.
- 3.1.4. 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.
- 3.1.5. Unless the client has given a specific instruction, a market order will be converted to an aggressive limit order if it is routed to an external venue. 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.

3.2. Market Order

- 3.2.1. 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 sufficient 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.

- 3.2.2. 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.
- 3.2.3. Unless the client has given a specific instruction, a market order will be converted to an aggressive limit order if it is routed to an external venue. 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.

3.3. Immediate or Cancel (IOC) Limit Order

- 3.3.1. 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).
- 3.3.2. 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.
- 3.3.3. 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.
- 3.3.4. 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.
- 3.3.5. 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.

3.4. Limit Order

- 3.4.1. 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:
- a. **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).
 - b. **Good Till Date (GTD):** Valid until the official close of trading on a date of the client's choice.
 - c. **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.
- 3.4.2. 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.

- 3.4.3. A Limit order will be triggered when the market price observed on one of Saxo Bank's main execution venues reaches the specified price level. 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'.

3.5. Stop Order

- 3.5.1. 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.
- 3.5.2. A Stop order may have 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.
- 3.5.3. A Stop order to sell will be triggered when the offer price observed on a primary inter-bank execution venue* reaches the specified price level. Once triggered, the order will be treated as a Market order.
- 3.5.4. A Stop order to buy will be triggered when the bid price observed on a primary inter-bank execution venue* reaches the specified price level. Once triggered, the order will be treated as a Market order.
- 3.5.5. 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.
- 3.5.6. 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).
- 3.5.7. 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.
- 3.5.8. The trigger level for a trailing stop moves in steps which are defined when the order is placed.
- 3.5.9. 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.

3.6. Stop Limit Order

- 3.6.1. 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.

* A Stop order will be triggered on a price observed on a primary inter-bank execution venue as the first priority. If there is no liquidity available on a primary inter-bank execution venue, Saxo Bank reserves the right to use a secondary inter-bank execution venue or alternative liquidity provider.

- 3.6.2. 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.

4. Direct Market Access

- 4.1. Clients may ask SCML to provide them with direct access to the market. SCML 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.
- 4.2. Where SCML 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.

5. Relevant Execution Factors

- 5.1. Except for Limit orders, SCML will place the highest priority on total consideration (the combination of price and costs associated with dealing).
- 5.2. For Limit orders, where the client has stipulated a price that is not immediately available in the market, SCML will place the highest priority on execution at the client's specified price at the first possible opportunity. This means that SCML will prioritise speed and certainty of execution.

6. 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.

7. Last Look

- 7.1. Saxo Bank utilises two types of liquidity; order driven liquidity for Rolling FX Spot and FX Forward, and quote driven liquidity for FX Options.
- 7.2. 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 stale prices that do not reflect the current market and against certain trading behaviour.
- 7.3. 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.

7.4. The receipt of a trade request as well as any information associated with a trade request does not influence any pricing or hedging activity undertaken by Saxo Bank prior to the acceptance of the trade request. If a trade request is rejected, whether as a result of Last Look or otherwise, no information associated with the trade request is used to influence any pricing or hedging activity subsequently undertaken by Saxo Bank.

8. SCML's selected venue

8.1. For FX Spot and FX Forward, Saxo Bank retains discretion as to how to execute orders on a trade-by-trade basis and/or on a client-by-client 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 main third party execution venues

8.2. Saxo Bank will normally provide liquidity from its internal flow aggregation book. SCML believes this provides the best outcome for clients because:

- a. 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.
- b. Its continuous two-way order flow means that it is 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.
- c. 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.

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

9. Price formation

9.1. SCML 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).

9.2. SCML'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, SCML 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.

9.3. 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.

10. SCML's Charges

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

a. Spread

The difference between the bid (sell) price and the offer (buy) price. Spread is dependent on many different factors, including but not limited to, the underlying liquidity and volatility, time of day and notional trade size.

b. Commission

The fee charged for the service of carrying out the transaction, subject to a minimum fee on small notional trade sizes.

c. Financing Adjustments

Where a client holds a position in a rolling spot contract open overnight, SCML 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.

11. 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.

12. List of Main Execution Venues

12.1. SCML relies on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their [website](#) and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

12.2. Saxo Bank’s execution venues for Rolling Foreign Exchange Spot include (this table is subject to change without notice):

Saxo Bank's Prime Brokers			
Citibank	Deutsche Bank	Royal Bank of Scotland	
Liquidity Providers to which Saxo Bank has direct access			
Bank of Tokyo Mitsubishi UFJ	Credit Suisse	Jump Trading	Sun Trading
Barclays Bank	Deutsche Bank	Morgan Stanley	UBS
BNP Paribas	Goldman Sachs	Lucid Markets	Virtu
CCM Alpha Fund	GTS Securities	Nomura	XTX Markets
Citadel	HC Tech (Henning Carey)	Royal Bank of Scotland	
Citibank	HSBC	Standard Chartered	
Commerzbank	JPMorgan Chase	State Street	
Venues to which Saxo Bank has access via Prime Brokers			
Primary inter-bank execution venues			
EBS	Reuters		
Secondary inter-bank execution venues			
Currenex	Fastmatch	Hotspot	LMAX

Schedule 2.9

Foreign Exchange Forward

1. Products in Scope

Purchase and sale of foreign exchange forward contracts

2. 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.

3. Order Types Available

3.1. Immediate or Cancel (IOC) Market Order

See Foreign Exchange Spot for detail

3.2. Immediate or Cancel (IOC) Limit Order

See Foreign Exchange Spot for detail

4. Relevant Execution Factors

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

5. Market Making and Risk Management

See Foreign Exchange Spot for details.

6. Last Look

See Foreign Exchange Spot for details.

7. SCML's selected venues

7.1. Foreign exchange forward prices are based on the spot price for the relevant currency pair and a spot/forward swap price. When SCML 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.

7.2. 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.

8. Price Formation

8.1. 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.

8.2. 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.

8.3. 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.

8.4. 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.

9. SCML's Charges

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

10. List of Main Execution Venues

10.1. SCML rely on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their [website](#) and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

10.2. Saxo Bank's execution venues for Foreign Exchange Forwards include (this table is subject to change without notice):

Saxo Bank's Prime Brokers			
Citibank	Deutsche Bank	Royal Bank of Scotland	
Liquidity Providers to which Saxo Bank has direct access			
Bank of America	Citibank	JPMorgan Chase	UBS
Barclays Bank	Deutsche Bank	Natixis	
BNP Paribas	Goldman Sachs	Societe Generale	

Schedule 2.10

Foreign Exchange Options

1. Products in Scope

Foreign Exchange Vanilla, Barrier and Binary Touch Options

2. Not in Scope

All foreign exchange options are in-scope.

3. Order Types Available

3.1. Dealing on Quotes

- a. SCML 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.
- b. If a client wishes to trade, he may elect to do so at the price SCML 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.

4. Relevant Execution Factors

- 4.1. SCML 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.
- 4.2. 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.

5. Market Making and Risk Management

See Foreign Exchange Spot for details.

6. Last Look

See Foreign Exchange Spot for details.

7. SCML’s Selected Venue(s)

- 7.1. 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.
- 7.2. For the implied volatility 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.

8. Price Formation

- 8.1. 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.
- 8.2. 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.
- 8.3. 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.

9. SCML's Charges

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

a. Price Mark Up/Mark Down

SCML'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.

b. 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.

10. List of Main Execution Venues

10.1. SCML rely on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their [website](#) and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

10.2. Saxo Bank's execution venues for Foreign Exchange Options include (this table is subject to change without notice):

Saxo Bank's Prime Brokers			
Citibank	Deutsche Bank	Royal Bank of Scotland	
Liquidity Providers to which Saxo Bank has direct access			
Bank of America	Credit Suisse	JPMorgan Chase	UBS
Barclays Bank	Deutsche Bank	Natixis	
BNP Paribas	Goldman Sachs	Royal Bank of Scotland	
Citibank	HSBC	Societe Generale	
Brokers to which Saxo Bank has access via Prime Brokers			
BGC	GFI	TP ICAP	Tradition