

Best Execution Policy: Client Summary

Introduction

This document sets out the Best Execution Policy of the Investment Bank of Barclays Bank PLC acting through Hong Kong Branch and Barclays Capital Asia Limited in Hong Kong (together Barclays, we, our or us) and our approach to providing Best Execution as required by the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission's ("SFC") and the Hong Kong Monetary Authority (the 'Policy'). Barclays Bank PLC is incorporated in the United Kingdom with limited liability.

Best Execution is the requirement to take all sufficient steps to obtain the best possible result for our clients on a consistent basis, taking into account price, cost, speed, likelihood of execution and settlement, size, nature or any other execution consideration, when executing transactions on your behalf. The information below sets out general information with respect to our approach to Best Execution and how we assess whether a transaction is in scope.

Please note that by conducting business with us, you will be deemed to have consented to the Policy.

1. Scope

The Policy applies only to clients which place a legitimate reliance on Barclays to protect their interests when we execute or transmit orders on behalf of clients for certain types of financial instruments including, but is not limited to, shares, bonds, Exchange Traded Funds, derivatives (excluding certain categories of commodity derivatives) and units in collective investment schemes. It does not include deposits, loans and physical commodities, and generally does not include FX spot.

For the avoidance of doubt, nothing in the Policy shall result in Barclays owing you any fiduciary responsibilities.

2. How we determine whether Best Execution is owed

2.1 Executing transactions on behalf of clients

Barclays has a Best Execution obligation when it 'executes transactions on your behalf'. Barclays will be executing transactions on your behalf where you legitimately rely on us to protect your interests in relation to the pricing and other elements of the transaction (such as speed and/or likelihood of execution) that may be affected by the choices we make. This may occur either where we execute a transaction directly or where we place a transaction with (or transmit it to) brokers or other third parties.

2.2 Determining legitimate reliance

Barclays will consider whether or not Best Execution applies depending on the type of transaction you are seeking to execute with us:

- Where we execute a transaction in a financial instrument by dealing as agent, or in an intermediated market access / riskless principal capacity and you have not given us specific instructions in relation to all relevant aspects of the execution of the transaction, we will assume that you will place legitimate reliance on us to protect your interests in relation to those elements of a transaction where we have discretion.
- Where we are dealing with you in a principal capacity, for example, including, but not limited to, where we provide quotes to you, accept a discretionary order from you or negotiate a price with you, we will determine whether you are placing legitimate reliance on us in relation to a transaction by considering the factors outlined below.

In order to determine whether there is legitimate reliance, we will consider all relevant circumstances of the transaction, including the following non-exhaustive list of factors (referred to as the 'Four-Fold Test'):

i. Which party initiates the transaction?

Where we approach you about a transaction, this may be a consideration in determining whether you are more likely to be placing reliance on us. This does not include the provision of trade ideas or information about products which can be independently assessed by you;

ii. Questions of market practice and the existence of a convention to 'shop around'

Where there is a practice in a particular market that suggests that you would shop around for a quote then it is less likely that you will be placing reliance on us;

iii. The relative levels of price transparency within a market

If you have ready access to prices in a particular market then it is less likely that you will be placing reliance on us;

iv. The information provided by Barclays and any agreement reached.

Where any agreement we have with you is clear that we will not provide a service that includes executing on your behalf and there is no other reason to suggest that you are relying on us to protect your interests in relation to the pricing and other elements of the transaction, it is less likely that you will be placing reliance on us.

Following consideration of all relevant factors, including the Four-Fold Test, we will take a view as to whether they, when looked at together, indicate legitimate reliance. Where, following consideration of the above factors, we conclude that you are not legitimately relying on Barclays then Best Execution will not apply.

3. Delivery of Best Execution

Where we have determined that Best Execution applies in relation to a transaction, we will, in accordance with the Policy, take all sufficient steps to obtain the best possible result in relation to that transaction.

In the absence of any specific instructions from you, we will take into account, if relevant, the following factors ('Execution Factors') when executing a transaction on your behalf:

- Price (excluding External Costs and Barclays' Fees and Charges (as defined below))
- Any 'External Costs' relevant to the execution (i.e. any external costs charged by third parties which are related to the execution of the transaction and which are directly passed on to you, such as, execution venue fees, clearing and settlement fees and any other fees paid to third parties);
- Speed of execution;
- Likelihood of execution and settlement;
- Size and nature of the order;
- Likely market impact;
- Nature of the market for the financial instrument; and
- Any other consideration deemed relevant to the execution of your transaction.

The applicability of, and importance attached to, each Execution Factor will vary according to the type of transaction that is being executed and the instructions that you give us. In determining the relative importance of these factors, we will use reasonable judgment together with our understanding of the appropriate execution criteria for the specific transaction. For example, when transacting a large order, minimising market impact might be more important than price or, when trading an illiquid product, certainty of execution might be more important than price.

In determining whether or not Best Execution applies to a transaction, we will not consider any fees or charges which are charged by Barclays for executing the transaction (e.g. commission, credit, funding, capital charges and markup) ('Barclays' Fees and Charges'). Those fees and charges will not be considered to form part of the price for Best Exchange purposes.

4. Execution Criteria

In determining the level of importance that we attach to the Execution Factors, we will take into account any specific instructions that you give us and the following criteria:

- The characteristics of the transaction that you have submitted to us including any specific instructions that you have given us.
- Relevant financial instrument (The instrument or instruments that you have asked us to deal in).
- Execution Venues (the options available to us to execute your order).

5. How we provide Best Execution

5.1 Execution Factors

In general, we would expect price to be the most significant factor in the execution of your transactions unless you have instructed us otherwise. However, there may be circumstances where, depending on the nature of the transaction, other Execution Factors should be prioritised over price.

5.2 Specific instructions

Where Best Execution applies and you provide us with specific instructions in relation to the entire transaction, or any particular aspect of the transaction, which we accept, then we will execute the transaction in accordance with those instructions and in doing so we will have satisfied our Best Execution obligations with respect to the relevant aspects of the transaction. Where your instructions relate to only part of the transaction, the remaining element of the transaction not covered by your specific instructions will remain subject to Best Execution requirements.

Please note that if you provide us with specific instructions this may change the way in which we execute your transactions and may prevent us from taking the steps that we have designed and implemented in the Policy to obtain the best possible result for the execution of in-scope transactions.

6. Execution Venues

Where a transaction is subject to Best Execution, the selection of an execution venue will be relevant where the execution of the transaction is dependent on our ability to access liquidity (e.g. in the case of an order or where we execute transactions as agent, or in an intermediated market access/riskless principal capacity).

Where the selection of an execution venue is relevant, we will choose the execution venue (or venues) that we consider to be the most appropriate to meet our obligation to obtain the best possible results for our clients on a consistent basis and will take into account Barclays in that assessment.

Barclays may choose to execute the transaction internally if in doing so it is able to comply with its obligations under Best Execution. In such circumstances Barclays will be the execution venue.

7. Use of Affiliates and Third Party Brokers

Where Best Execution applies to a transaction we may use affiliates and third party brokers to provide access to markets where we otherwise may not be able to execute or where we believe it is appropriate to do so e.g. to source liquidity. Where we owe Best Execution on a transaction and that transaction is passed to an affiliate or third party broker that has discretion over the execution of any aspect of such transaction (either in whole or in part), we will be relying on that affiliate or third party broker to execute the transaction in a way that is designed to meet our Best Execution obligation. We will carry out due diligence on such affiliate or third party to help ensure that we are satisfied that they are providing appropriate standards of execution consistent with our Best Execution obligations.

8. Monitoring and Review

We have a governance framework in place which reviews the business on an on-going basis to monitor for compliance with our Best Execution obligations. We will monitor the effectiveness of the Policy and its implementation in order to identify and correct any deficiencies. On an annual basis, we will review the Policy and the latest version is available at <https://www.investmentbank.barclays.com/disclosures/barclays-bank-plc-hongkong-and-barclays-capital-asia-best-execution-disclosure.html>.

9. Aggregation of client orders

Barclays may aggregate a client order with an order or orders from other clients and/or with a transaction on its own account.

Aggregation will only be performed if it is unlikely that the aggregation will work to the disadvantage of any of the clients whose order is aggregated but in certain circumstances the aggregation may work to a client's disadvantage in relation to a particular order.