

ORDER EXECUTION POLICY

for Regulated Transactions in derivatives executed over-the-counter (OTC)

Applicable from 23/06/22
www.danskebank.co.uk

This Order Execution Policy (the “Policy”) is issued by Northern Bank Limited (“We”, “Us” and “Our”) and sets out the principles that We follow when executing certain orders in regulated derivatives for Our Professional Clients (“You” and “Your”) on an over-the-counter basis.

Danske Bank is a trading name of Northern Bank Limited which is part of the Danske Bank group of companies.

Summary of the Policy

We are under a regulatory duty to take all sufficient steps to obtain the best possible result for Our clients when executing their orders in financial instruments.

This is also known as Our obligation to provide best execution. This Policy sets out the principles that We follow in order to meet Our obligations.

This Policy covers certain Regulated Transactions in derivatives (as defined below) that are executed with Us dealing as principal on an over-the-counter (“OTC”) basis. This means

that this Policy applies where You trade the relevant financial instruments directly with Us. **We will not execute Your orders with third parties or execute Your orders on a trading venue. You will consent to this Policy in accordance with our Terms of Business. You will therefore consent to us executing Your orders outside of a trading venue.**

When executing Your orders, the best possible result shall be determined in terms of the total consideration payable by You when You buy or sell financial instruments.

Total consideration is the price of the financial instrument and any costs directly related to the execution of Your order. Our prices are based on Our internal reference price, which takes into account a number of considerations including Our internal valuation models and external market data.

In order to make sure that We can provide best execution on an ongoing basis, We will continuously monitor Our own performance. If We find that Our performance is not satisfactory, We will resolve this.

At Your request, We will demonstrate to You that We have executed Your order in accordance with this Policy. We may not have obtained the best possible result for You on a single specific occasion, but We will demonstrate that We have complied with the Policy in the order execution process.

Specific instructions from You regarding an order may prevent Us from taking the steps We have designed and implemented in this Policy to obtain best execution for You (for example, by instructing Us to execute an order otherwise than in accordance with this Policy).

Please read the following for more details about how We deliver best execution.

1. Scope and client classification

1.1 This Policy applies to certain Regulated Transactions in derivatives (as defined below) that are executed with Us dealing as principal on an OTC basis (i.e. outside a trading venue). This includes foreign exchange swaps; currency options, including packaged

currency options; interest rate swaps; interest rate caps; and any other regulated derivative contract relating to currencies or interest rates (“**Regulated Transactions**”).

1.2 The FCA’s rules on best execution apply where a firm (in this case Us) is acting “*on Your behalf*” in relation to the execution of Regulated Transactions. The firm would be acting “*on Your behalf*” when it owes contractual or agency obligations to You, such that You legitimately rely on the firm to protect Your interests in relation to the pricing of the instrument (and certain other elements).

1.3 As a “**Professional Client**” for the purposes of the FCA Rules, this Policy will not apply to You where the nature of the trade is such that You are not legitimately relying on Us to protect Your interests in relation to pricing and other important elements of that transaction (We are not acting “*on your behalf*”).

In determining whether We owe You a duty of best execution, We will consider the following:

- Which party initiates the transaction;

- Questions of market practice and the existence of a convention to ‘shop around’;
- The relative levels of transparency within a market; and
- The information provided by Us and any agreement reached.

For example, as a Professional Client We will not owe an obligation of best execution to You if You have initiated a transaction and We are negotiating terms directly with You in respect of that transaction, or if You solicit quotes from a number of market counterparties for a Regulated Transaction and then base your decision to deal on these quotes.

Where We are acting “*on Your behalf*”, We will execute all orders pursuant to this Policy.

1.4 Our commitment to provide You with best execution does not mean that We owe You any fiduciary duties or other responsibilities over and above the specific regulatory obligations placed upon Us or as may be otherwise contracted between Us. In particular, nothing in this Policy is intended to imply that We have

given You investment advice on the suitability of a particular Regulated Transaction.

2. Best execution

2.1 Subject to paragraph 2.2, when executing orders “*on Your behalf*” in relation to Regulated Transactions, We will take all sufficient steps to achieve the best possible result for You in the circumstances – this is what We call “best execution”.

2.2 Specific instructions from You in relation to Your order, or any part of that order, may prevent Us from taking the steps We have designed and implemented in this Policy to obtain best execution for You (for example, by instructing Us to execute an order otherwise than in accordance with this Policy).

2.3 If You require Your order to be executed in a particular manner and not in accordance with this Policy, You must clearly state Your desired method of execution when You place Your order. To the extent that the specific in-

structions are not comprehensive, We will determine any non-specified components in accordance with this Policy.

2.4 In the case of a complex OTC transaction (a product which includes different components), best execution will apply to the transaction as a whole and not the individual component parts.

3. Basis of assessment

3.1 When executing orders “on Your behalf” in relation to Regulated Transactions We will take all sufficient steps to achieve the best possible result for You taking into account certain execution factors.

3.2 These factors include (without limitation):

- price;
- costs;
- speed;
- likelihood of execution and settlement;
- the size and nature of the order; and
- any other consideration relevant to the execution of the order in question.

3.3 In practice We will give the highest priority to price, unless other factors would be instrumental in delivering the best possible result in terms of the total consideration.

4. Execution venues

We will be the sole execution venue when executing orders “on Your behalf” in relation to Regulated Transactions. We will enter into these transactions with You as principal by dealing on Our own account. This means that You will undertake a Regulated Transaction directly with Us.

All Regulated Transactions that You undertake with Us will be executed OTC, i.e. outside a trading venue. This means that you may be exposed to additional risks, including the following:

- such transactions will not be subject to the rules of trading venues, which are designed to provide for the non-discretionary treatment of orders;
- such transactions will not benefit from any additional but “unlit” liquidity, that may be available on trading venues;

- such transactions will not benefit from the pre- and post-trade transparency requirements applicable to trading venues and their participants; and
- such transactions will incur a settlement risk, as they will not be subject to the clearing and settlement rules of a trading venue or central clearing house.

Due to the fact We will be the sole execution venue and will not use other execution venues to execute your orders, this Policy does not contain a list of other execution venues, or the factors we would use to select such venues or review the quality of execution they may provide.

5. Execution of orders

5.1 We will execute orders in relation to Regulated Transactions immediately upon receipt of an instruction to buy or sell a derivative on a “quote and acceptance” basis.

5.2 The price of a Regulated Transaction is based on our internal reference price which takes into account a number of considerations

including internal valuation models incorporating interest and foreign exchange rates, yield curves, volatility and price spreads, co-variation and supply and demand.

5.3 We will check the fairness of the price We quote by using relevant market data and also, where possible, by comparing with similar or comparable products. For some OTC transactions this information may be limited, in which case greater reliance will be placed on Our internal pricing models.

5.4 At Your request, We will demonstrate that We have executed Your order in accordance with this Order Execution Policy.

6. Monitoring and review

6.1 We have established internal governance processes to assess Our execution arrangements and reporting infrastructure. We will monitor the effectiveness of this Policy and the measures taken to comply with it on an ongoing basis. If necessary, We will amend this Policy in light of Our evaluation.

6.2 We will review Our order execution arrangements and this Policy at least once a year or whenever a material change occurs that affects Our ability to continue to obtain the best possible result for the execution of Your orders on a consistent basis. If we make any material changes to our order execution arrangements or this Policy we will notify you.

The date shown on this Policy refers to the date of the most recent changes following its review. If a review does not result in changes to the Policy, the Policy date will not be changed.

7. Further information

If You want further information about the execution of Your order, please contact Danske Bank Markets in Northern Ireland.