



# BEST EXECUTION POLICY

CLARKSONS SECURITIES AS

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# BEST EXECUTION POLICY

This document sets out the Execution Policy and approach to providing "Best Execution" as required by the Markets in Financial Instruments Directive 2014/65/EU (MiFID II) and the Norwegian Securities Trading Act for Clarksons Securities AS.

## 1. Introduction

According to the NSTA § 10-19 and the Financial Instruments Directive 2014/65/EU and implementing measures as transposed into national laws and regulations ("MiFID II"), investment firms have a duty to implement all reasonable measures in order to achieve the best possible result for the client when executing client orders ("best execution").

Unless the client has given specific instructions, CS must when executing an order take into consideration price, costs, speed, likelihood of execution, settlement of the order, size and nature of the order and other relevant circumstances in order to achieve best execution as further described in this policy (the "Policy").

The Policy applies to transactions executed on behalf of professional and non-professional/retail clients, but not for transactions for eligible counterparties.

## 2. Our activities

As an agency broker, CS works in the best interest of our clients. In no asset class does CS internalise in any substantial and frequent or systematic way, and consequently CS does not consider itself to be an execution venue under the systematic internaliser regime. Only in exceptional circumstances will CS be dealing with clients in a non-agency capacity. CS has an obligation to take all sufficient steps to obtain the best possible result for clients when executing orders taking into account the execution factors described in this Policy.

CS may execute orders under its direct memberships, but may also transmit orders to third parties for execution. In both instances, CS will adhere to this Policy. Consequently, CS must monitor and regularly assess the effectiveness of third-party broker arrangements.

## 3. Market types

### 3.1. Order driven markets

Order driven markets are trading environments where buyers and sellers display prices at which they wish to buy or sell specified amounts of particular financial instruments. Order driven markets are characterised by a measure of transparency. Since the best bid and offered prices are seldom valid for more than quite modest sizes, these markets are normally also characterised by the convention that brokers execute client orders with a certain measure of discretion. Order driven market conditions are normally associated with the following products:

- Listed equities

## 3.2. Price driven markets

Price driven markets are characterised by less transparency than order driven markets. In price driven markets clients normally take a more active part in price discovery through negotiations. Price driven market conditions are normally associated with the following products:

- Equities on the NOTC list and other OTC markets
- Other unlisted equities
- Non-equity instruments, such as bonds

The market type or context in which the financial instrument is being transacted has implications for how the best execution requirements apply.

## 4. Specific instructions from the client

If the client issues specific instructions as to how an order shall be executed, such order will be executed in accordance with those instructions to the extent possible. If reasons exist which make it impossible for CS to accept the client's instructions, the client shall receive from CS timely notification of that fact. Breach of venue trading rules or suspected market abuse could constitute such reasons.

To the extent of a client's specific instructions, best execution requirements are fulfilled by executing the order in accordance with the specific instruction. If the instruction only covers a portion of the order, CS will adhere best execution with regards to the elements of the order which are not covered by the instruction. Clients should therefore be acutely aware that placing specific instructions on orders to trade may prevent CS from adhering to the measures implemented in this Policy to ensure the best possible outcome.

## 5. Legitimate reliance

### 5.1. Price driven markets

Where an instrument is traded in a price driven market, CS considers each bid or offer from the client to constitute an order with specific instruction, to pay or to ask on behalf of the client, a price for the volume in question. The prime execution factor to be agreed upon in such negotiations is price. Since the price is specifically covered by the instruction, CS considers best execution to have been achieved for such negotiated deals unless the client can invoke legitimate reliance on CS to protect their interests in this respect.

The assessment of whether best execution requirements apply to CS' activities in price driven markets will depend on the following four factors:

1. Which party initiated the transaction
2. Whether the client is a retail client or professional client
3. The level of transparency shared between the client and CS

#### 4. Other subjective factors

### 5.2. Initiative

If CS takes the initiative that leads to a transaction, other things equal, it is more likely that the client may legitimately invoke reliance on CS to protect the client's interests as regards best execution. If the client initiates the transaction, it is less likely that the client will invoke reliance on CS. CS does not consider mere reflection of flow information, including where such is provided through an electronic system, to constitute initiatives to trade, even though it may, especially in instruments characterised by low liquidity of trading, constitute a rare opportunity to transact.

### 5.3. Client type

Retail clients can always place legitimate reliance on CS to protect the clients' interests. However, in respect of price negotiations CS considers its responsibility to limit itself to advising the retail client to trade away if it is obvious that other firms should be able to source the liquidity at a better price. It is less likely that professional clients may legitimately invoke reliance on CS to look after its interest in regard of best execution in such price negotiations.

### 5.4. Market pre-trade transparency

The more equitably market transparency is shared between the client and CS, the less likely it is that the client may legitimately invoke reliance on CS to protect its interests. The lesser CS's market share in a financial instrument, the more likely it is that the instrument will be subject to transparency enhancing price competition. If that is the case, and market convention is that clients shop around, the client can hardly invoke legitimate reliance.

### 5.5. Other subjective factors

Every order should be considered individually and the four factors in conjunction. Other subjective factors relevant to the assessment of legitimate reliance are conceivable. From time-to-time clients entrust CS with discretion to provide execution of orders in instruments otherwise normally associated with price driven market conditions. In such cases the client shall be considered to have legitimate reliance.

## 6. Execution Venues

The Policy include, for each financial instrument in which CS executes orders on behalf of clients, those venues that CS consider enabling best execution on a consistent basis. Such venues include, as appropriate for each product, regulated markets, multilateral trading facilities ("MTFs"), an organized trading facility ("OTF"), through a system internaliser ("SI"), market makers and other liquidity providers resident outside the EU/EEA area.

CS may also transmit client orders to another broker for execution, in which case CS will either determine the ultimate execution venue on the basis described above and instruct the other broker or dealer accordingly, or CS will satisfy itself that the other broker or dealer has arrangements in place to enable best execution.

Below is an overview of which markets and which types of financial instruments CS may submit orders to. The list below is not exhaustive and may change on a continuous basis.

Market place	Status	Instrument(s)
Oslo Børs	Member	All listed securities
Euronext Expand	Member	All listed securities
Nordic ABM	Member	All listed securities
Euronext Growth	Member	All listed securities
Euronext NOTC	Member	All registered securities
NASDAQ/NYSE/AEX	Non-member	All listed securities
Toronto Stock Exchange	Non-member	All listed securities
EU/EEA/UK regulated markets, ex derivatives	Non-member	All listed securities
Foreign currency	Non-member	Top 10 currencies

CS is committed to having effective and stable arrangements in place in order to electronically access trading venues.

CS will on a continuous basis consider trading other financial instruments through other regulated markets.

CS does not pass on venue fees to clients, except under special circumstances, or unless preagreed with the client. CS does not receive any inducements to preference venues when routing orders.

## 7. Execution factors

When choosing the method of execution and choice of execution venue, CS will take into a range of factors, including the following:

Execution Factor	Description
Price	Price will be determined with reference to the execution venues on which the security is traded
Costs	CS will seek to execute on a venue with limited transaction costs
Speed	The importance of speed will vary, as other factors like reduce costs will impact the speed.
Likelihood of execution	Always high due to liquidity and settlement procedures

Settlement	Flexible settlement
Size and nature	The size may have significant influence in relation to the liquidity of the security
Other relevant factors	Characteristics of the order, financial instrument or execution venues

If the security in question is traded on one venue only and therefore the only pricing consideration is time of execution, the Best Execution policy will have limited scope. It therefore precludes the use of comparable prices.

CS will not structure or impose any commission which will discriminate unfairly between execution venues, nor will CS receive any monetary or non-monetary benefits from a specific execution venue.

For retail clients, where the best possible result is determined in terms of price, price shall be measured in terms of total consideration due or paid.

## 8. Order handling

CS will execute client orders sequentially and in order of timeliness unless CS is of the view that the best possible outcome according to this Policy is achieved by aggregating. Aggregation of orders will only take place if refraining from doing so is likely to work to the detriment of the individual conflicting client orders.

When aggregating orders, CS takes care to allocate fills fairly to each single order. Normally a prorata approach will be used, but in some circumstances all orders may be treated as equal. CS hardly ever engages in own account trading, but in such cases, the client's best interest shall take precedence. Upon the receipt of limit orders that cannot be immediately executed in the market, CS may decide at its own discretion whether to publicise the order or parts thereof in the market, unless CS received other instructions from the client.

## 9. Asset classes

This section describes the asset classes in which CS offers execution. The terms used in this section have already been described in more elaborate detail. Therefore, their mention here may be of a brief nature.

### 9.1. Equities traded on a trading venue

Listed equities and other exchange traded products (such as exchange traded derivatives and funds) are considered by CS to be subject to order driven market conditions. CS will when relevant and possible, execute client orders according to clients' specific instructions. Issuing specific instructions could prevent CS from adhering to the measures implemented in this Policy.

The overarching principle is to source the best volume at price unless other execution factors, such as likelihood of execution, take pre-eminence. CS bases its choice of venues on liquidity capture without considering venue fees. CS does not receive inducements from venues.

## 9.2. Equities listed on the NOTC

If an unlisted equity is registered on the NOTC list, CS will enter the order as an interest in the NOTC-system and then make contact with another firm that has registered a corresponding interest in the NOTC system. CS will negotiate with this firm in order to achieve the best possible price for the client.

## 9.3. Equities not traded on a trading venue

These instruments are normally considered to be subject to price driven market conditions as explained above. CS will conclude a trade with another client or with another investment firm as applicable. CS will, through a price discovery process, in which the client normally is an actively instructing part, seek to achieve a price that is reasonable given the market position.

In the event that the client places full discretion on CS to execute an order to purchase or sell such instruments, CS will look after both sides of the transaction with the same care. This means fixing the price at a level which is considered to constitute the best possible outcome for both the buyer and the seller given CS's best estimate of supply and demand for the instrument.

## 9.4. Bonds and other non-equities traded on a trading venue

CS considers listed bonds and other non-equities to be subject to price driven market conditions. Even though these instruments are formally traded on a trading venue, trading is not normally subject to continuous electronic matching. CS will therefore through a price discovery process, in which the client is an actively instructing part, seek to achieve a price that is reasonable given the market position. Hence CS will not route client orders to any venue except in special circumstances. Where possible, however, CS reports concluded trades in a timely fashion to the venue under whose rules the trades were concluded.

Given the market practice for clients to shop around for quotes, we generally do not consider clients to invoke legitimate reliance on us to provide best execution. Therefore, our best execution obligation for bonds applies in more limited circumstances than for other asset classes.

In the event that the client places full discretion on CS to execute an order to purchase or sell such instruments, CS will look after both sides of the transaction with the same care. This means fixing the price at a level which is considered to constitute the best possible outcome for both the buyer and the seller given CS's best estimate of supply and demand for the instrument.

## 9.5. Bonds and other non-equities not traded on a trading venue

CS considers such non-equities to be subject to price driven market conditions. CS will through a price discovery process, in which the client is an actively instructing part, seek to achieve a price that is reasonable given the market position.

Given the market practice for clients to shop around for quotes, we generally do not consider clients to invoke legitimate reliance on us to provide best execution. Therefore, our best execution obligation for bonds applies in more limited circumstances than for other asset classes.

In the event that the client places full discretion on us to execute an order to purchase or sell such instruments, CS will look after both sides of the transaction with the same care. This means fixing the



price at a level which is considered to constitute the best possible outcome for both the buyer and the seller given CS' best estimate of supply and demand for the instrument.

## 10. Impediments

CS cannot rule out the occurrence of unanticipated trading impediments, caused internally or externally. Such impediments could make it impossible to process client orders. Clients are encouraged to make sure orders have been acknowledged by CS and to always monitor order status and progress.

## 11. Monitoring and policy review

To ensure the best possible result in execution and transmission of client orders, CS will review, on a regular basis this Policy and the trading venues and brokers used for execution of orders. We will further monitor and review on a regular basis the appropriateness and effectiveness of our execution arrangements and procedures. The execution quality of the brokers and traders will also be tested on a regular basis, and where appropriate, any deficiencies will be promptly and duly corrected.

## 12. Publication

CS is under the requirement to make publicly available certain information on the top five execution venues to which it routes and execute client orders. This information can be accessed on our website.