

Itau BBA International plc's Execution Policy

For Professional Clients

December 2014

This document sets out the Execution Policy and approach to providing “Best Execution”, as required by the Markets in Financial Instruments Directive (MiFID), of Itau BBA International plc (the “Bank”). MiFID requires the Bank to take all reasonable steps to obtain the best possible result for clients, taking into account price, costs, speed, likelihood of execution and settlement, size, nature and/or any other relevant order execution consideration, whether we are executing orders on behalf of clients or placing orders with, or passing orders to, others for execution.

1. Scope

This document applies only to clients classified by the Bank as “Professional Clients” and only to dealings in “Financial Instruments” (each as defined in MiFID). Best Execution is only owed when the Bank accepts an order to execute a transaction on your behalf or in other circumstances where it has otherwise expressly agreed to accept such Best Execution obligations. When the Bank provides quotes or negotiates a price with you on request (i.e. dealing on a Request for Quote or “RFQ” basis), irrespective of whether it has initiated the transaction, it will not be receiving a “client order” as part of a service where Best Execution will apply to determine the price given to you.

The distinction is between:

- Where you are relying on the Bank to get you the best price, i.e. for the Bank to act on your behalf in protecting your interest, and
- Where you merely request or take a price.

2. Execution Obligation and Relevant Factors

When executing orders on your behalf in relation to Financial Instruments, the Bank will generally give price a higher relative importance when obtaining the best possible result for your order(s). That said, the Bank will also take into consideration a range of different factors, including, the need for timely execution, availability of price improvement, the liquidity of the market (which may make it difficult to execute an order), potential price impact, the size of the order, the nature of the financial transaction including whether or not such transactions are executable on a Regulated Market, over-the-counter, or via either route and the quality and cost effectiveness of any related clearing and settlement facilities.

In short, the relative importance of each of the factors will differ depending on:

- The characteristics of your order;
- The characteristics of the financial instruments to which your order relates; and
- The characteristics of the venues (if there is more than one) where we are able to execute your order.

While we will take all reasonable steps based on those resources available to us to satisfy ourselves that we have processes in place that can reasonably be expected to lead to the delivery of best execution of your orders, we cannot guarantee that we will always be able to provide best execution of every order executed on your behalf.

3. Types of transactions where Execution Policy has limited scope

The diversity in markets and instruments and the kind of orders that you may place with us mean that different factors will have to be taken into account when we assess the nature of our execution policy in the context of different instruments and different markets. For example, there is no formalised market or settlement infrastructure for over-the-counter transactions. In some markets, price volatility may mean that the timeliness of execution is a priority, whereas, in other markets that have low liquidity, the fact of execution may itself constitute best execution. In other cases, our choice of venue may be limited (even to the fact that there may only be one platform/market upon which we can execute your orders) because of the nature of your order or of your requirements.

As a general the execution policy will not apply when we are not executing an order on your behalf, or where we transact with you but not on the basis of having received an order from you. This would be the case:

- Where we are acting as a dealer and offering to enter into a transaction with you or accepting to enter into a transaction with you as a principal.
- Where we are acting as your counterparty for our own account.
- When you transact with us as principal on the basis of a published quote or a request for quote.
- To the extent that we are following your instructions to execute your order in a particular manner.
- When you are categorised by the Bank as an “Eligible Counterparty”. (In case of doubt as to your categorisation, please contact IBBAInt-BOS-AML@itaubba.com).

The Best Execution obligation applies only in very limited form, to highly structured off-exchange transactions where, due to the unique contractual structure entered into between you and the Bank, it is not possible to provide any comparisons with other transactions or instruments. MiFID recognises that different considerations apply where the transaction involves a customised OTC financial instrument tailored to your circumstances. Although Best Execution technically applies, there is little or nothing against which to compare the transaction. This applies if it is (1) an OTC transaction, which is (2) highly structured/customised to the particular client and, therefore, (3) is not one of a series of similar deals to which the firm is a counterparty, and (4) there is nothing comparable in the market.

4. Specific Instructions

Where you give us specific instructions, including specifying the characteristics of a bespoke product, either relating to an order or a particular aspect of an order, we will execute so far as is reasonably possible in accordance with those instructions. This may prevent us from taking the steps that we have put in place to obtain the best possible result for the execution of your orders.

In the absence of express instructions from you, the Bank will exercise its own discretion, having regard for the terms of your order in determining the factors that it needs to take into account for the purpose of providing you with Best Execution.

5. Monitoring and Review

The Bank will monitor the effectiveness of its execution arrangements and review this policy and its order execution arrangements whenever a material change occurs.

The Bank will post the most recent version of the Policy on its website.