



**Information on the
RBC Capital Markets
APAC Best Execution Policy**

**RBC Capital Markets
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TABLE OF CONTENTS

TABLE OF CONTENTS	2
1.0 Summary Statement	3
2.0 Scope	3
3.0 Requirements	3
3.1 What is the Best Execution Obligation?	3
3.2 When does the Best Execution obligation apply?	3
3.3 When does the Best Execution obligation NOT apply?	4
3.4 Specific instructions from Clients	4
3.5 Application of Best Execution Obligations across Classes of Instruments	5
3.6 Execution venues and brokers (ex FICC Australia)	5
3.7 Over-the-Counter (“OTC”) Transactions	6
3.8 Matters Outside of RBCCM Control	6
4.0 Record Keeping	6
5.0 Supervision and Monitoring	6
6.0 Client Enquiries	7
7.0 Ownership and Responsibility for this Policy	7
8.0 Policy Review Schedule	7

1.0 Summary Statement

This document sets out information on the Best Execution Policy of RBCCM in the APAC Region.

2.0 Scope

This Policy applies to transactions where the client-facing activities (such as agreeing the terms of the transaction) are carried out by RBCCM.

In Australia, Best Execution regulatory obligations only apply to Global Equities Sales & Trading and the requirements are captured in ASIC Market Integrity Rules (Securities Markets) 2017¹. The execution factors for Australia Global Equities Sales & Trading may differ to other jurisdictions, and will typically include price, speed and execution certainty. Further details are contained at Annex 2.4.

3.0 Requirements

3.1 What is the Best Execution Obligation?

3.1.1. General

“**Best execution**” is the requirement that RBCCM must take all sufficient steps to obtain the best possible result for its Clients, taking into account price, costs, speed, likelihood of execution and settlement, size, nature and/or any other consideration relevant to the execution of an order or any other scenario where Clients place legitimate reliance on RBCCM to protect their interests (“Execution Factors”).

3.1.2 Assumption

For the avoidance of doubt, it is not acceptable for RBCCM to rely on the assumption that Clients will switch to another dealer if they are not satisfied that best execution is being consistently delivered to them. Additionally, Clients are not able to waive the application of best execution.

3.2 When does the Best Execution obligation apply?

RBCCM must take all sufficient steps to obtain best execution when executing orders and acting on behalf of Clients. **This does not mean** that RBCCM assumes or accepts any fiduciary, contractual, or other duty to provide best execution except in accordance with applicable rules and regulations.

If RBCCM is in receipt of an order and acting on a Client’s behalf where the Client legitimately relies on RBCCM to protect its interests in relation to the Execution Factors, then RBCCM is obligated to ensure best execution for the Client where it has discretion over how an order is executed and/or where the Client places legitimate reliance on RBCCM. For greater certainty this will include circumstances in which RBCCM is:

- executing an order as agent²;
- executing an order by dealing as a Riskless Principal³;

¹ Section 3.8.1 of the ASIC Market Integrity Rules ([link](#)) sets out the Best Execution obligation for Australian Market Participants.

² **Agency execution** is where we receive an order from a client and directly execute that order with the market for and on behalf of the client (without being counterparty to the transaction).

³ **Riskless principal** execution is where we receive an order from a client and we execute that order with the market on a back-to-back principal basis, such that we are counterparty to both the client and the market but we are never exposed to market risk

- “working an order”, i.e., a Client has given RBCCM authority to exercise discretion to deal on their behalf.

In all other circumstances, for example when RBCCM deals on its own account in response to a request-for-quote (“RFQ”), RBCCM must assess whether the Client is placing legitimate reliance on RBCCM to protect their interest in relation to the Execution Factors relevant to that transaction. In order to make this assessment the following four factors (the “four-fold test”) need to be considered. These factors should be considered collectively and not in isolation; any one factor, or a combination thereof, may require RBCCM to apply best execution.

- which party initiated or solicited the transaction** - it is more likely that a Client will be placing reliance on RBCCM where RBCCM proposes the transaction to a Client;
- whether there is a market practice and the existence of a convention to ‘shop around’** - it is more likely that a Client will be placing reliance on RBCCM in markets where there is no convention for a Client to “shop-around” for a quote;
- the relative levels of price transparency within a market** - it is more likely that a Client will be placing reliance upon RBCCM where the level of price transparency available to a Client is not the same or similar to that available to RBCCM;
- information provided by RBCCM and any agreement reached** - it is more likely that a Client will be placing reliance on RBCCM where there are arrangements or agreements in place which state RBCCM will provide best execution and indicates or suggests a relationship of reliance.

RBCCM does not guarantee that it will be able to achieve best execution for every transaction received from Clients, however, in all cases RBCCM employees must comply with this Policy.

3.3 When does the Best Execution obligation NOT apply?

RBCCM's best execution obligation will not apply in circumstances in which RBCCM is transacting with a Client as counterparty on the basis of an own account risk price and the Client does not place legitimate reliance on RBCCM to protect their interest in relation to the Execution Factors relevant to that transaction (taking into account the “four-fold test” outlined above).

Global Markets Supervision and the Business maintain a record of where best execution is owed on a product/ transaction type basis (see section 5.0).

3.4 Specific instructions from Clients

Where a Client provides RBCCM with specific instructions in relation to one or more Execution Factors, RBCCM will execute the order in accordance with those instructions so far as reasonably possible.

In following such Client instructions, RBCCM will be deemed to have taken all sufficient steps to provide best execution in respect of that part of the order. In respect of those aspects of the order not covered by a Client's specific instructions, or where it is not possible to follow the Client's instructions, this Policy will apply. For example, a Client instructs RBCCM to submit an order in the market as soon as possible but provides no other instructions. RBCCM cannot simply discharge its duty by submitting a bid promptly into the market; RBCCM also has to consider the best execution venue(s) for executing that instruction given the characteristics of the order.

The Sales/Sales Trading desks are required to maintain a record of any specific Client instructions received. For example, a Client may instruct an order to be executed immediately at a particular size rather than executing it over a period of time which may result in a better execution. In circumstances where it is not possible to follow the Client's instructions, appropriate records should be maintained, and the Client should be made aware that their instructions were not followed and the reasons for taking alternative measures.

throughout the execution of the transaction; both sides are executed simultaneously, and the transaction is concluded at a price where we make no profit or loss, other than a previously disclosed commission, fee or charge for the transaction.

Clients have been advised via information made available to them on the RBCCM website, that where they provide RBCCM with a specific instruction this may prevent us from taking some or all of the steps in this Policy that are designed to obtain the best possible result for the execution of their orders in respect of the Execution Factors covered by those instructions.

Client facing staff must not induce a Client, either explicitly or implicitly, to instruct RBCCM to execute a transaction in a particular way where they are aware, or ought reasonably to have been aware, that the effect of the instruction is likely to prevent RBCCM from obtaining best execution.

3.5 Application of Best Execution Obligations across Classes of Instruments

While the requirement to provide best execution applies to all financial instruments, differences in market structure or the manner in which specific financial instruments are traded, means that it is necessary to apply the best execution obligations in a manner that takes into account the different circumstances associated with the execution of orders related to particular types of financial instruments.

Determining the relative importance of the Execution Factors is a dynamic process and may depend upon several variables and characteristics. RBCCM will apply its commercial judgement and expertise, in light of the prevailing market conditions, as well as taking into account:

- the characteristics of the Client;
- the characteristics of the transaction;
- the characteristics of the financial instruments that are the subject of the transaction; and
- the characteristics of the execution venues to which the transaction can be directed.

In many circumstances price will merit a high relative importance in obtaining best execution. However, in some circumstances RBCCM may judge that other Execution Factors will be more important than price in obtaining the best possible result for Clients.

Additional guidance in relation to the following asset classes is set out in Annex 2:

- Fixed Income;
- Foreign Exchange;
- Structured Products; and
- Cash Equity (Australia-only).

3.6 Execution venues and brokers (ex FICC Australia)

The factors that have been considered in determining the use of different execution venues may include the depth of liquidity a particular execution venue is able to offer, the likelihood of execution, speed of execution, the costs, if any, to execute on such execution venues, reliability and system availability, historical trading activity, and the robustness of the clearing arrangements.

When RBCCM is the execution venue, consideration will be given to various sources of reasonably available information, so as to obtain the best possible result for your transaction.

RBCCM may also transmit client orders to another broker, which could include an RBCCM affiliate, for execution, in which case RBCCM will determine the execution venue in accordance with the Policy and instruct the broker to deal accordingly.

In cases where the broker or RBCCM affiliate is located outside of Singapore, Hong Kong, Australia or Japan, orders will be required to be executed in accordance with the local rules and regulations, as applicable. RBCCM must give consideration to such local rules and regulations when selecting an execution venue outside of the aforementioned countries as those requirements may be more or less stringent than this Policy or may require the broker to apply different criteria to the assessment of execution quality.

RBCCM will not structure or charge commissions in a way as to discriminate unfairly between execution venues.

3.7 Over-the-Counter (“OTC”) Transactions

For OTC transactions where it has been determined that RBCCM has a best execution obligation, RBCCM will gather relevant market data in order to check whether the price offered to the Client is fair and meets its best execution obligation.

To this end RBCCM should:

- perform systematic checks using external market data and externally verifiable reference prices (where available) when pricing, or checking the price of OTC products;
- scrutinise the methodologies and inputs underpinning any valuation processes and pricing models utilised with respect to OTC products to ensure consistent fairness of prices;
- when placing orders resulting from decisions to deal in OTC products, to undertake the necessary checks on the fairness of the price; and
- maintain records and documentation to evidence its pre-trade checks and processes as part of ongoing monitoring of best execution.

3.8 Matters Outside of RBCCM Control

In some cases, whether as a result of system failures, disrupted markets or otherwise, it may be necessary to execute Client orders in a different manner to that documented in this Policy for the financial instrument in question.

In such circumstances RBCCM will still seek to achieve the best possible result for the Client available in the prevailing circumstances.

4.0 Record Keeping

RBCCM maintains relevant records in line with the regulatory obligations in the jurisdictions in which it operates.

5.0 Supervision and Monitoring

RBCCM will monitor the effectiveness of its execution arrangements and when appropriate, implement corrective actions to address any deficiencies that may be identified. If this were to result in a material change to our execution arrangements, you will be notified accordingly.

6.0 Client Enquiries

RBCCM will respond to all client requests to (i) demonstrate that it has executed a particular transaction in accordance with this Policy or (ii) provide information about RBCCM's execution arrangements within a reasonable time frame.

Responses to such enquiries must be sent to the RBCCM primary contact of the client.

7.0 Ownership and Responsibility for this Policy

The Policy is owned jointly by the RBCCM APAC Compliance department and the RBCCM APAC Best Execution Committee.

8.0 Policy Review Schedule

This Policy will be reviewed at least on an annual basis. The next review is scheduled for February 2025.

Annex 1 - Overview of Best Execution by Asset Class

The following sections provide an overview of when and how RBCCM will provide Clients with best execution across different asset classes.

Included in each section is the relative importance RBCCM places on the different Execution Factors in obtaining the best possible result for Clients.

Each section provides the general position of RBCCM in relation to each asset class. RBCCM employees in each area should be aware of the general position but should consider each transaction on a case-by-case basis to identify instances where the circumstances of a particular transaction differ from that outlined in the general position.

Annex 2.1 - Fixed Income (ex Australia)

The types of Fixed Income products traded by RBCCM encompass cash bonds (including Government, Corporate, Supra-Sovereign) and vanilla OTC derivatives (including interest rate swaps and cross-currency swaps).

In line with Sections 3.1-4.4, where RBCCM executes Fixed Income orders (including Limit orders, At-Close orders, Specified price/spread orders, and At-best orders) on behalf of Clients, RBCCM will owe a duty of best execution to Clients unless Clients have not afforded RBCCM any discretion in the execution of those orders.

Generally, where RBCCM transacts with Clients as principal on the basis of a published quote, or one provided in response to a RFQ enquiry; RBCCM concludes that best execution is not owed under the four-fold test as RBCCM consider that Clients do not place reliance on RBCCM. RBCCM's rationale for this is that such transactions are initiated by Clients, there is a convention for Clients to "shop around" by approaching several dealers for a quote, and there is also generally a high level of price transparency. In cases where the level of price transparency is limited, for example, there is no other observable price or clients are unable to obtain comparable pricing from another dealer, Clients may place reliance on RBCCM and therefore RBCCM will owe a duty of best execution.

In respect of Exchange for Related Positions, generally, where RBCCM transacts with Clients as principal on the basis of a published quote, or one provided in response to a RFQ enquiry; RBCCM concludes that best execution is not owed as RBCCM consider that Clients do not place reliance on RBCCM. RBCCM's rationale for this is that such transactions are initiated by Clients, there is a convention for Clients to "shop around" by approaching several dealers for a quote and a high level of price transparency exists across the relevant markets.

In general, RBCCM will consider the most important Execution Factors to be Price, Size, and Speed of execution.

Annex 2.2 - Foreign Exchange

The types of Foreign Exchange (“FX”) products traded by RBCCM encompass Spot FX, FX Forwards, FX Swaps, and OTC Derivatives.

In line with Sections 3.1-4.4, where RBCCM executes FX orders (including Limit Orders, At-Best Orders, At Worst Orders, No Worse Than Orders, Level or Better Orders, Time-sliced Orders, Stop Loss Orders, Fixing Orders, and for OTC Derivatives Spot-Firm Orders, Premium-Firm Orders and Implied-Volatility Orders) on behalf of Clients, RBCCM will owe a duty of best execution to Clients.

Where Clients provide specific instructions for some or all Execution Factors, rather than instructing RBCCM to use its discretion to execute, RBCCM will execute these orders according to those instructions and will therefore meet best execution standards with regards to those Execution Factors subject to the Client’s instructions.

When determining the relative importance of the Execution Factors in relation to a particular Client order, the FX business may or may not utilise its Smart Order routing System (“SOR”), “Loonix”.

Where RBCCM executes orders subject to specific instructions or executes discretionary orders with no risk component (e.g., At-Best Orders) a fair, reasonable, and justifiable mark-up may be added. Where RBCCM is executing a discretionary order with a risk component (e.g., At Worst Orders, No worse than Orders, Level or Better Orders, Spot-Firm Orders, Premium-Firm Orders and Implied Volatility Orders) a fair, reasonable, and justifiable risk premium may also be included in the all-in-price provided to Clients. Further guidance on the execution of FX orders is provided in applicable RBCCM FX Procedures.

RBCCM will owe a duty of best execution with regard to any algorithmic execution functionality it may use in achieving a certain benchmark or execution strategy. Where Clients are provided with access to algorithmic execution functionality, RBCCM will satisfy its duty of best execution in so far as RBCCM follows any specific instructions provided by Clients.

Generally, where RBCCM transacts with Clients as principal on the basis of a published quote, or one provided in response to a RFQ enquiry; RBCCM concludes that best execution is not owed under the four-fold test as RBCCM will consider that Clients do not place reliance on RBCCM. RBCCM’s rationale for this is that such transactions are initiated by Clients, there is a convention for Clients to “shop around” by approaching several dealers for a quote, and a high level of price transparency exists across FX markets.

In general, RBCCM will consider the most important Execution Factors to be Price, Size, and Speed of execution.

Annex 2.3 - Structured Products

The types of Structured Products traded by RBCCM encompass Structured Notes, Deposits, Warrants, and bespoke OTC derivatives.

Where RBCCM deals with Clients as issuer and counterparty, RBCCM negotiates with Clients the terms of a transaction for the purposes of structuring a bespoke security that reflects the Client's specific instructions. In these circumstances, RBCCM deals with Clients as principal for its own account in accordance with the Client's specific instructions, and therefore there is generally no expectation that RBCCM will be providing best execution. Further, the bespoke nature of the instrument means that it is not likely that there will be any comparable products available.

With regard to notes, for any secondary market activity including buy-backs and taps during the subscription period from already invested clients, best execution obligations will be owed as such Clients may be considered "captive clients", i.e. Clients will not be in a position to "shop around" as they can only unwind their position with RBCCM.

In general, RBCCM will consider the most important Execution Factors to be Price, Likelihood of execution, and Speed of execution.

Annex 2.4 – Cash Equities (Australia-only)

RBCCM Australia – Best Execution

Introduction

When handling and executing an order for a client, RBC has an obligation to take reasonable steps to obtain the best outcome for that client. This Policy is relevant for RBC's dealing for clients in Equity Market Products traded on a Market as defined in the ASIC Market Integrity Rules (Security Markets) 2017.

Best outcome obligation

RBC will take reasonable steps to obtain the best outcome for its clients. Best outcome may be determined by considering a number of factors such as price, costs, total consideration, speed, likelihood of execution or any other relevant outcome, or any combination of those outcomes.

In most circumstances price will merit a high relative importance in obtaining best outcome for RBC's clients. In some circumstances RBC may determine factors other than price may be more important in obtaining the best outcome. In handling and executing the client's order, RBC will take reasonable steps to understand the client's instructions, consider the prevailing market conditions and ensure appropriate timing of entering the order into the market. Unless client instructions require otherwise, orders will automatically be sent to the Market on which the best outcome is achievable at the time.

Client instructions

If a Client provides clear and unambiguous instructions that are inconsistent with obtaining the best outcome, RBC will take reasonable steps to handle and execute the order in a way which satisfies those instructions. As a result, best outcome may not be achieved for that client in those circumstances.

Clients may, upon their own initiative, provide standing instructions in relation to best outcome and these will be reviewed on a regular basis as appropriate. Where instructions are provided to opt-out from best execution protection provided by this policy, they will only stand for a period of 12 months at which time they must be renewed by the client.

Markets

RBC will only handle and execute orders on Markets of which it is a Market Participant and may transmit client orders to the following order books:

- TradeMatch® operated by ASX Limited
- Centre Point Order® operated by ASX Limited
- Cboe Australia, Cboe Hidden Liquidity and Cboe Bids operated by Cboe Australia

Should one of these order books be unavailable for receiving an order for technical reasons or if it has closed for the day, RBC will transmit orders to the order book that is available to receive that order. Where trading hours on these markets differ, RBC will use its discretion to determine on which market they will most likely be able to achieve best outcome for a client's order based on information available to it at the time. The default order book will be TradeMatch operated by ASX Limited. RBC will notify its clients each time there is a material change to this Policy.