TABLE OF CONTENTS

1.0 PURPOSE OF THIS DOCUMENT ........................................................................................................... 3
2.0 SCOPE OF THE POLICY ....................................................................................................................... 3
3.0 WHAT IS THE "BEST EXECUTION" OBLIGATION? ............................................................................. 3
4.0 WHEN DOES THE BEST EXECUTION OBLIGATION APPLY? ............................................................ 3
5.0 WHEN DOES THE BEST EXECUTION OBLIGATION NOT APPLY? ..................................................... 4
6.0 SPECIFIC INSTRUCTIONS FROM CLIENTS .................................................................................... 4
7.0 APPLICATION OF BEST EXECUTION ACROSS CLASSES OF INSTRUMENTS ................................... 4
8.0 EXECUTION VENUES AND BROKERS ............................................................................................. 5
9.0 OVER-THE-COUNTER ("OTC") TRANSACTIONS ........................................................................... 5
10.0 DATA PUBLISHING REQUIREMENTS .......................................................................................... 5
11.0 MATTERS OUTSIDE OF OUR CONTROL ..................................................................................... 5
12.0 MONITORING .................................................................................................................................. 6
13.0 OWNERSHIP AND RESPONSIBILITY FOR THE POLICY .............................................................. 6
14.0 POLICY REVIEW ............................................................................................................................. 6
15.0 FURTHER INFORMATION ON HOW WE HANDLE YOUR ORDERS ............................................... 6
16.0 CLIENT ENQUIRIES ......................................................................................................................... 6
ANNEX 1 - FINANCIAL INSTRUMENTS AS DEFINED UNDER MiFID II ..................................................... 7
ANNEX 2 - OVERVIEW OF BEST EXECUTION BY CLASS OF FINANCIAL INSTRUMENT ............... 8
    ANNEX 2.1 - FIXED INCOME ............................................................................................................... 9
    ANNEX 2.2 - FOREIGN EXCHANGE .................................................................................................. 10
    ANNEX 2.3 - EQUITIES ..................................................................................................................... 11
    ANNEX 2.4 - STRUCTURED PRODUCTS .......................................................................................... 12
    ANNEX 2.5 - EXCHANGE TRADED DERIVATIVES ("ETD") AND COMMODITIES ......................... 13
    ANNEX 2.6 - SECURITIES FINANCING TRANSACTIONS ("SFT") .................................................... 14
1.0 PURPOSE OF THIS DOCUMENT

This document sets out information on the Best Execution Policy (“the Policy”) and approach to providing best execution for the following legal and their entities operating in the United Kingdom and European Economic Area (“EEA”): RBC Europe Limited, RBC Capital Markets (Europe) GmbH and Royal Bank of Canada1 together referred to as “RBCCM”, “we” or “us”.

This document is published and updated as necessary on our website at: https://www.rbccm.com/assets/rbccm/docs/legal/information-on-the-rbccm-best-execution-policy.pdf

2.0 SCOPE OF THE POLICY

The Policy applies to business conducted with Professional Clients (“Clients”) (as classified by us)2 and applies to “Financial instruments” (as outlined in Annex 1).

This Policy applies to transactions where the Client-facing activities (such as agreeing the terms of the transaction) are carried out by European RBC entities or branches (including those established in the UK and EEA). In circumstances where Client-facing activities are carried out by other non-European RBC entities or branches, best execution duties, where applicable, will be owed by the non-European RBC entity.

Spot foreign exchange (“Spot FX”) and Spot Commodities transactions are not defined as “financial instruments” however we will strive to apply equivalent standards to Spot FX and Spot Commodities.

3.0 WHAT IS THE “BEST EXECUTION” OBLIGATION?

Best execution is the requirement to take all sufficient steps to obtain the best possible result for you, 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 you place legitimate reliance on us to protect your interests (“Execution Factors”).

4.0 WHEN DOES THE BEST EXECUTION OBLIGATION APPLY?

We owe you an obligation to take all sufficient steps to obtain best execution when executing orders on your behalf. We regard ourselves to typically be in receipt of an order and acting on your behalf where you legitimately rely on us to protect your interests in relation to the Execution Factors relevant to that transaction and to act on your behalf. This will include but is not limited to the following situations where we are:

- executing an order by dealing as your agent;
- executing an order by dealing as a riskless principal on your behalf; and
- “working an order” on your behalf.

In all other circumstances, for example when we deal on our own account in response to a request for quote (“RFQ”), we will assess whether you are placing legitimate reliance on us to protect your 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”) will be considered. These factors will be considered collectively and not in isolation; any one factor, or a combination thereof, may require us to apply best execution:

i. **which party initiated or solicited the transaction** - it is more likely that you will be placing reliance on us where we propose the transaction to you;

ii. **whether there is a market practice and the existence of a convention to “shop around”** – it is more likely that you will be placing reliance on us in markets where there is not a convention for you to “shop-around” for a quote;

---

1 Royal Bank of Canada, London Branch; and Royal Bank of Canada, Paris Branch
2 We do not deal with Retail clients. Services provided by us to Eligible Counterparties are out-of-scope of the Policy; however where we deal with you as an Eligible Counterparty we will manage any potential conflict of interest fairly in line with our Conflicts Management Policy.
iii. **the relative levels of price transparency within a market** - it is more likely that you will be placing reliance upon us where the level of price transparency available to you is not the same or similar to that available to us;

iv. **information provided by RBCCM and any agreement reached** - it is more likely that you will be placing reliance on us where there are arrangements or agreements in place which state we will provide best execution and indicates or suggest a relationship of reliance.

We do not guarantee that we will be able to achieve best execution for every transaction received from you, however, in all cases we will comply with the Policy.

5.0 **WHEN DOES THE BEST EXECUTION OBLIGATION NOT APPLY?**

The best execution obligation will not apply in circumstances in which we are transacting with you as counterparty on the basis of a own account risk price and you do not place legitimate reliance on us to protect your interest in relation to the Execution Factors relevant to that transaction (taking into account the “four-fold test” outlined above).

6.0 **SPECIFIC INSTRUCTIONS FROM CLIENTS**

Where you provide us with specific instructions in relation to one or more Execution Factors, we will execute the order in accordance with those instructions so far as reasonably possible. Where your instructions relate to only part of the order, in following those instructions we 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 your specific instructions or where it is not possible to follow your instructions, we will apply the Policy accordingly.

Please be advised that where you provide us with a specific instruction this may prevent us from taking some or all of the steps in the Policy that are designed to obtain the best possible result for the execution of your orders in respect of the elements covered by those instructions.

7.0 **APPLICATION OF BEST EXECUTION ACROSS CLASSES OF INSTRUMENTS**

While the requirement to provide best execution applies to all financial instruments, the differences in market structures or the structure of financial instruments 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. In determining the relative importance of the Execution Factors we will apply our commercial judgement and expertise, in light of the prevailing market conditions, as well as taking into account:

- your characteristics;
- the characteristics of your transaction;
- the characteristics of the financial instruments that are the subject of your transaction; and
- the characteristics of the Execution Venues\(^3\) to which your transaction can be directed.

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

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

- Fixed Income;
- Foreign Exchange;

\(^3\) The term “Execution Venue” includes regulated markets, multi-lateral trading facilities (“MTFs”), organised trading facilities (“OTFs”), systematic internalisers (“SIs”), market makers, and other liquidity providers.
Information on the RBCCM Europe Best Execution Policy

- Equities;
- Structured Products;
- Exchange Traded Derivatives and Commodities; and
- Securities Financing Transactions.

8.0 EXECUTION VENUES AND BROKERS

The list of Execution Venues that RBCCM utilises in respect of each asset class may be found on the RBCCM website at https://www.rbccm.com/assets/rbccm/docs/legal/execution-venues-under-the-best-execution-policy.pdf.

This list represents those Execution Venues that should enable us to obtain on a consistent basis the best possible result for the execution of your transactions. This list may, from time to time, be updated and any new Execution Venue will be selected in accordance with the Policy.

The factors that have been considered in determining the list of 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.

We may also transmit your order to another broker, which could include an RBCCM affiliate, for execution, in which case we will determine the Execution Venue ourselves in accordance with the Policy and instruct the broker to deal accordingly.

In cases, where the broker is located outside of the UK or EEA, orders will be required to be executed in accordance with the local rules and regulations. We will give consideration to such local rules and regulations when selecting an Execution Venue outside of the UK or EEA as those requirements may be more or less stringent than the Policy, or may require the broker to apply different criteria to the assessment of execution quality.

We will not structure or charge commissions in a way as to discriminate unfairly between Execution Venues.

9.0 OVER-THE-COUNTER ("OTC") TRANSACTIONS

For transactions involving OTC financial instruments where it has been determined that we have a best execution obligation, we shall gather relevant market data in order to check whether the price offered to you is fair.

10.0 DATA PUBLISHING REQUIREMENTS

EEA entities of RBC are required to make available to you periodic reports ("RTS 28 Reports") containing details of:

- the top five Execution Venues for Client orders; and
- the quality of the execution obtained on the Execution Venues where we executed all Client orders in the previous year.

This information will be published on the rbccm.com website.

11.0 MATTERS OUTSIDE OF OUR CONTROL

---

4 A financial instrument is considered "OTC" when it is not (i) admitted to trading or (ii) traded on a Regulated Market, MTF, or OTF.
In some cases, whether as a result of system failures, disrupted markets or otherwise, it may be necessary to execute your orders in a different manner to that documented in the Policy for the financial instrument in question.

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

12.0 MONITORING

We will monitor the effectiveness of our 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.

13.0 OWNERSHIP AND RESPONSIBILITY FOR THE POLICY

The Policy is co-owned by the RBCCM Europe Best Execution Committee and Compliance.

14.0 POLICY REVIEW

We conduct an annual review of the Policy, as well as our order execution arrangements. The objective of this review is to assess whether there is any scope to improve the quality of the order execution delivered to you, by for example, including additional/different Execution Venues, considering whether the relative importance of the execution factors in different circumstances could be adjusted, or by modifying any other aspects of the Policy.

Such a review will be undertaken on a more frequent basis, if there is a material change that affects our ability to obtain the best possible result for the execution of your orders on a consistent basis using the Execution Venues listed on the rbccm.com website.

15.0 FURTHER INFORMATION ON HOW WE HANDLE YOUR ORDERS

We have further policies and procedures in place to ensure we execute and allocate your orders promptly and fairly, taking into account the need to manage any potential conflicts of interest that may exist between you, ourselves, and our other clients.

We will execute your order in line with other comparable client orders sequentially and promptly, unless (i) the characteristics of your order or prevailing market conditions make this impracticable; or (ii) your interests require otherwise.

Where you do not provide specific instructions, we will execute and allocate your order as soon as reasonably practicable, unless we reasonably consider that delaying the execution of your order is in your best interests.

When executing your order we may decide to aggregate your order with a transaction for our own account or that of another client. Such aggregation will be taken, for example, to provide a better price to you or to reduce transaction costs by allowing us to execute in larger size. We will only aggregate your order if it is unlikely that the aggregation will work overall to your disadvantage. Where we are unable to fill an aggregated order in full, we will allocate the executed notional on a fair and equitable basis.

We will endeavor to communicate the order execution and allocation status of your order to you soon as reasonably practicable.

16.0 CLIENT ENQUIRIES

Should you have any enquiries in relation to this document or the Policy please contact your usual business contact.

---

5 For example, it may not be practical for client orders that are received by different means (e.g. voice versus electronic) to be carried out sequentially.
ANNEX 1 - FINANCIAL INSTRUMENTS AS DEFINED UNDER MiFID II

1. Transferable securities;
2. Money-market instruments;
3. Units in collective investment undertakings;
4. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
5. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties otherwise than by reason of a default or other termination event;
6. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market and/or an MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in 6, and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognized clearing houses or are subject to regular margin calls;
8. Derivative instruments for the transfer of credit risk;
9. Financial contracts for differences;
10. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (other than by reason of a default or other termination event), as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Annex, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF; and
11. Emission allowances consisting of any units recognized for compliance with the requirements of the Emissions Trading Scheme.
ANNEX 2 - OVERVIEW OF BEST EXECUTION BY ASSET CLASS

The following sections provide an overview of when and how we will provide you 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 you.

Each section provides the general position of RBCCM in relation to each asset class. Our approach may differ, to that outlined, depending upon the particular circumstances of individual transactions.

As outlined in Section 8.0, the list of Execution Venues that RBCCM utilises in respect of each asset class may be found on the RBCCM website at:
ANNEX 2.1 - FIXED INCOME

The types of Fixed Income products traded by us encompass cash bonds (including Government, Corporate, Supra-Sovereign and inflation-linked), vanilla OTC derivatives (including interest rate swaps, cross-currency swaps, basis swaps, asset swaps, inflation swaps, Asset-Backed Securities (“ABS”), Residential Mortgage-Backed Securities (“RMBS”), Collateralized Loan Obligations (“CLO”)) and Loans.

In line with Sections 4.0 and 6.0, where we execute Fixed Income orders (including Limit orders, At-Close orders, Specified price/spread orders, and At-best orders) on your behalf, we will owe a duty of best execution to you unless you have not afforded us any discretion in the execution of those orders.

Where we transact with you as principal on the basis of a published quote, or one provided in response to an RFQ enquiry, we will consider whether best execution is owed; generally, we consider that best execution is not owed under the four-fold test. Our rationale for this is that such transactions are initiated by you, 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, we may consider that you place reliance on us and therefore we will owe a duty of best execution.

In general, we will consider the most important Execution Factors to be Price, Size, and Speed of execution. Where no instructions are provided by you, we will typically use the following order of priority: Price, Size, and Speed.
ANNEX 2.2 - FOREIGN EXCHANGE

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

Spot FX is not defined as a “financial instrument”; however, we have chosen to apply equivalent standards to Spot FX and, as such, an assessment regarding our best execution obligations will be made in relation to all Spot FX trading.

In line with Sections 4.0 and 6.0, where we execute 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 your behalf, we will owe a duty of best execution to you. Where you provide specific instructions for some or all Execution Factors, rather than instructing us to use our discretion to execute, we will execute those orders according to those instructions and will therefore meet best execution standards with regards to those Execution Factors subject to your instructions.

When determining the relative importance of the Execution Factors in relation to your order, we may utilise our Smart Order routing System (“SOR”).

Where we execute orders subject to specific instructions or execute discretionary orders with no risk component (e.g. At-Best Orders) a fair, reasonable and justifiable mark-up may be added. Where we execute 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 you.

We will owe a duty of best execution with regard to any algorithmic execution functionality we may use in achieving a certain benchmark or execution strategy. Where you are provided with access to algorithmic execution functionality, we will satisfy our duty of best execution in so far as we follow any specific instructions provided by you.

If you are provided with Direct Market Access (“DMA”), you will provide specific instructions for all Execution Factors and we will execute these orders accordingly. We will satisfy our best execution obligation by following those instructions.

Where we transact with you as principal on the basis of a published quote, or one provided in response to an RFQ enquiry, we will consider whether best execution is owed; generally, we consider that best execution is not owed under the four-fold test. Our rationale for this is that such transactions are initiated by you, 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, we will consider the most important Execution Factors to be Price, Size, and Speed of execution. Where no instructions are provided by you, we will typically use the following order of priority: Price, Size, and Speed of execution.
ANNEX 2.3 - EQUITIES

The types of Equity products traded by us encompass cash equities and exchange-traded funds.

In line with Sections 4.0 and 6.0, where we execute Equity orders (including Limit Orders, Market Orders and At-Close Orders) on your behalf, we will owe a duty of best execution to you unless you have not allowed us any discretion in the execution of those orders. In applying our duty of best execution, we will when executing your orders consider any specific instructions and the relative importance of the Execution Factors in accordance with the Policy.

When determining the relative importance of the Execution Factors in relation to your order, we may utilise our Smart Order Routing System (“SOR”) to initiate a Price-Sensitive strategy (prioritising Price as an Execution Factor). For those limited number of UK or EEA exchanges in the Policy for which we do not have access to price and volume data, your orders in financial instruments listed on those exchanges may be routed to a third party broker, who may also utilise Smart Order Routing technology.

We will owe a duty of best execution in regard to any algorithmic execution functionality we may use in achieving a certain benchmark or execution strategy. If you are provided with access to algorithmic execution functionality, we will satisfy our duty of best execution in so far as we follow any specific instructions provided by you.

Where we transact with you as principal on the basis of a published quote, or one provided in response to an RFQ enquiry, we will consider whether best execution is owed; generally, we consider that best execution is not owed under the four-fold test. Our rationale for this is that such transactions are initiated by you, 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 Equity markets.

In general, we will consider the most important Execution Factors to be Price, Likelihood of execution, and Speed of execution. Where no instructions are provided by you, we will typically use the following order of priority: Price, Likelihood of execution, and Speed of execution.
ANNEX 2.4 - STRUCTURED PRODUCTS

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

Where we deal with you as issuer and counterpart, we negotiate with you the terms of a transaction for the purposes of structuring a bespoke security that reflects your specific instructions. In these circumstances, we deal with you as principal for our own account in accordance with your specific instructions, and therefore there is generally no expectation that we 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.

Where we transact with you as principal on the basis of a published quote, or one provided in response to an RFQ enquiry, we will consider whether best execution is owed; generally, we consider that best execution is not owed under the four-fold test. Our rationale for this is that such transactions are initiated by you and there is a convention for Clients to “shop around” by approaching several dealers for a quote.

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 you may be considered to be a “captive client”, i.e. you will not be in a position to “shop around” as you can only unwind your position with us.

In general, we will consider the most important Execution Factors to be Price, Likelihood of execution, and Speed of execution. Where no instructions are provided by you, we will typically use the following order of priority: Price, Likelihood of execution, and Speed.
ANNEX 2.5 - EXCHANGE TRADED DERIVATIVES ("ETD") AND COMMODITIES

The types of products traded by us encompass fixed income, index, equity, and commodity futures and options.

Spot Commodities is not defined as a “financial instrument”; however, we have chosen to apply equivalent standards to Spot Commodities and, as such, an assessment regarding our best execution obligations will be made in relation to all Spot Commodities trading.

The business we conduct in relation to these products (with the exception of cross trades, block trades and Exchange for Related Position (“EFRPs”)) is presently all executed on an agency style basis on the Exchange’s order book. Where we execute on Exchange, we will be regarded as executing orders on your behalf and will owe best execution to you.

In respect of the business conducted by us across the London Metal Exchange, there are four possible ways by which we may execute your order: the telephone market; LME Select (the official exchange operated electronic trading platform); across the Rings; or in the OTC market subsequently brought on-Exchange. We will owe best execution and accordingly we shall make an assessment regarding the manner in which your order is to be executed dependent on a variety of factors, for example, the potential price slippage or liquidity available under each of the available methods.

In respect of ETD pre-negotiated orders (i.e. the options call-around market) where liquidity on the Exchange order-book is limited, we may approach market makers with whom we have existing relationships to secure the best possible result for you. In this context you will be reliant upon us and a duty of best execution is owed.

We will owe a duty of best execution in regard to any algorithmic execution functionality we may use in achieving a certain benchmark or execution strategy. If you are provided with access to algorithmic execution functionality, we will satisfy our duty of best execution in so far as we follow any specific instructions provided by you.

If you have been provided with Direct Market Access (“DMA”), you will provide specific instructions for all Execution Factors and we will execute these orders accordingly. We will satisfy our best execution obligation by following those instructions.

In respect of crosses, block trades, EFRP and OTC Commodity derivatives, where we transact with you as principal on the basis of a published quote, or one provided in response to a RFQ enquiry, we will consider whether best execution is owed; generally, we consider that best execution is not owed under the four-fold test. Our rationale for this is that such transactions are initiated by you, 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, we will consider the most important Execution Factors to be Price, Size, and Speed of execution. Where no instructions are provided by you, we will typically use the following order of priority: Price, Size, and Speed.
ANNEX 2.6 - SECURITIES FINANCING TRANSACTIONS (“SFT”)

RBCCM transacts as principal in the capacity of a Securities Lender/Borrower with Securities Borrowers/Lenders in products encompassing cash bonds (including Government, Corporate, Supra-Sovereign and Agency, Asset-Backed Securities (“ABS”), Residential Mortgage-Backed Securities (“RMBS”) and Collateralized Loan Obligations (“CLOs”)) and equities instruments (including Common Stock, American Depositary Receipts (“ADRs”), Global Depositary Receipts (“GDRs”), Exchange Traded Funds (“ETFs”), and Master Limited Partnerships (“MLPs”)).

Where we transact with you as principal on the basis of a published quote, or one provided in response to an RFQ enquiry, we will consider whether best execution is owed; generally, we consider that best execution is not owed under the four-fold test. Our rationale for this is that such transactions are initiated by you, there is a convention for Clients to “shop around” by approaching several dealers for a quote, and a high level of price transparency exists in the market.