



Freight Investor Services Order Execution Policy

1 Purpose

This Policy sets out the Order Execution Policy of Freight Investor Services Limited and its Affiliated Entities ("**FIS**"), as required by the regulatory rules of the Monetary Authority of Singapore ("**MAS**"), the National Futures Association ("**NFA**") and the Financial Conduct Authority ("**FCA**"). This Order Execution Policy applies to the services provided by FIS both when arranging transactions on behalf of clients and when acting as principal in relation to the financial instruments listed in Annex 1 ("**Financial Instruments**"). It should be read in conjunction with FIS's Terms of Business, which are available on its website.

2 Background

FIS seeks to achieve best execution for its clients ("**Clients**") by arranging transactions at the most favourable prices and in the most effective method possible. FIS has implemented arrangements to meet its requirement to give best execution to its client orders placed in the context of Services (as defined in FIS's Terms of Business). The regulatory requirements are implemented in the UK in the FCA Conduct of Business Sourcebook ("**COBS**") of the FCA Handbook.

This Policy applies to customers classified as a "Professional Client" under COBS 3 of the FCA Handbook, and to customers classified as an "Expert Investor", "Accredited Investor", or "Institutional Investor" under the Securities and Futures Act (Cap. 289) of Singapore and related MAS regulations, in respect of activity in listed derivative contracts.

3 Order execution policy – obtaining the best possible result

When arranging trades on your behalf in Financial Instruments, we shall 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 or any other consideration relevant to the execution of the order as relevant to you and a reasonable assessment of the sometimes overlapping and conflicting execution factors. This is known as "**Best Execution**".

We will determine the relative importance of the execution factors by reference to the circumstances at the time of execution of the relevant order and taking into account the execution criteria set out in section 1.8 below ("**Execution Criteria**").

Only clients outlined in Section 2 will be in scope for Best Execution. FIS does not broker trades for retail customers.

4 Exemptions from the requirement to provide Best Execution

Notwithstanding the intentions expressed above, FIS does not undertake to provide Best Execution in the following circumstances:



- (a) Eligible Counterparty Business — if you have been categorised by us as an “Eligible Counterparty” under COBS 3 of the FCA Handbook with respect to the Services that we provide to you;
- (b) In the wholesale OTC commodities derivatives market in which we operate it is normal market practice for buyers and sellers to “shop around” by approaching several brokers or dealers for quotes. In these circumstances there is no expectation between the parties that the broker or dealer chosen will be required to provide Best Execution. As a sophisticated participant, unless you advise us to the contrary, we will assume that this is your normal trading behaviour.
- (c) When dealing on our own account and not in relation to client orders.

5 Specific Instructions

Where FIS follows specific trading instructions provided by you, FIS will execute the order in accordance with your instructions. Please note that in following your instructions FIS will be deemed to have taken all reasonable steps to provide the best possible result for you in respect of the order, or those aspects of the order, covered by your specific instructions.

However, please note, the nature of the specific instruction may prevent FIS taking the steps that it has designed and implemented in its order execution policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

This may include, but is not limited to, using a specific execution venue even where a more favourable price is available elsewhere.

6 MTFs and OTFs

When you transact on a multilateral trading facility (“MTF”) or other trading venue, the best execution provisions do not apply to the operator of the MTF or trading venue; instead, these obligations fall on the user of the system.

When you transact on an organised trading facility (OTF), the best execution provisions will apply to the operator of the OTF.

7 Execution Criteria and Execution Factors

Execution Criteria

When executing a client order, FIS will take into account the following criteria for determining the relative importance of the execution factors:

- (a) The characteristics of the client;
- (b) The characteristics of the client order;
- (c) The characteristics of Financial Instruments that are the subject of that order;
- (d) The characteristics of the execution venues to which that order can be directed;

Execution Factors



The execution factors which we will take into account in deciding where and how to execute your order are, as relevant in the particular circumstances:

- (a) price;
- (b) cost of execution;
- (c) speed of execution;
- (d) likelihood of execution;
- (e) likelihood and speed of settlement;
- (f) size of order, particularly in relation to market capacity;
- (g) client characteristics;
- (h) nature of order;
- (i) execution criteria, such as your client categorisation, and the execution venues to which your order can be directed;
- (j) the quality and cost effectiveness of any related clearing and settlement facilities; and
- (k) any other consideration relating to the execution of the order.

("Execution Factors")

Although price will usually merit a high relative importance in obtaining the best possible result, in some circumstances we may determine that other Execution Factors are more important than price in obtaining the best possible execution result. Please see Annex 2 for an account of the relative importance FIS assigns to the Execution Factors.

8 Execution Venues

When arranging trades on your behalf, FIS has identified the following types of venues on which we will most regularly seek to execute your orders and which FIS believes offer the best prospects for achieving the best possible results for you:

- (a) other FIS clients;
- (b) regulated markets and exchanges to which FIS has access;
- (c) multilateral trading facilities (MTFs) available to FIS;
- (d) organised trading facilities (OTFs) available to FIS;
- (e) other trading systems accessible to FIS;
- (f) third-party brokers; and
- (g) in the case of base metals traded on the LME, execution may be undertaken by FIS from its own book.

FIS may also transmit your order for execution to another broker, dealer, third-party broker (which may be located outside the European Economic Area (EEA)), or to an Affiliated Entity. In such cases, we will either determine the ultimate execution venue ourselves, in line with the basis described above and instruct the other broker or dealer accordingly, or we will satisfy ourselves that the broker or dealer has arrangements in place that enable us to comply with our Best Execution obligations to you.



FIS's commissions and the costs of executing an order on each eligible execution venue will be taken into account when assessing and comparing the results that could be achieved for a client across the venues listed in this Policy that are capable of executing that order.

FIS will also take steps not to structure or charge commissions in such a way as to discriminate unfairly between execution venues.

When selecting an execution venue, FIS will take sufficient measures to ensure that the selected venue obtains the best possible trading result for its clients, subject to the following general factors:

- In the OTC markets in which FIS operates, clients can only be given visibility of prices that have been communicated to FIS by other market participants. Accordingly, in such circumstances, the best outcome achievable must be assessed within these limits. However, when executing orders or making decisions to deal in OTC products, including bespoke products, FIS will check the fairness of the price proposed to the client by gathering market data used in estimating the price of such products and, where possible, by comparing them with similar or comparable products.
- FIS will provide details of all tradable bids and offers (subject to the other matters referred to below).
- Time availability of prices: in many markets, there are lulls and spikes in trading as negotiations align trading interests at different times and across different parts of the curve. Accordingly, the "last traded" price may not always be available or serve as a reliable indicator of current price.
- FIS will not allow clients to trade in a market unless it is reasonably satisfied that the client (whether directly or through an agent) has the ability to trade on the relevant market and is operationally capable of settling the relevant trade.
- FIS cannot control either the cost of credit (credit premium) or credit acceptance between its clients.

Where FIS invites you to choose one execution venue rather than another, it will provide fair, clear and not misleading information, so that the choice is not made solely on the basis of the price policy applied by FIS.

The execution venues on which FIS places particular reliance in meeting its Best Execution obligations, and the relevant factors for selecting a particular execution venue, are generally applied consistently across all classes of Financial Instruments to which your order relates. Please see Annex 1 for a list of the execution venues FIS uses as well as details regarding the execution venues used for each class of Financial Instrument.

In cases where FIS applies different fees depending on the execution venue, we will explain these differences to you in sufficient detail to allow you to understand the advantages and disadvantages of the choice of a particular execution venue.

Similarly, FIS will inform you of any inducements it receives from an execution venue and of the value of any monetary or non-monetary benefits it receives in circumstances where FIS charges more than one client in a transaction. FIS does not accept payment for order flow and will not receive any remuneration, discount or non-monetary benefit for routing client



orders to a particular execution venue which would infringe the requirements on conflicts of interests or inducements applicable to it under Applicable Law (as defined in FIS's Terms of Business).

In cases where FIS charges more than one participant in a transaction, we will inform you of the value of any monetary or non-monetary benefits received by FIS.

9 Monitoring and Review

FIS monitors the effectiveness of its Order Execution Policy (and, in particular, the Execution Factors listed in section 1.8 above and the execution venues listed in Annex 1 below) on a regular basis. Any deficiencies identified will be addressed to ensure that FIS continues to obtain the best possible result for client orders on a consistent basis. This Policy will be reviewed annually and whenever there is a material change that may affect our ability to achieve best execution.

Moreover, FIS monitors its effectiveness through a combination of first and second line controls:

- First line of defence: broking desks receive regular training on execution obligations, with day-to-day oversight provided by desk heads. Issues in order handling or venue selection are escalated promptly to senior management where appropriate.
- Second line of defence: the compliance function undertakes independent reviews of sample trades against execution benchmarks, escalating findings to senior management where appropriate.

Clients will be notified of any material changes to this Policy by way of an update on the FIS website.

10 Fiduciary Relationship

FIS's commitment to Best Execution does not create any fiduciary duty beyond the specific regulatory obligations imposed on it, or any contractual terms agreed between you and FIS. You remain responsible for your own trading decisions, and FIS will not be liable for any trading losses you may incur as a result of those decisions.

Annex 1

List of Financial Instruments and Execution Venues

The Financial Instruments in connection with which FIS carries out its Services are all Commodity Derivatives and listed in the table below, along with details of the execution venue where such transactions are typically executed.

Financial Instrument	List of Execution Venues
Aluminium Premiums: Futures	CME
Base Metals: Futures and Options	LME
Battery Metal: Futures	CME, SGX
Coking Coal: Futures and Options	ICE, SGX
Dry FFA: Futures and Options	EEX, SGX
Emissions: Futures and Options	CME, ICE
Fertilizer: Futures	CME
Fuel Oil: Futures and Options	CME, ICE, SGX
Iron Ore: Futures and Options	CME, SGX
LPG: Futures	CME, ICE
Power: Futures	EEX
Pulp and Paper: Futures	NOREXCO
Steel: Futures and Options	CME, LME, SGX
Scrap: Futures	CME, LME
Wet FFA: Futures	CME, ICE

Factors used to select Execution Venues

For Commodity Derivatives, the factors used to select an execution venue are as follows:

- Type of Commodity contract traded – certain contracts may only be traded or cleared on specific venues. In such cases, the execution venue will be prescribed; FIS



will not “select” the venue but will monitor the market for the emergence of alternative venues.

- Liquidity of the relevant contract – the relative depth and liquidity available on each venue will be taken into account.
- Costs of trading – fees, commissions, and other costs associated with execution on a particular venue will be considered.
- Over-the-counter execution – whether the transaction is executed on-venue or “over-the-counter” will form part of the assessment.
- Client access to venues – FIS can only arrange trades on venues to which the client has access or the ability to trade.

Execution outside a trading venue

Whilst transactions in commodity derivatives are predominantly executed on a trading venue, certain transactions arranged by FIS — including bilateral transactions, spot contracts, and some physically-settled instruments (not classified as Financial Instruments) — may be executed OTC. When transacting outside a trading venue, you may be exposed to increased counterparty risk. Please contact us if you would like further information on the consequences of transacting OTC.

Annex 2

Weighting of Execution Factors

Weighting of Execution Factors

For Commodity Derivatives, the Execution Factors will typically be weighted in the following order, with the most important factor listed first:

- Price;
- Size;
- Likelihood of execution;
- Costs;
- Speed of execution;
- Any Other Relevant Factor

Although factors specific to the client or order may take precedence and change the relative importance of the general Execution Factors. For example:

- where there is unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances;
- where there are unusual market conditions, speed and likelihood of execution will become more important;
- when the order is received during the day and/or the size of order may affect the significance of speed and likelihood of execution.
- due to a lack of liquidity on a particular venue or across venues where likelihood of execution and speed will become more important;
- short-term trading opportunities requiring high execution speed,
- linked transactions e.g. calendar spreads may prioritise the likelihood of successful combined execution to reduce the likelihood of unnecessary exposure to the client
- counterparty exposure may require a change of counterparty from the one that appears to offer the best price when exposures are deemed either too concentrated or due to a change of credit rating/market event that requires the Firm to reduce exposure to a particular counterparty