

Order Execution Policy (Agency Capacity)

Banco Santander S.A. London Branch,

a branch of Banco Santander S.A., referred to herein as “SLB”

With effect from 3 January 2018

INTRODUCTION

Under the EU Markets in Financial Instruments Directive (2014/65/EU “**MiFID II**”) SLB is required to have a policy for order execution and to take all sufficient steps to obtain the best possible result, or “best execution”, on behalf of its clients, either when executing clients’ orders or receiving and transmitting orders for execution. We are also required to provide appropriate information to clients on our order execution policy. The purpose of this document is to provide such information to obtain their consent to such policy.

Our order execution policy applies to Clients in relation to Financial Instruments¹, where we receive and transmit client orders or where we execute orders on a client’s behalf.

In particular, we will owe best execution when executing orders on a client’s behalf where the client relies on us to protect its interests in relation to the price or any other aspect of the transaction that may be affected by how we execute the order by dealing as agent or work an order on a client’s behalf.

This policy does not apply to the execution of orders on behalf of Eligible Counterparties to whom we do not owe best execution.

PRODUCT SCOPE

This policy only applies in respect of Financial Instruments set out in the annex, which are, in many cases, instruments listed on a third country exchange. For example, a US or Latin American exchange.

1. CLIENT CLASSIFICATION & BEST EXECUTION IMPLICATIONS

In order to conduct MiFID II business with a client, SLB must categorise that client under MiFID II in accordance with its Client Categorisation Policy.

This classification helps determine the nature of the relationship between SLB and the client, the level of protection the client should receive and the likelihood of a best execution obligation arising.

Pursuant to our standard Terms of Business, when executing client orders best execution obligations will arise as follows:

- **Retail Clients** - In relation to Retail Clients we will always apply the principles of best execution where required under MiFID II, unless specific instructions received from a client restrict our ability to apply the principles fully (see the section on client Instructions below).
- **Professional Clients** - Best execution is owed when we accept an order to execute a transaction on behalf of a Professional Client or when the circumstances demonstrate that such client places

¹ As defined in Annex C of MiFID II 2014/65/EU

legitimate reliance on us in relation to the execution of the transaction, or in other circumstances where we have otherwise expressly agreed to accept such best execution obligation (as set out below).

- **Eligible Counterparties** - We will not owe a duty of best execution to Eligible Counterparties (although we have an overriding duty to act honestly, fairly and professionally in relation to such clients).

2. PROFESSIONAL CLIENTS: WHERE WE OWE BEST EXECUTION

As noted above, we owe a duty of best execution when executing or transmitting orders on your behalf (where you are a Professional Client). For example, where you provide us with an execution instruction that means we are executing an order on your behalf or when the circumstances demonstrate that you place legitimate reliance on us in relation to the execution of the transaction.

This will be the case where you commit to a trade that is not immediately executable, leaving discretion with us as to the manner of execution and exact terms of the resulting transaction; and the execution can be booked to your account, without the need to re-confirm the price, size or any other factor(s) with you; or where we execute an order as agent on your behalf (such as with a limit order).

Typically for cash equity executions, we will ordinarily have a duty of best execution in respect of the order (save to the extent that you provide specific instructions, as discussed below).

3. EXECUTION FACTORS

Subject to any specific instructions that may be given by you, we will take all sufficient steps to obtain the best possible result for our clients taking into account the following execution factors:

1. price;
2. costs;
3. speed;
4. likelihood of execution and settlement;
5. size;
6. nature of the order; and
7. any other consideration relevant to the execution of the order.

4. EXECUTION CRITERIA

The execution criteria we use to evaluate whether an order has received best execution will, in the first instance, depend on the type and nature of client.

In relation to executing an order on behalf of a **Retail Client**, the best possible result is determined in terms of the **total consideration** representing the price of the financial instrument and the costs associated with the execution, which must include all expenses incurred by the client which are directly related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.

In relation to executing an order on behalf of a Professional Client, considering the execution factors, price will ordinarily merit a high relative importance in obtaining the best possible result and we would typically apply the execution factors in the following "priority order":

1. Price
2. costs
3. speed
4. likelihood of execution and settlement
5. size
6. nature of the order
7. any other consideration relevant to the execution of the order.

Although the above will typically be the priority order we assign to an order, by a Professional Client, this will vary depending on the factors and specific context set out below.

Specifically, in certain circumstances, we may determine that other execution factors are more important than price in obtaining the best possible result. For example, in the context of an illiquid market or a large in scale order (such as a block) the likelihood of execution may become the primary execution factor.

In these circumstances, we will determine the relative importance of the execution factors by following our commercial judgment and experience in light of market information available and taking into account the following execution criteria.

1. the client and any instructions expressed by such client;
2. the size, time and type of order;
3. the financial instruments concerned; and
4. the relevant execution venues.

Notwithstanding the above, specific instructions given by the client will determine how each order is split into components and also dictate how these are executed.

5. ASSET CLASSES SPECIFIC EXECUTION FACTORS

a) Cash Equities

Equity transactions are generally passed by SLB to affiliate brokers and/or third party broker who have access to the relevant exchange or venue for execution.

Specifically, where we send your order to affiliate/third party broker for execution we will do so taking into account whether we consider that such broker will be able to ensure that we can satisfy our best execution obligation to you.

In particular, a significant consideration will be whether such third party brokers have access to sufficient liquidity in the instrument, where relevant through third country platforms, exchanges, markets or alternative source of liquidity.

The weighting of factors will usually reflect the following prioritisation order:

1. price;
2. size - the number of securities to be traded;
3. speed of execution;
4. costs;
5. the percentage of average daily volume ("ADV") represented by the trade;
6. the available liquidity at the time of trade; and
7. any other relevant or trade specific considerations.

Although the above will typically be the priority order we assign to an order by a Professional Client for an equity transaction, this will vary depending on the factors set out above at section titled "Execution Criteria". For example, in the context of an illiquid market or a large in scale order (such as a block) the likelihood of execution may become the primary execution factor.

In relation to a Retail Client, the best possible result is determined in terms of the total consideration as set out above at section titled "Execution Criteria".

6. EXECUTION VENUES AND BROKERS

SLB will act exclusively as an agent when dealing with a client's request to trade and we will direct orders to exchanges, venues or other market participants in order to execute on a client's behalf. A current list of execution venues and brokers used by SLB can be found in Annex A of this policy; this list comprises those execution venues and brokers on which we place significant reliance.

The execution venues or brokers are selected on the basis that they provide execution that is consistent with and reflects our prioritisation of the "execution factors" set out above. In particular, that such execution venues and brokers provide (depending on the type of client and characteristics of the order) the best execution when taking into account factors such as price, costs, speed, likelihood of execution and settlement and size.

In the context of a retail client order such execution venue or broker, for example, would be selected on the basis of its ability to provide the best possible result in terms of the total consideration (as discussed above).

We reserve the right to use other execution venues and brokers where appropriate and in accordance with our order execution policy and may add or remove these from this list. We will advise you from time to time when any changes are made to the list.

We will regularly assess the execution venues and brokers available in respect of any products that we trade to identify those that will enable us, on a consistent basis, to obtain the best possible result when executing orders. The list of execution venues and brokers will then be updated whether a material change has occurred, following such assessment.

We will also ensure that we do not structure or charge our commissions in such a way as to discriminate unfairly between execution venues and brokers.

Subject to any specific instructions that may be given by you we will use the execution venue and/or brokers considered most appropriate in accordance with the execution criteria and execution factors (as discussed above).

7. CLIENT INSTRUCTION

Where we receive an instruction about an order or a particular aspect of the order (including in relation to where or how such an order or part of the order should be executed) then, subject to our legal and regulatory obligations, we will execute your order in accordance with that specific instruction.

This means that, to the extent of the specific instruction or instructions, our obligation of best execution will be satisfied by executing the order in accordance with your specific instruction.

Where the specific instruction covers only a part of an order (for example, as to the choice of venue), and we have discretion over the execution of other elements of the order, then we will continue to be subject to the best execution obligation in respect of the elements of the order that are not covered by your specific instruction.

8. METHODS OF EXECUTION

Subject to any specific instructions that may be given by you we will execute an order by one of the following methods or combination of methods:

1. As we have obtained your prior express consent, outside a regulated market or MTF by executing the order OTC. This means, for example, that your order will not be carried out in accordance with the rules set out in MiFID II in respect of trading venues, including the specific pre-trade transparency requirements where relevant to such venues.
2. Directly on a regulated market or MTF or Third country exchange or equivalent, where we are not a direct member of the relevant regulated market or MTF, with a third party participant with whom we have entered into an agreement for handling orders for that regulated market or MTF.

9. RECEPTION AND TRANSMISSION OF ORDERS

Subject to any specific instructions that may be given by you we may transmit an order that we received from you to another Santander entity or to an external entity, such as a third party broker, for execution. In doing so, we will act in your best interests and in accordance with this policy, including the execution factors and execution criteria.

10. REPORTING

We will make public both the top five execution venues in terms of trading volumes where client orders have been executed or transmitted to in the preceding year and information regarding the quality of execution of certain financial instruments (and published on our best execution reporting website page).

11. PROHIBITED PRACTICES

When selecting a broker, Payment for Order Flow is prohibited by the FCA.

SLB business is aware of the prohibition and will refrain from routing orders or quote requests to any liquidity providers or specific venues in exchange for payment.

Likewise, SLB may not make any payments to brokers, agents or intermediaries, in exchange for order flow.

12. MONITORING AND REVIEW

SLB will monitor the effectiveness of its order execution arrangements and order execution policy in order to identify and, where appropriate, correct any deficiencies.

In particular, SLB will ensure that it monitors relevant available data it receives in relation to client orders transmitted to or executed against third party or affiliate brokers for execution.

Specifically, executions, on behalf of clients, carried out with brokers will be monitored to ensure that the overall arrangements provide for best execution in terms of the execution factors and their appropriate weightings, set out in this policy.

A review of SLB's order execution arrangements and order execution policy is conducted at least annually and is carried out whenever a material change occurs that affects SLB's ability to continue to obtain the best possible result for its clients.

This monitoring activity will, at least, include the following:

1. Whether the execution venue(s) and brokers included in this policy provide for the best possible result for the client (including considering, where relevant, information published by execution venues under MIFID II best execution requirements or any other relevant data) .
2. Whether any material change to SLB's execution arrangements or Policy has occurred and shall consider making changes to the execution venue(s) or brokers on which it places significant reliance in meeting the overarching best execution requirement.

For the purposes of this policy, a material change shall be a significant event that could impact parameters of best execution such as:

- cost
- price
- speed
- likelihood of execution & settlement
- size

- nature
- any other consideration relevant to the execution of the order

We will notify you of any changes to our execution arrangements or our order execution policy.

ANNEX A

Execution venues and brokers where SLB places significant reliance upon to obtain the best possible result for the execution of client orders.

Asset Class	Execution Venue and Brokers
Cash Equity	<p>Brazil Bovespa BM&FBOVESPA</p> <p>Colombia Bolsa de Valores de Colombia (BVC)</p> <p>Chile The Santiago Stock exchange (SSE)</p> <p>Peru Bolsa de Valores de Lima (BVL)</p> <p>Argentina Buenos Aires Stock Exchange (BCBA)</p> <p>Mexico Bolsa Mexicana de Valores (BMV)</p> <p>United States BATS Exchange Chicago Stock Exchange IEX</p>

	<p>NASDAQ</p> <p>NASDAQ OMX BX</p> <p>NASDAQ OMX PHLX</p> <p>NYSE</p> <p>Canada</p> <p>Canadian Securities Exchange</p> <p>NASDAQ Canada</p> <p>Toronto Stock Exchange</p> <p>TSX Venture Exchange</p> <p>Aequitas Neo</p> <p>BROKERS</p> <p>Argentina</p> <p>Santander Argentina</p> <p>Brazil</p> <p>Fator SA CVC</p> <p>Gradual Corretora</p> <p>Hedging-Griffo Corretora</p> <p>Icap Brasil Corretora de Titulos</p> <p>Mirae Asset Wealth Mngaement Brazil LTD</p> <p>Nova Futura DTV LTDA</p> <p>Planner Corretora de Valores</p> <p>Santander Brazil</p>
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Canada

Canaccord

CIBC

Convergex

Credit Suisse

Knight Securities

Chile

Santander Chile

Euro America Corredores de Bolsa

IM Trust SA Corredora de Bolsa

Celfin Capital SA

Colombia

Adcap Colombia SA - Comisions TA De Bolsa

Alianza Valores Comisionista De Bolsa SA

Casa de Bolsa S.A.

Celfin Capital SCB

Corredores Asociados

Correval SA

Interbolsa SA

LarrainVial Colombia SA Comisionista de Bolsa

Serfinco SA Comisionistas de Bolsa

Corpbanca

Suvalor

Mexico

CI Casa de Bolsa SA DE CV

Finamex

Ixe Casa de Bolsa SA De CV

Intercam Casa De Bolsa SA

Santander Mexico

Peru

Celfincapital S.A. Sociedad

Inteligo SA, SAB

Continental Bolsa Sociedad

Credibolsa Sociedad Agente

MGS & Asociados SAB

Scotia Sociedad Agente de Bolsa

Seminario Y CIA SAB

Spain

Banco Santander Madrid

United Kingdom

Cater Allen International Limited

United States

Santander Investment Securities Inc

	Venezuela Activadores Solfin Sociedad de Corretaje
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