

**EXECUTION POLICY**  
**CIMD, Sociedad de Valores, SA**

(Revised March 31, 2018)

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## **MANUAL**

### **POLICY OF EXECUTION**

#### **I.- INTRODUCTION**

This manual establishes the guidelines governing the Execution Policy of CIMD, Sociedad de Valores, SA. (hereinafter CIMD, SV or the “Entity”) edited in accordance with current regulations. These guidelines are **mandatory**.

#### **II.- LEGISLATION**

This manual has been redacted in accordance with the rules currently governing the activity of Investment Firms and Credit Institutions, in observance of the **MiFID II** normative, governed by Directive 2014/65/EU of the European Parliament and of the European Council, dated 15 May 2014 and of the Regulation (EU) No 600/2014 of the European Parliament and of the European Council dated 15 May 2014.

It is also compliant with the provisions of Law 24/1988 of July 28, of the Securities Market through its current text and Decree 217/2008 dated 15 February, which completes the transposition of Directive 2006/73/EC into Spanish law and of Decree Law 21/2017 dated 25 December partially transposing Directive 2014/65/EU into Spanish law.

#### **III.- SCOPE**

The scope of this manual shall be the departments responsible for the receipt, execution and/or transmission of orders given by **Professional Clients**, on the basis of the criteria established by MiFID II.

The scope of application is defined to the following financial instruments:

- Traded securities issued by individuals or entities, public or private, and grouped into issuance. In any case, tradeable assets will have the following considerations:
  - o Shares and rights of companies.

- The shareholdings the “Cajas” and the shareholding pertaining to the association of CECA.
  - Bonds and obligations, including convertible and redeemable bonds.
  - Mortgage-backed bonds and assets.
  - Securitised assets.
  - Collective Investment shares.
  - Money market instruments: Treasury bills, certificates of deposit and promissory notes
  - Preferred shares.
  - Regional and Municipal bonds.
  - "Warrants" and other derivatives that confer the right to buy or sell other tradeable assets or to execute a cash settlement determined by reference to market securities, currencies, interest or yield rates, commodities, credit risk or other indices.
- Options contracts, futures, swaps, forward interest rate agreements related to:
    - Securities, currencies, interest rates or other financial instruments.
    - Cash-settled commodities.
    - Deliverable commodities, provided that they are traded on a regulated market or multilateral trading facility (hereinafter MTF).
    - Commodities that can be settled by physical delivery not intended for commercial purposes that possess the characteristics of other financial instrument derivatives (settlement through a clearing house, regular adjustments of guarantee margins).
  - Financial instruments derived from the transfer of credit risk.
  - Financial contracts for differences.
  - Options contracts, futures, swaps, forward interest rate agreements related to:
    - Renewables.
    - Transportation costs.
    - Issuance authorisations.

They must or may be settled in cash at the request of either of the counterparts (for reasons unrelated to non-compliance or other, requiring an anticipated termination of the contract).

#### **IV.- CUSTOMER CLASSIFICATION**

The rules described in section II above, establish three types of customers: retail, professional and eligible counterpart.

In consistency with the company's philosophy and given the nature of the procedure that follows, the Entity's Distribution Department, in accordance with the categories of retail, professional and eligible counterparts established by MiFID II, will carry out the classification of its clients by determining all of them as an **eligible counterpart**. CIMD, SV, SA will classify clients as professional, only when a client classified as an eligible counterpart may so request, in virtue of their right, to be classified as **professional**, as well as those cases where by the nature of the client, cannot be categorised as an eligible counterpart.

The following are the requirements or characteristics that customers must meet in order to be categorised into one classification or the other:

##### **A.- Eligible Counterpart**

Given the nature and characteristics of the entities/clients for which CIMD, SV, SA provides its investment services, the Distribution Department will best classify clients within a category, to the greatest endeavour. A customer may be classified as an **eligible counterpart** when determined into one of the following groups

1. Financial institutions and other legal persons operating on financial markets must be authorised or regulated by member states, whether or not they are members of the European Union.

These include credit institutions, Investment Companies (hitherto referred to as Ics), insurance companies, Collective Investment Institutions (hitherto referred to as CIs), pension funds and securitised funds and their respective management companies, those entities that regularly trade commodities and their derivatives, as well as agents acting on their own behalf and on behalf of institutional investors.

2. Other customers who so request in advance and expressly renounce their denomination as retail customers.

Admission and resignation is contingent on the Administration Department conducting an adequate assessment of knowledge and experience. At least two of the following requirements must be met:

- Deemed to have performed a significant trading volume in the stock market, with an average frequency of more than ten trades per quarter during the previous four quarters.
- That the value of the cash and deposited securities is greater than 500,000 euro.
- That the client holds, or has held for at least one year, a professional capacity within the financial sector that requires knowledge of the operations or services envisaged.

When CIMD, SV, SA conducts operations with eligible counterparts, it is exempt from compliance with reporting obligations and compliance with the "best possible outcome".

**Eligible counterparts may apply in the scope of either generally or for each individual transaction, the classification as a professional client.**

#### B.- Professional clients

**Professionals** will be considered those who are presumed to have the experience, knowledge and qualifications necessary to make their own investment decisions and properly assess their own risks.

In particular, they shall have the following considerations:

- a) Financial institutions and other legal persons operating on financial markets must be authorised or regulated by member states, whether or not they are members of the European Union.

These include credit institutions, ICs, insurance companies, CIs, pension funds and securitised funds and their respective management companies, those entities that regularly trade commodities and their derivatives, as well as agents acting on their own behalf or on behalf of institutional investors.

- b) States and regional Administrations, agencies managing sovereign debt, central banks and international and supranational bodies.

- c) Companies that, on an individual scale, meet at least two of the following requirements:

- Total assets  $\geq$  20 million euro.
- Annual turnover  $\geq$  40 million euro.
- Own resources  $\geq$  2 million euro.

- d) Institutional investors, not included in (a), have as their usual activity, investment in securities; and other institutional investors, in particular venture capital institutions and their management companies.

The companies indicated may request non-professional denomination and, on our part, we may agree to grant them a broader level of protection.

- e) Other customers who so request in advance and expressly renounce their treatment as retail customers.

Admission and resignation is subject to the proper assessment of knowledge and experience by CIMD, SV, SA. At least two of the following requirements must be met:

- To have performed a significant volume of trades on the stock market with an average frequency of more than ten trades per quarter during the previous four quarters.
- That the value of the cash and the securities deposited is greater than 500,000 euro.
- That the client holds or has held, for at least one year, a professional capacity in the financial sector that requires knowledge of the operations or services envisaged.

#### C.- Retail customers

All **non-professional customers** shall be considered retail customers. However, as noted above, this category will not be taken into account.

## **V.- CUSTOMER INFORMATION FILES**

The Department of Administration, in collaboration with the operational departments, will prepare a periodically updated computerised information file, which will include the personal and account information of each customers by category, to unequivocally identify each customer, with the minimal requirement of information as established in the heading "Customer file" of **Annex I**.

## **VI.- EXECUTION CENTRES**

CIMD, SV, SA may undertake any of the following executions:

- A. Reconcile two of its clients without third party intervention.
- B. Directly at the **Execution Centre** at which the client has been categorised.
- C. Via broker when the client is not a direct member of an execution centre.

CIMD, SV, SA will attempt to prioritise the action set out in point A above, unless, by express wish of the client and following his instructions, execution must be executed in an Execution Centre.

Both official secondary markets and multilateral trading facilities are understood as Execution Centres.

It will be the responsibility of the management of the Entity to assess the characteristics of each of the possible **Execution Centres** by selecting those it deems to be eligible for the objective of providing the "best possible service" based on the number and frequency of transactions it executes on the investment product being traded at that centre, and provided that it considers that the provision of that service to customers becomes essential. The assessment of the **new centres** will be contained in a report detailing the reasons for their choice.

It shall be for the Governing Body, on the basis of the reports referred to in the preceding paragraph, to authorise membership of an **Execution Centre**.

In addition, the Distribution Department will annually monitor and review the characteristics of each selected Execution Centre to ensure that it continues to meet the necessary conditions in order to fulfill the objective of providing the "best possible service", producing, in the case of any relevant modifications, the corresponding written report.

## **VII.- SELECTION CRITERIA OF EXECUTION CENTRES**

The criteria for the selection of the Execution Centre as a member will be based upon the analysis and evaluation of the following parameters:

- 1.- **Price**: The execution centre shall offer the most competitive prices on a regular and continuous basis, in such a way as to allow for conditions equal to or better than the other execution centres where that financial product may also be traded.
- 2.- **Costs**: When execution costs are considered to be part of the price, the selected execution centres shall have the lowest possible cost. However, this should not be the determining factor in the selection of the centre as this sole criteria may not meet other fundamental requirements such as liquidity or ease of liquidation, thereby impeding the "best possible result".

3.- Speed: The selected execution centre must offer the possibility to execute orders rapidly enough such that the "best possible result" can be valued as optimal.

4.- Settlement: Execution centres will be selected from among all possible venues that offer greater guarantees and facilities in the settlement of executed transactions.

5.- Volume: The higher the volume offered at each price, the easier it will be to achieve the goal of "best possible result". However, this factor will only be decisive for certain types of transactions and clients, and therefore will be a secondary consideration to the other valuations as mentioned above.

5.- Possibility of execution: Directly correlated to the available liquidity of the securities to be traded. The capacity of the execution centre to meet the above parameters will determine the degree to which we are able guarantee this condition.

### **VIII.- INTERMEDIARIES**

When CIMD, SV, SA, must undertake the execution of an order at an execution centre of **which it is not a member**, it will execute the orders of its clients through an **intermediary member of that centre**.

The appointment of the **new intermediaries** will correspond wholly to the Distribution Department which will assess the compliance of each, using the parameters as indicated in "Selection criteria of Execution Centres", in addition to further criteria based on solvency, in the form and to the extent that allows CIMD, SV, SA to fulfill the objective of providing the "best possible service", while preserving the interests of its customers. The valuation for this selection shall be presented within a report containing the detailed criteria.

It shall be for the Board of Directors who, on the basis of the reports referred to in the preceding paragraph, to approve the appointment of the selected intermediaries.

In addition, the Distribution Department will annually monitor and review the characteristics of each selected intermediary to ensure that it continues to meet the necessary conditions to fulfill the objective of providing "best possible service", producing, in the case of any relevant modifications, the corresponding written report.

### **IX.- REGISTRATION OF EXECUTION CENTRES AND INTERMEDIARIES**

It will be the decision of the Department of Administration in collaboration with the operational departments, to prepare and maintain correctly updated computerised information files stating the execution centres, of which CIMD, SV, SA is a member and of the intermediaries through which it will execute orders, either acting for own account or on behalf of a customer account. This file will unequivocally identify the characteristics of each, and will provide the information as set out in the heading "Registration of Execution Centres" in Annex I.

The approved Execution Centres and Intermediaries are detailed in Annex III.

### **X.- EXECUTION OF ORDERS**

For the correct execution, receipt and/or transmission of orders, CIMD, SV will have a registration system or computerised information file that enables it to collect the orders of each of its clients, independent of the means used for the receipt of such, and will arrange them in strict chronological



order. This file will recollect the submission of each order to its corresponding execution centre. This file will contain two differentiated records, one for orders received and transmitted (Record of Received Orders); and another for executed orders (Registration of Executed Orders). Both registers shall contain the information as outlined in the headings of Annex I. Automatic correlation shall also be established between the two files enabling the execution record to be associated with the corresponding order.

The operations that CIMD, SV performs fall into two broad categories:

- Execution, receipt and/or transmission of proprietary orders and for orders on behalf of clients.
- The execution of proprietary operations, in addition to the financial instruments as indicated in the schedule of activities.

When executing and/or transmitting orders received from clients to intermediaries, CIMD, SV will aim to fulfill its objective to provide the "best possible service", following the guidelines as set out below:

1.- Where as, client orders which are categorised as an eligible counterparty are executed against positions in CIMD's, SV, own portfolio, the Entity shall be exempt from the fulfillment of the objective to provide "the best possible result".

2.- Where as, the nature and characteristics of the financial instrument permit, CIMD, SV, will execute the orders of its clients against their own positions, or against the positions of the orders of another client, without the intervention of an external execution center.

3.- Where as, for reasons determined by nature and character of an order, the financial product is to be traded at an execution centre, CIMD, SV shall execute the order with the following preferential criteria:

1º In an execution centre of which it is a member.

2º If it is not possible to carry out the operation in an execution centre of which CIMD, SV is a member, then the order shall be executed through approved intermediaries.

Where as, these orders are executed outside regulated markets and MTFs, professional clients shall give prior and express consent for the execution.

4.- Where as, a client gives specific instructions for the execution of an order, CIMD, SV shall comply with those instructions on the understanding that it is exempt from fulfilling the objective of providing the "best possible result".

5.- CIMD SV, SA shall not accumulate the orders of one client to those orders given by other clients, or to their own orders.

6.- CIMD, SV shall execute orders sequentially.

7.- "Order Records" will be used as effective forensic documents in the event of customer complains of a possible conflict of interest.

## **XI.- CONFLICT OF INTEREST POLICY**

In order to avoid any harm to the interests of customers, CIMD, SV will follow the guidelines as set out in the CIMD Group's "Conflict of Interest Policy", to detect and, where appropriate, to eliminate potential conflicts of interest, set out as follows:

- 1.- Prepare a register, which shall, at minimum, provide the data under the heading "Conflicts of interest" in Annex II, of the undertakings of persons directly or indirectly linked to CIMD, SV.
- 2.- Where, the actual or possible existence of a conflict of interest is detected, CIMD, SV shall not execute orders received on investment services or ancillary services, unless the client has prior knowledge of the circumstances and gives his express consent to the execution.
- 3.- The exchange of information between persons (see Annex II) participating in activities involving a risk of conflict of interest is prohibited where such exchange may be detrimental to the interests of one or more customers.
- 4.- Any persons from CIMD, SV who may have inside information on one or more of the securities or financial instruments concerned shall not be permitted to execute, whether for proprietary orders or on behalf of a client, directly or indirectly, on any type of transaction on that product or financial instrument.
- 5.- No persons from CIMD, SV shall carry out or prepare operations involving:
  - a) False or misleading information as to its supply, demand or price of a financial product or instrument.
  - b) The use of inexistent devices or any other form of technological deception.
  - c) Dissemination of information that provides or may provide false or misleading information.
- 6.- Strict supervision will be observed over all persons whose primary functions are related in any way to the performance of activities, assistance, or services to clients with conflicting interests, or representing other interests which may enter into conflict.
- 7.- The remuneration and incentive policy carried out by CIMD, SV will be undertaken independently so as to avoid any conflict of interest.
- 8.- No competent person of CIMD, SV shall perform investment or ancillary services, or other activities should they be under any inappropriate influence from any other person.
- 9.- No competent person of CIMD, SV shall participate simultaneously or consecutively in various investment or ancillary services, or other activities where this may be detrimental to the interests of clients.
- 10.- CIMD, SV, under the supervision of the Department of Compliance Control, will prepare, and keep an updated computerised information file of the services performed by CIMD, SV, in which any conflict of interest may have arisen as a result of any harmful actions toward the interests of one or more customers. This register shall contain, at a minimum, the information as outlined under the heading "Conflicts of interest" in Annex II.
- 11.- The Internal Rules of Conduct of the Group shall include all these criteria in adaptation to the current regulations.

## **XII.- INFORMATION**

CIMD, SV's reporting obligations will focus on two areas: information reported to the customer and information reported to the CNMV.

### ***1. Customer information regarding MiFID II***

The Administration Department of CIMD, SV shall provide communication to each of the clients with reference to:

- a) Category in which CIMD, SV has classified the customer.
- b) Communication to professional clients shall be accompanied by a summary information note on the criteria for the Execution Policy of CIMD, SV for the provision of investment services and activities (model in Annex V)

### ***2. Information to clients about execution of operations***

When CIMD, SV provides a service to a customer, it must report the type of service and the present stage of the execution, outlining the following information:

- Date of receipt.
- Time of receipt.
- Order type: indicating whether it is a purchase or a sale or otherwise.
- Identification of the instrument: denoting the assigned code from the competent authority or in its absence, a description.
- Unit price: will collect the price of the security or instrument excluding the commission or accrued interest.
- Currency: the currency in which the price is expressed. Further, if the price is indicated as a percentage (in the case of obligations and securitised assets) that percentage will be included.
- Quantity: number of securities or shares of the financial instrument.
- Execution time: In the case of an order executed in a centre via a broker, the execution time will correspond to the time of notification by the broker at which the operation was executed.
- Time of notification to the customer.

### ***3. Information to supervisors***

1.- CIMD, SV shall communicate all operations executed to the Supervisors, both proprietary and on behalf of the client, as early as possible and, at the latest, by the end of the next business day. This communication shall contain the fields as set out in table 2 of Annex I to Delegated Regulation (EU) No 2017/590 (RTS 22) and will, at a minimum, outline the following:

- Execution date
- Execution time
- Customer ID
- The mode by which the order is received: identifying the means through which the order has been received, registering whether it is by telephone, telematic instruction or by any other means.

- Order type: indicating whether it is a purchase or a sale or otherwise.
- Identification of the instrument: denoting the assigned code from the competent authority or in its absence, a description.
- Unit price.
- Currency: the currency in which the price is expressed.
- Quantity: number of securities or shares of the financial instrument.
- Quantity notation: the unit in which the total quantity is expressed.
- Counterpart.
- Identification of the trading system.
- Transmission time: the time when the order is transmitted to the execution centre (direct execution) or broker (execution in a non-member platform).
- The person responsible for the reception and execution of the operation.

2.- Where the transactions are communicated by the governing company of the official secondary market or MTF through which the transaction has been executed, CIMD, SV is exempt from the above obligation.

3.- CIMD, SV shall retain the data of the operations for a minimum of five years following the execution in case it is required by the CNMV.

### **XIII.- CONTROL AND SUPERVISION**

The Department of Control of the CIMD group will carry out a quarterly control and supervision of compliance with the Procedures and Policies of Execution, as well as on the suitability of the adaptation of the Execution Policy to current regulations. The relevant report reflecting the results of the control and supervision of the Execution Policy shall be presented to the Governing Body.

### **XIV.- RECORDS AND CONSERVATION**

All records and reports referred to in the Execution Policy shall be registered in a computerised information file and shall be kept for a minimum period of five years.

## **ANNEX I**

### **RECORDS**

#### **1.- CUSTOMER FILE**

The client file will contain a "historical record" of the relationship with each client, registered in a computerised information file and will contain, at a minimum, the following fields:

- Registered number.
- Registered name.
- Address.
- Category.

- Denote whether voluntarily application for present client status was requested.

## **2.- EXECUTION CENTRE RECORDS**

The registration of the execution centres shall be registered on the computerised information file and shall contain, at a minimum, the following information:

- Execution Centre: with the name or nomenclature by which it is most commonly known in investment markets.
- Description: a brief description of the centre.
- Product: the product or instrument that is traded at the execution centre.
- Access type: indicating whether CIMD, SV, SA has access as a member or if access is via a broker.
- Date of last revision.

## **3.- REGISTRATION OF ORDERS RECEIVED**

The registration of orders received will be registered in a computerised information file that will allow the automatic entry of the orders, whatever the means by which they are received, and in strict chronological order, as well as their distribution to the corresponding execution centre according to a criteria of "first in, first out".

This register shall contain, as a minimum, all fields necessary to comply with Article 33(1) of Decree 217/2008 of 15 February.

## **4.- REGISTRATION OF EXECUTED ORDERS**

The registration of executed orders will be registered in a computerised information file that will allow the entry of the orders executed in the execution centre either directly or through intermediaries.

This registration shall contain, as a minimum, all the fields necessary in compliance with Article 33(2) of Decree 217/2008 of 15 February.

# **ANNEX II**

## **CONFLICTS OF INTEREST**

In order to avoid, to the maximum degree possible, the provision of investment services or activities which may involve conflicts of interest, a register shall be drawn containing all undertakings and persons directly or indirectly linked to CIMD, SV, SA; thus, under the name "**List of linked and competent persons**", a list will be generated with the following fields:

- Identification: name or registered name, national identification number or registered number of the person or legal entity that is linked to CIMD, SV, SA.

- Type of relation: indicating whether it is a related person (exercises control over CIMD, SV, SA through a shareholding) or competent person (partners, administrators, employees and any other person whose services are available and under the control of CIMD, SV, SA).
- Degree: in the case of a shareholding, the percentage of the participating capital will be denoted.

The "**Conflict of Interest Register**" will be on a computerised information file and shall collect investment, ancillary services or investment activities carried out by CIMD, SV, SA or a third party in which a conflict of interest has arisen and which has resulted in a significant risk to the detriment of the interests of one or more clients.

This record shall contain, at a minimum, the following fields:

- Date and time
- Conflicting order: the conflicting order(s) will be specified.
- Conflict Identification.
- Communication to the client of the existence of the conflict if it was detected before executing the order, or orders.
- Execution consent: denoting if there has been any communication with the client of the possible conflict and whether or not express consent has been received from the client to execute the operation.

## **ANNEX III**

### **EXECUTION CENTRES AND CURRENT INTERMEDIARIES**

#### **SOVEREIGN DEBT Execution Centres**

CIMD OTF Manager  
 SENAF Member  
 (Electronic Financial Securities Trading System)

#### **OPTIONS AND FUTURES Execution Centres**

EUREX	Direct and intermediary
MEFF	Direct and intermediary
LIFFE	intermediary
NYSE EURONEXT	intermediary
Paris	
Amsterdam	

CME - Chicago Mercantile Exchange	intermediary
CBOT - Chicago Board of Trade	
NYMEX - NY Mercantile exchange	
COMEX - Commodity Exchange	
MFE - Montreal Exchange	intermediary
ICE - International Commodities Exchange	intermediary
IPE - International Petroleum Exchange	
NYBOT (FINEX) - NY Board of Trade	intermediary

**Interest Rate Derivatives and FX Forwards Execution Centres**

CIMD OTF Manager

**Energy Derivatives Execution Centres**

CIMD OTF Manager  
OMIP (Iberian Electricity Market) Direct  
EEX Power Derivatives Direct

NOTE: The broker designated by CIMD, SV to access all listed markets is **NEWEDGE**, except in the case of MEFF where **INTERMONEY VALUES, SV, SA** will execute.

## ANNEX IV

### ACCEPTANCE OF THE EXECUTION POLICY

(Attached to the document "Execution Policy Information" – Annex VII)

#### 1. Consent to the Order Execution Policy

I hereby consent to the Order Execution Policy of CIMD, SV, SA.

Yes  No

#### 2. Agreement on transactions executed outside an Organized Market or Multilateral Trading Facility

I agree that CIMD, SV, SA shall transact on my behalf, outside an Organised Market or Multilateral Trading Facility, provided that the market is considered as a reference market.

Yes  No

#### 3. Agreement on the Publication of Limited Orders

I agree that CIMD, SV, SA may make public Limited Orders with respect to shares or other instruments traded on a Regulated Market where such order cannot be executed immediately.

Yes  No

#### 4. Agreement of communication through electronic channels

I agree that the information provided by CIMD, SV, SA may be via email or other electronic channel chosen by CIMD, SV, SA (subject to advance notice to the customer), without limitation, and in relation to:

- Changes in the Order Execution Policy
- Nature and risk of Investments
- Other investment-related information.

Yes  No

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Date:

Full Customer Name: \_\_\_\_\_



## **ANNEX V**

### **CUSTOMER INFORMATION ABOUT THE EXECUTION POLICY**

#### **EXECUTION POLICY INFORMATION**

##### **I.- Introduction**

As a result of the increase in the number of financial products and the markets on which they are traded, the European Union invokes that common rules should be established to provide greater protection to investors in all member states of the European Union.

In order to fulfill with this objective, legislation known as **MIFID** (directive 2004/39/EC of the European Parliament and European Council, Directive 2004/73/EC and Commission and Regulation (EC) 1287/2006 of the European Commission) regulating the action of entities providing investment services or engaged in activities with financial instruments, have been developed.

This legislation places particular emphasis on the obligation of investment firms to have an **Execution Policy** aimed at providing their clients with the best possible outcome for order execution.

The present declaration is intended to cover the regulatory requirement to inform customers of the most relevant aspects that constitute the **Execution Policy of CIMD, SV, SA.**

##### **II.- Scope**

The Execution Policy applies to clients classified as retail and professional, according to MIFID rules and regulations, when an execution service is provided and/or receipt and transmission of orders on assistance to the client on financial instruments, for which CIMD, SV, SA is duly authorized and recognised as such by MIFID.

CIMD, SV, SA does not undertake to achieve "best execution" in relation to orders from clients classified as Eligible Counterpart.

##### **III.- Execution Policy**

CIMD, SV, SA has taken all reasonable steps to ensure the best possible result when executing and/or receiving or transmitting to third parties any orders from clients on the financial instruments detailed within MIFID regulations.

As such, CIMD, SV, SA has effective optimal execution systems, including an execution policy that describes the principles governing the execution, duties and responsibilities of CIMD, SV, SA against its clients in the execution and/or receipt and transmission of orders.

To provide the best possible execution for customers, CIMD, SV, SA will take into account:

###### **1.- Factors such as:**

- Price.
- Costs.
- Speed.

- Probability of execution.
- Volume and probability of settlement.
- Any other factor that by virtue of its characteristics may influence the result of the execution. The customer type and the characteristics of the order shall also be considered.

#### 2.- Possible Execution Centres:

CIMD, SV, SA will select the execution centre that in each specific case allows CIMD, SV, SA to comply with its execution policy.

For this purpose, the following are considered execution centres:

- Official secondary markets.
- Multilateral trading facilities.
- Internal systems.

3.- In the case of receiving a specific instruction given by the client regarding the method in which an order is executed, CIMD, SV, SA will execute the order following the above specifications, with the understanding in this case that the Entity complies with its obligations of acting in the interest of the client.

### **IV.- Important information concerning execution services**

#### a) Price.

Among the possible execution centres that meet reasonable conditions of accessibility to execute an order, CIMD, SV, SA will give priority to the price factor on the understanding that it will meet sufficient liquidity conditions.

#### b) Execution Costs.

The concept of an optimal execution result shall be determined in terms of total consideration, understood as the price and costs related to execution. These costs may include brokerage, clearing and settlement, execution centre fees, and other third-party expenses required for order execution.

#### c) Speed, probability of execution, volume and settlement reliability.

These factors will be taken into account depending on the financial instrument on which the transaction is to be executed, since the valuation of these factors will be conditioned by the characteristics of the execution centres in which the instruments are traded and by the characteristics of each product.

### **V.- Execution of orders**

CIMD, SV, SA, within the objective to providing the best possible execution result, may proceed with the execution of client orders directly or by transmitting them to other intermediaries.

#### **1. Direct execution.**

Where the nature and characteristics of the financial instrument may so permit, CIMD, SV, SA will execute the orders of its clients against its own positions or against positions of the orders of another client without the intervention of an external execution centre.

For direct execution through an external execution centre CIMD, SV, SA will use one of the execution centres by type of financial instrument that are detailed in "Annex I".

#### **2. Transmission of orders to third parties**

CIMD, SV, SA will transmit client orders to other intermediaries for execution, only when it does not have direct access to the appropriate execution centre to provide the best possible execution.

In these cases, CIMD, SV, SA shall take the following measures:

- It will verify that the intermediaries chosen have established execution policies that will allow CIMD, SV, SA to comply with its own optimal execution policy.
- CIMD, SV, SA will select as an intermediary, whichever one can demonstrate that it is in a position to obtain results equal to or better than another alternative intermediary with respect to optimal execution.
- CIMD, SV, SA will establish execution agreements with one or more brokers.

#### **VI.- Acceptance of the execution policy**

MIFID regulations require CIMD, SV, SA to obtain from its client the prior consent to its Execution Policy before proceeding to the execution of any order received.

For this purpose, CIMD, SV, SA shall obtain the aforementioned prior consent from its customers, either through specific contractual documentation, or if, once the information of the Execution Policy has been received by the customer, the customer transmits an order for its execution without expressing any objection to such information.

#### **VII.- Review of the Execution Policy**

CIMD, SV, SA will regularly review, at least once a year, the effectiveness of its Execution Policy, in order to detect and amend, where appropriate, possible deficiencies in the implementation of the Execution Policy.

It will also periodically monitor and verify that execution centres and intermediaries meet the criteria that systematically provide the best possible results for their clients.

Clients will be duly informed of any significant changes in the Order Execution Policy described herein, with no consideration as a requirement, the inclusion or exclusion of any execution centre, intermediary or instrument.

## ANNEX

### EXECUTION CENTRES BY PRODUCT TYPE

#### EXECUTION CENTRES AND CURRENT INTERMEDIARIES

##### SOVEREIGN DEBT Execution Centres

CIMD OTF Manager  
SENAF Member  
(Electronic Financial Asset Trading System)

##### OPTIONS AND FUTURE Execution Centres

EUREX	Direct and intermediary
MEFF	Direct and intermediary
LIFFE	intermediary
NYSE EURONEXT	intermediary
Paris	
Amsterdam	
CME - Chicago Mercantile Exchange	intermediary
CBOT - Chicago Board of Trade	
NYMEX - NY Mercantile Exchange	
COMEX - Commodity Exchange	
MFE - Montreal Exchange	intermediary
ICE - International Commodities Exchange	intermediary
IPE - International Petroleum Exchange	
NYBOT (FINEX) - NY Board of Trade	intermediary

##### Interest Rate Derivatives and FX Forwards Execution Centres

CIMD OTF Manager

##### Energy Derivatives Execution Centres

CIMD OTF Manager  
OMIP (Iberian Electricity Market) Direct  
EEX Power Derivatives Direct

NOTE: The broker designated by CIMD, SV to access all listed markets is **NEWEDGE**, except in the case of MEFF where **INTERMONEY VALUES, SV, SA** will execute.