

Client Information Relating to our Order Execution Policy

for Santander UK plc and Abbey National Treasury Services plc (February 2016)

This document sets out the Order Execution Policy and approach to providing Best Execution, as required by the Markets in Financial Instruments Directive 2004/39/EC (MiFID) for the divisions of Santander UK plc (San UK) and Abbey National Treasury Services plc (ANTS) (herein referred to as 'the Bank').

Who does the Policy apply to?

The policy applies to both Professional and Retail Clients (as defined in EU MiFID; 2004/39/EC) of San UK and ANTS (henceforth referred to as 'Client(s)' or 'you') for the handling and execution of orders in Financial Instruments (as defined in EU MiFID 2004/39/EC).

What is Best Execution?

MiFID requires the Bank to take reasonable steps to obtain the best possible result for Clients on a consistent basis, taking into account the factors and criteria listed in this summary document, whether the Bank is executing orders on behalf of Clients or placing orders with, or passing orders to, others for execution. This overarching obligation to obtain the best possible result for Clients is referred to, in this document, as the Bank's obligation of Best Execution.

In which circumstances is Best Execution owed to our Clients?

In relation to Retail Clients, the Bank will always apply the principles of Best Execution, where required under MiFID, unless specific instructions received from a Client restrict our ability to apply the principles fully.

In relation to Professional Clients dealing in Financial Instruments, Best Execution is owed when the Bank accepts an order to execute a transaction on your behalf, or in other circumstances where it has otherwise expressly agreed to accept such Best Execution obligation. When the Bank provides quotes or negotiates a price with you, the Bank determines the applicability of Best Execution by applying the European Commission's Four-fold Cumulative Test ('the Test') in order to determine whether or not a Client is placing 'legitimate reliance' on the Bank in relation to a specific transaction. By describing the Test as cumulative, the intention of the European Commission is that no one leg of the Test is definitive, and that the results for all four legs as a whole should be considered together in determining the nature of the interaction.

The questions concerned are:

- Has the Client approached the Bank to initiate the transaction or vice versa?
- Is it common practice to shop-around in the market concerned?
- What is the relative level of transparency in the market concerned?
- Is there any agreement or other information exchanged between the Bank and the Client under which the parties agree the manner in which Best Execution will be provided by the Bank?

If circumstances demonstrate that a Professional Client places legitimate reliance upon the Bank, then Best Execution will be owed by the Bank to that Client. Where the consideration of the above factors concludes that a Client is not legitimately relying on the Bank, then Best Execution will not apply.

Best Execution factors and criteria

In achieving the best possible result the Bank will take into account the following factors/criteria; price, costs, speed, likelihood of execution and settlement, size, nature and/or any other relevant order execution consideration.

The Bank will generally give price the highest relative importance amongst execution factors when obtaining the best possible result for orders executed on a Client's behalf. However, the Bank is also required to take into consideration a range of other factors, including the need for timely execution, availability of price improvement, the liquidity of the market (which may make it difficult to execute an order), potential price impact, the size of the order, the nature of the financial transaction (including whether or not such transactions are executable on a regulated market, over-the-counter, or via either route) and the quality and cost effectiveness of any related clearing and settlement facilities.

Execution venues

In limited circumstances the Bank may use an execution venue in order to execute a Client order. Only the Bank's equity derivatives business executes transactions in this way. The table below provides a list of execution venues the Bank may use:

Asset Class	Region	Execution Venue
Equity derivatives	Global	Eurex
		ICE
		MEF

The Bank may also transmit a Client order to another broker or dealer (located outside of the EEA and could include both affiliate entities and/or third party brokers) for execution, in which case the Bank will either determine the ultimate execution venue itself on the basis described in this summary document, and instruct the other broker or dealer accordingly, or will satisfy itself that the other broker or dealer has arrangements in place to enable the Bank to comply with its Best Execution obligations to the Client.

The Bank will always take steps not to structure or charge commission in such a way as to discriminate unfairly between execution venues.

Types of transactions where Best Execution has limited scope

In some cases the application of the Best Execution obligation may be limited by the nature of the order given by the Client, for example, in the case of highly structured transactions. The Best Execution obligation applies only in very limited form, to highly structured off-exchange transactions where, due to the unique contractual structure entered into between the Client and the Bank, it is not possible to provide any comparisons with other transactions or instruments. MiFID recognises that different considerations apply where the transaction involves a customised OTC Financial Instrument tailored to a Client's circumstances. Although Best Execution may strictly apply, there is little or nothing against which to compare the transaction. This position applies if the transaction is: (i) an OTC transaction; (ii) highly structured/customised to the particular Client; (iii) not one of a series of similar deals to which the Bank is a counterparty; and (iv) not comparable to any other transaction in the market.

Specific instructions

Where a Client provides the Bank with specific instructions, including specifying the characteristics of a bespoke product, either relating to an order or a particular aspect of an order, the Bank will execute so far as is reasonably possible in accordance with those instructions. This may prevent the Bank from taking some or all of the steps that have been put in place to obtain the best possible result for the execution of a Client's order with respect to the elements impacted by such specific instructions.

In the absence of express instructions from the Client, the Bank will exercise its own discretion, having regard for the terms of the Client's order in determining the factors that it needs to take into account for the purpose of providing Best Execution.

Monitoring and review

The Bank will monitor the effectiveness of its execution arrangements and the Execution Policy and assess on a regular basis whether the execution venues it has selected provide for the best possible result for orders it executes on your behalf.

The Bank will review the Execution Policy and its order execution arrangements at least annually.

The Bank will also notify you of any material changes to its order execution arrangements or the Execution Policy; such notification may be made via the following website: www.santanderpcb.co.uk