

**Santander UK plc and  
Abbey National Treasury Services plc**  
Client Information relating to our  
Order Execution Policy

This document sets out the Order Execution Policy and approach to providing best execution, as required by Directive 2014/65/EU ("MiFID II") for the Wholesale division of Santander UK plc ("San UK") and Abbey National Treasury Services plc ("ANTS") (herein referred to as "SGCB UK"). This Policy will be reviewed on at least an annual basis and may be subject to event driven review where we deem it appropriate.

## Who does the policy affect?

This policy affects both Professional and Retail Clients (as defined in MiFID II) of SGCB UK (henceforth referred to as Client(s) or You) in relation to the handling and execution of your orders in Financial Instruments (MiFID II<sup>1</sup>). We do not owe best execution to Eligible Counterparties and draw a distinction between how we will treat Retail and Professional Client orders. This policy therefore does not apply to the execution of orders on behalf of Eligible Counterparties.

## What is best execution?

Best execution is the requirement to take all sufficient steps to obtain the best possible result on a consistent basis when either executing transactions on your behalf or using other affiliates or brokers to execute transactions on your behalf, taking into account the following execution factors:

- Price;
- Costs;
- Speed;
- Likelihood of Execution and Settlement;
- Size; and Nature of the transaction; or
- Any other consideration relevant to the execution.

This obligation applies on an on-going basis, and should not necessarily be limited to a single transaction in isolation. For each asset class listed in the appendices below, we have considered how the factors influencing execution quality combine in the specific circumstances to produce the most favourable outcome for you.

## In which circumstances will we be obliged to provide best execution to our Clients?

### Financial Instruments

This policy only applies in respect of financial instruments in the scope of the best execution obligations under MiFID II (at Annex I Section C), including securities, financial contracts, such as options, forwards, futures and swaps, whether publically listed or not.

Spot transactions, including those in FX, are not regarded as "financial instruments" and will not therefore be subject to this policy.

### Retail Client Orders

In relation to Retail Client Orders, SGCB UK 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.

When executing a Retail Client order in the absence of specific client instructions, we will take into consideration all factors that will allow us to deliver the best possible result in terms of the total consideration, representing the price of the financial instrument and the costs related to execution (including all expenses incurred which are directly related to the execution of the order (such as execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order)), but will not include our commission or mark-up.

Notwithstanding the above, the other execution factors (set out below) will also be considered, but will only be prioritised over price/cost considerations if they are fundamental to delivering the best possible result in terms of total consideration.

## Professional Client Orders

In relation to Professional Clients dealing in Financial Instruments, best execution is owed when SGCB UK accepts an order to execute a transaction on your behalf (acting as agent) or when the circumstances demonstrate that the client legitimately relied upon SGCB in relation to the execution of the transaction, or where it has otherwise expressly agreed to accept such best execution obligation.

Subject to the application of the below tests, when SGCB UK provides quotes or negotiates a price with you, SGCB UK will start from the presumption that we do not owe you best execution. The applicability of any Best Execution obligation will be assessed through the application of the European Commission's Four-fold Cumulative Test (the "Test") in order to determine whether or not a Client is placing 'legitimate reliance' on SGCB UK 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. To determine whether or not you are placing legitimate reliance on us, in accordance with the directive, we will assess the following:

- **Which party initiated the transaction** – In the event that you initiate the transaction it is less likely that you are placing legitimate reliance on us. In circumstances where we provide you with input into the structure of a transaction or any indications on pricing or trade ideas or investment recommendations, we do not deem this to be initiating the transaction;
- **The market practice and the existence of a convention for clients to "shop around"** – This applies in respect of market practices, where we believe that should you so wish, you will be able to access a range of providers to obtain a price in the same or a similar instrument. In general, this is how we consider the majority of transactions with professional clients would be executed;
- **The relative levels of price transparency within a market** – In circumstances where pricing information is transparent and it is reasonable that you have access to such information, it is less likely that you will be placing legitimate reliance on us; and
- **The information provided by you and any agreement reached** – Where any agreements or arrangements with you (including the provisions within this policy) do not indicate or suggest that an understanding has been reached that you will place any legitimate reliance on us or we has agreed to provide best execution.

If circumstances demonstrate that a Professional Client places legitimate reliance upon us, then an obligation of best execution will be owed by SGCB UK to that Professional Client. Where the consideration of the above factors concludes that a Professional Client is not placing legitimate reliance on SGCB UK, then best execution will not apply.

## Execution Venues

Unless formally agreed in advance, SGCB UK will act exclusively as a principal when dealing with your request to trade and will, generally, be considered the execution venue for such order. As such, we will not be routing orders to any external venues on your behalf, but will monitor the achievement of best execution achieved on SGCB UK (applying the factors set out in this policy), by considering (where relevant) information published by similar "execution venues" under the MiFID II best execution requirements or any other relevant data.

The orders under this policy will be executed outside of a trading venue (and you have consented to the execution to this). This means that your order will not be carried out in accordance with the rules set out in MiFID II in respect of trading venues, including pre-trade transparency requirements. Additionally, when entering into transactions with you as a Principal, and outside a trading venue, any price quoted to you could include a consideration of the impact on us of counterparty risk, credit risk, liquidity risk etc. These risks will likely be reflected as part of the all-in price at which we are prepared to deal.

As best execution obligations apply to all financial instruments, irrespective of whether they are traded on trading venues or OTC, we will gather relevant market data in order to check whether the OTC price offered for a client is fair and delivers on best execution obligation.

The venues named in the annex to this are not used to directly route your order to an external party, but may be used by us from time to time to hedge the risk we assume when entering into a transaction with you. In this regard we may be placing reliance on these venues when considering the manner in which we handle your request. For the avoidance of doubt we do not act as a matched principal unless formally agreed in advance.

Separately, to the above venues where we hedge orders we will make public both the top five execution venues in term of trading volumes where client orders have been executed in the preceding year and information regarding the quality of execution of certain financial instruments (this will be published on our relevant website page).

## Types of transactions where best execution has limited scope:

### Specific Instructions

When you give us a specific instruction pursuant to any aspect of your order, the execution of this instruction will be considered to be best execution in that regard. It is important to note, that our order execution policy is designed to obtain the best possible result (on a consistent basis) for the execution of orders where a Best Execution Obligation arises. It is possible that a specific instruction from you may prevent us from following our policy precisely. Specifically, where we receive an instruction from you 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 portion 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

## Execution Factors

In relation to a Retail Client Order, or as a Professional Client Order when you have placed legitimate reliance on us in the execution of a transaction (or we otherwise owe best execution to you), we must take into account defined criteria for determining the relative importance of the execution factors:

- The characteristics of the client including the regulatory categorisation of the client;
- The characteristics of the relevant order;
- The characteristics of the financial instruments that are subject to the order; and
- The characteristics of the execution venues to which that order may be directed (where applicable).

In the absence of specific instructions, we will with due consideration to the criteria listed, generally give the highest prioritisation to all-in net price. This is the price at which SGCB UK will enter into a transaction with you exclusive of any associated external fees or charges applicable by venues, clearing houses, agencies or administrative fees.

Every order will however, be subject to evaluation in respect of the liquidity of the underlying market and the impact both on the client and the market structure. This will entail, in certain market scenarios, giving prioritisation to a number of other factors, such as the size of the transaction, the speed at which the order may be executed and finally the likelihood of attaining execution.

## Systems & Controls

The firm operates a three lines of defence model consisting of Business, Oversight & Challenge Functions and Audit which help ensure we provide Best Execution, on a consistent basis, where such an obligation applies. SGCB UK monitors the effectiveness of its execution arrangements, relevant policy framework and assesses on a regular basis whether the execution venues it has selected provide for the best possible result for orders it executes on your behalf.

SGCB UK will review the Execution Policy and its order execution arrangements at least annually or on an event-driven basis where it deems it appropriate. SGCB UK will also notify you of any material changes to its order execution arrangements or the Execution Policy; such notification may be made via its website: <http://www.santandergcb.co.uk>

SGCB UK, where an "execution venue" (under MiFID II and specifically Commission Delegated Regulation (EU) 2017 575), will publish relevant data on execution quality, including in relation to price, costs, likelihood of execution. Separately, SGCB UK will make public both the top five execution venues in terms of trading volumes where client orders have been executed in the preceding year and information regarding the quality of execution of certain financial instruments. This information will be stored on the website and can be accessed via the following link: <http://www.santandergcb.co.uk>

## ANNEX I

### Generic Prioritisation of Factors by Asset Class

The firm acts primarily as a provider of liquidity on a quote driven basis. On occasion we may accept a resting order, where by resting order we mean a commitment on your part to enter into a transaction that is not immediately executable. Where this is not accompanied by specific instructions on how you wish the order to be executed, we will assume some degree of discretion has been accorded to us. Your order entitles us to book the resulting transaction to you without need to further confirm the details prior to doing so. In such an instance we will assume that we owe you best execution due to the reliance placed on us. We will not in any circumstance, act as a broker agent or intermediary on your behalf and the satisfaction of your demand will occur when we are able and ready to enter into a transaction with you as a principal.

For Professional Clients, we will consider that best execution is owed on OTC interest rate derivatives, only in circumstances where you are placing legitimate reliance on us. On a transaction by transaction basis we will assess whether that circumstance has arisen, in accordance with the European Commission's four considerations.

In circumstances in which best execution is owed we will give consideration primarily to any factors which may delimit its scope. Therefore we will consider any elements of specific instruction, and where those are fulfilled we will regard ourselves as having provided best execution for that element. In the instance where we have from you discretion on any aspect of the order we will consider the nature and complexity of your order to determine how to provide you with the best possible outcome. In most instances we will consider all factors and endeavour to provide the most effective combination of them all to you.

### Definition of Price

When we execute transactions via Voice or EFX, the price offered by us is an "all-in" price. This means that the price takes into account, among other things, the currency, size of the order and market conditions (such as liquidity and volatility). Such price may also include a discretionary margin applied by us to cover relevant business costs, such as its cost of capital, credit costs, execution venue and settlement fees. Apart from these elements, we may also modify its prices for risk management purposes to encourage trades that result in a reduction of risk in our trade portfolio.

### Interest Rate Derivatives

In respect of liquid markets, and, in the absence of specific instructions we will execute your order by giving consideration, ranked in order, to:

1. Size
2. Price
3. Likelihood of execution and settlement

The remaining factors will be given an equal ranking but in certain circumstances market conditions may dictate that we give a different ranking, and in these cases we will endeavour to make you aware of this in the pre-trade phase.

In markets that are illiquid and where transparency and size is less available we would rank the factors accordingly

1. Likelihood of execution and settlement
2. Price
3. Size

### Cash Bonds

In respect of liquid markets, and, in the absence of specific instructions we will execute your order by giving consideration, ranked in order, to:

1. Speed
2. Size
3. Price
4. Likelihood of execution and settlement

The remaining factors will be given an equal ranking but in certain circumstances market conditions may dictate that we give a different ranking, and in these cases we will endeavour to make you aware of this in the pre-trade phase.

In illiquid markets where the lack of depth and transparency is a feature we would rank the factors as follows:

1. Likelihood of execution and settlement
2. Price
3. Size

### FX Spot

Spot FX is not a financial instrument, and therefore will not be considered in scope of MiFID II best execution requirements. We are however, as an authorised firm, bound to the principles established by our regulator, as well as any other regulations or common practices applicable to the spot FX market. We have under a separate document published a disclosure on how we operate in the spot FX market.

## FX Forwards

Best execution obligations are unlikely to apply, in the professional market, where you have asked us for a quote (RFQ), as we generally take the view that in the context of the European Commission's four considerations there is no legitimate reliance being placed on us to meet the relevant best execution requirements. For highly illiquid currencies and tenors, some degree of legitimate reliance may exist on your part. In any event where you provide us with a Specific Instruction, such as the price and size of an order, or whether you wish to receive partial fills where applicable; to the extent that we follow such instructions, we have satisfied any best execution requirements with respect to that aspect of the order.

Where no such specific instruction exists, we will endeavour to provide you with the best outcome by assessing the factors in the following order:

1. Price
2. Size
3. Likelihood of execution and settlement

The remaining factors will be given an equal ranking but in certain circumstances market conditions may dictate that we give a different ranking, and in these cases we will endeavour to make you aware of this in the pre-trade phase.

## FX Options

It is unlikely that for FX Options you will be owed best execution where we deal on an RFQ basis. In the event that you can be deemed to place legitimate reliance on us for the execution of FX options transactions and where there is no specific instruction to the contrary we will endeavour to provide you with the best outcome by assessing the factors in the following order:

1. Price
2. Size
3. Speed

The remaining factors will be given an equal ranking but in certain circumstances market conditions may dictate that we give a different ranking, and in these cases we will endeavour to make you aware of this in the pre-trade phase. Given the nature of the options market as opposed to cash instruments such as spot and forwards, we would assume that general market conditions in terms of overall market depth and liquidity as well as volatility of the underlying will play an important role in determining how we proceed to obtain the best possible outcome for you.

## Money Markets and Securities Financing Transactions in Scope of MiFID

In the event that you may be deemed to be placing legitimate reliance on us in respect of money market transactions and securities financing transactions, where there is no specific instruction to the contrary we will endeavour to provide you with the best outcome by assessing the factors in the following order

1. Size; and Nature of the transaction
2. Price
3. Costs;
4. Likelihood of Execution and Settlement
5. Speed

It should be noted that in the majority of circumstances, the top three far outweigh the bottom two for these products.

## Annex II

SGCB UK places significant reliance upon Execution Venues to obtain the best possible result for the execution of client orders. For the avoidance of doubt these are not venues to which we route your orders but are venues on which we place reliance for formulating the price we quote to you.

RETAIL CLIENT ORDERS	
Asset Class	Execution Venue
Interest Rate Derivatives	ANTS
Bonds	ANTS SAN UK

PROFESSIONAL CLIENT ORDERS	
Asset Class	Execution Venue
FX	Banco Santander, S.A
Money Markets	SAN UK ANTS