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BNP Paribas Global Markets:

Global Markets Trading Practices

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This document sets out the way in which the Global Markets Division of BNP Paribas ('Global Markets') undertakes trading activities when acting as a market maker or a counterparty in wholesale fixed income, currency, commodity and equity transactions, including but not limited to securities, derivatives and other financial instruments. This document does not apply to the following services, which are the subject of separate written agreements with Global Markets where relevant: prime brokerage, client clearing, advisory, fiduciary and/or agency services. Private side activity is also not addressed in this disclosure.

This document complements any other disclosure and is subject to any specific agreement that the Global Markets Division may provide to or agree with its Clients; further terms specific to foreign exchange and commodity derivatives products are addressed in BNPP's "Spot Foreign Exchange Trading Practices" and "Commodity Derivatives Trading Practices" [*https://globalmarkets.cib.bnpparibas/disclosures*].

This document may be updated from time to time to address legal, regulatory, market or industry developments or changes to internal policies, procedures or practices.

Any questions with respect to this document should be directed to bnpp.gm.trading.practices@uk.bnpparibas.com.

Trading Capacity

Global Markets acts in a principal capacity when transacting with Clients, and as such:

- Global Markets acts on its own behalf as a counterparty entering into arm's length transactions.
- Global Markets does not act generally as agent, fiduciary, financial advisor or in any similar capacity on behalf of a Client. Any statements made via Global Markets in its communications to Clients should not be construed or relied upon as advice or recommendations; our Clients should assess the appropriateness of any transaction independently and act in accordance with their evaluation of the transaction's merit.
- Global Markets will take on one or more risks in connection with the transaction, including market and credit risk.

In limited instances, Global Markets may execute certain transactions on a "riskless principal" basis, where Global Markets is not exposed to market risk but retains other risks, e.g. credit risk when transacting with another market participant.

Global Markets also trades to manage its own inventory, which may occur concurrently when trading with Clients. This inventory management can have an impact on the prices we offer Clients and the availability of liquidity.

Since Global Markets engages in many activities across different regions and business lines, actual or perceived conflicts of interest may arise. Where conflicts of interest have been identified, Global Markets will manage them in line with applicable laws, rules and/or regulations as well as internal policies and procedures.

Market Making

Global Markets acts in a principal capacity when acting as a market maker. Market making involves a person or firm routinely standing ready to enter into transactions for their own account at prices determined by them and, where applicable, in accordance with the rules of a relevant trading venue on which transactions are concluded. When a transaction takes place between a Client (or other Market Participant) and Global Markets, this results in the instantaneous transfer of market risk between the parties. Market making activities may include:

- Providing liquidity to Clients and other Market Participants by quoting two-way prices for certain markets, by voice or through application programming interfaces (APIs), single and multi-dealer platforms, inter-dealer brokers, and exchanges;
- Managing inventory;
- Hedging to manage positions accumulated as a result of engaging in market making activity.

Order Management

In addition to market making, Global Markets may also accept and manage Client orders. An order is a firm instruction placed by a Client to buy or sell a financial instrument with specific details around size, price, quantity, level or direction (including at market) as well as any known timing constraints such that no further action is required to establish the Client's obligation to execute that order. Clients submitting orders may have their orders handled either electronically or manually.

Where relevant, Clients have the ability to provide specific instructions for orders or submit orders whereby some of the details of the execution are left to the discretion of a trader.

When Global Markets accepts that it will "work" an order for a Client, it will endeavour to achieve the outcome requested including any price, time and size parameters requested by the client. Receipt of an instruction to work an order does not transfer risk from the Client to Global Markets until the transaction execution is confirmed with the Client.

There are various factors that may affect how orders are executed, including, but not limited to:

- Existing inventory;
- The prevailing market liquidity and market conditions;
- Other Client orders.

The fact that a level specified in an order that has been left with us by a client has traded in the market is not a guarantee that the order has been filled. As principal, Global Markets attempts to execute an order to make an appropriate return on the transaction if possible, taking into account Global Markets' position, including its inventory strategy and overall risk strategy. Global Markets will use its professional judgment based on available market information to determine whether a limit for a limit order has been reached. Clients may receive a partial fill of an order absent explicit instruction otherwise.

All orders are accepted and worked in the order in which they are received by an execution channel (i.e., voice or electronic), the only exception being some specific instances where orders can be aggregated including, but not limited to, for FX fixing orders and equity cash execution. This means that two orders in the same direction and at the same level will be worked on a first come first served basis. This also means that an order received for voice execution may be executed after a similar order that was received via an electronic channel, even if the electronic order is received after the voice order due to the speed of straight through processing.

Whenever possible, the time-stamping of orders is applied when the order is accepted. However, consistent with market practice, orders that are amended or cancelled and resubmitted will be re-prioritised at the time of the amendment or resubmission.

Mark up and fees

When acting in a principal capacity Global Markets will provide an 'all-in' price or spread to Clients. This "all in" price or spread may be inclusive of any mark-up, costs or fees (includes exchange related fees and transaction based fees) that are associated with the transaction. Factors affecting the mark-up include costs, resources, the size and nature of the transaction, and the counterparty.

Pre-Hedging and Risk Management

Pre-hedging refers to principal trades executed at our own risk in anticipation of a Client trade with the intention of achieving a better outcome for the Client. When a Client indicates an interest in a potential transaction or provides Global Markets with a request to enter into a transaction, Global Markets may use that information to engage in pre-hedging and hedging activities (where permitted by relevant rules and regulations). Clients will not, as a matter of routine, be provided with further notification of Global Markets' intention to pre-hedge on a request by request basis. Any Client that does not wish for Global Markets to pre-hedge their request must notify their salesperson in writing. Global Markets may manage its risk and any subsequent hedging either via voice trading or automated strategies.

When acting for issuers in respect of new bond issuances, Global Markets may execute transactions (sometimes known as 'Risk Management Transactions', RMTs[1]) that could potentially affect your interests through movements or increased volatility in the bond, a reference rate or other relevant financial instrument. These RMTs are typically executed in or around the pricing window, after allocations are made. Issuers may instruct Global Markets to execute RMTs in order to hedge against movements in a reference rate or other relevant financial instrument, as well as to alter their funding profile. Global Markets may also execute RMTs in or around the pricing window in order to manage its own risk and cash flow exposure, or it may receive similar instructions or orders from other Clients seeking to manage their risk and cash flow exposure related to the issuance (or otherwise).

Benchmarks and Reference Price Transactions

Global Markets contributes data to calculation agents and benchmark administrators, who in turn may use those contributions to calculate a benchmark rate. Global Markets may engage in transactions and accept orders that reference a benchmark rate, including for benchmarks in respect of which it makes data contributions.

Global Markets may also accept and manage a Reference Price Transaction (RPT) for relevant products. This is a transaction whereby all terms (financial instrument, buyer, seller, notional, settlement date, etc.) except the execution price are agreed and specified at the outset of the

[1] *Risk Management Transactions for New Issuance standard for the Fixed Income markets, July 2018* (www.fmsb.com)

transaction. When transacting RPTs Global Markets acts in a principal capacity and observes market practices and relevant industry standards, included but not limited to, FMSB Standards[2].

Clients should be aware that the use of such references may create potential conflicts of interest for Global Markets.

Primary Dealer Auctions

Global Markets is a primary dealer for a number of government debt issuers. As a result, Global Markets may have a number of obligations including responsibility for participating in government bond issuances, accepting client bond auction orders, and acting as a market maker in related instruments. Global Markets may also place orders on its own behalf in such instruments.

Barrier Options

As an active participant in the market, there may be situations where routine hedging or trading activity undertaken by Global Markets may unintentionally impact the movement of the underlying reference price of a barrier option.

Market Data Determination

Global Markets will endeavor to determine in good faith and in a commercially reasonable manner the highs and lows of traded products in accordance with prevailing market practice. For observable exchange traded markets, Global Markets will take into account the highs and lows of the exchange within that determination.

Information Handling

Global Markets has arrangements in place designed to protect and safeguard Client information in accordance with applicable local laws, rules and regulations. Client information will be handled with due care and diligence in accordance with such arrangements.

Unless otherwise agreed, Global Markets may:

- Make appropriate use of the economic terms of Client information in order to effectuate and risk manage transactions, for example in sourcing liquidity in anticipation of counterparty needs, executing hedging or risk-mitigating transactions, and/or managing associated market risk. It will not disclose the Client name in these circumstances.
- Appropriately disseminate sufficiently aggregated and anonymised Client information, to contribute to the provision of market colour, including on the general state of market conditions and/or in forming a market view. Such information will be disseminated appropriately, and Client confidentiality will not be compromised.

In addition, as a regulated entity, Global Markets may also be required to disclose Client information to our regulators and/or other public authorities.

[2] *Reference Price Transactions standard for the Fixed Income markets, November 2016* (www.fmsb.com)