

Wells Fargo UK Best Execution and Client Order Handling Policy

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1. Purpose

This document (the “Policy”) forms the [Wells Fargo UK Best Execution and Client Order Execution Policy](#) and sets out the arrangements that have been established to confirm that Wells Fargo UK’s execution arrangements comply with Wells Fargo UK imposed standards and applicable jurisdiction regulatory requirements with respect to best execution and client order handling.

Information on this Policy is made available to clients and updated as necessary on the Wells Fargo UK website at <https://sites.wf.com/emea/disclosures-and-disclaimers.html>.

2. Scope

This Policy applies to Wells Fargo Securities International Limited (“WFSIL”) and Wells Fargo Bank, N.A. - London Branch (“WFBNA-LB”) (collectively “**Wells Fargo UK**”).

This Policy apply only to transactions in “[Financial instruments](#)” and only applies to business conducted with Professional Clients (“Clients”) (as classified by Wells Fargo UK).

3. Summary

When Wells Fargo UK executes a transaction with a client, it will either be [acting on the client’s behalf](#), or [dealing](#) with the client as an arm’s length counterparty. If Wells Fargo UK executes a transaction on a Client’s behalf, it will provide “best execution”.

4. Understanding Best Execution

4.1 Legitimate Reliance

“**Best Execution**” is the requirement that Wells Fargo UK must take all sufficient steps to obtain the best possible result for its Clients, taking into account price, costs, speed, likelihood of execution and settlement, size, nature and/or any other consideration relevant to the execution of an order or any other scenario where Clients place legitimate reliance on Wells Fargo to protect their interests (“Execution Factors”).

- 4.1.1** When Clients decide to deal with Wells Fargo UK against quoted prices, the presumption is that such Clients do not place legitimate reliance on Wells Fargo UK to provide best execution. A Client should contact Wells Fargo UK where it believes there is legitimate reliance on Wells Fargo UK to provide best execution, so that an appropriate assessment can be made.

- 4.1.2** For the purposes of this Policy, the term “[Execution Venue](#)” shall include regulated markets, multi-lateral trading facilities (“MTFs”) and organised trading facilities (“OTF”s), systematic internalisers (“SIs”); market makers, and other liquidity providers

4.2 Asset / Product Classes

- 4.2.1** Wells Fargo UK divides its client order execution capabilities within divisions determined by asset/ product class. In respect of some classes Wells Fargo UK will act primarily as dealing, in respect of others it may also act on behalf of clients.
- 4.2.2** Appendix 2 provides an overview of when and how Wells Fargo UK will provide Clients with best execution across different asset/product classes. Employees in each business area must be aware of the general position but must consider each transaction on a case-by-case basis to identify instances where the circumstances of the transaction differ from the general position.

4.3 Execution, reception and transmission of orders

- 4.3.1** When Wells Fargo UK is acting on a client’s behalf, it will either handle resting orders as detailed in this Policy, or may, at its discretion pass such orders to another firm(s) to execute. Such other firm(s) may be connected or affiliated with Wells Fargo UK. In these circumstances, Wells Fargo UK will make certain that the other firm has arrangements in place to enable Wells Fargo UK to comply with this Policy. In the case the other firm is outside the UK, Wells Fargo UK will require that orders are executed according to local rules and regulations.

4.4 Best Results

- 4.4.1** Wells Fargo UK is required to take sufficient steps to obtain the best result for its clients (provide “best execution”) when executing orders on behalf of clients. Wells Fargo UK will meet this requirement by considering all relevant Execution Factors and the characteristics of the: client; order; financial instrument(s) that is the subject of the order; and venues on which the order can be executed.
- 4.4.2** Best execution does not mean obtaining the best price for every client order; rather it means Wells Fargo UK obtaining the best possible result that can reasonably be expected (directly or indirectly) on a consistent basis in line with the resources that are reasonably available. When passing orders to Execution Venues and third parties for execution Wells Fargo UK will meet its best execution obligations by selecting execution venues and entities where the quality of execution is such that Wells Fargo UK can consistently achieve best execution.

4.5 Specific Instructions from Clients

- 4.5.1** When Wells Fargo UK receives a legitimate instruction from a Client, which covers one part or aspect of an order by specifying how an order is to be executed with respect to one or more execution factors, Wells Fargo UK must execute the order following the specific instruction while still considering the relevance of the other execution factors so as to meet Wells Fargo UK’s best execution obligations in respect of any other part or aspect of that order which is not covered by the specific instruction.
- 4.5.2** Wells Fargo UK must not induce a client to instruct it to execute an order in a particular way, by expressly indicating or implicitly suggesting the content of the

instruction to the client, when Wells Fargo UK ought reasonably to know that an instruction to that effect is likely to prevent it from obtaining the best possible result for that client. However, this should not prevent Wells Fargo UK from inviting a client to choose between two or more specified trading venues, provided those venues are consistent with Wells Fargo UK's execution policy

4.6 Execution Venues

4.6.1 When Wells Fargo UK executes orders on a client's behalf it must select execution venues that consistently allow it to achieve the best result.

Venues can be:

- Regulated Markets (usually exchanges where companies have their securities listed or admitted to trading and also those exchanges where derivatives are listed and traded);
- Multi-lateral Trading Facilities ("MTF"s) and Organised Trading Facilities ("OTF"s);
- Systematic Internalisers ("SI"s); investment firms which on an organised substantial frequent and systematic basis deal on own account by executing client orders outside a trading venue (i.e. regulated market, MTF or OTF); or
- Market makers and other liquidity providers that have similar functions to any of the above (which include non-UK regulated markets and exchanges).

4.6.2 Execution venues may avail themselves of applicable pre- and post-trade transparency waivers, as applicable.

4.7 Over The Counter (OTC) and Express Consent

4.7.1 Orders executed other than through the order books of a UK trading venue (or an equivalent third country venue) are considered as OTC executions. This Policy provides for OTC executions including the possibility that orders may be routed to Wells Fargo UK or an affiliate acting as an Execution Venue. Business groups must receive express consent from the client in order to proceed to execute OTC Client orders. Wells Fargo UK may seek express consent by way of general agreement (for example, within the Terms of Business, stand-alone consent letter), or individually in relation to specific transactions.

4.7.2 Express consent is not required for an OTC execution in situations where the relevant financial instrument is not listed on or admitted-to-trading on a UK trading venue.

4.8 Execution in OTC Products

4.8.1 Before executing orders or taking decisions to deal in OTC products, including bespoke products, Employees must systematically check the fairness of the price being offered to the client. Employees may consider gathering market data used in the estimation of the price and, where possible, comparing it using proprietary or third-party vendor analytical tools with similar or comparable products in order to confirm fairness.

4.8.2 These systematic checks are designed to confirm that Wells Fargo UK is able to justify all OTC pricing decisions and that any judgements or decisions are taken with the clients' best interests in mind and are not biased by actual or perceived conflicts of interest.

4.9 OTC Risk Factors

- 4.9.1** There are some consequences of trading OTC that clients should be aware of. Wells Fargo UK's Clients should inform themselves and take advice where appropriate regarding these consequences. By way of example, and not an exhaustive list, consequences of trading OTC can mean that transactions are not carried out subject to the rules of a UK trading venue, that counterparty risk may arise if the transactions are not cleared, that transparency obligations which are discharged by a trading venue fall to the OTC counterparts to discharge.

4.10 Execution venues chosen by and relied upon by Wells Fargo UK

- 4.10.1** A non-exhaustive list of the venues chosen by and substantially relied upon by Wells Fargo UK and which it considers will consistently provide for the best result when executing orders on behalf of clients, are listed at Appendix 1. The venues listed also include those where Wells Fargo UK may execute client orders where no best execution obligation is owed. The venue list includes Wells Fargo UK when it acts as dealer. The list may include venues where there is no alternative for the financial instrument in question and non-UK venues subject to non-UK rules and regulations.
- 4.10.2** Where competing venues are possible, business groups may use Transaction Cost Analysis tools provided by third party vendors, both ex-ante to assess and ex-post to verify best execution is consistently achieved and to provide formal analysis of execution quality.
- 4.10.3** Where only a single execution venue is possible, for example in the case of listed non fungible futures and options, the venue selection process will reflect the absence of choice. Wells Fargo UK will route orders in such instruments to the relevant (single) venue, and execution of the order in compliance with the venue's applicable rules and trading procedures will be regarded as achieving the best result when acting on a client's behalf.
- 4.10.4** Where there is more than one execution venue for a financial instrument but only a single execution venue is selected, Wells Fargo UK must evidence its reasonable expectation that the selected execution venue is able to consistently provide the best results for clients. The evidence must include the following:
- the execution quality data set out in Wells Fargo UK annual Best Execution report; and
 - a review, annually or more frequently if appropriate, of whether new execution venues, functionalities and execution services have been developed in order to determine whether the decision to select a single venue continues to be justifiable.

4.11 Review of new Execution Venues

- 4.11.1** Wells Fargo UK will monitor, review, and assess the choice of Execution Venues on at least an annual basis. In carrying out the monitoring and review, Employees will:
- consider relevant sources of data; and
 - benchmark the value of expected aggregate price improvements by adding a venue and comparing the expected outcomes against an assessment of any additional direct, indirect or implicit costs (to the extent that such costs would be directly or indirectly passed on to clients), counterparty or operational risks.
- 4.11.2** Wells Fargo UK does not receive fees, rebates, or inducements from Execution Venues, except as disclosed in this Policy. Wells Fargo UK will also take steps not to

structure or charge its commissions in such a way as to discriminate unfairly between execution venues.

4.12 Execution where there are competing chosen venues

- 4.12.1** Where there are multiple chosen UK venues capable of executing an order (as listed in Appendix 1) Employees must assess and compare the following factors on an ex-ante basis:
- the results that would be achieved for the client by executing the order on each listed execution venue;
 - the costs of executing the order on each listed execution venue; and

Wells Fargo UK's own commissions, if any, on each listed execution venue.

4.13 Execution where there is a single venue

- 4.13.1** Employees must submit the order to the relevant venue in compliance with the venue rules and procedures, taking into account any specific client instructions.

5. Execution Strategies

5.1 Order Routing

- 5.1.1** Wells Fargo UK will normally send or route a resting order to one or more execution venues, directly or via a member of the relevant venue(s) or via an affiliate, chosen in accordance with this Policy.
- 5.1.2** The decision-making process concerning the routing of an order may take into account as appropriate the 'Execution Factors' of price, costs, the financial instrument, speed, size, confidentiality, likelihood of execution and settlement, or any other relevant consideration.
- 5.1.3** Orders may at Wells Fargo UK's discretion be reviewed during their execution life cycle and amended, for example by changing the venue choice or by the amounts of order sent to any particular venue or combination of venues, where this is considered appropriate or desirable for best execution purposes. Where there is only one venue this may not be possible.

5.2 Use of Affiliates

- 5.2.1** It is common practice for global financial services / banking groups to use shared services. Shared services may include Information Technology, risk management, clearing and settlement. Wells Fargo UK uses shared services. Shared services are documented pursuant to outsourcing arrangements, and appropriate service level agreements are in place between the users and providers of group shared services.
- 5.2.2** Wells Fargo UK uses the services of affiliates to access non-UK markets. Affiliates may be used in an intermediary, in a dealer, or liquidity provider capacity. Fees paid for such affiliate use may be rebated back to Wells Fargo UK in whole or part.

5.3 Determining the relative importance of execution factors

5.3.1 Price

The factors can vary from asset / product class on a case-by-case basis and by individual client. Wells Fargo UK can be instructed by clients as to their preference. For example, clients may instruct Wells Fargo UK that the most relevant execution factor is price meaning that in taking sufficient steps to achieve the best result for its client a greater weighting will be allocated by Wells Fargo UK to price. By way of contrast an order placed “at market” will have a greater weighting given to the execution factor of ‘speed’ (of execution).

Absent any instruction to the contrary, Wells Fargo UK will assign the greatest weight to price and cost for all asset / product classes.

Client Confidentiality

Wells Fargo UK treats all client orders as confidential. Publication of client resting orders to one or more execution venues may not always result in the best result being achieved, particularly if the financial instrument is not liquid, and / or the order is Large in Scale “LiS” or above the Size Specific to the Instrument “SSTI”.

Shares

Client limit orders in respect of shares which cannot be immediately executed orders must be made public unless the client instructs otherwise. Unless we are notified to the contrary in writing, we will have received express instructions from our clients (pursuant to our Terms of Business or otherwise) not to publish unfilled limit orders, unless we decide in our discretion to do so.

Debt

When Wells Fargo UK receives a resting client order in an illiquid financial instrument or in a size larger than LiS or SSTI, it will generally use only itself as the execution venue to fill such an order so as to avoid any possible information leakage concerning the size and nature of the client order.

5.4 Execution Strategies

- 5.4.1** Depending on asset/product class, Wells Fargo UK offers various order execution strategies, including algorithmic strategies. More details are provided in the asset/product class section of this document.

5.5 Client Characteristics

- 5.5.1** Wells Fargo UK must take into account certain client characteristics, such as understanding and experience of the market in question, dealing profile, the nature of the execution service required and the specific and general instructions given which may prioritize how orders are sent, routed or executed.

6. Policy Review

6.1 Regular monitoring and review

- 6.1.1** Wells Fargo UK will monitor, review, and assess this Policy’s effectiveness at least an annual basis, and whenever a material change occurs which may affect Wells Fargo

UK's ability to consistently achieve the best result using a chosen venue. Changes to the execution arrangements following from such monitoring will be made as Wells Fargo UK considers appropriate.

The review will include an assessment of the UK execution venues listed in [Appendix 1](#) to confirm that they provide the best possible result for clients.

7. Client Order Handling

7.1 How Wells Fargo UK provides for prompt, fair and expeditious execution of client orders

7.1.1 Employees must execute comparable client orders promptly and sequentially, unless the characteristics of the order or prevailing market conditions make this impossible or impracticable, or the interests of the client require otherwise. In all instances, Employees must treat clients fairly.

Orders will not be treated sequentially if they are received by different media, for example, one order is received by telephone and another order by electronic means.

7.1.2 Employees must:

- allocate all client orders promptly and accurately;
- record all client orders promptly and accurately at the point of receiving the order and at the point of its execution; and
- not act in any way on information obtained from, or related to, pending client orders which would amount to misuse of that information.

7.2 Aggregation of client orders

7.2.1 Employees must only aggregate a client order with another client order or with an own account transaction if it is unlikely that:

- the aggregation will work overall to the disadvantage of any client whose order is to be aggregated; and
- the allocation of the related trades will be carried out in a way that is detrimental to the client.

7.3 Allocating client orders

7.3.1 Wells Fargo UK must allocate all orders fairly and not give preference to any one client over another. Wells Fargo UK must allocate partially executed aggregated orders on a fair basis. Allocation of partially executed orders will be affected primarily on the basis of the time that the relevant orders were received and a secondary consideration will be the relative sizes of the respective orders. In all instances, Wells Fargo UK must treat all clients fairly.

7.3.2 If Wells Fargo UK has aggregated client orders with any Wells Fargo UK own account orders and it cannot complete the total order, the client orders must be filled first - unless it can show that without Wells Fargo UK's participation the order could not have been filled on such favorable terms or at all. In these circumstances, Wells Fargo UK may allocate the order to its account as appropriate. Should this be the case, Wells Fargo UK must document the reasoning behind this decision.

8. Communications with Clients

8.1 Client Consent

This Policy should be read alongside Wells Fargo UK Terms of Business related to Investment Services and Ancillary Services. By entering into a contract with Wells Fargo UK for investment services or by giving Wells Fargo UK orders for execution, a Client is deemed as giving its consent to this Policy unless Wells Fargo UK is expressly notified otherwise.

8.2 Client Enquiries

8.2.1 Wells Fargo UK will respond within a reasonable time frame to all Client requests to (i) demonstrate it has executed a particular transaction in accordance with this Policy or (ii) provide information about Wells Fargo UK's execution arrangements.

8.2.2 When providing a response on behalf of Wells Fargo UK, Employees must only provide information strictly related to the specific order or transaction subject to the client's request and steps must be taken to maintain the confidentiality of Wells Fargo UK, its clients and competitors, and Employees.

Responses to such enquiries must be agreed with the relevant Business Desk Head.

Appendix 1

Execution Venues Utilized by each Asset / Product Class

Asset / Product class	Execution Venues / brokers used for Client orders	Additional Execution Venues chosen by Clients
Debt instruments (a) Bonds, Government, Municipal, Agency and Corporate (incl. Convertible, HY and ABF) (b) Money market instruments	Wells Fargo UK	Marketaxess Tradeweb Bloomberg
FX / Currency Derivatives (a) Futures and options admitted to trading on a trading venue (b) Swaps, forwards and other currency derivatives	Wells Fargo UK	360T FX All FX Go
Interest rate Derivatives Swaps, forwards and other interest rate derivatives	Wells Fargo UK	
Securities Financing Transactions	Wells Fargo UK	
US Equities – shares and depositary receipts	Various USA Execution Venues including: NYSE, Level ATS, Wells Fargo Securities LLC, NYSE Archipelago,	

Asset / Product class	Execution Venues / brokers used for Client orders	Additional Execution Venues chosen by Clients
	<p>Union Bank of Switzerland ATS, NASDAQ, BATS, IEX Exchange, NYSE ARCX, Nasdaq OTC Bulletin Board</p> <p>These Execution Venues are accessed via our affiliate Wells Fargo Securities LLC which may also act as Execution Venue.</p>	

Appendix 2

Overview of Best Execution by Asset / Product Class

The following section provides an overview of when and how Wells Fargo UK will provide Clients with best execution across different asset/product classes. Employees in each business area must be aware of the general position but must consider each transaction on a case-by-case basis to identify instances where the circumstances of the transaction differ from the general position

Asset / Product class	Description	Application
Debt	Government, Agency, Corporate (incl Convertibles, HY and ABF)	<p>Wells Fargo UK current business model is to act primarily as a dealer.</p> <p><u>Out-of-scope</u></p> <ul style="list-style-type: none"> ▪ We consider that Best Execution is generally not owed in respect of RFQ transactions entered into on a principal basis. ▪ Clients typically initiate transactions by requesting quote/dealing prices. <p>Clients generally have the ability to “shop around” and place no reliance on Wells Fargo UK.</p> <ul style="list-style-type: none"> ▪ The prices quoted are “all-in” prices. No further costs are charged. <p><u>In Scope:</u> When Clients leave resting orders, or place reliance on Wells Fargo UK.</p>
OTC Financial derivatives	Interest rate and currency derivatives, including forwards, options and swaps.	<p>Wells Fargo UK current business model is to act primarily as a dealer.</p> <p><u>Out-of-scope:</u></p> <ul style="list-style-type: none"> ▪ We consider that Best Execution is generally not owed in respect of RFQ transactions entered into on a principal basis. ▪ Clients typically initiate transactions by requesting quote/dealing prices. <p>Clients generally have the ability to “shop around” and place no reliance on Wells Fargo UK.</p> <ul style="list-style-type: none"> ▪ The prices quoted are “all-in” prices. No further costs are charged. <p><u>In Scope:</u></p>

Asset / Product class	Description	Application
		When Clients leave resting orders, or place reliance on Wells Fargo UK.
US Equities	Shares and depository receipts	<p>Wells Fargo UK current business model is to offer an execution only service for US Equities. Client orders are sent to a USA affiliate, Wells Fargo Securities LLC for placing onto various US execution venues, or for execution itself as an execution venue. Any dual listed shares between the USA and UK will be executed in the most liquid market unless instructed otherwise.</p> <p><u>In Scope:</u> All client orders.</p>
Securities Financing Transactions	Repo's / Reverse Repo's	<p><u>Out-of-scope:</u></p> <ul style="list-style-type: none"> ▪ We consider that Best Execution is generally not owed in respect of repurchase transactions entered into on a principal basis. ▪ Clients typically initiate transactions by requesting quote/dealing prices. <p>Due to the nature of the repo market, Clients generally have the ability to “shop around” and place no legitimate reliance on Wells Fargo UK.</p> <ul style="list-style-type: none"> ▪ There are relative levels of price transparency in the market.

Appendix 3: Glossary

Best Execution

is the requirement that Wells Fargo UK must take all sufficient steps to obtain the best possible result for its Clients, taking into account price, costs, speed, likelihood of execution and settlement, size, nature and/or any other consideration relevant to the execution of an order or any other scenario where Clients place legitimate reliance on Wells Fargo to protect their interests (“Execution Factors”).

Client limit order

is an order to buy or sell a financial instrument at a specified price limit or better and for a specified size.

“Dealing” or “dealing as counterparty”

is where Wells Fargo UK deals as an arm’s length counterparty as principal against proprietary capital, without giving any undertaking to provide best execution, without legitimate reliance being placed upon Wells Fargo UK, and not in relation to the execution of a resting order. This includes where Wells Fargo UK, in response to client requests, provides quotes/prices upon which a client can deal, and the client decides to deal with Wells Fargo UK at one or more of those quoted prices.

Employee

means

- all employees of the Wells Fargo group contracted to work or assigned to in relation to Wells Fargo Securities International Limited, and Wells Fargo Bank, N.A. - London Branch, regardless of whether the employee is classified as full-time, part-time or otherwise; and/or
- all third party service providers, as defined in the Enterprise Third-Party Risk Management Policy, contracted to work in relation to Wells Fargo Securities International Limited, and Wells Fargo Bank, N.A. - London Branch, to the extent that the terms of their engagement require compliance with this Policy.

Executing an order on behalf of a client

is where a client has placed a resting order, or Wells Fargo UK deals as principal and not as agent but assumes similar duties to those of an agent. This includes where Wells Fargo UK executes a resting order as principal (riskless or against proprietary capital) or has been given authority to exercise discretion to deal on a client’s behalf and Wells Fargo UK explicitly agrees to this authorization.

Execution venue

is a regulated market, an MTF, an OTF, a systematic internaliser, or a market maker or other liquidity provider or an entity that persons a similar function in a third country to the functions performed by any of the foregoing.

Financial instruments

are those instruments listed at Annex I, Section C of the UK Markets in Financial Instruments Directive (MiFID).

Own account transaction

is a principal transaction using Wells Fargo UK's proprietary capital.

Resting Order

is a client order the terms of which mean it is not immediately executable.

Trading venue

is a regulated market, a MTF or an OTF.

Wells Fargo UK

means any one or more of the following entities of Wells Fargo & Co:

- Wells Fargo Securities International Limited; and
- Wells Fargo Bank, N.A. – London Branch.