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EEA EQUITIES ELECTRONIC ORDER HANDLING QUESTIONNAIRE

PREAMBLE

- This Equities Electronic Order Handling Questionnaire ('Questionnaire') has been created through the collaborative effort of the members of The Investment Association (TIA) and the Association for Financial Markets in Europe (AFME) ('Associations').

- The purpose of the Questionnaire is to establish a common, non-exhaustive, framework for the request for information from clients to their electronic trading service providers.

- The scope of the Questionnaire is limited to equity/equity-like European Economic Area ('EEA') securities which are traded through a regulated firm based in the EEA, unless otherwise specified.

- The responses refer to the securities mentioned above which are traded through electronic trading systems only.

- The information provided in response to this questionnaire is strictly confidential and for the benefit of the recipient firm and its affiliates only.

- The responses to these questions are valid for professional clients, unless otherwise specified in the specific response.

- The information is valid at the point in time when it is provided.

- The liability regime for the Questionnaire is established by the Disclaimer included in Annex II, which is provided by the responding electronic trading service provider.

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AFME: represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. We advocate stable, competitive, sustainable European financial markets that support economic growth and benefit society.

AFME is the European member of the Global Financial Markets Association (GFMA) a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) in Asia.

AFME is listed on the EU Register of Interest Representatives, registration number: 65110063986-76.

The Investment Association: represents UK investment managers. It has over 200 members who manage more than GBP 5 trillion for clients around the world, helping them to achieve their financial goals. Its aim is to make investment better for clients, companies and the economy so that everyone prospers.

The Investment Association is listed on the EU Register of Interest Representatives, registration number: 5437826103-53.

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QUESTIONNAIRE

A GENERAL

A.1 When answering this questionnaire on your electronic trading capabilities, which countries in the EEA are covered?

A.2 Please list any non-EEA countries that are covered by the responses to the Questionnaire.

A.3 Are client orders advertised on the day of trading? If so, please explain the procedures around this.

A.4 Are client trades advertised on the day of trading? If so, please explain the procedures around this.

B BEST EXECUTION AND VENUE SELECTION

B.1 Please provide a summary of your best execution policy and any further detail about how you deliver best execution.

B.2 Do you have an in-house algorithmic trading solution, or do you utilise (white label) third-party products?

B.3 Do you offer a Smart Order Router (SOR)?

B.4 Is your SOR developed in-house? If not please explain what customisation (if any) you have over its behaviour logic?

B.5 List all the pre-trade transparent venues (Regulated Markets and MTFs) your algorithmic strategies and/or SOR currently access.

B.6 List all the non-displayed liquidity sources (BCN, SIs, non-displayed MTFs, electronic market makers and other sources of liquidity) your algorithmic strategies and/or SOR currently access.

B.7 List all the venues you access where you are not a member and access via a third party or affiliates.

B.8 Do you target multiple venues in parallel?

B.9 Describe how you monitor that your SOR delivers best execution.

B.10.a Please describe how your SOR routes.

B.10.b Specify how your SOR accesses to internal and external sources of liquidity, and if you preference any source.

B.10.c Do you delegate any routing decisions to third parties?

B.11.a Do you provide values for tag 29, 30 and 851 for each child order execution?

B.11.b If no, please explain why.

B.11.c Are there additional FIX tags your firm may populate to a client that indicate any information regarding the status of another client's order?

B.12.a When populating tag 30, do you use MIC/MMT codes? Do you identify non-displayed liquidity sources to your clients?

B.12.b If you do not use MIC/MMT codes please explain why and provide a list of codes used.

B.13.a Please list which of the venues you access aggregate orders to fulfil minimum quantity.

B.13.b If you use the functionality of aggregating orders to fulfil minimum quantity, how does this impact on your routing?

B.13.c Do clients have the option to opt-out from this functionality?

B.14 Does any venue you access receive or transmit order information to other destinations or participants via liquidity indications or IOIs?

B.15 Please describe your minimum fill size protocol – is there a default? Are they dynamic per venue? Are they customisable per client request?

B.16 Are there venues you connect to but where your firm either do not post or do not take?

B.17 Please explain the process for switching off a venue or adding a venue, the frequency of such actions, and at what point this would be communicated to the client. If you neither add nor remove venues, please explain why.

B.18 Are you able to still apply SOR in the event that the primary exchange goes down?

B.19 Can you switch off venues per client request?

B.20 Have you ceased trading on a venue for a period of greater than 1 month in response to execution quality concerns in the last 5 years?

B.21 Do you in any way preference one venue over another? If so, please explain why.

B.22 Is your routing influenced by shareholding or any other benefit or compensation?

B.23 How do you monitor latency of order routing and market data connectivity to exchanges, and how does this impact routing?

B.24 How do you ensure prompt processing of incoming electronically transmitted orders received by your desks?

B.25 [Please see Annex I - Client Specific Questions] Question re the specific client trading activity on each venue for the previous calendar year.

C ALGORITHMIC TRADING:

C.1 List all the algorithmic strategies currently available to the client, including material drivers, and briefly describe their purpose. Please attach brochure/provide link.

C.2.a Do your algorithmic strategies reference primary or consolidated volume data?

C.2.b How do you calculate consolidated volume data? What do you include and exclude?

C.3 Do you offer trading algorithm customisation?

C.4 Do high-touch traders use the same algos when executing clients orders? If not, please explain the differences.

C.5.a Without client customisation request, do any of your algorithms in any way behave differently based on commission rates or the client?

C.5.b Within algo trading do you offer different speeds to market depending on the client type, commission paid or volume traded?

C.6 Please describe the inbuilt controls that would protect the client from external negative events (flash crash, fat-fingers by 3rd parties etc.) and how these differ between strategies/material drivers (internal negative events covered in risk & controls)

C.7 Do you support Conditional Order Types and, if so, in what circumstances are they used?

C.8 Explain the process for maintaining and improving an algorithmic strategy or SOR's performance, including how regularly you make changes to the variables / factors driving the algorithmic strategy?

C.9   Explain the process for communicating material changes of variables / factors driving the algorithmic strategy / SOR to clients. In which circumstances would you communicate changes?

C.10 Which customer preferences that are applied to direct client use of algorithms are also applied to orders worked via algos by high-touch sales traders?

D   NON-DISPLAYED LIQUIDITY SOURCES (BCN AND/OR MTF)

D.1   Do you have a BCN or a non-displayed MTF?

D.2   How do your non-displayed liquidity sources measure the best bid/offer and any other reference?

D.3   Are you registered as Systematic Internaliser (SI)?

D.4.a Please describe the governance framework for monitoring your non-displayed liquidity sources.

D.4.b Please explain how you manage the execution quality in your non-displayed liquidity sources.

D.5.a Please give an overview of the sources of liquidity, types of participant in your non-displayed liquidity sources.

D.5.b Can third party brokers access to your non-displayed liquidity sources?

D.5.c Are you able to access to third parties' non-displayed liquidity sources?

D.5.d Please explain how internal/ principal flows access your non-displayed liquidity sources, how these flows are categorised/tiered.

D.5.e Please explain how you categorise/tier participants/flows in your non-displayed liquidity sources.

D.5.f Please describe how you regularly maintain analysis of client "tiers" and how often changes are made.

D.6   Can/do you, internal or external participants market-make in your non-displayed liquidity sources? How are these flows/participants categorised/tiered?

D.7.a Does your firm internalise client order flow vs. your principal flow? Can clients opt out of trading with your principal order flow?

D.7.b   What choice does your client have regarding who they interact with in your non-displayed liquidity sources?

D.8   Can your clients collocate close to your non-displayed liquidity sources? If yes, what are the advantages?

D.9.a   List the algo strategies which do not interact with your non-displayed liquidity sources.

D.9.b   Do any of these interact with external non-displayed liquidity sources?

D.10   Does your non-displayed liquidity sources distribute IOIs externally?

D.11   Please list all order types used in your non-displayed liquidity sources? Are some reserved for certain types of client?

D.12   What systems do you have in place for market disruption/volatility protection?

D.13   Are you able to control/set a minimum fill size in your non-displayed liquidity sources?

D.14   How does your minimum order size functionality work?

D.15   Have you ever restricted the trading of a participant in your non-displayed liquidity sources as a result of execution quality concerns?

E   TCAS / POST-TRADE ANALYSIS

E.1   Do you have capability to offer TCA? Real time?

E.2   Do you provide post-trade analysis detailing the venues you have traded with? If not, why not?

F   CLIENT CONFIDENTIALITY

F.1   Do you have real time monitoring of client orders?

F.2   Which part of the firm is tasked with monitoring the electronic order flow?

F.3   Do you execute orders with any affiliates? If yes what additional controls do you have in place to ensure conflicts are managed?

F.4   Do you have controls / processes / procedures in place to ensure client anonymity?

F.5.a Which departments of your firm have the abilities to see orders (and related execution information) traded via the electronic trading channel, and in your non-displayed liquidity sources?

F.5.b Can any other desks see client execution order flow which is not routed to that desk for execution? If yes, what can they see and what is the rationale? Are there any controls in place to restrict cash traders acting/trading on client order flow? If no, how is this policed?

F.6 How is permission monitored to ensure that when an employee changes his/her role within your firm, his/her privileges are reviewed as well?

F.7 Are Client ID's internally abbreviated or coded for anonymity?

F.8.a Is any of you clients' information accessible to parts of your operations based outside the EEA?

F.8.b Are any of your operations outsourced to entities based outside the EEA? If so, please specify to whom.

F.9.a What is your firm's approach to communicating internally and/or externally, aggregated information about client electronic orders and trading activity intra-day, whether via reports or via data feeds?

F.9.b How does your firm determine which subset of clients or internal desks/individuals receive this data?

G   RISKS AND CONTROLS:

G.1 Please describe the team structure for electronic trading including roles and responsibilities.

G.2 What standard hard reject checks do you carry out on client orders?

G.3 What standard soft hold checks do you carry out on client orders?

G.4 Do you have fair value mechanics built into your algo strategies / SOR / non-displayed liquidity sources?

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ANNEXES

ANNEX I – CLIENT SPECIFIC QUESTIONS

The information included in this Annex is related to the trading activity of the specific client

Sample Question:

B.24 For previous calendar year (e.g. 2014) what was your division of notional trading on each venue?

ANNEX II – DISCLAIMER

Electronic Trading Service Provider's specific disclaimer to be inserted here.