

Cardano Execution Policy

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Introduction

The requirement to provide our clients with this Disclosure Statement forms an essential part of the structural changes being made to the marketplace by the implementation of the Markets in Financial Instruments Directive 2 ("MiFID2"). It is also a key component in Cardano's ongoing effort to provide transparency to our clients on our business practices.

Cardano will endeavour to provide clients with a competitive execution capability of the highest quality, designed to deliver efficient execution services in a cost-effective manner. Our primary objective in handling your orders will be to deliver the best possible result on a consistent basis. Note that we only provide execution services to professional clients.

We have established and implemented arrangements, including an order execution policy, which are designed to allow us to obtain the best possible result for your orders. Information about the order execution policy that applies to Cardano is set out below.

The quality of execution

When executing orders on your behalf in relation to financial instruments as defined by MiFID, we will take all sufficient steps to achieve "best execution" of your orders. This policy describes the procedures that are designed to obtain the best possible result for your orders, subject to and taking into account any specific instructions from you, the nature of your orders and the nature of the markets and products concerned.

While we will take all sufficient steps based on the resources available to us to satisfy ourselves that we have processes in place that can reasonably be expected to lead to the delivery of the best possible result for our clients, due to the nature of the OTC market we cannot guarantee that we will always be able to provide best execution of every order executed on your behalf, particularly where you give us specific instructions as to all or part of your order. Furthermore, in times of extreme stress in the market we can deviate from our execution policy if that would render better execution results to you.

Execution of Orders

We owe a duty of best execution when we execute orders on your behalf. We consider ourselves to be typically in receipt of an order and acting on your behalf where an execution instruction is given to us that gives rise to contractual or agency obligations owed by us to you or where we execute an order on your behalf in the exercise of discretionary management services.

Where you provide us with a specific instruction in relation to your entire order, or any particular aspect of your order, we will execute the order in accordance with your instructions. However, please note that if you provide us with a specific instruction, this may prevent us from following some or all of the steps in our order execution policy that are designed to obtain the best possible result for the execution of your orders. In following your instructions, we will be deemed to have taken all sufficient steps to provide the best possible result in respect of the order or aspect of the order covered by your specific instructions. Therefore, if you require your order to be executed in a particular manner and not in accordance with our execution policy, you must clearly state your desired method of execution when you place your order. To the extent that your specific instructions are not comprehensive, we will determine any non-specified components in accordance with our order execution policy.

Cardano will never act as a counterparty to trades, including OTC trades.

Execution venues

For each product in which we execute orders on behalf of clients we have included in our order execution policy those venues or sources of liquidity that enable us to obtain on a consistent basis the best possible result for the execution of client orders.

In meeting our obligation to take all sufficient steps to obtain on a consistent basis the best possible result for the execution of your orders, we may use one or more of the following venues and counterparty types when executing an order on your behalf:

- Regulated Markets (RM);
- Multilateral Trading Facilities (MTF)
- Organised Trading Facilities (OTF), when available
- Systemic Internalisers (SI, parties that match client' orders internally, not via exchanges)
- Third party investment firms acting as a Market Maker or other liquidity providers (LP);
- Firms and Investment Banks providing and arranging OTC derivative contracts (Inv. Banks);
- Dealers in the OTC markets;
- The providers of collective investment vehicles.

All venues will be considered for each order. Note that if we trade outside a Regulated Market, clients can be exposed to counterparty risks. These are mitigated by the exchange of collateral. More information will be provided on request. We will assess which of these venues are likely to provide the best possible result for our clients on a product-by-product basis. We distinguish between the following classes of financial instruments and venues:

Instrument category	Instruments used in category	Venues considered
Interest rate derivatives	Swaps, forwards & other interest rate derivatives	MTF, SI, LP, Inv. Banks, Dealers in the OTC markets, OTF
	Futures & options admitted to trading on a trading venue	RM
Inflation linked derivatives	Inflation linked swaps	MTF, SI, Inv. Banks, Dealers in the OTC markets, OTF
Equity derivatives	Futures & options admitted to trading on a trading venue	RM
	Swaps, options and other equity derivatives	RM, SI, Inv. Banks, Dealers in the OTC markets, OTF
Credit derivatives	Futures & options admitted to trading on a trading venue	RM
	Other credit derivatives	RM, SI, Inv. Banks, Dealers in the OTC markets, OTF
Currency derivatives	Futures & options admitted to trading on a trading venue	RM
	Swaps, Forwards and other currency derivatives	MTF, SI, Dealers in the OTC markets
Debt instruments (cash) instruments	Bonds	MTF, SI, Dealers in the OTC markets
	Money Market instruments	MTF, SI, Dealers in the OTC markets
Securities Financing Transactions	Repo/reverse repo	MTF, SI, Dealers in the OTC markets
	Securities lending	MTF, SI, Dealers in the OTC markets
Commodity derivatives instruments	Futures & options admitted to trading on a trading venue	RM
	Other commodity derivatives	SI, Inv. Banks, Dealers in the OTC markets
Exchange Traded Funds	ETF in several asset classes	RM, MTF, SI, Dealers in the OTC markets

The names of the execution venues used are listed in the Annex.

When selecting dealers in the OTC markets for specific transactions we use a long list of selection criteria including items referring to (i) price, (ii) counterparty creditworthiness, (iii) counterparty risk budget (iv) long term commitment to the specific market, (v) reputation and specialism in the specific product and (vi) flexibility in documentation. Cardano warrants and represents that it is independent from any product provider and does not supply any OTC products itself.

In case of execution of OTC orders (including bespoke products) we will check the fairness of the price proposed to the client by gathering market data used in the estimation of the price of such product and when possible, by comparing with similar or comparable products.

In certain financial instruments, there may only be one execution venue, and in executing a trade in such circumstances we will presume that we have provided the best possible result in respect of these types of financial instruments.

Execution factors

In the absence of specific instructions from you, we may consider the following factors to determine the way your order will be executed:

- Price;
- Costs;
- Counterparty risk, creditworthiness and liquidity
- Document and collateral flexibility for OTC derivatives
- Speed;
- Likelihood of execution or settlement;
- Market impact;
- Size of your order;
- Nature of your order;
- Any other consideration relevant to the efficient execution of your order, e.g. clearing arrangements or rules on trading intervention.

We will determine the relative importance of each factor using the following criteria:

- The characteristics and nature of your order, including whether any specific instructions are given;
- Your characteristics (including your regulatory client categorization);
- The characteristics of the financial instruments that are the subject of your order;
- The characteristics of the execution venues to which your order can be directed.

Ordinarily, price will merit a high relative importance in obtaining the best possible result for professional clients. However, the most important factors, especially for OTC derivatives, will depend on the type of instrument being traded. In determining the relative importance of the execution factors Cardano will apply its commercial judgement and expertise. For example, in the execution of a large order, minimising market impact might be more important than price.

The quality of the execution on the venues considered is analysed by benchmarking against mid-market prices of instruments traded. Monitoring whether the best price is achieved is done by comparison of received quotes against realised prices.

This Best Execution Policy is monitored continuously and will be amended if changing market conditions make this Policy no longer efficient. The Policy is evaluated at least annually.

Summary

When executing transactions on behalf of professional clients, we begin by selecting the execution venue. Execution venues are selected using selection criteria including price, trading costs, liquidity, counterparty risks, speed and likelihood of execution. After selecting a venue, we send a request for quote or indication of interest either by voice or electronically. All received quotes are analysed and checked against the original order. Normally we will trade at the best possible price, but other factors like counterparty risks can prevail in certain circumstances.

After the trade is done, the transaction costs incurred are determined using mid-market benchmarks. The benchmarks are set using observable market prices, executed transactions and internal models. All transaction costs are recorded and used in analyses of execution. The quality of the execution is predominantly determined by the realised transaction cost and the market impact (if any). Periodically, but at least once per annum, the venues and counterparties are evaluated using hit scores.

Annex Names of the venues used

A list of execution venues considered by Cardano is set out below. We may use other execution venues, add or remove any venue from the list where we determine it is appropriate to do so.

Instrument	Venues	Selection criteria
Interest rates	Tradeweb, Eurex, CBOT, CME, Sydney, ICE	Liquidity and pricing
Currencies	FX All	Liquidity and pricing
Commodities	CME, ICE	Liquidity and pricing
Equity	Eurex, CBOE, Hongkong Futures Exchange, Singapore Futures Exchange, ICE-LIFF, CME futures, Montreal Futures Exchange	Liquidity and pricing
Debt cash	Tradeweb	Liquidity and pricing