

Our Approach to Order Handling and Execution

1. Introduction

The purpose of this disclosure is to detail certain aspects of the trading relationship between you and Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH (“us”, “we”, “our”) and to disclose our relevant practices when acting as a dealer, on a principal basis, in the gilt markets.

We do not trade in an agency capacity nor do we act as fiduciary, financial advisor or in any similar capacity on behalf of a counterparty. Therefore, we do not undertake or accept any of the duties or obligations that an entity acting in such a capacity would ordinarily perform. Our sales and trading personnel, including any electronic solutions via which you interact with us, do not act as brokers or agents to a counterparty. Acting in a principal capacity, we generally operate in “request for quote” markets and provide you with a quote in a particular financial instrument.

Trading as principal in the gilt markets, we may have proprietary positions in, and/or may make markets in these instruments. We also may make price submissions and price requests that contribute to the official closing price or other reference prices for these instruments. These trades and positions and our price submissions and price requests may affect the price you obtain on any quote or order for gilts that you place with us.

We, and our group of companies, and our directors, officers, employees, associates and agents may have an interest in any securities or financial product mentioned in this communication. We have internal systems, controls and procedures to ensure that conflicts of interest are identified and appropriately managed.

Any transaction which you enter into with us is on the basis that you are able to make your own independent evaluation based on your own knowledge, experience, and any professional advice which you may seek in relation to the financial, legal, regulatory, tax or accounting aspects of the proposed transaction.

2. Order handling and execution

For certain products in the gilt markets we may be willing to accept an “order” (as such term is used herein) from you at a specific price, value or market level. Whether we will agree to accept your order is completely at our discretion.

Where we are willing to accept an order from you, the price at which we would do so may include a mark-up over the price at which we have transacted, or may have been able to transact, in the market. We will inform you of any mark-up in advance.

Orders include: “limit orders”, which are orders to buy or sell when the market reaches a specified level; “at best” or “market” orders to buy at the best rate available; and “benchmark” orders to buy or sell at a reference price established by a third party at a particular point in time.

For the avoidance of doubt, requests for quotes, price streams or quotes, call levels, and indications of interest are not orders as we do not consider you have given us an instruction to buy or sell a financial instrument that contains all the information which we require to deal with you.

When your order is accepted, we input it into our order management system and a time stamp is applied as soon as practicable. We record the time of any execution of your order, and we manually execute client orders.

Unless we have expressly agreed otherwise in the terms of execution, we will exercise our discretion appropriately in executing your order, including whether to execute all or part of the order unless we have otherwise expressly agreed to different terms of execution. This means we may interact with the market prior to a level being breached, in order to achieve a level that is close to your order.

If there is not sufficient market liquidity your order may be partially filled, unless you have informed us that a partial fill is not acceptable.

We aim to execute your order fairly and promptly relative to other orders and our own account transactions. In the event that we receive multiple orders for the same product, we will execute the orders sequentially as they were received, unless the characteristics of the order or prevailing market conditions make this impracticable.

If you have any specific instructions, always ensure these are agreed before placing your order. Unless we have expressly agreed otherwise with you, all orders are considered live or ‘good’ until the close of the trading day or until you withdraw or cancel the order in good time prior to us executing that order with you.

3. Relationship with other documents

This disclosure supplements any other disclosures or agreements regarding such matters as we may provide to you or agree with you including, without limitation, any terms of business, if applicable, any master agreement for financial transactions between us, our other general disclosures as a swap dealer, our risk disclosures or such other disclosures as may be provided to you by us from time to time. This disclosure is not intended to conflict with or override any relevant law, regulatory rule or other applicable requirement in any jurisdiction in which we deal with you.

If you have any questions about our gilts product offering in general please contact your Commercial Banking Markets representative.

Lloyds Bank is a trading name of Lloyds Bank plc, Lloyds Bank Corporate Markets plc and Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH. Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH is a wholly- owned subsidiary of Lloyds Bank Corporate Markets plc. Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH has its registered office at Thurn-und-Taxis Platz 6, 60313 Frankfurt, Germany. The company is registered with the Amtsgericht Frankfurt am Main, HRB 111650. Vat number: DE321667438. Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH is authorised and supervised by the Bundesanstalt für Finanzdienstleistungsaufsicht (“BaFin”).

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