



Toyota Tsusho Metals Limited

Order Handling and Execution Policy

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1. PURPOSE

Toyota Tsusho Metals Limited (“TTM” or “The Firm”) is authorised and regulated in the UK by the Financial Conduct Authority (“FCA”). The Firm is committed to adhering to all applicable legal and regulatory requirements. The purpose of this Policy is to set out TTM’s approach to ensure that its organisational arrangements and procedures enable it to comply with the relevant requirements related to order handling and best execution.

2. POLICY OVERVIEW

This document describes TTM’s Order Handling & Execution Policy (the “Best Execution Policy”), setting out the requirements imposed by the second Markets in Financial Instruments Directive (“MiFID II”) and the Financial Conduct Authority (“FCA”), with regards to the handling of client orders and the provision, where applicable, of best execution.

Under these Rules, where TTM executes client orders or routes or transmits orders for execution to another entity, including any affiliates, TTM is required to:

- Establish and implement policies and procedures, including this Best Execution Policy, to allow TTM to obtain the best possible result for its clients when executing client orders in Financial Instruments¹. This is the “best execution” rule.
- Implement procedures and arrangements which provide for the prompt, fair and expeditious execution of client orders.

3. EXECUTION FACTORS

When executing certain client orders, TTM is required to take all sufficient steps to obtain the best possible results for clients, taking into consideration the following “execution factors”, listed in no particular order of importance:

1. Price – what the best price available is in the market;
2. Cost – consideration will be given to both explicit and implicit costs of execution including but not limited to, trading venue fees, clearing fees, and commissions;
3. Speed – orders should be executed as promptly as possible, except where a better result may be achieved by delaying the execution. Clients should be informed at such time that it is best to delay the execution;
4. Likelihood of execution - consideration will be given as to whether an order can be executed in its entirety on a trading venue taking into account the prevailing liquidity of the relevant financial instrument;
5. Likelihood of settlement - consideration will be given as to whether the resulting trade can be settled according to client instructions;
6. Size – consideration will be given to the market impact of an order. For example, large orders may impact the prevailing market price or liquidity of the relevant financial instrument;

¹ As defined in Annex 1 of this Execution Policy



7. Nature of the client order – constraints relating to the execution of the order may impact the result obtained; and
8. Any other consideration that TTM considers relevant to the execution of an order.

TTM will determine the relative importance of each execution factor to achieve the best possible result by considering the following criteria:

1. The type of client (including regulatory client categorisation);
2. The characteristics of the client order (including type of transaction, size and likely market impact);
3. The characteristics of the financial instruments to which the order relates;
4. The characteristics of the execution venues (if more than one) where the client order can be executed; and
5. Any other circumstance that we deem relevant to the execution of the order.

The relative importance of each of the execution factors may vary according to the class of financial instruments to which your order relates.

In the absence of express instructions from a client, TTM will exercise its own discretion in determining the execution factors and relative importance.

In OTC markets, TTM will check the fairness of the price proposed to the client by gathering market data used in the estimation of the price of such products and where possible, by comparing that data with similar or comparable products.

TTM will use reasonable endeavours to act in accordance with this Best Execution Policy, but we do not guarantee that the best possible price will be obtained in all circumstances. There may be occasions when TTM changes the priorities of the execution factors where we determine that the best price may not lead to the best possible result for the client. For example, during a severe market disruption or in the event of a system outage other execution factors, factors such as “likelihood of execution”, may become a priority.

4. CLIENT CLASSIFICATION

TTM is only authorised to provide investment services to clients classified as either a Professional Client or an Eligible Counterparty. TTM is not authorised to provide investment services to any customer classified as a Retail Client.



5. CONSENT TO EXECUTION POLICY

As part of TTM's client onboarding and review process, TTM will seek to obtain the express consent of its clients to this Best Execution Policy prior to executing client orders. However, TTM will deem such consent to have been provided at such time that the client has been sent the Policy and subsequently gives TTM orders for execution.

6. EXECUTION VENUES

TTM is an LME Category 2 member and only ever executes on the London Metal Exchange (LME) via LMEselect (electronic), the Ring (open outcry) and the 24-hour telephone market.

Consequently, TTM operates no discretion in the choice of execution venue but instead will treat all client orders as specific instructions to execute transactions on the LME.

7. TRANSACTIONS OUTSIDE A TRADING VENUE

This policy provides for the possibility that client orders may be executed by TTM outside a trading venue. TTM will obtain prior express consent from its clients and may seek to do so either in the form of a general agreement or in respect of individual transactions.

Where TTM executes client orders outside of a trading venue this may result in additional risks, such as counterparty risk.

In the OTC markets in which TTM operates, it can only give clients visibility to prices that have been communicated to TTM by other clients that operate in the same market; accordingly, any "best outcome" will solely be within these limits. However, when executing orders or taking a decision to deal in OTC products, TTM 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, where possible, by comparing with similar or comparable products.

8. APPLICATION OF BEST EXECUTION

The best execution obligation always applies in circumstances where Professional Clients are placing legitimate reliance on TTM to protect their interests in relation to the execution of a transaction or where we have agreed a contractual obligation to do so. Legitimate reliance is determined by a number of factors and includes the "Four-Fold" cumulative test. Best Execution does not apply to Eligible Counterparties.

QUOTE DRIVEN MARKETS AND LEGITIMATE RELIANCE – THE FOUR-FOLD TEST



To determine whether best execution applies in respect of orders where a client has requested a quote, TTM will determine whether the client has placed a legitimate reliance on TTM to protect the client's interests in relation to the pricing, and other important elements of a transaction (the execution factors described above). In order to evaluate, TTM will apply the "Four-Fold" cumulative test which considers:

1. Which party initiates the transaction – where a client approaches TTM the client is less likely to place reliance on TTM;
2. Market practice and the existence of a convention to "shop around" – in certain markets there is a convention for clients to obtain quotes from a number of market participants to obtain a quote, which indicates the client is less likely to rely on TTM;
3. Relative levels of price transparency within a market – where a client has ready access to prices, they are likely to place less reliance on TTM;
4. Information provided by TTM, and any agreement reached between TTM and a client.

Where TTM determines, on the basis of all of these considerations, that there is no legitimate reliance being placed on us by the client then best execution will not apply.

9. AGGREGATION AND ALLOCATION OF ORDERS

In some circumstances, TTM may aggregate client orders with its own orders or those of other clients in order to improve the quality of execution. TTM will only do this where it can meet the following requirements:

1. It is consistent with the obligation of fair treatment of clients, and it is unlikely to work overall to the disadvantage of any client whose order is to be aggregated;
2. If the aggregation involves multiple client orders, TTM will allocate the orders fairly and will not give preference to one client over another and in any event orders will be filled on a first come first serve basis;
3. If TTM is aggregating client orders with its own orders, and the total orders cannot be completed, client orders will be completed or filled as a priority before TTM's own orders; and
4. If TTM can demonstrate on reasonable grounds that, without its own orders and client orders, it would have not been possible to complete or fill the client order on advantageous terms, or at all, TTM may allocate the order for its own account proportionally. TTM will document the reasoning behind any such decision.

10. SPECIFIC INSTRUCTIONS

Where a client provides TTM with a specific instruction in relation to all or part of an order, TTM will execute the order according to that instruction. In doing so, TTM will be treated as having satisfied its best execution obligations in relation to those parts of the order to which the specific instructions do not apply.



TTM will not induce a client to instruct it to execute an order in a particular way, by expressly indicating or implicitly suggesting the content of an instruction.

Where a client provides TTM with a specific instruction, this may prevent TTM from taking the steps designed to obtain the best possible result in the execution of that order. As noted above, all client orders will be treated as specific instruction to execute on the LME.

11. ELIGIBLE COUNTERPARTIES

Where TTM has classified a client as an Eligible Counterparty, TTM is not required to apply best execution. TTM will however always act in our client's best interests and must act honestly, fairly, and professionally and communicate in a way which is fair, clear and not misleading, taking into account the Eligible Counterparty's business.

12. DIRECT ELECTRONIC ACCESS

Where a client chooses to execute an order through Direct Electronic Access ("DEA"), it is usual for the client to select the specific parameters of the order (for example, price, venue, size, order type etc). TTM does not currently offer DEA.

13. THIRD-PARTY PAYMENTS

In accordance with FCA requirements and LME rules and guidelines, TTM discloses, based on the client's preferences and instructions, all costs and related charges that will apply in providing its services and strictly adheres to the rules on inducements.

TTM does not accept any third-party payments and therefore does not receive any remuneration, discount, or non-monetary benefit for routing client orders to the LME and will not permit such practice going forward. Such practice would violate inducement and conflict of interest requirements under MiFID II.

14. SETTLEMENT OF ORDERS

Where TTM is responsible for overseeing or arranging the settlement of an executed order, it will take all reasonable steps to ensure that any client financial instruments or client funds received in settlement of that executed order are promptly and correctly delivered to the account of the appropriate client.

15. GOVERNANCE AND REVIEW PROCESS



15.1 The Three Lines

TTM implements a three lines of defence approach to best execution governance. This policy acts as part of the first line, along with adherence to it and monitoring by the trading desk. Independent scrutiny is carried out by the Compliance team, which forms the second line. The third line is provided by senior management and oversight.

- **First line:** the ongoing monitoring of execution quality and 'first line' controls are undertaken by our trading desk. TTM's front-office staff fully understand our best execution policies and processes, seeking to deliver best execution on a consistent basis. TTM's trading desk has a suite of tools in order to assist in the delivery of best execution including trading systems. The first line monitoring of execution quality takes place on a daily basis, as well as ongoing monitoring occurring in real-time as the trading is taking place. The output of these checks is used in the second line monitoring described below.
- **Second line:** independent monitoring of the quality of execution is undertaken by the Compliance team as the 'second line of defence'. Testing is undertaken on a sample basis and if issues arise these are discussed with the trader in the first instance. Where immediate remedial action can be taken this is implemented and the results form part of the periodic reports submitted to the senior management team. Any actions which cannot be immediately rectified will be reported to the senior management team immediately.
- **Third line:** the senior management team is ultimately responsible for this policy and ensuring compliance with it. It bases its decisions on information provided to it by the first and second lines and, where appropriate, its own investigations. Senior management will meet on an ad hoc basis to deal with issues as they arise and, at least, annually to discuss and review this policy and the performance of TTM in complying with it over the last 12 months.

15.2 Review and Oversight of the Policy

The Best Execution Policy and TTM's execution arrangements are reviewed annually, or whenever a material change occurs that affects TTM's ability to continue to provide the best possible result for the execution of client orders. TTM will notify clients of any changes to the Best Execution Policy, by updating the client specific summary of this policy on TTM's website (<https://www.ttmembers.com/>).

16. MONITORING AND REPORTING

At a client's request, TTM will demonstrate that it has executed a client's orders in accordance with its policies and procedures. TTM will retain records of all requests to demonstrate best execution, as required by the FCA Rules.

17. CLIENT COMMUNICATIONS AND DISCLOSURE

17.1 Disclosure of Appropriate Information to Clients

It is an FCA requirement that TTM provides clients with 'appropriate information' on its Best Execution Policy, which explains how orders will be executed in a way that is clear, provides sufficient detail and



that can be easily understood by clients.

It is our aim that this document provides clients with that appropriate information but if you have any questions, please contact us at Compliance@ttmetals.com.

17.2 Demonstrating Best Execution to Clients and the FCA

TTM can demonstrate to clients, on request, that all trades have been executed in accordance with this policy and, where applicable, demonstrate, that best execution has been achieved.

TTM considers that this policy, along with the detailed monitoring of execution quality, daily reports uploaded to recognised repositories along with annually published reports and senior management oversight, are sufficient to demonstrate TTM's adherence to this Policy and to demonstrate more widely that TTM has taken all sufficient steps to provide best execution to its clients and that this has been delivered on a consistent basis.



ANNEX 1 – FINANCIAL INSTRUMENTS

1. Transferable securities.
2. Money-market instruments.
3. Units in collective investment undertakings.
4. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash.
5. Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event.
6. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled.
7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Section and not being for commercial purposes, which have the characteristics of other derivative financial instruments.
8. Derivative instruments for the transfer of credit risk.
9. Financial contracts for differences.
10. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF.
11. Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).



ANNEX 2 – EXECUTION VENUES AND EXECUTION FACTORS

1. Execution Venues

Venue Name
London Metal Exchange (LME)

2. Relative importance of the Execution Factors

Metals - LME Ring

- When executing client orders in the LME Ring, TTM considers the most relevant factors to be:
 - Price
 - Likelihood of execution and settlement.

The remaining execution factors – cost, speed, order, size, nature of the order and any other consideration relevant to the efficient execution of a client’s order are given equal ranking.

- Likelihood of settlement is not considered relevant as all execution venues have a central counterparty to ensure settlement / delivery.

Metals executed away from the Ring

- When executing client orders on LME but away from the Ring or on other markets, TTM considers the most relevant factors to be (in order of priority):
 - Price
 - Size
 - Speed
 - Liquidity
 - Type of order
 - Time of day
 - Complexity of order
 - Market risk

Likelihood of settlement is not considered relevant as all execution venues have a central counterparty to ensure settlement / delivery.

Whilst TTM will endeavour to follow the above, there are specific circumstances where our approach to the ranking of execution factors may need to be reassessed. These situations include, but are not limited to:

- **Large and/or illiquid transactions:** where the order is large and/or there is limited liquidity in the market, trades may be executed in a manner which: (i) prioritises likelihood



of execution and/or (ii) takes into account the size of the order to achieve a higher executed quantity.

- **Market crises:** where there is an interruption in trading or turbulent market conditions, speed and/or the likelihood of settlement may become the most important settlement factor.
- **Volatile markets:** where markets are seen to be particularly volatile then the speed of execution will be escalated in importance. This is because, in this situation, the price could move rapidly against TTM meaning that any delay in execution could result in either a worse price being achieved, or the order not being completed at all.