

|                          |                                                         |
|--------------------------|---------------------------------------------------------|
| <b>POLICY:</b>           | <b>Best Execution Policy</b>                            |
| <b>APPROVED BY:</b>      | The Board of Butterfield Bank (Channel Islands) Limited |
| <b>APPROVAL DATE:</b>    | 11 August 2026                                          |
| <b>SCOPE:</b>            | All execution only clients                              |
| <b>POLICY SPONSOR:</b>   | Head of Asset Management, CI                            |
| <b>NEXT REVIEW DATE:</b> | August 2027                                             |

## **1. POLICY STATEMENT**

Butterfield Bank (Channel Islands) Limited (“the Bank”) herein describes the way the Bank will execute Securities transactions on behalf of its clients to obtain the best possible result, the factors which will influence the manner of execution and details of the execution venues.

## **2. SCOPE**

This policy sets out the approach that the Bank applies to Best Execution as required by the relevant Codes of Practice issued by the Bank’s regulators (Guernsey Financial Services Commission and Jersey Financial Services Commission).

## **3. PRINCIPLES**

- a. The Bank will take reasonable steps to obtain the best possible result in the execution of a client’s Order, taking into account a number of Execution Factors (as described below).
- b. Where the Bank is provided with a specific instruction in relation to an execution of an Order, the Bank will act in accordance with that instruction wherever possible and in so acting will be deemed to have provided the client with Best Execution.

## **4. EXECUTION FACTORS**

In determining how each client Order will be executed the Bank will give consideration to the following:

- Price
- Cost
- Likelihood of execution and settlement
- Speed
- Size of Order
- Nature of the Order
- Market impact
- Any other consideration relevant to the efficient execution of the Order

Each of the factors will not necessarily be given equal weighting in the Bank’s evaluation of how to obtain the best possible result and the Bank will determine the relative importance of each of the factors by reference to the following criteria:

- The characteristics of the client including the categorization of the client
- The characteristics and nature of the client Order
- The characteristics of the financial instrument that is the subject of that Order
- The characteristics of the execution venues to which the Order can be directed

*Information Classification: Internal*



For the majority of Orders, Price and Cost are likely to be the most important factors, with the best possible result being determined in terms of the total consideration. This includes the price of the financial instrument and the costs relating to execution, such as execution venue fees, clearing and settlement fees, and any other applicable fees.

Implicit transaction costs such as the likelihood of execution and settlement, the size and nature of the order, and market impact, may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the client.

The Bank will not structure or charge its commissions in such a way as to discriminate unfairly between execution venues. The Bank will ensure appropriate transactional cost analysis is reviewed at least annually.

**5. CUSTOMER ORDER PRIORITY**

The Bank will deal with client and own account orders fairly and in due turn.

**6. TIMELY EXECUTION**

Once the Bank has agreed with a client or decided in its discretion to effect or arrange a client order, it will effect or arrange the execution of the order as soon as reasonably practicable in the circumstances, unless postponement is in the best interests of the client.

**7. FAIR ALLOCATION**

When allocating orders, the Bank will not give unfair preference to itself or to any client for whom they have dealt.

**8. AGGREGATION**

The Bank may only aggregate an order of a client with the order of another client or of the Bank where it is in the overall best interests of all the clients concerned, or any possible disadvantage has been disclosed to each client. Where the Bank aggregates client Orders it will only do so in circumstances where:

- No unfair preference is given to itself or to any client for whom it is dealing
- Execution costs are allocated on pro-rata basis relevant to the size of each aggregated Order
- Partial execution of an aggregated Order is allocated on a pro-rata basis relevant to the size of each aggregated Order

**9. EXECUTION VENUES**

In the absence of any specific client instructions the Bank will direct Orders to the venue it considers will provide the best possible result. This may be any one of:

- regulated markets
- liquidity providers or market makers
- third-party brokers
- multilateral trading facilities

In meeting its obligation to obtain the best possible result when executing Orders, the Bank will place significant reliance upon the following venues:

- Barclays Capital



- Bridport & Co (Jersey) Limited
- Canaccord Genuity Group Inc
- Allia C&C Ltd
- Euroclear (FundSettle)
- Instinet Inc
- NUMIS Securities Limited
- Oppenheimer Europe Ltd
- Ravenscroft Limited
- Royal Bank of Canada Europe Limited
- Virtu Financial Ireland Limited

For Collective Investment Schemes generally it is the scheme itself which is the only venue in which to transact an investment in a particular scheme. An individual scheme will state in its prospectus the manner in which subscriptions and/or redemptions can be made. This information will ordinarily include how frequently dealing will be provided and time frames for the calculation of the net asset value of the scheme. Orders will either be executed directly with the scheme in question or through FundSettle International for centralised execution with the relevant scheme.

#### **10. COUNTERPARTY RELATIONSHIPS**

Where the Bank engages the services of Execution Venues to fulfil best execution, it shall establish effective procedures and controls. This shall include, but is not limited to ongoing review to determine whether the counterparty remains fit for purpose and continues to meet regulatory requirement and / or the best execution procedure.

For new Execution venues the following needs to be considered:

- The markets of the chosen Execution Venues
- The selection process (based on depth of liquidity, relative volatility on the market, speed of execution, costs of execution and settlement, volume and frequency of trading, resilience, creditworthiness, market coverage)

New Venue approval process requires ratification by Local Asset and Liabilities Committee.

#### **11. BEST EXECUTION AND SETTLEMENT ONLY**

Best execution is only applicable where the Bank is executing the trade. Settlement only trades are out of scope.

#### **12. COMPLIANCE MONITORING**

The Bank's Compliance Department shall periodically test systems and that controls are in place to ensure ongoing effectiveness and to identify and correct any potential deficiencies. This will include a suitable sample of orders to ensure they are executed in accordance with this Best Execution Policy.

#### **13. POLICY REVIEW**

The Bank will review this Best Execution Policy on an annual basis to ensure that the provisions contained therein remain effective in meeting its obligations to deliver best execution for its clients.