Information on Bank of America’s order execution policy

Introduction

This document provides you with information on the order execution policy of Bank of America. The order execution policy relates to Banc of America Securities Limited and Bank of America, NA (London Branch and Dublin Branch) (together “Bank of America”) and is part of Bank of America’s best execution policy.

The Markets in Financial Instruments Directive (“MiFID”), places an obligation on Bank of America to take all reasonable steps to deliver the best possible result (best execution) when acting on behalf of Professional Clients in connection with the execution of an order (or the receipt and transmission of an order for execution) in MiFID financial instruments. Bank of America will do this by following procedures set out in its order execution policy which are designed to obtain the best possible execution result. The procedures are designed to produce a result which provides, in our view, the best balance across a range of sometimes conflicting factors, subject to any specific instructions received from you, taking into account the nature of your orders, the priorities you have identified to us in relation to filling of those orders and the practices relating to the market in question.

Scope of the best execution obligation

The best execution obligation arises if you, the client, legitimately rely on Bank of America to protect your interests in relation to the pricing or other elements of the transaction. As such Bank of America will be executing orders for you subject to the best execution rules where it owes relevant contractual or agency obligations to you. The obligation includes situations where Bank of America acts as principal but has a client relationship with you in relation to executing a transaction. Examples of situations where Bank of America is likely to owe relevant contractual or agency obligations to you are:

- Bank of America accepts your limit order – which will be executed without reference back to you if the market reaches the limit conditions.
- Bank of America accepts your order for a futures exchange transaction
- Bank of America transmits an order to a third party for execution

Bank of America will not be executing orders for you, and the best execution obligation will therefore not apply, where it provides you, either on request or on a continuous quoting basis, with a quote for the purchase or sale of a MiFID financial instrument. In many situations Bank of America will be dealing with you on a principal to principal basis in circumstances where we will not be subject to contractual or agency obligations, and will not be executing your order.\(^1\) Where you give Bank of America specific instructions, either relating to an order or a particular aspect of an order, we will execute the order in accordance with those instructions and the order execution policy will not apply for this aspect of the order.

\(^1\) Financial instruments which generally are not executed as orders on behalf of clients include bonds, money market instruments, fixed income derivatives, currency derivatives and OTC instruments.

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An obligation to provide you with best execution does not mean that Bank of America owes you any fiduciary responsibilities over and above the specific regulatory obligations placed upon us or as may be otherwise contracted between us

Achieving the best possible result

Bank of America understands that the aims of its clients are varied and in seeking to deliver the best possible result Bank of America will take into account a range of different factors not only price, but also execution factors such as costs of the transaction, speed of the transaction, likelihood of execution and settlement, size and the nature of the order including whether it is executed on a regulated market or over-the-counter. In some markets, price volatility may mean that timeliness of execution is a priority, whereas in markets with low liquidity, the fact of execution may be the most important factor of best execution

As such, when executing client orders, Bank of America will take into account and give appropriate weighting to a number of factors including:

- Price
- Size of the order
- Market depth and liquidity
- Speed of execution
- Cost of execution; and
- Specific client instruction

By taking account of these factors, Bank of America will tailor the execution of orders to obtain on a consistent basis the best possible result for its clients, subject to observing relevant exchange execution rules. In determining the relative importance of the execution factors, Bank of America will take into account your understanding and experience of the market in question, your dealing profile, the nature of the dealing service you require of Bank of America, the specific and general instructions given to us by you which may determine how we prioritise effecting your orders, the characteristics of your order, the financial instruments subject to that order and the characteristics of the execution venues to which the order can be directed

Bank of America’s order execution policy reflects the particular needs of its clients. Bank of America believes that execution of client orders after a consideration of the factors stated above is the most likely means to achieve the best possible result for Bank of America’s clients. Bank of America believes that its clients value Bank of America’s market expertise and execution skill and Bank of America’s order execution policy is designed to allow it to tailor individual executions to prevailing market conditions to achieve the best overall result for its clients. Price and speed of execution will normally be assumed to be the most important execution factors unless you advise Bank of America otherwise. In the absence of express instructions from you, Bank of America will exercise its own discretion in determining the factors that it needs to take into account for the purpose of providing you with best execution.
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Specific Instructions

In the absence of specific instruction, Bank of America will execute your order in accordance with its order execution policy. If you require your order (in whole or in part) to be executed in a particular manner which is not in accordance with Bank of America’s order execution approach, you must clearly state your preferred method at the time of placing your order.

Methods of execution

Bank of America will execute the order by any method, or combination of methods, reasonably available to it, on one or more venues, including:

- At the time an order is received from a client, if Bank of America believes that it can trade to the advantage of the client by acting as a counterpart to the client rather than using any selected execution venue designated in the bullets below, Bank of America will swiftly execute all or a part of the order in this manner. In all other cases, Bank of America will use the selected execution venues assigned below.
- Execute on the relevant exchange of which Bank of America is a member in accordance with the rules of that exchange.
- Execute through a broker member of the relevant exchange.
- Execute through other venues as may be available for particular instruments which will enable Bank of America to achieve best execution for your order which may include:
  - Electronic order matching services as subscribed to by Bank of America from time to time
  - Inter-dealer brokers with whom Bank of America has an active relationship
  - Bilateral relationships with market-making firms.

Bank of America’s order execution policy includes, for each financial instrument in which we execute orders on your behalf, those venues that we consider enable us to obtain on a consistent basis best execution for your orders. To obtain best execution for you, Bank of America may execute orders on your behalf outside a regulated market or a multilateral trading facility (“MTF”)\(^2\) in which case we will obtain from you your express consent before the execution of the order. In relation to some financial instruments, there may be only one possible execution venue, in which case in executing an order on your behalf in such circumstances it will be assumed that Bank of America has achieved best execution.

Monitoring and review

Bank of America will periodically monitor the effectiveness of its order execution arrangements and order execution policy (which it will review at least annually). In particular, Bank of America will regularly review whether the execution venues included in its order execution policy, and the brokers and dealers to whom it transmit orders, are adequate.

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\(^2\) Multilateral Trading Facility - a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules.
allow it to achieve best execution on a consistent basis or whether it needs to make changes to its execution arrangements. Bank of America will notify you in the event of any material changes to its order execution arrangements or policy.

Consents

We are required to obtain your consent to our order execution policy and you will be deemed to give such consent when you give an order to us after 1 November 2007. We are also required to obtain your prior express consent before we execute, on your behalf, an order outside a regulated market or a MTF in an instrument that is admitted to trading on a regulated market or a MTF.

Please provide such consent in accordance with instructions on the enclosed letter.
To
Account Opening Group
Banc of America Securities Limited
Bank of America, NA (London Branch)
5 Canada Square
London
E14 5AQ
United Kingdom

Sirs,

Consent to transact an order outside a regulated market or multilateral trading facility

In relation to instruments admitted to trading on a Regulated Market or a Multilateral Trading Facility, we consent to Banc of America Securities Limited and Bank of America, NA (London Branch) (together “Bank of America”) executing an order in such instruments on our behalf outside a Regulated Market or a Multilateral Trading Facility

Yours faithfully,

Signed

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Title (s)  ___________________________  Date  ________________

Please return this letter on headed paper by mail or by Fax to +44 20 7174 6496 or an email attachment to mifid_queries@bankofamerica.com
To
Account Opening Group
Bank of America, NA (Dublin Branch)
5 Canada Square
London
E14 5AQ
United Kingdom

Sirs,

Consent to transact an order outside a regulated market or multilateral trading facility

In relation to instruments admitted to trading on a Regulated Market or a Multilateral Trading Facility, we consent to Banc of America (Dublin Branch) executing an order in such instruments on our behalf outside a Regulated Market or a Multilateral Trading Facility

Yours faithfully,

Signed

Title (s)

Date

Please return this letter on headed paper by mail or by Fax to +44 20 7174 6496 or an email attachment to mifid_queries@bankofamerica.com