



## **ICAP Energy AS**

### **Best Execution Policy**

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#### **1. Introduction**

ICAP Energy AS' main business is to act as a Name Passing Broker (NPB). The main business of NPB's is to provide access to over the counter energy commodity and derivatives markets. Within this scope ICAP Energy AS provides both electronic and voice services in order to allow customers to trade directly with each other.

ICAP Energy AS does not execute trades. In all cases ICAP Energy AS merely arranges trades (on a name give-up basis only) and the customer and its counterparty execute any trades directly between themselves. Trades occur in the over the counter energy and derivatives markets and typically not on regulated exchanges.

#### **2. Purpose**

While ICAP Energy AS is only an NPB, and only arranges trades on a name give-up basis, and therefore does not execute trades, the purpose of this policy is ensure that ICAP Energy AS takes all reasonable steps to obtain the best possible result for its customers, taking into account the price, costs, speed, likelihood of execution and settlement, size, nature and any other consideration relevant to the transactions between its customers. However, whenever there is a specific instruction from the customer, ICAP Energy AS shall broker the transaction following the specific instruction.



### **3. Electronic Markets (MTFs)**

Unless otherwise communicated to the customers before commence trading, all orders submitted to an ICAPMTF platform will be traded on price/time priority. The customers will also be able to view full order depth. Execution occurs on the basis of active acceptance of orders in the system submitted by other users.

Error trades are dealt with by policies issued to all users, which vary by market, but are aimed to solving disputes as quickly and reasonably as possible. Eligibility, trading methodology, instrument descriptions and credit parameters are all set out in the user terms for the relevant MTF.

### **4. Voice Brokered Markets**

#### 4.1 Eligible Counterparties

The majority of ICAP Energy AS' voice brokerage services are based on fast moving bid/offer matching principles. Prices, orders and expressions of interest will be communicated by a variety of means, including over the telephone, by electronic display screen, or by electronic trading system (MTF). In each market ICAP Energy AS will communicate to their customers whether bids and offers are firm or indicative.

Prices are given, and trades executed directly by and between party and counterparty excluding ICAP Energy AS' brokerage (i.e. a bare price). Brokerage rates are as agreed between the customers and ICAP Energy AS by product, often with volume discounts or other fee discounts based on market making activity.

ICAP Energy AS will assist customers in the arrangement of trades on their behalf, based either on a price or order that they have communicated to ICAP Energy AS, or as confirmed by the customers following a period of negotiation.

ICAP Energy AS will classify their customers as either a "professional customer" or as an "eligible counterparty". Generally ICAP Energy AS will classify customers as an "eligible counterparty" if they fall within any of the following categories:

- MiFID investment firms,
- Banks and credit institutions,
- Insurance companies,
- UCITS and their management companies,



- Pension funds and their management companies,
- Financial institutions authorised or regulated in the EEA,
- Proprietary trading commodities and commodity derivative firms exempted by MiFID,
- Proprietary trading or execution only firms exempted by MiFID
- National governments and their corresponding offices including public bodies that deal with public debt (DMOs),
- Central banks and supranational organisations
- A large undertaking meeting two of the following thresholds:
  - a) Balance sheet total of 20 million Euros
  - b) Net turnover of 40 million Euro
  - c) Own funds of 2 million Euro

## **5. No Re-classification by Transaction**

Because ICAP Energy AS always intends to handle orders and expressions of interest on an equitable and consistent manner, once a customer entity is classified as an eligible counterparty (or as a professional customer) for the purposes of a particular instrument, that entity may not then elect to be re-classified for the purposes of one transaction of a type it customarily undertakes. Exceptional circumstances may be taken in to account at the time, with the consent of ICAP Energy AS (ICAP Energy AS may always decline to provide a service).

## **6. Execution in Voice Wholesale Markets**

ICAP Energy AS will endeavour to match customers trading requirement or orders with other trading interests in the market. This means that ICAP Energy AS can only give their customers access to ICAP Energy AS liquidity, and will pass prices or orders to and from its other customers (i.e., as a name passing broker).

If a customer has been classified as an eligible counterparty or professional customer, ICAP Energy AS will not promise the customer best execution, based on the level of sophistication ICAP Energy AS can reasonably expect from the customer and its access to other price or liquidity sources. However, ICAP Energy AS intends to give all its



customers the best overall trading result possible in accordance with market convention and best practice.

#### **7. Spreads, Switches and Basis**

In the case of trades where there is simultaneous execution of more than one instrument – such as spread trades, switches, basis or multi-leg asset swaps and hedges, you may not of course achieve the best price available for each individual leg of those transactions. ICAP Energy AS may imply prices to customers calculated from spreads or other instruments.

#### **8. Credit Acceptance**

If any customer participating in a wholesale market brokered by ICAP Energy AS is consistently refused credit by other participants ICAP Energy AS may decline to provide a service.