



EDMOND  
DE ROTHSCHILD

# ORDER EXECUTION POLICY

EDMOND DE ROTHSCHILD GROUP

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# 1. PURPOSE

The Edmond de Rothschild Group (hereinafter the "Group") has put in place an order execution policy (hereinafter the "Order Execution Policy" or the "Policy") for the execution of orders that the Group's banks (hereinafter the "Banks") may be required to process on behalf of their Clients, whether or not they are professionals (hereinafter the "Clients"). The Banks are:

- Edmond de Rothschild (Suisse) S.A.;
- Edmond de Rothschild (Europe) and its branches;
- Edmond de Rothschild (France);
- Edmond de Rothschild (Monaco).

This policy describes all the reasonable measures implemented within the Banks to provide their Clients with the best possible result when executing orders, in compliance with their legal and regulatory obligations.

# 2. GENERAL APPROACH

Each aforementioned Bank (hereinafter the "Bank") applies this Policy by:

- Reception and Transmission of Orders (RTO) from Clients on financial instruments to carefully selected financial intermediaries in accordance with paragraph 5;
- executing Clients' orders on financial instruments on a trading platform or via direct market access (DMA) granted by a financial intermediary.

In addition, certain Client orders on financial instruments may be executed against the Bank's own account.

**Appendix 1** outlines the specific features of each Bank in organising the processing of Client orders.

The listed financial instruments are:

- shares and other similar securities (for example: shares, exchange-traded funds, certificates);
- listed derivatives;
- debt securities (bonds: corporate bonds, convertible bonds, sovereign bonds, etc.), money market instruments such as treasury bonds, certificates of deposit, etc.
- OTC derivatives;

- OTC foreign exchange instruments;
- structured products;
- shares of collective investments (shares in funds).

In such cases, the Bank ensures that Clients achieve the best possible result by taking into account the total cost factor or, where appropriate, other factors, detailed below in paragraph 4, which depend on the characteristics of the order or the financial instrument. It is not, as a matter of fact, possible to apply a uniform approach given the differences in the organisation of markets and the structure of financial instruments.

The Policy applies to any purchase or sale order, from Clients, on financial instruments except in exceptional cases expounded in paragraph 6.

The Bank informs non-professional clients of any serious difficulty likely to influence the proper execution of orders as soon as it becomes aware of this difficulty.

### 3. ORDER EXECUTION FACTORS

Generally, the Bank determines the best possible result for the Clients on the basis of the total cost factor representing the price of the financial instrument plus the costs related to the execution of the order, which includes venue-specific costs, clearing and settlement fees and any other fees that may have been paid to third parties involved in the execution of the order.

The Bank may nevertheless consider other factors, namely:

- price
- timeliness
- the likelihood of execution and settlement
- the size of the order
- the nature of the order
- the market impact linked to lack of liquidity
- any other consideration relevant to the execution of the order

The relative importance of these execution factors will be determined by the Bank based on:

- the characteristics of the relevant order
- the characteristics of the execution venues to which this order can be channelled
- the characteristics of the financial instruments that are the subject of this order

## 4. EXECUTION ACCORDING TO THE FINANCIAL INSTRUMENT

The Bank executes orders from its Clients as follows:

- **Equities, share certificates, Exchange Traded Products (ETPs), listed derivatives and securitised instruments:** the Bank typically transmits orders from Clients to financial intermediaries. Nevertheless, the Bank may also use the direct market access of an intermediary.
  - Large caps: the priority execution factors are generally:
    - Price
    - The size of the order
  - Mid caps: the priority execution factors are generally:
    - Price
    - The size of the order
  - Small caps and emerging markets: the priority execution factors are generally:
    - Price
    - The likelihood of execution and settlement
    - The size of the order
    - The market impact linked to a lack of liquidity
- **Bonds and debt securities:** the Bank processes the orders of its Clients on regulated markets over the counter or via authorised systems.
  - Convertible bonds: the priority execution factors are generally:
    - Price
    - The likelihood of execution and settlement
  - Debt securities of States: the priority execution factors are generally:
    - Price
    - The size of the order
  - Private debt securities: the priority execution factors are generally:
    - Price
    - The likelihood of execution and settlement
- **OTC currency forwards:** almost all executions on currency forwards are carried out against the Bank's own account. The main factor of performance is the price by reference to the market price. However, other factors do influence, especially timeliness.

- **Units or shares of collective investment undertakings (excluding listed markets):** orders are received and executed at the next net asset value in compliance with cut-offs and according to the terms of the prospectus (or equivalent document) upon reasonable notice given to the Bank.
- **Structured products (secondary market):** the Bank addresses the product issuer or an intermediary.
- **Derivatives** traded on a regulated market: the priority execution factor is generally timeliness. Regarding OTC derivatives: OTC derivative transactions may be carried out against the Bank's own account. The priority execution factors are usually the price and the likelihood of execution and settlement.

Listed shares and derivatives may also be subject to the obligation to negotiate. Where this obligation to negotiate is applicable, the Bank will apply the Policy to the order by taking into account only authorised execution venues. In addition, the Bank will not accept any specific instructions that contravene the obligation to negotiate when applicable.

## 5. FINANCIAL INTERMEDIARIES SELECTION POLICY

The Bank may be required to move in at various execution venues: regulated markets, multilateral trading facilities, systematic internalisers, market makers and other liquidity providers.

Unless otherwise specified by the Clients, the Bank may nevertheless decide to execute orders outside these execution venues, OTC, as mentioned in its client documentation. In this case, the Clients are exposed to and incur a counterparty risk because a default of the counterparty would lead to a loss, for the Clients, on the full potential profit recognised (either on the capital invested in the event of payment of a security before delivery, or on the market gap in the case of payment against simultaneous delivery of securities against payment). In addition, in the event that a Client becomes debtor with respect to the counterparty, the default of the counterparty may also lead to the payment of the sums due required by the liquidator. The highest counterparty risk in an OTC market relates to transactions where the payment to the counterparty precedes the delivery, outside the scope of a margin call agreement: the risk then relates to all the capital invested (e.g., in the case of subscription to hedge funds, or in some IPO cases. In the case of regulated markets, clearing houses, which allow counterparty risks to be pooled between all the parties involved and make any transaction less sensitive to a margin call default, reduce this risk.

When the Bank acts as a receiver and transmitter of orders (RTO), the Policy on selection of financial Intermediaries aims to retain the execution venues and market intermediaries that will ensure the best possible result when executing orders.

The factors taken into account by the Bank to select execution venues are:

- the coverage of financial instruments
- the level of security of the settlement/delivery system
- liquidity
- the transaction cost
- the extent of ancillary services including statements to the market authorities

The main execution venues used by the Bank are listed in **Appendix 2**.

The factors taken into account by the Bank to select market intermediaries are:

- the adequacy of the intermediary's policy and/or execution mechanisms with the Edmond de Rothschild Group's Policy
- the geographical coverage of execution venues
- the execution price
- the cost of intermediation
- the quality of execution services
- the quality of transaction confirmation and reconciliation services
- the extent of ancillary services
- any other consideration likely to influence the execution of the order or its follow-up after execution
- the access to execution venues (organised, regulated, over-the-counter, or multilateral trading facilities (MTF)).

In addition, the Bank has put in place market intermediary acceptance and monitoring procedures to regularly assess the effectiveness of this selection policy and, in particular, the quality of execution of the selected entities. The selection of these entities is carried out according to a process based on pre-established, relevant and objective criteria.

The main objectives of this process are:

- the review and validation of new applications for accreditation:
- the analysis and evaluation of the quality of intermediaries, based on statistical elements and evaluations of the relevant various services
- the surveillance or removal of intermediaries from the list thereto.

In the case of transmission to execute an order relating to a financial instrument that does not require the selection of an execution venue or the discriminatory selection of a market intermediary, especially for transactions in the primary market, the best possible result will be considered as systematically obtained.

This selection Policy for financial intermediaries applies generally to all financial instruments other than the exceptional cases expounded in paragraph 6.

## 6. CASES OF NON-APPLICATION OF THIS POLICY

- Clients may give specific instructions regarding the execution of their orders. The Bank may disregard, in the case of specific instructions, the measures provided for in the Policy with respect to the items covered by these instructions. The Bank is then exonerated from its obligation to obtain the best result for the factors covered by the specific instructions given by the Client, which therefore bears all risks relating thereto without further notice from the Bank.
- FX spot transactions and transactions in physical precious metals that are not financial instruments are not covered by this Policy.
- Complex Instruments: In the case of a transaction involving a structured or complex product, issued by the Bank and traded over-the-counter with a Client, the Bank does not apply the Policy given that the factors and criteria as defined above must be adapted to the context and type of instrument concerned. Therefore, the price proposed by the Bank then takes into account the costs related to their economic model, including the costs of setting up sales and monitoring processes, but also the costs related to hedging this transaction or making use of its capital for this transaction, including credit risk.
- Force majeure clause and safeguard clause: an extraordinary event or circumstance beyond the reasonable control of the Bank, such as a stock market crash, an act of war or terrorism, a labour dispute, a disaster, an interruption or breakdown of electricity grids or communications systems, or any unlawful or illegal activity carried out by third parties (e.g., virus or hacking, market manipulation, insider dealing) affecting the provisions for the processing and execution of orders with temporary or permanent effect and/or any other unforeseen circumstances making it difficult or impossible for the Bank to obtain the best possible result for the Client's order, which therefore bears all the related risks without further notice from the Bank.

- Resolving a Client's position: where the Bank is required or entitled to resolve a Client's position due to, for example, non-compliance with a contractual obligation vis-à-vis the Bank (under its General Terms and Conditions or other contractual documents for example), the Client's interest in obtaining the best possible execution of an order may be in conflict with the legitimate interest of the Bank, in which case the Bank must weigh the interest and, in the light of this analysis, may decide that, in the light of the various factors taken into account, the legitimate interest of the Bank prevails.

## 7. GROUPING ORDERS AND PARTIAL EXECUTION

In accordance with the regulations, the Bank may be required to group the orders of its Clients when the conditions provided for by the regulations are met. Grouping orders can have a detrimental effect on the execution price compared to an individually executed order.

Orders can be grouped if the following conditions are met:

- it is unlikely that the grouping of orders and transactions will work globally to the disadvantage of a Client whose order must be grouped;
- when executed, the group orders are equitably distributed, taking into account the size of the order and the price of the orders executed;
- Clients whose orders are grouped will be treated in a non-discriminatory manner.

In addition, the liquidity conditions of the market or guaranteeing the interest of the Client may not allow the execution of the order of the Client, neither immediately nor in a single transaction. For example, transactions involving financial instruments, where trading volumes are limited, can fluctuate the market price at the expense of the Client's interests. In these circumstances, a series of partial executions over time is likely to provide a better overall result than executing a single transaction.

## 8. INCENTIVES

When executing Client orders, the Bank receives no remuneration, discount or non-monetary benefit for routing orders to a particular execution platform or a financial intermediary that would be in violation of the conflict of interest requirements.

## 9. OBLIGATIONS PERTAINING TO MEANS

The Bank shall take all reasonable steps to permit the implementation of the Policy. This provision cannot constitute an obligation of result applicable individually to each order or applicable order by order. The Bank's obligation under the Policy is an obligation pertaining to means under which the Bank must ensure that the appropriate execution or selection mechanisms are effectively put in place for the processing of orders as a whole.

The activity of the traders remains subject to changes in market conditions at the time of their intervention (see Article 6 para.4 in particular).

## 10. INFORMATION ON THE FIRST 5 EXECUTION PLATFORMS

Depending on the law applicable to the Bank, the legislation and regulations in force may require investment firms to publish each year for the previous year, according to a predefined format and for each category of financial instruments, the ranking of the first five execution platforms used by them to execute client orders, and to provide this information separately for professional and non-professional clients.

In accordance with these provisions, the relevant Bank, which systematically uses market intermediaries selected in a rigorous manner to guarantee the best execution of orders, publishes the list of the first five intermediaries (in terms of volume of orders executed for the Clients) as well as all the information required each year on its website (link).

## 11. MONITORING THE EFFECTIVENESS OF THE EXECUTION PROCESS AND UPDATING THIS POLICY

The Bank reviews this Policy and its own order execution provisions as described in **Appendix 1** of this Policy at least once a year.

This re-examination is also necessary whenever a significant change affects the Bank's ability to continue obtaining the best possible result in executing the orders of its Clients by making use of the selected platforms and financial intermediaries as described in paragraph 5.

When the Bank's assessment of these significant changes reveals that the best possible result has not been obtained for the Clients, it will consider modifying the relative importance of the execution factors in the general objective, which is always obtaining the best execution possible, or, if necessary, review its relationship with the platform or the relevant financial intermediary.

This Policy is subject to change at any time without notice. It is available on the Bank's website.

# APPENDIX 1: SPECIFIC FEATURES OF THE BANK IN ORGANISING THE PROCESSING OF CLIENT ORDERS

**Edmond de Rothschild (Suisse) S.A.** has organised the execution of its Clients' orders as follows:

- Recourse to Edmond de Rothschild (Europe) regarding the subscription and redemption of investment fund units;
- Recourse to Edmond de Rothschild (France) to execute financial instruments on regulated and over-the-counter markets with the exception of foreign exchange (FX) instruments;
- Direct execution by Edmond de Rothschild (Suisse) S.A. of foreign exchange (FX) transactions.

**Edmond de Rothschild (France)** has organised the execution of its Clients' orders as follows:

- Execution of Client orders on financial instruments on regulated markets and over the counter;
- Transmission of orders to an intermediary or processing via a trading platform;
- As a systematic internaliser, executing certain types of forward exchange orders of the Clients (deliverable forwards, non-deliverable forwards, deliverable currency swaps) by taking counterparty in own account;
- Direct execution by Edmond de Rothschild (France) regarding the subscription and redemption of investment fund units

**Edmond de Rothschild (Europe)** has organised the execution of its Clients' orders as follows:

- Recourse to Edmond de Rothschild (Suisse) S.A. regarding foreign exchange transactions (FX);
- Recourse to Edmond de Rothschild (France) to execute financial instruments on regulated and over-the-counter markets with the exception of foreign exchange (FX) instruments;
- Direct execution by Edmond de Rothschild (Europe) regarding the subscription and redemption of investment fund units.

**Edmond de Rothschild (Monaco)** has organised the execution of its Clients' orders as follows:

- Execution of Client orders on financial instruments on regulated and over-the-counter markets;
- Transmission of orders to an intermediary or processing via a trading platform;
- Direct execution of foreign exchange (FX) transactions by Edmond de Rothschild (Monaco), recourse to Edmond de Rothschild (Suisse) S.A. for hedging transactions.
- Direct execution by Edmond de Rothschild (Monaco) regarding the subscription and redemption of investment fund units.

## APPENDIX 2: EXECUTION VENUES

### ► **Edmond de Rothschild (Europe) and Edmond de Rothschild (Suisse)**

The list of execution platforms by class of instruments is as follows:

- **For orders on equities:**

- Regulated markets: Nyse Euronext, Nasdaq OMX, Hong Kong Stock Exchange, London Stock Exchange, Deutsche Börse Xetra, Borsa Italia, Wiener Börse, Athens Stock Exchange, Madrid Stock Exchange, Irish Stock Exchange, SIX Swiss Exchange, Johannesburg Stock Exchange
- Multilateral trading facilities (MTFs): BATS, CHI-X, Turquoise. Tradeweb, AQUIS, Burgundy, Nordic MTF, Quote, TOM, etc.
- Market makers
- Internal sources of liquidity of the financial intermediary (including systematic internalisation)
- Other sources of liquidity

- **For orders on bonds and other debt securities:**

- Regulated markets: Nyse Euronext, Nasdaq OMX, Hong Kong Stock Exchange, London Stock Exchange, Deutsche Börse Xetra, Borsa Italia, Wiener Börse, Luxembourg Stock Exchange, Virt X
- Multilateral trading facilities (MTFs): Tradeweb, Market Axess (including Open Trading platform), UBS Bond Port
- Market makers
- Internal sources of liquidity of the financial intermediary (including systematic internalisation)
- Other sources of liquidity

- **For orders on derivatives:**

- Regulated markets: CBOT, CME, ICE, Euronext Paris. EUREX, MEFF, LIFFE, HKFE, OSE, SGX, DT, etc.
- Multilateral trading facilities (MTFs): Tradeweb
- Market makers
- Internal sources of liquidity of the financial intermediary (including systematic internalisation)
- Other sources of liquidity

This list is not exhaustive and other execution venues may be used, especially temporarily in compliance with the obligation of best execution/selection, or to meet a specific instruction from a Client.

► **Edmond de Rothschild (France)**

The list of execution platforms by class of instruments is as follows:

• **For orders on equities:**

- Regulated markets: Nyse Euronext, Nasdaq OMX, Hong Kong Stock Exchange, London Stock Exchange, Deutsche Börse Xetra, Borsa Italia, Wiener Börse, Athens Stock Exchange, Madrid Stock Exchange, Irish Stock Exchange, SIX Swiss Exchange, Johannesburg Stock Exchange
- Multilateral trading facilities (MTFs): BATS, CHI-X, Turquoise. Tradeweb, AQUIS, Burgundy, Nordic MTF, Quote, TOM, etc.
- Market makers
- Internal sources of liquidity of the financial intermediary (including systematic internalisation)
- Other sources of liquidity

• **For orders on bonds and other debt securities:**

- Regulated markets: Nyse Euronext, Nasdaq OMX, Hong Kong Stock Exchange, London Stock Exchange, Deutsche Börse Xetra, Borsa Italia, Wiener Börse, Luxembourg Stock Exchange, Virt X
- Multilateral trading facilities (MTFs): Tradeweb, Market Axess (including Open Trading platform), UBS Bond Port
- Market makers
- Internal sources of liquidity of the financial intermediary (including systematic internalisation)
- Other sources of liquidity

• **For orders on derivatives:**

- Regulated markets: CBOT, CME, ICE, Euronext Paris. EUREX, MEFF, LIFFE, HKFE, OSE, SGX, DT, etc.
- Multilateral trading facilities (MTFs): Tradeweb
- Market makers
- Internal sources of liquidity of the financial intermediary (including systematic internalisation)
- Other sources of liquidity

This list is not exhaustive and other execution venues may be used, especially temporarily in compliance with the obligation of best execution/selection, or to meet a specific instruction from a Client.

► **Edmond de Rothschild (Monaco)**

The list of execution platforms by class of instruments is as follows:

• **For orders on equities:**

- Regulated markets: Nyse Euronext, Nasdaq OMX, Hong Kong Stock Exchange, London Stock Exchange, Deutsche Börse Xetra, Borsa Italia, Wiener Börse, Athens Stock Exchange, Madrid Stock Exchange, Irish Stock Exchange, SIX Swiss Exchange, Johannesburg Stock Exchange
- Multilateral trading facilities (MTFs): BATS, CHI-X, Turquoise. Tradeweb, AQUIS, Burgundy, Nordic MTF, Quote, TOM, etc.
- Market makers
- Internal sources of liquidity of the financial intermediary (including systematic internalisation)
- Other sources of liquidity

• **For orders on bonds and other debt securities:**

- Regulated markets: Nyse Euronext, Nasdaq OMX, Hong Kong Stock Exchange, London Stock Exchange, Deutsche Börse Xetra, Borsa Italia, Wiener Börse, Luxembourg Stock Exchange, Virt X
- Multilateral trading facilities (MTFs): Tradeweb, Market Axess (including Open Trading platform), UBS Bond Port
- Market makers
- Internal sources of liquidity of the financial intermediary (including systematic internalisation)
- Other sources of liquidity

• **For orders on derivatives:**

- Regulated markets: CBOT, CME, ICE, Euronext Paris. EUREX, MEFF, LIFFE, HKFE, OSE, SGX, DT, etc.
- Multilateral trading facilities (MTFs/) Tradeweb
- Market makers
- Internal sources of liquidity of the financial intermediary (including systematic internalisation)
- Other sources of liquidity

This list is not exhaustive and other execution venues may be used, especially temporarily in compliance with the obligation of best execution/selection, or to meet a specific instruction from a Client.

## APPENDIX 3: GLOSSARY

- **Client:** any natural or legal person as defined in the General Terms and Conditions of the Bank
- **Professional client:** a client who, under the applicable law, has (a) a legal status eligible for qualification as a professional investor or (b) qualifies as a professional client when the conditions of eligibility under the applicable law are met.
- **Unprofessional client:** client who is not professional
- **Institutional client:** a professional client who, according to the applicable law, has a legal status eligible for the qualification of institutional investor or eligible counterparty.
- **Liquidity providers:** companies willing to negotiate on their own account and which provide liquidity in the course of their normal activities, whether or not they have made formal arrangements to do so, or whether they undertake to provide liquidity on a continuous basis.
- **Financial instruments:**
  1. Securities.
  2. Money market instruments.
  3. Units of collective investment undertakings.
  4. Options contracts, futures, swaps, forward rate agreements and any other derivative contracts relating to transferable securities, currencies, interest rates or yields, emission allowances or other derivative instruments, financial indices or financial measures that can be settled by physical delivery or in cash.
  5. Options contracts, futures, swaps, forwards and any other derivative contracts relating to commodities which must be settled in cash or may be settled in cash at the request of one of the parties for reasons other than a default or other incident causing the termination.
  6. Option contracts, futures, swaps and any other derivative contracts relating to raw materials that can be settled by physical delivery, provided that they are traded on a regulated market, MTF or OTF, with the exception of wholesale energy products that are traded on an OTF and that must be settled by physical delivery.
  7. Option contracts, futures, swaps, forwards and any other derivative contracts for raw materials that can be physically settled, not specified in other respects in point 6 of this section, and not intended for commercial purposes, which have the characteristics of other financial derivative instruments.
  8. Derivatives for the transfer of credit risk.
  9. Contracts for difference (CFDs).

10. Options contracts, futures, swaps, forward rate agreements and any other derivative contracts relating to weather variables, freight rates or inflation rates or other official economic statistics that must be paid in cash or may be settled in cash at the request of one of the parties for reasons other than a failure or other incident causing termination, as well as any other derivative contracts related to assets, rights, obligations, indices and measures not otherwise mentioned in this section, that have the characteristics of other financial derivative instruments, taking into account that, in particular, they are traded on a regulated market, an OTF or an MTF.
  11. Emission quotas consisting of all the units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).
- **Systematic internaliser:** an investment company that, in an organised, frequent and systematic way, trades on its own behalf when it executes Client orders outside a regulated market, an MTF or an OTF without operating a multilateral system.
  - **Regulated market:** a multilateral system, operated and/or managed by a market operator, which ensures or facilitates the meeting - within itself and according to its non-discretionary rules - of multiple buyer and seller interests expressed by third parties for financial instruments, in a way that results in the conclusion of contracts relating to financial instruments admitted to trading under its rules and/or systems.
  - **Order:** any order, including the purchase or sale of a financial instrument executed or transmitted by the Banks.
  - **Trading platform:** a trading platform is a regulated market, a Multilateral Trading Facility (MTF) or an OTF.
  - **Execution platform:** an execution platform is defined as a regulated market, a Multilateral Trading Facility (MTF), an OTF, a systematic internaliser or a liquidity provider.
  - **Multilateral Trading Facility (MTF):** a multilateral system, operated by an investment company or market operator, which ensures the meeting - within itself and according to non-discretionary rules - of multiple interests of buyers and sellers expressed by third parties for financial instruments, in a way that leads to the conclusion of contracts.
  - **Organised Trading Facility (OTF):** a multilateral system, other than a regulated market or MTF, in which multiple third-party buyer and seller interests for bonds, structured finance products, emission quotas or derivatives can interact with one another; which leads to the conclusion of contracts.
  - **Market makers:** a company that is continuously present on the financial markets to negotiate on its own behalf and which purchases and sells financial instruments by hedging its own capital, at prices fixed by it.