

BNP Paribas CIB

Order Handling and Execution Policy

Credit Markets Appendix

BNP PARIBAS CIB GLOBAL MARKETS
London, October 2026



BNP PARIBAS

The bank
for a changing
world

Table of Contents

1. Products in scope	3
2. Services offered and associated Best Execution applicability	4
3. BNP Paribas' choice of execution venue	4
4. Execution factors taken into consideration	5
5. Monitoring.....	7
5.1 Ex-ante price formation.....	7
5.2 Ex-post monitoring and review of prices.....	8
6. Exceptions.....	8



1. Products in scope

This policy is an appendix to the overarching BNP Paribas CIB Order Handling and Execution Policy and should be read in conjunction with that document. Terms used in this Appendix but not otherwise defined shall have the meaning given to them in the BNP Paribas CIB Order Handling and Execution Policy.

This appendix provides further details with regards to the application of best execution in relation to the following financial products (the “Credit Products”):

- Corporate & Financial Bonds
- Credit Default Swaps Index
- Credit Default Swaps Single Name
- Index Option
- CDS option
- Credit bond option
- Collateralized Debt Obligations (CDO)
- Credit linked Notes (CLN), CLN backed by bonds
- Asset Backed Securities (ABS), Collateralized Loan Obligation (CLO), CDO of ABS
- Index tranche
- Loans
- Bond Index Total Return Swaps
- Loan Total Return Swap (TRS)
- FI ETFs, including CLO backed
- Skew Swaps, Skew Notes
- Leverage note (Index or Single Name)
- Credit Bond Repack
- Bond Basket, Leverage Bond Basket
- First to Default (FTD), N to Default (NTD)
- Linear Basket, Leverage Linear Basket
- Callable CLN, Callable NTD
- Structured Notes, Structured Bond
- Other Structured Credit Derivatives Transactions (for example Auto-call, Credit Range Accrual...)
- Credit securities or Loan Financing transaction, Collateral exchange
- Balance Guaranteed Swap (BGS)
- Quantitative Investment Strategy (QIS)
- Active Managed Certificates (AMC)
- Restructured equity
- Commercial Mortgage Backed Securities (CMBS – Non agency)
- Residential Mortgage Backed Securities (RMBS – Non Agency)
- Reinsurance products



Credit Markets will be able to demonstrate the provision of Best Execution on the more liquid products. For Illiquid products, benchmark prices might not always be available; however internal processes will be designed to ensure fair outcome to the client.

2. Services offered and associated Best Execution applicability

Credit RFQ applies when Client solicits BNPP to provide a risk based price for a financial instrument at which BNPP is prepared to trade. For Credit Exotics, an enquiry will only be considered as a Request for Quote if the client is ready to trade and asks for a firm quote. Preliminary enquiries to test various products will not be considered as RFQ.

3. BNP Paribas' choice of execution venue

BNP Paribas will generally act as the execution venue for all Credit Products except those traded exclusively on a regulated market (see 3.1)

BNPP believes using its own execution venue is in the best interests of its clients for the following reasons:

1. Limited product scope of external alternatives

BNP Paribas is able to offer liquidity on a comparatively wide range of bonds and derivative contracts, whereas external venues tend to be limited to a smaller range of products.

2. Likelihood of execution and settlement

External venues to which BNP Paribas could direct client orders are typically central limit order books which can be fast moving and subject to variable liquidity. BNP Paribas is able to offer consistency in liquidity provision as well as the ability to hold prices firm for sufficient time to improve the likelihood of execution.

3. Price

BNP Paribas aims to provide a competitive service and is often able to offer clients an improvement on the price available on external venues. When executing a previously provided quote BNP Paribas will take into account any change in market conditions during the time elapsed from when the quote was made adjusting the quote accordingly where market conditions dictate, and

4. Market impact

BNP Paribas maintains significant inventories to facilitate client transactions. By using these inventories and transforming liquidity in related instruments we are able to minimise the implicit cost to clients by minimising market impact.



4. Execution factors taken into consideration

When responding to a request for quote (RFQ), Credit Markets is considering the following execution factors relevant for the execution:

- i. **Size of the request**
A quotation will be provided such that the full size requested by the client can be filled. If, due to market conditions, this is not possible the firm will communicate this to the client with a view to changing the execution criteria to facilitate partial fills.
- ii. **Price**
The firm seeks to provide a highly competitive service to clients and will respond with a price it considers competitive and fair.
- iii. **Likelihood of execution**
The firm will endeavour to provide a quotation which is valid for a sufficient time window to allow the client to accept if they so desire, notwithstanding a large market move rendering the quote invalid.
- iv. **Likelihood of settlement**
Before responding with a price, the firm will check credit line, CCP limit and or settlement limit availability and will only respond with a firm price where sufficient limits are available to settle any resulting transaction.
- v. **Ability of execution venue to manage the quotation request**
The firm is authorised to trade a limited number of financial instruments within predetermined risk limits, any request for quotation on an instrument outside this scope or beyond the risk limit may be declined.
- vi. **The capability to Service**
Many credit products are illiquid and therefore the ability and capacity of BNPP to provide clients with structuring and sourcing solutions is an important factor in in the execution provided.
- vii. **External Costs (e.g. Legal, SPV Fees)**

Those execution factors will be prioritized depending on the nature of the product



	Liquidity	SIZE	Capacity to Service (Structuring, Sourcing..)	PRICE	External COSTS
Corporate & Financial Bonds	Liquid	1		2	
Corporate & Financial Bonds	Not Liquid	2	1	3	
Credit Default Swaps Index	Liquid	1		2	
Credit Default Swaps Single Name	Liquid	1		2	
Credit Default Swaps Single Name	Not Liquid	2	1	3	
Index Option	Liquid	1		2	
Index Option	Not Liquid	2	1	3	
CDS option	Not Liquid	2	1	3	
Credit Bond Option	Not Liquid	2	1	3	
ABS/CLO/CDO of ABS	Liquid	1		2	
ABS/CLO/CDO of ABS	Not Liquid	2	1	3	
Index tranche	Not Liquid	2	1	3	
Bespoke Index tranche	Not Liquid	2	1	3	4
Loans	Liquid	1		2	
Loans	Not Liquid	2	1	3	
Collateralized Debt Obligations (CDO)	Not Liquid	2	1	3	4
Bond Index Total Return Swaps	Liquid	1		2	
Loan TRS	Not Liquid	2	1	3	4
FI ETFs	Liquid	1		2	
Skew Swaps, Skew Notes	Not Liquid	2	1	3	4
Credit linked Notes (CLN), CLN backed by bonds	Not Liquid	2	1	3	4
Leverage note (Index or Single Name)	Not Liquid	2	1	3	4
Credit Bond Repack	Not Liquid	2	1	3	4
Bond Basket, Leverage Bond Basket	Not Liquid	2	1	3	4
FTD,NTD	Not Liquid	2	1	3	4
Linear Basket, Leverage Linear Basket	Not Liquid	2	1	3	4
Callable CLN, Callable NTD	Not Liquid	2	1	3	4
Structured Notes, Structured Bond	Not Liquid	2	1	3	4
Other Structured Credit Derivatives Transactions (for example Auto-call, Credit Range Accrual...)	Not Liquid	2	1	3	4
Credit securities or Loan Financing transaction, Collateral exchange	Not Liquid	2	1	3	4
BGS	Not Liquid	2	1	3	4
Restructured Equity	Liquid	1	1	2	
Restructured Equity	Not Liquid	2	1	3	
QIS	Not Liquid	1		2	
AMC	Not Liquid			1	
RMBS	Not Liquid	2	1	3	
CMBS	Not Liquid	2	1	3	
Reinsurance products	Not Liquid	2	1	3	4



5. Monitoring

When acting in a principal capacity on a Trading Venue or dealing in OTC products (including bespoke products), BNPP will ensure the fairness of the price proposed to the client, by gathering market data used in the estimation of the price of such product and, when possible, by comparing with similar or comparable products.

The price proposed to the client consists of a mid-market price to which a number of costs and margins are added to produce the final price proposed to the client.

Considering that credit client's base is from the "Eligible" and "Professional" categories, BNPP will determine for each of the executed trades if Best Execution is owed by taking into account the "Four-Fold test" as detailed in the "Legitimate reliance", page 6 of the BNPP CIB Order Handling and Execution Policy.

Best Execution of those trades will be duly monitored.

5.1 Ex-ante price formation

BNP Paribas makes extensive use, when available, of the external market prices of similar or related products to estimate the "fair value" of a financial instrument. These external tradable prices are then, together with model parameters, used by BNP Paribas proprietary models to price a range of products. Throughout the trading day BNP Paribas recalibrates these model parameters tracking available markets and ensuring the firm's prices remain accurate and up to date. For illiquid vanilla instruments or exotic products, ad hoc treatment might be required as there might be no external reference source available.

Once the fair value has been determined, an execution spread is added. The execution spread is an explicit internal cost which represent the firm own remuneration for the liquidity provided including reserves, balance sheet charges, funding charges, capital charges... BNPP is responsible for continuously assessing market conditions and adjusting the execution spread as necessary for each product category internal guidance has been provided regarding execution spreads.

For each class of traded instrument, these execution spreads are benchmarked on a regular basis, taking into account commercial objectives, competitor pricing and external benchmark pricing sources.

Finally, a number of other costs, including credit and funding charges and any applicable mark-up, are added to produce the price proposed to the client.



5.2 Ex-post monitoring and review of prices

Prices are benchmarked against external and internal reference prices to monitor that Best Execution is achieved on a consistent basis. Wherever possible, external prices from market venues and brokers are used to obtain the best comparison of BNP Paribas's price against externally available prices. Where the external data available is limited in scope or quality, internal data may be used as a reference. Where internal pricing data is used, additional controls are implemented to monitor the integrity of this data.

BNPP executes a wide range of products from vanilla and liquid to highly illiquid or structured.

While some best practises could be defined for a vanilla and liquid products, it can be more challenging to do so for illiquid products,. For these products, finding a reliable benchmark or observable comparable trades can be very difficult, and therefore this will be done on a best effort basis.

Where Best Execution is judged to be owed, as determined with the reliance test, BNPP will continuously monitor the execution spreads applied and investigate where there are deviations from the internal standard guidelines.

6. Exceptions

Reference Rates Orders

In some circumstances, BNP Paribas may agree to take an order to transact at a price based upon a published reference price. The spread, if any, to be applied is negotiated with the client ex-ante and as such orders specify all attributes leaving BNPP no discretion. Best execution is not judged to be owed

Limit Orders

In exceptional circumstances, BNPP may agree to take a limit order on Credit products. As a limit order specifies all attributes of an order and leaves BNP Paribas no discretion, Best Execution is not owed and the execution policy described previously will not apply. However, as a firm is acting as the execution venue, we recognise a potential conflict of interests which the firm has to manage in order to ensure the client is treated fairly. To this end an internal policy is in place to specifically address the conflict of interest and ensure a fair outcome for the client

Restructuring

When BNPP agree with a client to restructure, unwind or otherwise modify an existing contract the firm will monitor in the same ways as if a new transaction has taken place.

Novation

When BNPP agrees to a novation it may do so subject to a fee to compensate the firm to any difference in pricing between the bilateral contract being stepped out of and the replacement contract being into , due for example to a difference in CSA . This fee may also include costs to reflect the administrative overhead.