



Deutsche Bank Wealth Management U.S. Order Execution Policy (German Domiciled Clients)

Order execution policy

The following Order Execution Policy (the **Policy**) provides an overview of the approach taken by **Deutsche Bank Wealth Management U.S.** (hereinafter **DBWM US**), acting as an Investment Firm to achieve the best possible result when executing orders in Financial Instruments on behalf of its Clients. A duty of best execution is owed to Clients when **DBWM US** acts in a fiduciary capacity for managing the client's investment portfolio.

The way in which **DBWM US** executes transactions on behalf of Clients depends on the asset class. For example, Execution Venues for an equity trade will likely be different than those for fixed income transactions, which are typically executed directly with dealers. The selection of any particular method to execute a client trade must be consistent with **DBWM US's** fiduciary obligation to obtain the best result for its clients.

This Policy applies to the execution by **DBWM US**¹ of Orders for the Financial Instruments mentioned as defined in the Glossary and in respect of: (i) acting as Receiver and Transmitter of Orders by the Coverage Entities and Trading Entities

This Policy applies to the following Coverage Entities and Trading entities:

Trading Entities	Coverage/Receiving and Transmitting Entities ⁴ (on whose behalf Trading Entities execute Client Orders)
Deutsche Bank Trust Company Americas (DBTCA) ^{2, 3}	Deutsche Bank Trust Company Americas (DBTCA) Deutsche Bank National Trust Company (DBNTC) Deutsche Bank Trust Company National Association (DBTCNA)

This Policy is published on our website:

<https://deutschewealth.com/content/deutschewealth/en/articles/MiFID-II-Order-Execution.html>

This policy will be updated, whenever there is any material change and Clients shall be notified via this website. Upon Client's request, **DBWM US** shall send a copy of the latest version of this Policy to the Client.

1. Best execution

Coverage Entities and Trading Entities are required, when executing orders, to take all sufficient steps to obtain the best possible result for their Clients ("Best Execution"). **DBWM US** has in place processes, which are designed to obtain the best possible execution result on a consistent basis taking into consideration the factors outlined in section 3.

1.1 General

When acting as Receiver and Transmitter for Retail Clients, **DBWM US** is responsible for acting in the Client's best interest. The Best Execution obligations in this context are expressed in terms of 'total consideration'. Total consideration is defined under MiFID II as the price of the relevant Financial Instrument, plus the costs related to execution. These costs will include all expenses incurred which are directly related to the execution of the order.

It will comprise of Execution Factors such as:

- Price of the instrument;
- Execution venue fees;
- Clearing and Settlement fees; and
- Any other fees paid to third parties involved in the execution of the order including, but not limited to commissions or any fees charged by **DBWM US**.

¹ This only includes the Discretionary Portfolio Management (WD) Group who is responsible based on a client mandate for the management of investment accounts on behalf of its Retail Clients.

² Fixed Income Orders are by placed by WD and transmitted by the Fixed Income Trading desk (DBWM US) to selected Execution Venues.

³ Equity Orders are placed by WD and transmitted by the Equity Desk, DWS to selected Execution Venues.

⁴ DBWM US offers its products and services through these entities.

1.2 Execution Factors

The execution factors and the process by which **DBWM US** determines the relative importance of those factors are detailed below.

The primary execution factor for assessing how to achieve the best result when executing Orders is the total consideration. Total consideration includes the following:

- Price of the Financial Instrument
- Costs relating to execution including:
 - Execution venue fees;
 - Clearing and Settlement fees; and
 - Any other fees paid to third parties involved in the execution of the order including; but not limited to commissions or any fees charged by **DBWM US**.

In addition to the primary execution factors, **DBWM US** may also take into consideration secondary execution factors to determine the most appropriate Execution Entity in order to achieve Best Execution on Orders:

- Speed of execution—time it takes to execute an Order;
- Likelihood of execution and settlement, including but not limited to:
 - Ability of Execution Entity to execute the desired volume;
 - Creditworthiness of the Execution Entity;
 - Reputation of the Execution Entity.
- Size—the size of the transaction executed for a Client, accounting for how this affects the prices of execution.
- Nature—The effect of the particular characteristics of a transaction on how Best Execution is received.

1.3 As Receiver and Transmitter

When **DBWM US** acts as a Receiver and Transmitter of Orders, it ensures it obtains the best results for Clients by choosing the most appropriate Execution Entity to transmit the Order to.

DBWM US takes into consideration a number of factors when making a decision regarding Execution to ensure that the best possible result is achieved.

Execution Entities are selected on the basis of the following criteria, and are then added to a list of pre-approved Execution Entities:

- **Quality and effectiveness:** of an Execution Entity's execution policy, wherever relevant, to achieve the best possible result for Clients;
- **Best Price:** The Execution Entity's capability to provide the best price with the possibility of price improvement;
- **New Issues:** The Execution Entity's capability to provide a subscription facility to new issues;
- **Liquidity:** The Execution Entity's capability to secure liquidity and simultaneously minimize market impact in extraordinary market conditions;
- **Market familiarity:** The Execution Entity's knowledge of the market for one or more Financial Instrument classes;
- **Instrument familiarity:** The Execution Entity's knowledge and/or coverage of one or more Financial Instrument classes;
- **Reliability:** Whether the Execution Entity has a history of providing required support (e.g. after hours trading support, cross border trading, responses to comments or to complaints), when placing a difficult Client Order (e.g. difficult to execute and settle), in one or more Financial Instrument classes;
- **Integrity (ability to maintain confidentiality):** When executing Client Orders, in many cases, **DBWM US** may not want the Execution Entity to disclose its interest to the market. Integrity of an Execution Entity in this regard is therefore a criteria for being part of the approved list;
- **Reports:** The Execution Entity's capability to provide accurate execution reports timely;
- **Financial condition:** The financial condition of an Execution Entity may be considered and an Execution Entity may not be considered if there is uncertainty regarding their financial status;
- **Technology infrastructure and operational capabilities:** An Execution Entity may be selected only if it is known that the Execution Entity has the infrastructure and operational capabilities to execute and settle trades in certain instrument classes; and
- **Clearing and Settlement:** The accuracy and efficiency of the Counterparty's clearance and settlement process.

When acting as a Receiver and Transmitter, **DBWM US** currently utilizes **DWS** as its only Execution Entity. **DBWM US** reserves the right to use alternative Execution Entities and will periodically review the selection in accordance with **Section 6.1**.

1.4 As Execution Entity

When acting as an Execution Entity, **DBWM US** utilizes a list of approved Execution Venues, listed in **Section 8**. This list will be periodically reviewed and updated in accordance with **Section 7.1**. **DBWM US** reserves the right to use alternative Execution Venues other than those listed in **Section 8** where it believes it is necessary to do so.

2. Fees / commission charged by execution entities

There are no fees and/or commissions charged by Execution Entities in relation to fixed income orders.

3. Order execution procedures

3.1 Order Execution by Trading Entities

As stated in **Section 1**, the way in which **DBWM US** executes a transaction on behalf of a Client depends on the asset class.

1. Fixed Income orders are executed by **DBWM US** on Execution Venues. For details on how fixed income orders are executed, refer to **Section 4.2 thru 4.7**.
2. Equity orders are received and transmitted to **DWS**, which in turn selects an executing broker. For details on how equity orders are executed refer to **Section 4.8**.

3.2 Receiver and Transmitter of Orders

When acting as 'Receiver and Transmitter' of Orders, **DBWM US** relies on the services of its affiliate **DIMA** to serve as Execution Entity.

3.3 Fixed Income Instruments:

DBWM US acts as Executing Entity of fixed income Orders where Orders are placed outside of **DBWM US** through brokers who have access to trading venues.

3.4 U.S. Treasuries:

U.S. Treasuries are traded through a Bloomberg system known as TSOX (Fixed Income Execution Management). The Longview trading system has a link to Bloomberg so that at the time of a transaction, the trader can launch the transaction directly from Longview into the TSOX trade application. Once a requested transaction is on the TSOX blotter the trader is free to choose up to five (5) dealers, many of which are primary dealers, and launch the transaction to request live bids/offers from the selected dealers. The trader then waits for quotes from the dealers and selects the best price that is highlighted in the Bloomberg system to achieve the best results for the Client. For a sale, this is the highest price and for a buy the lowest price. Once a dealer accepts the trade, the trade details flow through to the Longview trading system, filling in all the details of the trade, including the covers/prices from the other dealers.

3.5 Corporate Debt Securities:

In the case of corporate debt securities, **DBWM US** uses one of two methods, or in many cases both to ensure best execution.

3.5.1 Bloomberg (Corporate Debt Securities):

The first method is sending out a request for bids/offers through the Bloomberg message system. A trader will send a message to a group of approximately fifteen (15) dealers requesting a bid/offer for specific transactions. Each trader has a different list of dealers depending on the specific sector of the market that they cover. Once all prices are collected and the best price is selected, which in the case of a sale will be the highest price and for a buy it will be the lowest price. The dealer agrees to the trade by sending their side of the trade, known as a Vcon. The price is entered on the multi bid/offer page and sent through to Longview. Longview then records the covers and dealers in the trader notes field on the trade ticket.

3.5.2 MarketAxess (Corporate Debt Securities)

The other method, which can be used separately or in addition to the Bloomberg message system is a trading platform known as MarketAxess ("MA"). On MA, a trader can enter a transaction, choose an additional twenty (20) dealers and request a bid/offer from them. The remainder of the process works much the same as before as levels are recorded on the multi bid/offer page, the best price is responded to and once the dealer agrees, the trade is sent to the trader through the MA application as a trade ticket from the dealer. The specifics are checked and the trade is transmitted to Longview and cover bid/offers are recorded in the trader notes field on the trade ticket. Regardless of how many bids/offers a trader receives, if the trader does not believe that the best price was provided, then the trader need not execute the order.

There are several reasons for using two different methods. The first is that for odd lot trades MA is clearly the best alternative as it is a more automated system and therefore all lot sizes 100m or less go through this method. The second is that some dealers chose not to be part of the MA system and that excluding them from the process of collecting levels may cost us from getting a better level than might be available if only using MA.

3.6 Limited Market

In some cases, a trader may come across a corporate issue that may only be held and offered by one dealer. Because the trader is well versed as to where the issue should trade they may buy said item regardless of a lack of cover offers. On rare occasions when putting an item out for the bid, it may happen that the trader only gets one bid, at which time the price level is discussed with the portfolio manager and it is explained that there is only one price and what action should be taken.

3.7 Municipals (Selling)

When selling Municipal securities, traders always use Bloomberg and its MBW (Municipal Bid Wanted) functionality. As soon as a municipal bond is entered on the MBW page, automatic notifications are sent to all counterparties that the trader at Deutsche Bank has a trading relationship with. Generally, the trader will set up the bid wanted list about an hour before bids are due back for review. In addition to the automatic notification that dealers and traders on the street receive, the Deutsche Bank trader also sends out a Bloomberg message to Sales Coverage alerting them of the bid wanted list. Between the time that the security is entered on the system and the time that bids are due, the Bloomberg system collects and itemizes the bids from highest to lowest price. After the conclusion of this process, the trader then trades the bond to the dealer who has bid the highest price. Details of the trade are agreed with the dealer and that information is entered on Longview. A printout of the Bloomberg bid wanted page is attached to the Longview trade ticket. This printout details and confirms best execution, and is maintained as part of the official records of the bank.

Should the trader determine that the high bid attained on Bloomberg was not high enough to sell the bond, the trader may try to sell the bond using an electronic trading platform called MarketAxess. The process (setting up the bid wanted list, waiting for bids, executing the trade, etc.) is similar to the process of selling the bond on Bloomberg.

3.8 Municipals (Buying)

There are many features of the municipal market that are unique when compared to other fixed income markets. What state a client lives in and the need for tax-exempt income derived from securities issued in that state is usually the main driver of what bonds are purchased for a client's account. Other factors, such as coupon and credit quality, may be deemed more important for some clients while not as important for others. To further complicate matters, the municipal market differs in comparison to other markets because there are far more municipal issuers and individual bonds outstanding. Simply put, in this highly fragmented market finding an appropriate bond for a client can be difficult. Generally, whether buying bonds in the primary or secondary market, it is up to the trader to buy a bond or not. This decision is made after considering how other bonds of the issuer are trading, how the issuer has historically traded in the market, and how other issuers are currently trading in the market.

3.9 Equities

DBWM US submits Orders to DWS , equity order desk (an Affiliate) for execution. Consequently, DBWM US acts as a Receiver and Transmitter of Orders for this asset class. In this function, DWS ensures best results for Clients by choosing the most appropriate Execution Entity to execute the Order. DWS takes sufficient steps to ensure that when transmitting an order to an Execution Entity, that Execution Entity has execution arrangements that will enable them to meet Best Execution obligations. Orders are placed with approved counterparties.

4. Recordkeeping

All trades are electronically recorded and archived, which allows compliance to monitor and review our transactions. Evidence of best execution is documented on each trade ticket and is available for review.

5. Order handling

DBWM US does not receive any direct Client Orders. All fixed income and equity Orders are entered by Wealth Discretionary (WD) into a trade order system which flow to DBWM US (fixed income) and DWS (equities) to be transmitted to a selected dealer for execution.

6. Review and monitoring

The effectiveness of the Best Execution processes and of this written Policy is reviewed at least annually. In addition, whenever a material change occurs, that affects the ability to obtain the best possible result for the execution of an Order, a review of the Best Execution processes and the written Policy will take place. As part of this, DBWM US will consider whether any changes should be made to the relative importance of the Execution Factors in order to meet its overarching Best Execution requirements. In the event that any material changes are made to the order execution arrangements or to this Policy, DBWM US will notify its Clients via its <https://deutschewealth.com/content/deutschewealth/en/articles/MiFID-II-Order-Execution.html>, by updating and publishing the updated version of its Best Execution Policy.

6.1 Review of Execution Venues and Execution Entities:⁴

An annual due diligence review on the Execution Entities will be conducted through the DBWM US governance framework and control. The objectives of this process will be:

- Monitor the effectiveness of our order execution arrangements (including this Policy);
- Identify shortcomings in execution quality;
- Correct deficiencies, where appropriate.

7. Reporting⁵

As an investment firm that Receives and Transmits Orders to Execution Entities, Deutsche Bank Wealth Management U.S. will independently publish, on an annual basis and for each class of Financial Instruments:

- A list of Top 5 Execution Entities and related volume and number of orders in percent executed on each Execution Entity.
- A summary of the analysis and conclusions it draws from its detailed monitoring of the quality of execution obtained on the execution entities where it executed all its Orders in the previous year;
- An assessment of execution quality obtained on all Execution Entities used by DBWM US;
- Description and/or explanation, wherever applicable, for:
 - Close links;
 - Conflicts of interest;
 - Specific arrangements;
 - Common ownership;
 - Data or tools used;
 - Factors, which influenced a change in the list of Execution Entities.

⁴DBWM US is also responsible for monitoring DIMA's performance on an ongoing basis to ensure Best Execution standards are met based on the counterparties that are used to execute equity Orders. This may occur by insights from DIMA's Brokerage Practice Sub-Committee (BPSC) on a regular basis.

⁵DBWM US is responsible for publishing similar reporting for trades received and transmitted to DIMA

8. Appendix 1—list of approved execution venues

This section below provides a non-exhaustive list of brokers used by us to transmit and execute orders. Only those brokers are listed that we place significant reliance on. Any additional brokers used, but not listed here, will nevertheless still have been selected in accordance with this Policy.

Bank of America	Piper
Bank of New York	PNC
Barclays	
BB&T	Ramirez
BNP	Raymond James
Boenning & Scattergood	RBC
Cabrera	Robert Baird
Cantor, Fitzgerald	Roosevelt & Cross
Citigroup	Seelaus
DA Davison	Siebert
Davenport	Stern Brothers
Eastern Bank	Stephens
Fidelity	Stifel
FTN	Suntrust
George K. Baum	Susquehanna
GMS	TD
Goldman Sachs	UBS
Hilltop	US Bank
HSBC	Vining Sparks
Hutchinson	Wedbush
Janney	Wells Fargo
Jefferies	William Blair
JPMorgan	Williams Capital
Keybanc	Wunderlich
Loop	Ziegler
MarketAxess	
Mesirow	
Millenium	
Mitsubishi	
Mizuho	

9. Glossary

'Client' means a customer of Deutsche Bank Wealth Management to whom it owes fiduciary duty.

'Coverage Entities' means the legal entities of Deutsche Bank Wealth Management that maintain contractual relationships with Clients.

'Order' defined as securities selected (buy or sell) by Deutsche Bank Wealth Management U.S. for further transmittal and execution to selected Execution Entities

'Deutsche Investment Management Americas' refers to a division with Deutsche Bank group that offers Asset Management services.

'Deutsche Bank Wealth Management' refers to a division within the Deutsche Bank group that offers Wealth Management services. Deutsche Bank Wealth Management operates out of a number of distinct legal entities and branches of such legal entities.

'Execution Entity' means the entities to which Deutsche Bank Wealth Management transmits Client Orders, when acting as a Receiver and Transmitter. These entities will owe fiduciary duties to Deutsche Bank Wealth Management. For a list of approved Execution Entities please refer to Appendix 1.

'Execution Venue' means a Regulated Market, Multilateral Trading Facility, OTF, Systematic Internalizer, Market Maker or other Liquidity Provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing. These are the entities with whom Deutsche Bank Wealth Management executes trades when acting as an Executor. Execution Venues do not owe fiduciary duties to Deutsche Bank Wealth Management.

'Financial Instrument' means the instruments listed below:

- (1) U.S. Treasuries / Government Notes & Bonds;
- (2) Corporate securities;
- (3) Municipal securities;
- (4) Agencies;
- (5) Other fixed income securities, e.g. non USD denominated bonds;
- (6) Equities.

'Investment Firm' is defined in Article 4(1) of the MiFID as any 'legal person whose regular occupation or business is the provision of one or more investment services to third parties and/or the performance of one or more investment activities on a professional basis'. The MiFID definition, therefore, covers all persons who perform investment services and activities using the relevant instruments.

'Market Maker' means a firm that will buy and sell a particular security on a regular and continuous basis by posting orders at a publicly quoted price. They ensure that an investor can always trade the particular security and in doing so enhance liquidity in the Financial Instrument.

'MiFID II' means the Markets in Financial Instruments Directive 2014/65/EU and the Markets in Financial Instruments Regulation 600/2014.

'Multilateral Trading Facility (MTF)' means a system, or "venue", which brings together multiple third-party buying and selling interests in Financial Instruments in a way that results in a contract, MTFs can be operated by investment firms or market operators and are subject to broadly the same overarching regulatory requirements as Regulated Markets (e.g. fair and orderly trading) and the same detailed transparency requirements as Regulated Markets.

'Order Management System (OMS)' means an electronic system developed to execute securities orders in an efficient and cost-effective manner.

'Organised Trading Facility (OTF)' means any facility or system operated by an investment firm or a market operator that on an organised basis brings together third party buying and selling interests or orders relating to Financial Instruments. It excludes facilities or systems that are already regulated as a Regulated Market, MTF or a systematic internaliser.

'Receiver and Transmitter' describes the role of Deutsche Bank Wealth Management U.S. when it receives an investment mandate from the Client and selects securities (buy or sell) on behalf of the Client which is then transmitted to an Execution Entity.

'Regulated Market' means a multi-lateral system operated and/or managed by a market operator, which facilitates the bringing together of multiple third-party buying and selling interests in Financial Instruments in a way that results in a contract, in respect of the Financial Instruments admitted to trading under its rules and/or systems, and which is authorized and functions regularly and in accordance with the provisions of Title III of MiFID.

'Trading Entities' means the legal entities and branches of Deutsche Bank Wealth Management that engage in the activity of executing Client Orders received from Coverage Entities. Trading Entities do not maintain contractual relationships with Clients of Deutsche Bank Wealth Management, but in some cases, Trading Entities have arranged with Coverage entities to permit the Client to provide orders directly to the Trading Entity.

'Wealth Discretionary' refers to the Group within DBWM US that is responsible based on a client mandate for the management of investment accounts on behalf of its Clients.

"Deutsche Bank" means Deutsche Bank AG and its affiliated companies. Deutsche Bank Wealth Management represents the wealth management activities conducted by Deutsche Bank AG or its subsidiaries. Brokerage services are offered through Deutsche Bank Securities Inc., a broker-dealer and registered investment adviser, which conducts securities activities in the United States. Deutsche Bank Securities Inc. is a member of FINRA, NYSE and SIPC. Banking, lending and discretionary portfolio management services are offered through Deutsche Bank Trust Company Americas, member FDIC, and other members of the Deutsche Bank Group. Trust and estate and wealth planning services are provided through Deutsche Bank Trust Company, N.A., Deutsche Bank Trust Company Delaware and Deutsche Bank National Trust Company.