



# Order Execution Policy

Pepperstone Limited

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## Order Execution Policy

**This Policy summarises the general basis on which Pepperstone Limited (“we”, “us” or “our”) will provide “best execution” when required by the European Union’s Markets in Financial Instruments Directive 2 (known as “MiFID II”) and by the rules, guidance, principles and codes in the Handbook of Rules and Guidance issued by the UK Financial Conduct Authority or any successor regulatory body or bodies (the “FCA”).**

The Policy is divided into seven sections:

- Scope and Purpose;
- Achieving Best Execution;
- Compliance with Client Instructions;
- Choosing an Execution Venue;
- Updating the Policy;
- Consenting to the Policy; and
- Contact Details.

### I. Scope and purpose

#### **What is the purpose of the Policy?**

We recognise the importance of achieving the best possible result when executing trades for our clients and required to take all sufficient steps to do so at all times to act fairly and reasonably in our dealings with you. This is fundamental to us maintaining and developing our relationship with you. The purpose of this Policy is to set out this obligation to you in a clear and concise manner.

#### **When does the Policy apply?**

The Policy applies where we act on your behalf in the execution of orders in relation to any financial instrument which is regulated under MiFID II, and we agree to provide the best price or other terms for you in the market.

The Policy applies to all transactions we arrange or execute on your behalf, whether arranged or executed through affiliated companies or otherwise.

The Policy will not apply when we are not executing an order on your behalf, such as in circumstances where:

- we transact with you as principal on the basis of a published quote;
- we transact with you as counterparty for our own account;
- we are following your specific instructions to execute your order in a particular manner or at a particular price; or
- we are following your specific instructions to execute a specific part or aspect of an order.



The financial instruments regulated under MiFID II include most types of financial instruments, but do not include spot foreign currency exchange transactions and spot commodity derivative transactions. Accordingly, this Policy does not apply to those instruments.

## II. Achieving Best Execution

### What does “best execution” mean?

“Best execution” means:

- that we have established this Policy which is designed to achieve the best possible result (taking into account all relevant factors described below) across all orders on a consistent basis, for any financial instrument covered by MiFID II, when placing the orders for execution with the execution venues identified in this Policy;
- that we are committed to comply with this Policy; and
- that we will take steps to monitor, review and update this Policy to ensure that it continues to achieve such results.

Complying with our best execution obligations under MiFID II does not mean that we are required to undertake a transaction-by-transaction analysis. Instead, we are required to take all reasonable steps to obtain the best result overall when executing orders on your behalf, having regard to the execution factors set out in MiFID II and the applicable FCA rules.

### What factors do we take into account to achieve best execution?

In achieving best execution, we take into account a number of factors (unless otherwise instructed by you, as discussed in Section III below). These include:

- price;
- costs;
- speed;
- likelihood of execution and settlement (liquidity);
- size;
- nature;
- type and characteristics of financial instrument;
- characteristics of the possible execution venues; and
- any other consideration relevant to the execution of the order.



While total consideration (price and costs) are generally key factors, the overall value to you of a particular transaction may be affected by the other factors listed above. We may conclude that factors other than price and costs are more important in achieving the best possible result for you. The relative importance of each of the factors will differ depending on:

- your categorisation as a Retail or Professional client;
- any special objectives you may have in relation to the execution of the order;
- the characteristics of your order;
- the characteristics of the financial instruments to which your order relates; and
- the characteristics of the venues (if there is more than one) to which your order may be directed.

We are required to provide an account of the relative importance of the execution factors, with reference to the relevant criteria (see above) and the process by which we determine the relative importance of those factors, and this is below in sections III and IV.

#### **What is our responsibility when your order is executed for us by a third party?**

We will generally pass your order on to a third party (which may be a broker and an affiliated company) to execute your order.

We may pass an order to a non-affiliated third party broker or dealer to execute your order. In respect of such cases, we will have internal processes and procedures in place to periodically review our choice of third party brokers and dealers to determine that, taking into account all the factors specified above, the third party broker or dealer is providing the best results for your orders on a consistent basis. In making this determination we will have regard to:

- prices offered for the particular type of instrument over time;
- average costs per trade charged for the type of trade over time; and
- the best execution policy of, and any other guidance issued by, the relevant broker or dealer from time to time.

### **III. Compliance with Client Instructions**

#### **What happens if you give us specific instructions as to how to execute your order?**

Where we have accepted your instructions with respect to the execution of your order, we will follow those instructions to the extent it is possible for us to do so, regardless of whether we have given you advice on any aspect of the order.



This Policy will not apply where we accept and follow your specific instructions when executing an order or a specific part of an order, although the Policy may apply to other aspects of the order to the extent that they are not covered by your instructions. For example:

- where you instruct us to execute an order for you at a particular price (for example, a subscription for units in a fund, structured product or other securities at a specific price, we will execute the order as a specific price we have quoted to you;
- where you instruct us to execute your order on a particular venue, we will not be responsible for selecting the venue; and
- where you instruct us to execute your order at a particular time or over a particular period, regardless of the price available, we will endeavour to execute your order at that time or over that period in the best possible manner, but will not be responsible for the timing or any of the consequences for price or other factors that results from the timing of execution.

## IV. Choosing an Execution Venue

### Which trading venues will we use?

For the purposes of MiFID II, a “**venue**” includes an exchange, a multilateral trading facility and a broker. Unless we agree with you otherwise we will use a selection of venues that will be reviewed periodically.

We pass all client trades to our Australian- based parent company Pepperstone Group Limited (“**Pepperstone Group**”). We are required to provide a list of the execution venues for each class of financial instrument, which we place significant reliance (this available on our website under MiFID II data). The execution venues used by Pepperstone Group Limited include the following;

- Sueden Financial Limited;
- IS Prime Limited;
- LMAX Limited; and
- GAIN Capital.

Where your order is executed through third-party brokers, we will review the brokers that we use periodically, taking into account the factors we describe below for determining the entities with which the orders are placed or to which we transmit orders for execution. We do this to ensure that the broker or brokers that we use are providing best execution, taking into account all orders executed during the review period.

Where it appears in a particular case that better execution is available from a broker that we do not ordinarily use, we may use such other broker on a case-by-case basis.



### **What factors are taken into account in determining the execution venues?**

Factors that we consider in selecting the entities with which your orders are placed, or to which we transmit your orders for execution in respect of a particular financial instrument include:

- general prices available;
- depth of liquidity;
- relative volatility in the market;
- speed of execution;
- cost of execution;
- creditworthiness of the counterparties on the venue or the central counterparty; and
- quality and cost of clearing and settlement.

### **How might factors vary between choices of venue?**

In some markets price volatility may mean that timeliness of execution is a priority. In other markets that have low liquidity, the fact of execution may itself constitute best execution.

In other cases, our choice of venue may be limited because of the nature of your order or your requirements. For example, when investment products are more illiquid, there may be little (or no) choice of venue.

### **How often do we review our venues?**

Generally, we will review the venues we use to execute your orders on an annual basis.

### **Where we have a choice of venues in respect of a particular order, how do we choose?**

We take into account factors such as cost, benefits of accessing multiple venues and accessibility in deciding which venues we use. In some circumstances we may have access to more than one venue for executing an order in a particular financial instrument. In such cases, we will endeavour to choose the best venue for the order, taking into account the factors applicable to choosing venues.

## **V. Updating the Policy**

### **How often will we update this Policy?**

We will review and update this Policy periodically to take into account changes as and when appropriate.

### **How can you obtain the most recent version of this Policy?**

The current version of this Policy is located in the 'Legal Documentation' section on our website, [www.pepperstone.com/uk](http://www.pepperstone.com/uk). If you would like to receive a copy of the current Policy in a different format please contact us in the manner described in section VI below.



## VI. Contact Details

### **How do you contact us in connection with this Policy?**

If you have queries about this Policy, please contact [support@pepperstone.com](mailto:support@pepperstone.com) and address your enquiry to the UK Head of Compliance.

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