



# Order Execution Policy

Pepperstone Limited

Company Number:	08965105
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## 1. Scope and purpose

- (a) This Order Execution Policy (“**Policy**”) sets out how Pepperstone Limited (“**we**”, “**us**” or “**our**”) will provide “best execution” as required by the rules, principles and codes in the Handbook of Rules (‘COBS11’) and Guidance issued by the UK Financial Conduct Authority or any successor regulatory body or bodies (the “**FCA**”) and consistent with the European Union’s Markets in Financial Instruments Directive MiFID II.
- (b) We recognise the importance of achieving the best possible result for you when executing your trades and are required to take all sufficient steps to do so. Acting fairly and reasonably in our dealings with you is a crucial part of our business. The purpose of this Policy is to set out how we achieve “best execution” for you wherever possible.
- (c) This Policy applies where we execute orders on your behalf regarding any FCA and MiFID II-regulated financial products. We agree to provide the best price or other terms for you in the market for those products.
- (d) This Policy applies to all transactions we arrange or execute on your behalf, whether those transactions are arranged or executed through our affiliated companies or otherwise.
- (e) This Policy doesn’t apply to transactions that we don’t execute on your behalf, for example when:
  - (i) we transact with you as principal on the basis of a published quote;
  - (ii) we’re following your specific instructions to execute your order in a particular manner or at a particular price; or
  - (iii) we’re following your specific instructions to execute a specific part or aspect of an order.
- (f) This Policy doesn’t apply to spot foreign currency exchange transactions and spot commodity derivative transactions, which aren’t regulated by the FCA or MiFID II.

## 2. Achieving best execution

### 2.1 The meaning of “best execution”

- (a) “Best execution” means:
  - (i) that we’ve established this Policy which is designed to achieve the best possible result (taking into account all relevant factors described below) across all orders placed with the execution venues identified in this Policy on a consistent basis, for any financial product regulated by the FCA /MiFIDII;
  - (ii) that we’re committed to comply with this Policy; and
  - (iii) that we’ll take steps to monitor, review and update this Policy to ensure that it continues to achieve the right results.
- (b) Complying with our best execution obligations doesn’t mean that we’re required to undertake a transaction-by-transaction analysis of all trades. Instead, we need to take all sufficient steps to obtain the best overall result when executing orders on your behalf, having regard to the execution factors set out in the applicable FCA rules and MiFID II.

## 2.2 The factors that we take into account to achieve best execution

- (a) We take into account a number of factors to achieve best execution. These include:
- (i) price;
  - (ii) costs;
  - (iii) speed;
  - (iv) likelihood of execution and settlement (liquidity);
  - (v) size;
  - (vi) nature;
  - (vii) type and characteristics of financial product;
  - (viii) characteristics of the possible execution venues; and
  - (ix) any other consideration relevant to the execution of the order.
- (b) While total consideration (price and costs) are generally key factors we consider most important, the overall value of a particular transaction may be affected by the other factors listed above. We may decide that factors other than price and costs are more important in achieving the best possible result for you.
- (c) The importance that we'll place on each of the factors will differ depending on:
- (i) your categorisation as a Retail or Professional client; for retail clients the best possible result is determined in terms of total consideration;
  - (ii) any special objectives you may have in relation to the execution of the order;
  - (iii) the characteristics of your order;
  - (iv) the characteristics of the financial product to which your order relates; and
  - (v) the characteristics of the venues (if there's more than one) to which your order may be directed.

## 2.3 If your order is executed for us by a third party

- (a) We'll generally pass your order on to a third party (which may be a broker and an affiliated company) for execution.
- (b) We may pass an order to a non-affiliated third party broker or dealer for execution. We have internal processes and procedures in place to periodically review our choice of third party brokers and dealers to ensure 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'll consider:
- (i) prices offered for the particular type of instrument over time;
  - (ii) average costs per transaction charged for the type of transaction over time; and
  - (iii) the best execution policy of, and any other guidance issued by, the relevant broker or dealer from time to time.

## 3. Complying with your instructions

- (a) If we've accepted your instructions regarding the execution of your order, we'll follow those instructions to the extent that it's possible.
- (b) This Policy won't apply if 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 aren't covered by your instructions. For example:
  - (i) if 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'll execute the order at a specific price that we've quoted to you;
  - (ii) if you instruct us to execute your order on a particular venue, we won't be responsible for selecting the venue; and
  - (iii) if you instruct us to execute your order at a particular time or over a particular period, regardless of the price available, we'll endeavour to execute your order at that time or over that period in the best possible manner, but we won't be responsible for any of the consequences in terms of price or other factors that results from the timing of execution.

## 4. Choosing an execution venue

### 4.1 The trading and execution venues we use

- (a) For the purposes of the FCA and MiFID II / , a "venue" includes an exchange, a Multilateral Trading Facility 'MTF', an Organised Trading Facility 'OTF' and a market maker (Liquidity provider). Unless we agree with you otherwise, we'll use a selection of venues that we'll review periodically.
- (b) We pass all client transactions to our Australian-based related company Pepperstone Group Limited ("Pepperstone Australia"). The execution venues used by Pepperstone Australia include but are not limited to the following:
  - (i) Sucden Financial Limited;
  - (ii) IS Prime Limited;
  - (iii) LMAX Limited;
  - (iv) GAIN Capital; and
  - (v) Jefferies Financial Services Inc. -Morgan Stanley Morgan Chase,
- (c) We generally review these venues on an annual basis, taking into account the factors set out in section 4.2, to ensure they provide best execution. In situations where it appears that better execution is available from a broker that we don't ordinarily use, we may use that other broker on a case-by-case basis.

### 4.2 The factors we take into account when choosing venues

- (a) Factors we consider when selecting execution venues include:
  - (i) general prices available;



- (ii) depth of liquidity;
  - (iii) relative volatility in the market;
  - (iv) speed of execution;
  - (v) cost of execution;
  - (vi) creditworthiness of the counterparties on the venue or the central counterparty; and
  - (vii) quality and cost of clearing and settlement.
- (b) 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.
- (c) We take into account factors such as cost, benefits of accessing multiple venues and accessibility when 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 product. In these situations, we'll endeavour to choose the best venue for the order, taking into account the factors applicable to choosing venues.

## 5. Updating this Policy

- (a) We'll review and update this Policy on an annual basis to take into account changes as and when appropriate.
- (b) The current version of this Policy is located in the 'Legal Documentation' section on our website. If you'd like to receive a copy of the current Policy in a different format please contact us using the details in section 6 below.

## 6. Contacting us

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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