

UK Order Execution Policy

Pepperstone Limited

Company No.: 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.

2. Processing of client orders

Information regarding how we handle orders (“Orders and pricing”) can be found within our General T&Cs in Section 2.

We execute most orders automatically, with minimal manual intervention. However, in volatile markets, execution may occur at a substantially different price from the quoted bid or offer or the last reported sale price at the time of order entry.

Partial executions or execution of large orders in several transactions at different prices is also possible. When this occurs Pepperstone will provide a volume weighted average price (VWAP) to clients to reflect the multiple execution prices of the order. Therefore, in addition to the provisions of the T&C’s, we may execute an order manually and/or at VWAP, without notifying you in advance. This may also occur in instances where we experience, for example, increased market volatility, illiquidity/infrequent price updates and/or a significant order size.

Pepperstone does not aggregate orders. A market order will execute according to the best price available and will return a VWAP for a client where the trade executes across multiple depths of liquidity.

3. Achieving best execution

3.1 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 /MiFID II;
 - (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.

3.2 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 give precedence to speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs where these are instrumental in delivering the best possible result in terms of total consideration.
- (c) We believe that speed of execution is also important. Prices in the financial markets can move quickly. We will execute your order on the basis of the best prices available to us at the earliest time when we can execute it. We will not delay execution in the hope that a better price will become available.
- (d) You should note that all of the prices available to us, and therefore our prices to you, are valid for a limited size only. This means that we may not be able to execute the whole of a larger order at

the same price as a smaller order. In this case we will execute as much of the order as we can at the best available price. When that price is gone, we will execute as much of the order as we can at the next best available price. When we have executed your entire size, we will calculate the average execution price based on the available volume at each price. As above, this is called the 'volume weighted average price' or 'VWAP'.

- (e) The importance that we'll place on each of the factors may differ depending on:
 - (i) the characteristics of your order;
 - (ii) the characteristics of the financial product to which your order relates; and
 - (iii) the characteristics of the hedging venues (if there's more than one) in relation to your order

3.3 Internal and External Execution

- (a) Pepperstone Limited is part of the global Pepperstone Group ('The Group'). The Group comprises a number of local entities serving a wide range of customers who deal in a wide range of markets. These customers often have different views on the market. By operating a central risk book, The Group is able offset the market risk arising from different customers in different countries. This helps Pepperstone to minimise transaction costs which in turn helps us to keep our spreads to a minimum. Subject to prudent risk parameters, The Group thus manages market risk within its central risk book. In this case, we will execute your order on the basis of the best price that we believe to be available to hedge your trade at that moment.
- (b) Pepperstone Group has well established internal risk controls. This includes limits as to the size of position that we will assume as well as a number of other considerations designed to ensure that the risks within the Group's overall portfolio are sensibly balanced. Therefore, Pepperstone Group may sometimes be unable to offer liquidity to execute your order internally. In that case, equivalent transactions will be executed in the underlying market and your order will be filled on the basis of the price actually obtained by us.

4. 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) You may give us specific instructions as to how we should execute your order. This may result in additional charges. We will disclose these charges to you before we accept your order. This Policy won't apply if we accept and follow your specific instructions, although the Policy will apply to other aspects of the order to the extent that aren't affected by your instructions. For example:
 - (i) If you ask us to hedge your trade with a particular counterparty then your order will be executed on the basis of the price that we are able to negotiate with that counterparty. We will not be responsible for identifying the prices that might be available from other counterparties.

- (ii) If you instruct us to execute your order in smaller pieces, we will do so without assessing whether a better price might be available for the whole order; or
- (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.

5. Choosing venues

5.1 The venues we use

(a) We act as principal to your trades. When you deal with us, we will always be the execution venue for your orders and our price will be the only price available to you. However, we take all sufficient steps to ensure that our price reflects the best prices available to the Pepperstone Group for hedging your trade – irrespective of whether we hedge with them or offset the risk internally. The venues available to The Group for hedging purposes are called the 'hedging venues'.

(b) The hedging venues used by The Group include but are not limited to the following:

- Standard Chartered / JP Morgan
- IS Prime Limited
- LMAX Limited
- IG Markets Limited.
- CMC Markets UK Plc
- CMC Asia Pacific Pty Ltd
- Sudden Financial Limited
- B2C2 OTC Ltd
- Invast Financial Services Pty Ltd
- Finalto Financial Services Limited

(c) The Group reviews the prices that it gets from its hedging venues on an ongoing basis. Where it is not satisfied that the hedging venues it is using are sufficient to discover the best available price, it will seek to add further hedging counterparties to achieve that end. Similarly, it may remove hedging venues if they cease to meet its selection criteria.

5.2 The factors we take into account when choosing venues

(a) Factors our Liquidity provider (i.e. Pepperstone Group Ltd) considers when selecting hedging 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.

6. 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 7 below.

7. Contacting us

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



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