



FIXI PLC

Order Execution Policy

December 2017

FIXI PLC Introduction

FIXI PLC ('FIXI', 'we', 'our' or 'us') is committed to treating our clients ('you', 'your', 'yours') honestly, dealing with you in a professional and transparent manner, and to act in your best interests whether opening or closing orders.

When we enter into a transaction with you, we have a duty to provide you with 'best execution' on your transactions. Best execution means that we must take all reasonable steps to obtain the best possible result for you when executing an order with you, taking into account various 'execution criteria'.

This document provides a summary of our Order Execution Policy which applies to FIXI's execution of orders in all types of financial instruments on behalf of retail and professional clients. It applies from 19th December 2017.

This disclosure statement forms part of our terms and conditions. Therefore, by agreeing to the terms of the applicable Customer Agreement, you are also providing consent to the terms of our Order Execution Policy, as summarised in this document.

Complying with providing you Best Execution

When we enter into Contracts with you, we will take all reasonable steps to achieve the best possible result for you by executing those Contracts or Transactions according to our order execution policy and subject to any specific instructions received from you.

Our order execution policy is designed to obtain the best possible execution result for you subject to and taking into account

- (a) the nature and size of your Contracts or Transactions,
- (b) the priorities you have identified to us in relation to entering into those Contracts or Transactions, and
- (c) the practices relating to the market in question, with the aim of producing a result which provides, in our view, the best balance across a range of sometimes conflicting factors.

Determining Best Execution

We have determined, that the order of importance of the execution factors is the same across all FIXI instruments; that for all retail clients the best possible result will be determined in terms of the total consideration, representing the price of the financial instrument and the costs related to execution. In determining the importance given to the other factors (speed, likelihood of execution and settlement, the size and nature of the order) we will exercise our discretion in assessing the criteria that we need to take into account to provide clients with the best result. The relative importance of these criteria will be judged in line with our commercial experience and with reference to market conditions including the need for timely execution, availability of price improvement, the liquidity of the market and size of your order (which may make it difficult to execute an order) and the potential impact on total consideration. In certain circumstances therefore FIXI may determine that the speed, and likelihood of execution and settlement for example may take precedence over immediate price and

cost factors if they are instrumental in delivering the best possible result. This may be the case for example for large client orders in illiquid shares or when a stop has been triggered.

Spread Bets and CFDs

In relation to Contracts that you enter into with us, we act as principal and not as agent on your behalf and we therefore act as the sole execution venue for the execution of your Contracts. This means that we will act as market maker and you will be dealing with us and not within the underlying market. The main way in which we will ensure that you obtain best execution is by ensuring that in the calculation of our bid/offer prices used to execute your Contracts, we pay due regard to the market price for the underlying reference product to which your Contract relates. We have access to a number of different data sources in order to ascertain the market price, which is our objective view of the bids and offers available to arms' length traders. In relation to some financial instruments, at the time at which you give us an order there may be no functioning or open market or exchange on which the reference product is traded. In such cases, we set out to determine a fair underlying two-way price based on a number of factors such as price movements on associated markets, other market influences and client trading flow.

Execution Venues

Whilst we act as principal in respect of your orders, we assess the execution venues available to us for the pricing and hedging of your Contracts and the execution of your Transactions. In respect of CFDs and spread bets we will seek to manage our risk as market maker and may choose whether to hedge part or all of your Contracts in the underlying market. This may impact the price of your orders accordingly.

We currently use the following financial institutions/execution venues:

Axicorp, CFH Clearing, ISPrime and Sucden Financial

This list of Execution Venues is not exhaustive but comprises those Execution Venues on which we place significant reliance. We reserve the right to use other Execution Venues where we deem appropriate in accordance with our order execution policy to obtain the best overall result for you and may add or remove any Execution Venues from this list.

Professional Clients

If we have expressly categorised you as a Professional client in accordance with the meaning given to this term in the Financial Conduct Authority ('FCA') Rules, we will consider relevant FCA and European Securities and Markets Authority ('ESMA') guidance to determine whether we are acting on your behalf and whether you are legitimately relying on us to deliver best execution in relation to your order. This includes our consideration of:

- (i) *who initiates the transaction;*
- (ii) *Questions of market practice and the existence of a convention to 'shop around';*
- (iii) *The relative levels of price transparency within a market; and*
- (iv) *The information provided by FIXI and any agreement reached.*

We recognise that you will be relying on us to provide best execution and we will therefore execute your order in line with this policy. Our determination of the relative importance of the execution factors may differ from retail clients including for example where the likelihood of execution may take precedence over price.

FIXI's Order Flow Logic

FIXI's order flow logic is designed to maximise the chance of your order being accepted, while keeping you in control of the most important execution factor – price. FIXI will process 100%¹ of your active² orders without any manual intervention. Orders up to a certain size will be auto-accepted without referencing our internal exposure and without referencing liquidity in the underlying markets. Orders above a certain size will generally be auto-accepted if they do not take FIXI over our exposure limits. If these large orders do take us over exposure limits, part, or all, of the order will be worked in the market and the fill level passed to the client. You have the ability to set an aggressive limit price ('points through current') and to accept partial fills – both of these features are designed to increase the likelihood of execution. FIXI will only ever partially fill an order as an alternative to an outright rejection. We will never partially fill your order as an alternative to filling it in its entirety.

Aggregation

Aggregation means that we may combine your instruction to deal or invest, (for example, an instruction to close a Contract in relation to a Non-guaranteed Stop or to execute a Transaction on your behalf on an execution only or managed basis) with those of other clients of ours. In respect of OTC orders we may also aggregate your orders with our own orders for the purposes of hedging other client activity, for execution as a single order. We will pursue this policy where we reasonably believe that it is in the overall best interests of our clients to do so. This means that whilst it is unlikely to work overall to your disadvantage, on occasions, aggregation may result in you obtaining a less favourable price in relation to a particular order once your instruction to close a Contract or for us to execute a Transaction on your behalf has been conducted. The reason FIXI may sometimes aggregate orders is that it reduces the time it takes to get all orders to market. For example, the execution of many small orders one at a time could 'signal' to the market that this pattern may continue which may result in FIXI clients getting worse fills than if FIXI sent one single order to the market. This may be particularly important in illiquid, quote driven or fast-moving markets.

Order Allocation Policy

Where an aggregated order is partially filled in the market, allocation to clients will be distributed proportionately across all clients. In all instances, the allocation will be undertaken on a fair and reasonable basis with reference to factors such as order type, price and volume where it may not be practical or deemed fair in our view to fill orders proportionately. We shall ensure that allocation will not be undertaken in a way which gives unfair precedence to any person. Whilst not usually the case, if your OTC order is aggregated with orders arising from FIXI's hedging activities we shall allocate your orders in priority to ours. If, however, we can demonstrate on reasonable grounds that the aggregation of your order with ours allowed the execution on more advantageous terms, or indeed at all, then we may allocate the orders proportionally. On rare occasions and only where we believe that it will not be detrimental to you, we may re-allocate your orders. We consider that in this context detriment would be caused if as an effect of the reallocation, unfair precedence is given to FIXI or to any client. When FIXI aggregates orders relating to Smart Portfolios, price allocation will be conducted fairly across all client accounts. This means that your execution price will always be proportionally

¹ Rounded to 2 decimal places

² An 'active' order is where you give us an instruction to execute an order immediately. As opposed to 'passive' orders where you give us an instruction to execute an order later, subject to the price moving to a specific level

derived from the mid-price for the part of your order we are able to match internally and the market price for the balance executed on the market.

Specific Instructions

Where you give us specific instructions, including but not limited to

- (a) specifying a venue where you wish a Transaction to be executed,
- (b) specifying the price of a CFD contract with us (for example, using a direct dealing platform,
- (c) specifying the price at which a CFD contract is to be closed if the market moves against you (e.g. a Limited Risk Transaction), or
- (d) for us to 'work' an order, then those instructions take precedence over other aspects of our policy. FIXI will continue to apply the policy for the aspects of an order not affected by the specific instructions. A transaction for which a Limited Risk Stop has been set will be closed at the level of the Stop if the price is reached. However, if a Non-guaranteed Stop has been set, the price attained may be less favourable than the level at which you set the Non-guaranteed Stop, or at which it is triggered.

Monitoring and Reviewing of the Order Execution Policy

FIXI will monitor the effectiveness of our order execution policy. We will assess on a regular basis whether the price feed and hedging venues relied on in pricing our products allow us to achieve best execution on a consistent basis or whether we need to make changes to our execution arrangements. We will also review our order execution arrangements and order execution policies regularly whenever a material change occurs either in respect of one of our chosen pricing venues or otherwise that affects our ability to continue to achieve best execution. Should there be any material changes to our order execution arrangements or order execution policy, we will notify you of such change.

Fiduciary Duty

Our commitment to provide you with 'best execution' does not mean that we owe you any fiduciary responsibilities in respect of order execution over and above the specific regulatory obligations placed upon us or as may be otherwise contracted between us.

Definitions

Execution Venue means a Regulated Market, an MTF, a Systematic Internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the function performed by any of the foregoing.

Multilateral Trading Facility (MTF) means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in Financial Instruments – in the system and in accordance with non-discretionary rules in a way that results in a contract in accordance with the provisions of MiFID.

Regulated Market means a multilateral system operated and/or managed by a market operator which brings together or facilitates the bringing together of multiple third party buying and selling interests in Financial Instruments – in the system and in accordance with its non-discretionary rules – 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 authorised and functions regularly and in accordance with the provisions of MiFID.

Systematic Internaliser means an investment firm which, on an organised, frequent and systematic basis, deals on own account by executing client orders outside a regulated market or an MTF.