

# Order Execution Policy

## Pepperstone EU Limited

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CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. You should consider whether you understand how CFDs work, and whether you can afford to take the high risk of losing your money.

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# 1. Scope and application

- 1) This Order Execution Policy (“**Policy**”) sets out how Pepperstone EU Limited (“**we**”, “**us**” or “**our**”) will provide “best execution” as required by the European Union’s Markets in Financial Instruments Directive 2014/65/EU (“**MiFID II**”), the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87 (I)/2017) and any related regulatory guidance issued by the Cyprus Securities and Exchange Commission (“**CySEC**”).
- 2) We recognise the importance of achieving the best possible result for you when executing your trades. 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 our obligation to achieve “best execution” for you wherever possible, in a clear and concise manner.
- 3) This Policy applies where we execute orders on your behalf regarding any MiFID-regulated financial products. We agree to provide the best price or other terms for you in the market for those products.
- 4) 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.
- 5) This Policy doesn’t apply to transactions that we don’t execute on your behalf, for example when:
  - a) we transact with you as principal on the basis of a published quote;
  - b) we’re following your specific instructions to execute your order in a particular manner or at a particular price; or
  - c) we’re following your specific instructions to execute a specific part or aspect of an order.
- 6) This Policy does not apply to spot foreign currency exchange transactions and spot commodity derivative transactions, which aren’t regulated by MiFID.

# 2. Achieving best execution

## 2.1 The meaning of “best execution”

1. “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 on a consistent basis, for any financial product regulated by MiFID when placing the orders for execution with the execution venues identified in this Policy;
  - 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.
2. Complying with our best execution obligations under MiFID II doesn’t mean that we’re required to undertake a transaction-by-transaction analysis of all trades. Instead, we need to take all reasonable

steps to obtain the best overall result when executing orders on your behalf, having regard to the execution factors set out in MiFID II and the applicable CySEC rules.

## **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, the overall value to you 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 relative importance that we'll place on each of the factors will differ depending on:
  - i. your categorisation as a Retail or Professional client;
  - 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 by another party**

1. We'll generally pass your order on to a third party (which may be a broker and an affiliated company) for execution.
2. 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 trade charged for the type of trade 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**

1. If we've accepted your instructions regarding the execution of your order, we'll follow those instructions to the extent that it's possible.

2. 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, 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.

The Company reserves the right not to follow any specific instructions from clients if this is technically not feasible and/or these instructions would not satisfy best execution arrangements.

3. Pending Orders: We only fill a pending order if the whole order can be filled, so we don't partially fill it.

## 4. Choosing an execution venue

### 4.1 Trading venues we use

1. For the purposes of MiFID II, a "venue" includes a regulated exchange, a Multilateral Trading Facility (MTF) an Organised Trading Facility (OTF) and a broker (Liquidity Provider). Unless we agree with you otherwise, we'll use a selection of venues that we'll review periodically.
2. We pass all client trades to our Australian-based related company Pepperstone Group Limited ("Pepperstone Australia"). Below a non exhaustive list of some of the Liquidity Providers Peppertone Australia is contracted with :
  - i. Citadel
  - ii. JP Morgan Chase (JPMC)
  - iii. Jump
  - iv. LMAX
  - v. Morgan Stanley
  - vi. UBS
  - vii. XTX Markets
  - viii. Bank of America Merrill Lynch
  - ix. Deutsche Bank
  - x. HCTech

3. 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 Factors we take into consideration when choosing trading venues


1. Factors that 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.
2. 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 still 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.
3. 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 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

1. We'll review and update this Policy on an annual basis to take into account changes as and when appropriate.
2. 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)



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