

## The Big Exchange Platform

### Best Execution Policy

#### 1. INTRODUCTION AND PURPOSE

- 1.1 This policy sets out the approach taken by The Big Exchange (TBF) Limited (“**The Big Exchange**” “**TBE**”, “**we**”, “**us**”) when receiving and transmitting your Orders in financial instruments (i.e. Investment Products). We do not execute your orders directly ourselves; instead, when we receive an Order we transmit it to a third party, FNZ Securities Limited (“**FNZ Securities**”), which arranges execution.
- 1.2 TBE is registered with the FCA, the UK’s financial services regulator, as an Appointed Representative of Resolution Compliance Limited (“**Resolution**”). This means that while we are not individually authorised by the FCA to carry out regulated arranging activities, we can conduct such activities under an FCA-Registered contractual relationship with Resolution where Resolution provides regulatory oversight and supervision. As part of this arrangement, TBE is required to comply with certain rules in the FCA Handbook, including on best execution.
- 1.3 This policy takes into account the requirements of the second Markets in Financial Instruments Directive (2014/65/EU) (MiFID II) as further set out in the FCA Handbook, and associated FCA guidance. We are required to seek your consent to this policy. By placing an Order on the TBE Platform, you will be deemed to have given your consent to this policy.

#### 2. BEST EXECUTION OBLIGATIONS

- 2.1 In accordance with the FCA Rules, TBE must, when transmitting client Orders to FNZ Securities, take all sufficient steps to obtain the best possible result for our clients (ie. customers of the TBE Platform), taking into account certain execution factors.
- 2.2 These execution factors are:
  - A. price;
  - B. costs;
  - C. speed;
  - D. likelihood of execution and settlement;
  - E. size of the transaction;
  - F. nature of the transaction; or
  - G. any other consideration relevant to execution.
- 2.3 The relative importance of execution factors will be determined by reference to the following criteria:
  - A. the characteristics of the client including the categorisation of the client as a retail client;
  - B. the characteristics of the client order;
  - C. the characteristics of the financial instrument that is subject to the order; and
  - D. the characteristics of the third party to which that order can be directed.
- 2.4 **Best execution for retail clients**
  - 2.4.1 As a 'retail client' under the FCA's client categorisation rules, you are afforded the maximum protection under the FCA rules. Where we transmit

Orders for execution on behalf of retail clients, the best possible result is determined by taking into account the “total consideration” for the Order. This refers to the total cost or value for you as the client and is made up of the price of the financial instrument (ie. the Investment Product) and the costs related to execution (ie. any Fees).

## **2.5 Specific client instructions**

- 2.5.1 The Platform does not contain any facility for specific client instructions that would alter the standardised process for transmission and execution of Orders, so this best execution policy will apply to the transmission and execution of all Orders.

## **3. TRANSMITTING ALL CLIENT ORDERS TO THE SAME BROKER FIRM**

- 3.1 We are permitted to choose a single third party broker firm to transmit client Orders for execution where this allows us to obtain best execution for you on a consistent basis. We currently transmit all of the Orders we receive to FNZ Securities, which then arranges execution in accordance with its best execution policy. A copy of FNZ Securities’ Execution Policy is annexed to this policy.
- 3.2 As units in the Investment Products available through our Platform are designed to redeem at net asset value, the results we expect to be able to obtain for you in selecting FNZ Securities to execute your Orders are at least as good as the results that we could reasonably expect from using an alternative third party broker firm.
- 3.3 In addition, we have chosen FNZ Securities for these purposes based on, amongst other factors, the cost to our customers of executing orders through that entity. We aim to partner with third parties who offer the lowest fees in the market and our arrangement with FNZ Securities is designed to reflect this aim.
- 3.4 We will monitor and review this arrangement in accordance with Section 5.

## **4. EXECUTION VENUES**

- 4.1 The execution venues on which your Order may be executed are determined by FNZ Securities. A list of execution venues is set out in its execution policy, which is annexed to this policy.

## **5. MONITORING AND REVIEWING THIS POLICY**

- 5.1 TBE has an obligation to monitor the effectiveness of its order execution arrangements and this policy.
- 5.2 We will review this policy and our execution arrangements at least annually, to determine whether we are obtaining the best result for you.
- 5.3 We will also review this policy whenever a material change occurs which affects our ability to continue to obtain the best possible result for the execution of client Orders on a consistent basis using FNZ Securities. We will assess whether a material change has occurred and consider changing the third party we use for execution of client Orders to meet the overarching best execution requirement if necessary. A material change might be a significant event that could impact the parameters of best execution set out at 2.2 above, such as the total price to you of the transaction.

## ANNEX

### FNZ SECURITIES LIMITED – EXECUTION POLICY

#### FNZ Securites

#### Summary Order Execution Policy

26/10/2021

## 1. OVERVIEW

This document contains important information and sets out a summary of our policy and approach to achieving best execution for you as required by the FCA's Rules (the "Policy").

Where we refer in this Policy to "Best Execution", this means the requirement to take all sufficient steps to obtain the best possible result on a consistent basis, taking into account price, cost, speed, likelihood of execution and settlement, size, nature or any other execution consideration.

Where we refer to "Execute", "Execution Instructions" or "Execute Instructions" this means where we execute (act on) instructions (also referred to as an "order") sent by your authorised agent, in relation to the assets we hold in custody for you in line with the custody terms and conditions you have agreed to ("the Custody Agreement").

This Policy should be read in conjunction with the Custody Agreement between you and us. Unless otherwise stated, terms that are defined in this Policy have the same definitions as found in the FCA Handbook.

## 2. SCOPE OF THE POLICY

The Policy applies only to clients we provide Execution Services to (being the execution as defined in the Custody Agreement) that are classified by us as Retail or Professional Clients (subject to the execution criteria below in Section 3) and who provide Execution Instructions through their authorised agent, in relation to the following financial instruments:

- equities and exchange traded funds (ETFs);
- fixed income (such as bonds);
- certain categories of derivatives;
- structured products; and
- shares or units in collective investment undertakings.

This Policy does not apply to clients who are categorised as Eligible Counterparties (who we do not owe Best Execution to (unless we have agreed otherwise)) nor does it apply to, for example, the following types of products: deposits, loans and FX spot.

For the avoidance of doubt, nothing in the Policy shall result in us owing you any fiduciary responsibilities.

### 3. EXECUTION CRITERIA

When we Execute Instructions on your behalf, in determining our obligations to provide you with Best Execution we will consider the following:

- your characteristics. As a Retail Client the starting point is that you legitimately rely on us to protect your interests in terms of pricing and other elements of the transaction. Where you are a Professional Client, this starting point is reversed and the assumption is that you do not rely on us to achieve Best Execution subject to what is known as the "Four Fold Test" which means we will consider: (i) which party initiates the transaction; (ii) questions of market practice and the existence of a convention to "shop around"; (iii) the relative levels of price transparency in the market; and (iv) the information provided by us and any agreement reached;
- the characteristics of your Instruction (For example, the size of the Execution Instruction);
- the characteristics of the financial instrument your Execution Instruction relates to (for example, the degree of liquidity);
- the characteristics of the Execution Venue the Execution Instruction is directed to (for example, the price offered by the Execution Venue); and
- market impact.

### 4. EXECUTION FACTORS

When executing an instruction on behalf of a Retail Client, Best Execution is determined by what is known as the "Total Consideration", which means we consider:

- price; and
- costs,

as the overriding factors in meeting our Best Execution obligations.

When determining the best possible outcome relating to Total Consideration we may prioritise the following other execution factors or general factors over price and cost as follows:

- speed of Execution;
- likelihood of Execution and settlement; and/or
- size and nature of your Instruction.

When Executing Instructions for Professional Clients unless instructed otherwise, we will apply the same criteria as to Retail Clients. There may, however, be circumstances where depending on the nature of your Instruction other execution factors should be prioritised (for example, speed of execution).

Our approach to the relevant execution factors is summarised as follows:

#### **Likelihood of Execution**

In some instances, our ability to actually execute the order will be the primary factor to be considered. Where for example, the instrument is illiquid (i.e. rarely traded) or the size of the order is prohibitive we will ensure that our ability to carry out the order takes precedence over other factors. Our application of the Total Consideration requirement (please see above) may mean that this factor is given precedence over the immediate apparent price and cost

consideration of a financial instrument where this will – in our opinion – deliver a better overall result for you.

#### **Costs**

Where explicit charges (such as Exchange Fees or settlement/custody costs) would make the overall consideration of the execution prohibitive (e.g. due to the cost of many small trades on an order book) then this may become the most important factor for us to consider.

In some circumstances, for example where there are overseas brokerage commissions, other costs may become the most important factor. We may consider that the potential for a large order to move the market, or the possibility that a request for an electronic quote may not be accepted, are grounds for considering cost as being of higher importance than other factors.

#### **Order Size**

The best price in a market is usually represented by the opportunity to trade in a particular size (i.e. number of shares, units, contracts etc.) which may not match the size of your order. Where the order is bigger than the typical quoted size, then the part of the order executed over and above the threshold may only be available at a less favourable price. There are various strategies for trading large orders and we will exercise our discretion where there is no other instruction from you. Large or illiquid orders will be executed on a manual basis using the skills of our in-house dealing team. In such cases our dealers will source the best available terms by comparing the prices offered by a variety of market participants (including other regulated firms and Multilateral Trading Facilities) with reference market data. This may require us to execute orders over the course of a day, or a number of days, with the overall order execution being expressed as an average price of all the individual executions.

#### **Price**

For most liquid instruments, market price will be the overriding factor in attaining best execution. Other factors, such as costs, will drive us to find the best price available. This will be the case for the vast majority of orders for Retail Clients where the size of the order does not limit our choice of "Execution Venue" (i.e. where the transaction will be carried out). Certain instruments, such as collectives (unit trusts & Open-Ended Investment Companies (OEIC)) will have only one price, and one Execution Venue.

#### **Speed of Execution**

Similarly, the speed of execution may be important for some types of order or client. Speed will be a high priority for a Retail Client executing an order in liquid (i.e. frequently traded) shares in a fast-moving market or for an execution only client.

#### **Nature of the Order**

We will take into account any other factor relevant to the order that we believe warrants consideration in terms of how that order should be executed. This could be simply whether it is a buy or sell order, the imposition of price limits, whether it is part of a contingent order, or whether the security is dealt in another market.

## **5. SPECIFIC INSTRUCTIONS**

A specific instruction is where you tell us how you specifically would like us to execute your instruction. Where such an instruction is received by us, we will be deemed to have satisfied our Best Execution obligations by following your specific instruction, although we might be prevented from achieving Best Execution as set out in this Policy.

Where your specific instruction does not cover all parts of your instruction, we will still owe you an obligation of Best Execution for the parts of your instruction not covered by your specific instructions.

## 6. EXECUTION VENUES (COMPETING MARKETS) AND COUNTERPARTY SELECTION

To meet our Best Execution obligations, we place significant reliance on the Execution Venues and counterparty firms as set out in Appendix 1 of this Policy, which include:

- Regulated Markets (i.e. the London Stock Exchange/ISDX);
- Retail Service Provider (RSP) networks;
- Multilateral Trading Facilities (MTFs)'s;
- Organised Trading Facilities (OTFs);
- Systematic Internalisers; and
- counterparty firms.

The factors we consider when selecting a counterparty firm or Execution Venue includes (but is not limited to):

- the execution quality metrics Execution Venues are required to publish under the FCA Rules (links to this information is provided in Appendix A next to the relevant Execution Venue name);
- the historic performance, including the quality of executions obtained over a period of time;
- the extent of services that may be provided to enable us to meet our obligations to our clients; and
- market reputation and any matters arising from our due diligence process.

We consider a number of factors to determine the appropriate Execution Venue or counterparty firm for each asset class and financial instrument type. The factors include the asset coverage and liquidity provided by these Execution Venues and counterparty firms as well as the various costs, exchange fees and any other ancillary charges.

A list of the execution venues we may use can be found in Appendix 1 of this Policy and at [www.FNZSecurities.com](http://www.FNZSecurities.com).

## 7. GENERAL DEALING ARRANGEMENTS AND BEST EXECUTION

When we Execute Instructions from you, we utilise those venues that will enable us to obtain Best Execution for you. The execution process for each type of financial instrument is set out below.

### UK Equities

In normal market conditions and for orders concerning liquid (i.e. frequently traded) UK equities, we will use our automated execution technology to identify the best available terms by polling a variety of execution venues including the RSP network. Large or illiquid orders will be executed on a manual basis using the skills of our in-house dealing team. In such cases our dealers will source the best available terms by comparing the prices offered by a variety of market participants (including other regulated firms and MTF's) with reference to market data. Execution of UK equity orders may occur on an 'over the counter' basis (i.e. directly with another market participant and not via an exchange).

## **International Equities**

International Equity orders will normally be executed on the following basis:

For CREST deliverable securities, we will use our automated execution technology to identify the best available terms by polling available execution venues.

- a) Larger orders will be executed on a manual basis as per the arrangements for UK equity orders. Execution of international equity orders may occur on an 'over the counter' basis.
- b) For overseas delivery securities (traded locally in the relevant domestic market), we will use our automated execution technology to identify the best available terms by polling available Execution Venues (including other regulated firms). Large or illiquid orders will be executed on a manual basis using our network of local market participants (including MTF's) to source the best available terms. Execution of the international equity orders may also occur on an 'over the counter' basis.

## **Collective Investment Schemes / UCITS**

We execute orders in collective investment schemes / UCITS directly with the fund manager. Orders are executed on negotiated terms, not generally available to individual clients.

## **Debt Securities**

For smaller debt security orders we will use our automated execution technology to source the best available terms from a variety of bond market participants. For larger orders and less liquid bond markets, we will use our network of Tier 1 and secondary market participants to source the best available terms. UK Government bond orders (gilts) may be executed via our automated execution technology or on a negotiated basis via our network of market participants.

## **Exchange Traded Funds (ETFs)**

In normal market conditions and for liquid ETF orders, we will use our automated execution technology to identify the best available terms by polling available execution venues. Larger or less liquid orders will be executed on a manual basis as per the arrangements for UK equity orders.

## **Structured Products**

Structured products are executed on an 'over the counter' (OTC) basis with the product provider concerned, rather than on a centralised market exchange. In such cases an execution only client is solely responsible for accepting the terms offered by the product provider and we cannot accept these terms on your behalf.

## **8. EXECUTING OUTSIDE OF AN EXECUTION VENUE**

Where you provide an instruction which relates to a financial instrument that is traded on a Regulated Market, MTF or OTF we may execute such instruction outside of such venues if we believe it is in your best interests to transact in this way. For example, this may arise where the investment can be traded at a better price or where there is better liquidity if the trade is executed outside of the Regulated Market or MTF.

By agreeing to our Custody Agreement and this Policy, you are giving us your express consent to execute off-market transactions in this way and understand (and are prepared to accept) the increased credit risk should the counterparty that we trade with on your behalf fail.



## 9. LIMIT ORDERS

Your Investment Manager (acting as your authorised agent) may give us an instruction from you to buy or sell an investment at a specified price limit or better and for a specified size (a "Limit Order"). If we receive such Instruction on your behalf:

- we will not publish orders which are large in scale compared to normal market size as defined by regulatory requirements that apply in the relevant jurisdiction; and
- you expressly instruct us not to publish unexecuted Limit Orders.

The maximum validity period we will allow for a Limit Order may vary. We will confirm this to your Investment Manager (acting as your authorised agent) on request before a Limit Order is placed.

## 10. ORDER AGGREGATION

We may aggregate Execution Instructions. Aggregation means that we may combine your Execution Instruction those of other clients for execution as a single order. We may combine your Execution Instruction to trade with those of other clients if we reasonably believe that this is in the overall best interests of our clients as a whole. However, on occasions, aggregation may result in you obtaining a less favourable price once your instruction to trade has been executed. You acknowledge and agree that we shall not have any liability to you as a result of any such less favourable price being obtained.

## 11. MONITORING AND REVIEW

We monitor compliance with this Policy and our Best Execution obligation on an on-going basis. We have put in place a number of monitoring and review processes relevant to our execution arrangements.

## 12. CONFLICTS OF INTEREST

FNZ Securities and all staff, in keeping with our regulatory and legal duty to avoid conflicts of interests have a direct interest in ensuring the best possible execution for its clients. Its staff will abide by FNZ Group policies and guidelines on conflicts of interest. In recognition of potential conflicts of interest which could arise where dealing arrangements include reliance on the use of a connected party, we ensure that such arrangements do not undermine our obligations under the Policy.

The policies and procedures that are in place to minimise conflicts of interest are formally reviewed and monitored internally by our Compliance departments.

## 13. ANNUAL AND QUARTERLY REPORTS ON BEST EXECUTION

We publish a summary of the top five execution venues and counterparties to which all client orders are routed during the preceding year. This information contains a summary on the quality of execution. The April 2021 report can be found in Appendix 2. The most recent report will be made available on our website at: [www.FNZSecurities.com](http://www.FNZSecurities.com).



#### **14. AMENDMENTS**

Where a material change occurs that impacts our Best Execution obligations (for example, the merger of two Execution Venues) and necessitates an amendment to our Policy, we will notify you of the amendments made via our website: [www.FNZSecurities.com](http://www.FNZSecurities.com) and / or in line with our Custody Agreement.

#### **15. CONSENT**

By conducting business with us following receipt of this Policy, you will be deemed to have consented to this Policy.

## **Appendix One**

### **List of Execution Venues that we place significant reliance upon**

#### **UK (Exchange Traded Instruments)**

Selected Member Firms of the London Stock Exchange and ICAP Securities & Derivatives Exchange Ltd (Market Counterparties) acting as our agent.

Primary Markets (Venues) traded:

- USA – NASDAQ, New York Stock Exchange
- Canada – Toronto Stock Exchange, Canadian Venture Exchange
- Asia Pacific – Hong Kong Stock Exchange, Singapore Stock Exchange
- Australia – Australian Stock Exchange
- Switzerland – SIX Swiss Exchange
- Germany – Frankfurt Xetra

Other overseas Exchanges as required

#### **Multilateral Trading Facilities**

BATS, Chi-X, Equiduct, Turquoise, NYSE Arca Europe

#### **OEICS**

The investment company managing the given OEIC

A full list of Market Counterparties and Overseas Exchanges (venues) that FNZ use to obtain best execution on a consistent basis are available on request at:

[www.FNZsecurities.com](http://www.FNZsecurities.com).

## **Appendix Two**

### **Top five execution venues and counterparty firms**

From 3 January 2018 we have been required to publish the top five Execution Venues we have used as well as the top five counterparty firms which we have placed or transmitted orders to, in the preceding year together with information on the quality of Execution obtained.

Our April 2021 report (which covers our April 2020 trading period) is located on our website and can be viewed via this link: [www.FNZsecurities.com](http://www.FNZsecurities.com)