



## **ORDER EXECUTION POLICY**

**APRIL 2018**

### **1. Introduction and Scope**

Arian Financial LLP (“Arian”) is incorporated in England (Company number OC304248) and is authorised and regulated by the Financial Conduct Authority (firm reference number 415230). Our registered office is at 12 Appold Street, London EC4N 6EU.

The following trading names of Arian are included in the scope of this policy:

- Morpheus Securities
- Faro Securities
- Arian Trading Facility (OTF)

Arian is committed to providing execution services of the highest quality across a wide range of asset classes.

Under MiFID and the Conduct of Business Rules of the FCA Handbook, Arian must take all reasonable steps to obtain the best possible result (or best execution) on behalf of its clients when either executing Client Orders or receiving and transmitting Client Orders for execution. The rules require a firm to put in place an execution policy which sets out how it will obtain best execution for its clients and to provide appropriate information to its clients about its order execution policy.

This Order Execution Policy only applies to Professional Clients dealing in Financial Instruments (as defined in Annex 1, Section C of MiFID II, as listed in appendix 1 below) where Arian executes or arranges the execution of Client Orders on a client’s behalf:

- Exchange Traded Derivatives
- Cash Equities
- OTC Derivatives;
- Swaps and other Derivatives

If you are categorised as an Eligible Counterparty you will not be entitled to best execution under the rules referred to above. This is in line with Article 24 of MiFID, which provides that the best execution obligation under Article 21 and 22(1) will not apply. However, it is Arian’s view that in all cases a client should be offered the best possible execution and therefore Arian will also endeavour to provide best execution to Eligible Counterparties.

### **2. Duty of Best Execution**



Arian will execute Client Orders as agent.

The duty of best execution only applies when executing or arranging the execution of Client Orders on a client's behalf. Arian will be executing Client Orders on a client's behalf where the client legitimately relies on Arian to protect its interests in relation to the pricing or other aspects of the transaction that may be affected by how Arian executes the Client Order.

This means that Arian will aim to provide best execution subject to, and taking into account, the nature of your Client Orders, the prices available to Arian in the market, the nature of the market in question and a reasonable assessment of the Execution Factors (see section 4 below).

Arian will, as far as possible, exercise consistent standards and operate the same process across all markets, clients and Financial Instruments in which Arian operates.

Arian will execute Client Orders promptly, fairly, and expeditiously relative to other Client Orders in line with Article 22(1) of MiFID. Comparable Client Orders will be executed sequentially in accordance with the time of their reception unless the characteristics of a Client Order, the market in question or prevailing market conditions make this impossible or impractical.

When executing orders Arian will act in the best interests of its clients at all times and will take all reasonable steps to obtain the best possible result for our clients taking into account the Execution Factors set out below, subject to any instruction given by you (see section 8).

### **3. Clients**

Arian will only deal on behalf of Professional Clients and Eligible Counterparties as defined in MiFID and by the FCA and in accordance with permissions granted to Arian by the FCA.

Once a client is classified as an Eligible Counterparty for the purposes of a particular instrument, that client may not then elect to be reclassified for the purposes of any transaction of a type it customarily undertakes.

### **4. Execution Factors**

In the absence of specific instructions from you, Arian will exercise its own discretion in determining the factors that it needs to take into account for the purpose of providing you with the best possible result.

The Execution Factors to be taken into account by Arian when executing Client Orders will include but are not limited to:

- price;
- costs;



- speed;
- size;
- nature of the Client Order;
- any other consideration relevant to the execution of the Client Order.

Price (or market fill) will ordinarily merit a high importance in obtaining best execution, however in some circumstances Arian may appropriately determine that other Execution Factors are more important than price in obtaining the best possible execution result.

## **5. Execution Criteria**

Arian will determine the relative importance of the best Execution Factors listed based on our experience and judgement, for each product type, with respect to available market information at the time and taking into account the following best execution criteria:

- the characteristics of the client (including its categorisation);
- the characteristics of the Client Order;
- the characteristics of the Financial Instruments which are the subject of the Client Order;
- the characteristics of the Execution Venues to which the Client Order can be directed.

## **6. Execution Venues & Selection**

The list of execution venues on which we may execute a Client Order is set out below, but it is not exhaustive. It includes those venues on which we place significant reliance in our aim to obtain on a consistent basis the best possible result for the execution of Client Orders. We may use one or more of the following venue types when executing a Client Order on your behalf:

- Broker execution – placing the Client Order with a third party, including an affiliate, with whom we have entered into an agreement for handling Client Orders.
- Crossing the Client Order with a recognized third party crossing network with whom we have entered into an agreement for handling Client Orders. With client consent, this would include a matching order from another client.
- At a Trading Venue – directly with a Regulated Market (RM) or Multilateral Trading Facility (MTF) or Organized Trading Venue (OTF).

Subject to any specific client instructions (see section 8 below), the selection of an Execution Venue for the execution of a Client Order will be based solely upon the Execution Criteria and Execution Factors referred to above.



However, the decision to use any of the venues set out in section 6 may also be influenced by other additional criteria, although this is always conditional upon obtaining the best possible result for our clients.

Notwithstanding the above, Arian reserves the right to execute a Client Order using a method or venue other than the methods or venues that we have indicated, where we consider this to be in the best interests of our client. In such cases, we will endeavour to execute based on the same best execution principles as summarised in this document.

## **7. Specific Client Instructions**

Where you give Arian a specific instruction for the execution of a Client Order (including an instruction for your trade to be executed on a particular venue) then the Client Order will be executed in accordance with your instructions. You should be aware that providing that instruction may prevent us from taking some of the aforementioned steps to obtain the best possible result for the execution of that Client Order (to the extent of the instructions). Arian will be deemed to have taken all reasonable steps to provide the best possible result for you in respect of the Client Order, or aspect of the Client Order covered by your specific instructions.

Note that when you place a Client Order directly into an execution venue via a direct brokerage system your Client Order will be classified as a specific instruction and the best execution provisions will not apply.

## **8. Order Handling**

Client Orders may be aggregated with other Client Orders, if:

- the Client Order is executed on a venue where order aggregation is permitted;
- the characteristics of the Client Orders make them suitable for aggregation; and
- in our opinion the aggregation of Client Orders will not work to the disadvantage of any client and we comply with our order allocation procedures.

In the case of exchange traded futures and options, the screen level will be checked and taking into account the Execution Factors and dependent on the characteristics of the market for instrument(s) in which the Client Order is placed, quotes for a Client Order will normally be obtained from more than one market maker to ensure that the process of price discovery is fair and impartial. Execution quality of Client Orders will be monitored internally by Arian in accordance with standards required in applicable regulation.

Arian may decide to cross Client Orders internally i.e. match buy and sell orders between clients of the firm. This will only be undertaken if Arian considers it unlikely to work overall to the disadvantage of either client.



## **9. Monitoring and Review**

We will monitor the effectiveness of our order execution policy and execution arrangements to identify and where appropriate correct any deficiencies.

We will review this order execution policy at least annually and whenever a material change occurs that affects our ability to continue to obtain the best results for our clients. Any material changes will be posted on our website.

## **10. Definitions**

<b>Client Orders:</b>	Either a firm instruction to buy or sell a Financial Instrument, or an indication of interest in a Financial Instrument.
<b>FCA:</b>	Financial Conduct Authority
<b>MiFID:</b>	Markets in Financial Instruments Directive – Directive 2004/39/EC of the European Parliament and of the Council
<b>MiFID II:</b>	Markets in Financial Instruments Directive (recast) – Directive 2014/65/EU of the European Parliament and of the Council
<b>Professional Clients:</b>	As per Annex II of MiFID II

## **Appendix 1**

### **Financial Instruments (Annex 1, Section C of MiFID II):**

1. transferable securities;
2. money-market instruments;
3. units in collective investment undertakings;
4. options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
5. options, futures, swaps, forward rate instruments and other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event);
6. options, futures, swaps, forwards and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market and/or an MTF;
7. options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in (6) and not being for commercial purposes, which have the characteristics of other derivative Financial Instruments, having regard to whether, inter alia, they are cleared and settled through recognised clearing houses or are subject to regular margin calls;
8. derivative instruments for the transfer of credit risk;
9. financial contracts for differences;
10. options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this section, which have the characteristics of other derivative Financial Instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognised clearing houses or are subject to regular margin calls.