

Order Execution Policy for Retail Clients Settling Through Pilling Cantor Fitzgerald Europe (“CFE”)

Part I - The Quality of Execution

When executing orders on your behalf in relation to *financial instruments*, we will take all reasonable steps to achieve what is called “best execution” of your orders on a consistent basis.

This means that we will have in place a policy and procedures which are designed to obtain the best possible execution result, subject to and taking into account the nature of your orders, the priorities you place upon us in filling those orders and the market in question and which provides, in our view, the best balance across a range of sometimes conflicting factors. The purpose of this document is to provide you with information on our order execution policy.

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

Part II – Scope of the Order Execution Policy

This policy applies where CFE i) receives and transmits orders on behalf of *retail clients* and/or ii) executes orders on behalf of *retail clients* in relation to financial instruments within the scope of the *Markets in Financial Instruments Directive (“MiFID”)*. The starting point for best execution is that as a retail client you will legitimately rely on CFE to protect your interests in relation to the pricing and other parameters of a transaction. Where this is not the case we will advise you accordingly before we execute the deal on your behalf.

Part III – CFE’s Processes for Delivering Best Execution

Execution Factors

The execution factors that will be taken into account are: price; costs; speed; likelihood of execution and/or settlement; order quantity; nature of order or any other consideration relevant to the execution of the order. In terms of the relative importance of the execution factors for *retail clients*’ ‘total consideration’ takes precedence over all other factors. Total consideration represents the price of the financial instrument and the costs related to execution, which includes all expenses incurred by the client which are directly related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.

Speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the *retail client*.

Execution Criteria

The execution criteria that will be taken into account are:

- i) your characteristics (including your classification as a retail client);
- ii) the characteristics of your order;
- iii) the characteristics of the *financial instruments* which are the subject of your order;
and
- iv) the characteristics of the execution venues to which that order can be directed.

Execution Venues

CFE may use one or more of the following venues in meeting its obligation to take all reasonable steps to obtain, on a consistent basis, the best possible result for the execution of your orders:

- *Regulated Markets*
- *Systematic internalisers*
- *Multilateral Trading Facilities (“MTFs”)*
- Other Exchanges which are not *regulated markets or MTF’s*
- *CFE’s own trading desks*
- Market Makers or other liquidity providers
- Any other relevant execution venue

We may access regulated markets, MTF’s or other exchanges, which are not regulated markets or *MTF* via *Direct Market Access (“DMA”)* providers. We currently use the following *DMA* providers:

- Goldman Sachs
- Merrill Lynch
- Morgan Stanley
- Union Bank of Switzerland
- KCG

CFE will assess on a regular basis the quality of execution afforded by these venues on which we execute your orders and whether we need to change any execution arrangements. We will take steps so that we do not structure or charge commissions in a way which will discriminate unfairly between execution venues.

Choice and Method of Execution Venue

We will select the execution venue that we consider to be the most appropriate for achieving the best possible execution result for you, taking into account the execution factors, execution criteria, venues available and all sources of reasonably available information from local exchanges, *MTFs*, brokers and relevant data vendors.

In the majority of cases, execution will take place on a *regulated market* or *MTF*. This will be via our direct membership of that *regulated market* or *MTF*. In some cases we may pass your orders to an affiliate or a third party broker with whom we have entered into an agreement for handling orders in which case they may determine the execution venue.

There may be occasions when we deem it appropriate to execute directly with you in which case we will be the execution venue. Such occasions include where, subject to proper consideration of the execution criteria and execution factors referred to above:

- we believe we can trade to your advantage or at no disadvantage when compared to executing your order on another execution venue;
- where we can match your order with an order from another *CFE* client.

As *CFE* is neither a regulated market nor an *MTF*, we can only act as an execution venue for the execution of your trades when we have obtained your prior express consent to trading outside a *regulated market* or a *MTF*. Please provide your consent by returning Appendix I (Client Acknowledgement and Consent form) to us.

Specific Client Instructions

You may give us a specific instruction as to the execution of an order in which case we must execute the order in accordance with those instructions.

Where your instructions relate to only part of the order, we will continue to apply our order execution policy to those parts of the order not covered by your specific instructions.

Please be aware that any specific instructions from you may prevent *CFE* from taking steps that it has designed and implemented to obtain the best possible execution result in respect of the parts of the order covered by those instructions.

Aggregation and allocation

CFE will not aggregate a client order with another order unless the following conditions are met:

- it is likely that the aggregation will not work to the overall disadvantage of any client whose order is to be aggregated;
- it has been disclosed to each client whose order is to be aggregated that the effect of aggregation may work to their disadvantage in relation to a particular order;
- an order allocation policy has been established and effectively implemented, providing in sufficiently precise terms for the fair allocation of aggregated orders and transactions, including how the volume and price of orders determines allocations and the treatment of partial executions (see below for details of *CFE*'s allocation policy); and
- Orders are placed on a first come first served basis. The volume and price of an order does not determine allocation of the aggregated order.

Order Allocation

The manner in which transactions resulting from aggregated orders are allocated is dependent on a number of factors.

For **full execution** of aggregated orders:

- If orders are aggregated and the execution of the full amount of the aggregated order occurs, then each order will be satisfied in full at the average price of the executed transaction.

For **partial execution** of aggregated orders the Firms will allocate the trades in a manner that is fair to all clients:

- The execution will be allocated to each client at the average price of the execution and on a pro-rata basis in relation to the quantity of each client's original order;
- If it is determined that a different allocation basis is more appropriate, this will be pre-authorized by a member of the Compliance department and a full justification should be documented;
- Partial executions undertaken for a client prior to their order being aggregated with other client orders will be disregarded for the purposes of determining the eventual allocation of the aggregated orders; and
- If orders are received from a number of clients where the relevant market has not yet opened, *CFE* will split the executions evenly between all parties who gave orders at this time.

CFE will undertake a revised allocation of an aggregated order if:

- An error is identified in either the intended basis of allocation or the actual allocation. In such an instance *CFE* will make a record of the reason for the re-allocation and ensure that the re-allocation occurs within one working day of the error being identified; or
- The order is only partially executed resulting in an uneconomic allocation to some customers. In such an instance *CFE* will take reasonable steps to ensure that a re-allocation is in the best interests of the customers for whom we have dealt.

Monitoring and review of the Execution Policy

CFE will monitor trades against the execution policy with a view to ensuring ongoing compliance with the policy. We will also review our policy annually in accordance with regulatory requirements including the FCA Rules and guidance, or sooner if a material change occurs. This policy will be posted on our website at www.cantor.com/legal/mifid. We will notify you should any material changes be made to the Order Execution Policy.

General Consent

There is a requirement to obtain your prior consent to this order execution policy. Please provide your consent by returning Appendix I (Client Acknowledgement and Consent form) to us.

Consent for Trading outside a Regulated Market or MTF

The FCA Rules require us to obtain clients consent if they execute trades outside a Regulated Market or MTF. This requirement is in place since such execution venues are less transparent and less liquid than Regulated Markets or MTF and you may therefore be less likely to obtain best execution if we deal with one of these entities. Notwithstanding, if you do not provide us with your consent to deal with these entities on your behalf, this may act to your disadvantage as we may not be able to execute your transactions at all or may only be able to do so on worse terms. Please provide your consent by signing and returning Appendix I (Client Acknowledgement and Consent form) to us.

Failure to provide us with this consent will result in *CFE* being unable to execute your orders outside of a *regulated market* or *MTF*.

Consent to Non-publication of Limit Orders

Where you place a limit order with *CFE* in shares (below a size criteria specified in *MiFID*) which are admitted to trading on a Regulated Market and that order is not immediately executed under prevailing market conditions, we are obligated under MiFID to make that order public unless we receive your consent not to do so. The reason for this requirement is the view that making your order public will facilitate the execution of your order. However, publication of specific orders might not be in your interest since publication could adversely affect the market and thereby result in your orders being executed on worse terms than would otherwise have been the case. Please provide your consent to us not publishing your unexecuted limit orders by returning Appendix I (Client Acknowledgement and Consent form) to us.

Consent to us providing you with information on our Order Execution Policy through our website

The FCA's rules allow us to provide you with updates to our Order Execution Policy via our website provided certain conditions are met. These include that:

- you must consent to such a provision (please see Appendix I Client Acknowledgement and Consent form);
- you must provide us with an email address to use (please see Appendix I Client Acknowledgement and Consent form); and
- we are required to send you an email setting out our website address and where to find the Order Execution Policy on the website.

Definitions:

CFE means Cantor Fitzgerald Europe or any subsidiary or branch of *CFE* resident in the EEA for which investment services are provided. *CFE* is authorized and regulated by the *FCA* in the United Kingdom.

Dealing on Own Account means trading against *CFE*'s proprietary capital resulting in the execution of transactions in one or more financial instruments.

DMA means Direct Market Access.

Eligible counterparty means an entity classified as an eligible counterparties under Article 24 of MiFID.

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.

FCA means the Financial Conduct Authority, which is the competent authority in the United Kingdom under MiFID. The FCA's address is 25 The North Colonnade, London E14 5HS.

Financial Instruments means instruments specified in Section C of Annex I to *MiFID*.

MiFID means the Market in Financial Instruments Directive (Directive 2004/39/EU).

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 Title II of *MiFID*. 'Non-discretionary rules' means that the investment firm operating an MTF has no discretion as to how interests may interact. The execution takes place under the system's rules or by means of the system's protocols or internal operating procedures.

Multilateral trading facilities offer retail investors and investment firms an alternative venue to trading on formal exchanges. Additionally, MTFs have fewer restrictions in relation to the admittance of financial instruments for trading and, allowing participants to trade a wider range of assets. An example of an MTF is the Alternative Investment Market (AIM), which is a junior market of the London Stock Exchange.

Pilling means Pilling & Co Stockbrokers Ltd, a firm authorised and regulated in the United Kingdom by the FCA, who acts as settlement agent in respect of Transactions executed under the terms of business entered into between CFE and yourself.

Professional client means a client meeting the criteria laid down in paragraph 1 of Annex II to *MiFID*.

Regulated Market means a multilateral system operated and / or managed by a market operator which brings together or facilitates the bringing together of third party buying and selling interests in *financial instruments* 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 Title III of *MiFID*.

Retail client means a client who is neither an eligible counterparty or a professional client.

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*.

Transactions means: a contract in an investment within article 76 to 80 or 83 to 85 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 or any other contractual arrangement entered into between you and us.

Appendix I

Client Acknowledgement and Consent

We hereby consent to CFE Order Execution Policy including:

- Executing orders outside a regulated market or MTF;
- Consent to non-publication of limit orders; and
- Provision of information on the Order Execution Policy by means of CFE's website.

My email address is:

Signed:

Name:

Title:

Date:

For and on behalf of:

Please return this acknowledgement and consent form either:

1. By mail to –

**Cantor Client Due Diligence Team
One Churchill
Place Canary
Wharf London
E14 5RD**

or

2. By email to -

CDDTEAMUK@cantor.co.uk