

Bluefin Europe LLP Order Execution Policy

1 Introduction

Bluefin Europe LLP (“BFIN”) is a London based firm which specialises in Exchange Traded Funds (ETFs). We provide liquidity on the exchange and block trading facility for Emerging Markets, Fixed Income and Commodity ETFs.

BFIN is authorized and regulated by the Financial Conduct Authority (“FCA”) with firm reference number 492678 and is an investment firm which is committed to conducting business with our clients in an honest, fair and professional manner. This document explains BFIN execution policy in accordance with the regulatory requirements put forth by the Financial Conduct Authority’s (FCA) Conduct of Business Sourcebook (COBS 11). These FCA guidelines require all firms to take reasonable steps to obtain the best possible results when executing orders on behalf of customers. BFIN Europe LLP endeavors to meet or exceed these guidelines.

This Execution Policy should be read in conjunction with BFIN Europe’s standard Terms of Business document.

2 When does this order execution policy apply?

This policy does not apply if:

- 1) you have been categorized as an eligible counterparty; or
- 2) you have given us specific instructions to execute a trade on a particular venue or with a particular broker. In these circumstances we will be deemed to have taken all reasonable steps to provide the best possible result for you in respect of the enquiry, or aspect of the enquiry, covered by your specific instructions; or
- 3) we are dealing in quote driven markets and we do not owe you a duty of best execution as more fully explained in paragraph 3) below. Given the way in which we trade with our counterparties we believe these circumstances will always apply in our trading on quote driven markets. In such circumstances our counterparty will have to satisfy themselves that they are achieving best execution, this is usually demonstrated by the use of the RFQ platform on which we provide our quotes.

3 Quote driven markets

As a general rule BFIN operates as principal in quote driven markets. In quote driven markets our counterparties submit a request for quotation (“RFQ”) and then decide whether or not they want to trade with us at the prices given.

It is possible for a duty of best execution to exist in such quote driven markets but only where it can be determined that the client is “legitimately relying” on the quote provider to protect its interests in relation to pricing and the other factors that make up the best execution obligation.

The European Commission has set out the four-fold test which aims to show when a client can expect to receive best execution, because they are placing their reliance on BFIN. The points are to be determined cumulatively when deciding if the client is expecting best execution. The four-fold test comprises:

- I. Which party initiates the transaction.
Where a client initiates a transaction, it is expected that the client is not placing reliance on BFIN for best execution. Where BFIN has provided axes, runs and other market communication, this should not be relied upon to assume we have initiated the transaction.
- II. Questions of market practice and the existence of a convention to “shop around”.
Where the market practice is for the client to “shop around” the market in order to find the best quote from various market sources, it is less likely the client will be placing their reliance on BFIN for best execution.
- III. The relative level of transparency within a market.
Where a market is liquid, with many price providers and it is likely that the client will have access to other such prices, it is less likely that the client will be providing sole reliance on BFIN for your execution.
- IV. The information provided by BFIN and any agreement reached
Where our agreements with the client, including this policy and our Terms of Business state that BFIN will provide Best Execution, then it is more likely that the client will be placing reliance upon BFIN.

4 What are our obligations?

Under the second Markets in Financial Instruments Directive (“MiFID II”), we, as a firm that is subject to *MiFID II*, must, when executing orders, take all sufficient steps to obtain the best possible result for our clients. How we assess the “best possible result” is set out under “What is best execution?” in paragraph 5 below.

5 What is best execution/what are the execution factors?

The overarching objective is that we take all sufficient steps to obtain the best possible result for our clients. In order to achieve this we take into account a number of execution factors. The factors we take into account are:

- a) any restrictions that may exist on your account as to where your trades can be executed;
- b) total consideration to the client of the transaction after all fees and commissions have been taken into account:
 - i. size of the transaction;
 - ii. speed of execution and settlement;
 - iii. likelihood of execution;

- iv. likelihood of settlement; and
- v. any other factor we consider is relevant to the transaction.

In determining the applicability of the factors we consider:

- i. market information;
- ii. the details we hold about you, our client; and
- iii. the nature of the transaction including the specific financial instrument and the markets that the specific financial instruments

The application of these factors is a matter of judgement. Other firms may exercise their judgement differently and reach a different conclusion as to how to achieve the overarching objective. In most cases the factors other than total consideration to the client will not be applicable and thus total consideration will be the determining factor. The remaining factors are not listed in any order of priority. The factors may be interlinked such that for example, in fast moving markets, particularly for large orders, the way we would seek to achieve best total cost/revenue may involve giving the order to a broker who we believe can execute the entire order in a timely manner even if part of the order could be filled at a more advantageous price from another broker.

6 Execution Venues (Competing Markets)

For some financial instruments there are a range of execution venues where the trade could be executed. We regularly assess the execution venues available and may add or delete venues in accordance with the overall objective. We will issue instructions to executing brokers where we deem such instructions to be appropriate, in most cases we will leave the decision as to the most appropriate venue to the executing broker. Unless you instruct us otherwise, whilst adhering to this policy, we shall have complete discretion as to the choice of venues including trading outside a *trading venue* if we believe that trading in that way is likely to achieve the overall objective.

A list of the execution venues we may use will be available in hard copy on request. Some financial instruments may only be traded on one venue, (notably if we purchase units/shares of a collective investment scheme (CIS), the venue will be the fund manager/CIS operator itself).

7 Execution outside of regulated markets, multi-lateral trading facilities and organised trading facilities (each a *trading venue*)

Unless you instruct us otherwise, where we consider it to be in your best interest we will allow the brokers to whom we pass execution instructions to trade outside of regulated markets, multi-lateral trading facilities and organised trading facilities. The broker will still be bound by their own best execution policies which we will review.

8 Investment into funds

When we invest into funds or other collective investment vehicles the price that we are able to execute at is usually determined by the fund manager based on published prices and we will execute at those prices.

9 Commencement Date

This policy will apply from May 2020.

10 Order Execution Timing

Usually orders will be executed in a prompt, fair and expeditious manner. If an order is of large size or we wish to try to achieve an average price over a time period, the order may be split into sub-orders before being passed for execution.

Unless we have combined an order in accordance with paragraph 11 below client orders will be carried out sequentially unless the characteristics of the order or prevailing market conditions require otherwise.

11 Order Aggregation

We may combine (or 'aggregate') an order for our clients with orders of other clients. BFIN would only aggregate a client order if it was unlikely to work to the overall disadvantage of the client. However, the effect of aggregation may on some occasions work to the client's disadvantage and may on occasions result in our clients obtaining a worse price than if their order was executed separately.

12 Allocation of aggregated orders

Any orders that are aggregated will be allocated according to a pre-defined allocation policy that is designed to achieve a fair result for all clients. Where permitted by the rule of the relevant *trading venue* all client will be allocated the same price, where such pricing is not permitted the allocation policy will be used to allocated orders and we will monitor the effectiveness of that allocation policy.

13 Monitoring

We will monitor both our compliance with our Best Execution Policy, and the quality of execution of third parties to whom we have passed orders on the following frequency:

- i. Real time – on a sample basis – account executive level but subject to compliance review;
- ii. Monthly compliance review; and

iii. Quarterly board level review.

14 What information about best execution will we report to you and how will we report it?

As required by *MiFID II* we will report to you:

- i. The top five brokers we have used for each asset class in terms of volumes (this excludes instances where you, our client have instructed us to use a particular broker including, in accordance with paragraph **Error! Reference source not found.** where your custodian arrangements mean we can only execute via your custodian; and
- ii. Information on the quality of our execution

These will be reported on our website www.bluefineurope.com

15 Further Information

If you would like any further information about our Order Execution Policy, please contact your usual account executive.

16 Amendments to this policy

We may amend our Order Execution Policy from time to time. A formal review will take place at least annually, but this may not result in any changes to the policy. When we make a material change to the Policy we will notify you of the changes before such changes come into force.