

Best Execution and Order Handling Policy

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1. Purpose

This policy (Policy) sets out the Firm's approach to best execution and order handling according to the UK Financial Conduct Authority (FCA) regulations set out in the Conduct of Business Sourcebook ("COBS") and its application to the nature of the business and activities conducted by the Firm.

2. Scope

2.1. Geographic and entity scope

This Policy is specific to the activities of GF Financial Markets (UK) Limited ("Firm") carried out from its official establishment in the UK, regardless of the jurisdiction in which the activities take place.

2.2. Client categorisation scope

The Firm only deals with clients categorised as Eligible Counterparty (ECP) or Professional Client (PC) as defined by the FCA. The Firm does not deal with Retail Clients.

2.3. Product scope

Best execution is owed only in relation to the execution of Orders in Financial Instruments (as defined by the FCA and specified in Part 1 of Schedule 2 of the [Regulated Activities Order](#)).

3. The Best Execution Obligation

The rule set out in the FCA Conduct of Business Sourcebook ("COBS") is COBS 11.2A.2, "Obligation to execute orders on terms most favourable to the client". Specifically:

- (1) A firm must take all sufficient steps to obtain, when executing orders, the best possible results for its clients taking into account the execution factors.
- (2) The execution factors to be taken into account are price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order.

4. Best Execution Factors and Criteria

4.1. Execution Factors

Execution factors taken into consideration to obtain the best possible results include but are not limited to:

- the price
- the cost
- the speed of execution
- the probability of execution and settlement/delivery
- the size of the order
- the nature of the order
- type and characteristics of financial instrument

- characteristics of the possible execution venues
- any other factors considered for its execution

4.2. Execution Criteria

The relative importance of each of the factors may differ depending on various considerations in achieving the best possible results. When executing a client order, the Firm will take into account the following criteria for determining the relative importance of the execution factors:

- the characteristics of your order
- the characteristics of the financial instruments to which your order relates
- the characteristics of the venues (if there is more than one) to which your order may be directed
- any specific objectives you may have in relation to the execution of the order

5. Execution Venues

The Firm selects the execution venue from those in the following list for each type of financial instrument in order to obtain “Best Execution” and reserves the right to consider any other execution venue when judged appropriate to do so. The Execution Venue will also depend on the execution factors and criteria for that financial instrument.

5.1. Execution Venues

- Trading Venue
 - Regulated markets (RM)
 - Equivalent third-country regulated markets (as defined by the FCA)
 - Multilateral Trading Facilities (MTF)
 - Organised Trading Facilities (OTF)
- The Firm’s own account
- Other Liquidity Providers (including those in a 3rd Country)

6. Application of Best Execution Obligation

The Firm does not deal with Retail Clients. Best execution does not apply to Eligible Counterparties (ECPs). Where the Firm trades with Professional Clients, the Firm owes a duty of best execution where:

- (1) The Firm acts in an Agency or Riskless Principal capacity for a Professional Client.

Agency execution is where we receive an order from you, and we execute that order directly with the market on your behalf without becoming a counterparty to the transaction.

Riskless principal execution is where we receive an order from you and we execute that order with the market on a back-to-back principal basis such that we are the counterparty to both your trade

and the market trade, but we are never exposed to market risk throughout the execution of the transaction.

- (2) The Firm acts in a Principal capacity in relation to a client order where the Professional Client places legitimate reliance on the Firm to provide best execution.

6.1. Quote-driven activity

In a quote driven market, the Firm is not acting “on behalf of the client” when executing a quote driven order. In these circumstances, it is assumed that Professional Clients do not rely on the Firm to achieve best execution, unless the client legitimately relies (Legitimate Reliance) on the Firm to provide best execution.

Where the client places legitimate reliance on the Firm to provide best execution, and the Firm acts in a Principal capacity, the transaction is carried out on the basis of prices proposed by the Firm and accepted by the client. The client can reject the quoted prices and decline to trade. The prices quoted will be the Firm’s risk prices and may be different to prices available elsewhere in the market. Where the Firm executes that transaction on the basis of the quote provided to a client, that would meet the Firm’s obligations to take all sufficient steps to obtain the best possible result for its clients and meet the Firm’s best execution obligations under COBS 11.2A.6, provided that, taking into account the changing market conditions and the time elapsed between the offer and acceptance of the quote, the quote is not manifestly out of date.

If a client accepts a quote, and market conditions have materially changed, the Firm may choose not to execute the trade on the basis that the quote has expired. However, should the client wish to trade at that level, the Firm may choose to execute on the basis that this would constitute a specific instruction.

6.2. Legitimate Reliance

The following criteria are used cumulatively to determine whether a client legitimately relies on the Firm to provide best execution for the businesses where the Firm acts as Principal. No single factor necessarily determines or disappplies legitimate reliance and all factors should be taken into consideration cumulatively and as a whole.

- (1) Which party initiates the transaction

Where a Professional Client initiates a transaction, this tends to suggest that the client does not place legitimate reliance on the Firm. The Firm communicates with its clients regarding market news and conditions, indicative prices, trade ideas and other matters as part of managing its relationship. These communications are not considered as initiating a transaction with the client.

- (2) Market practice and conventions to ‘shop around’

In certain markets, it is market practice that the client is able to shop around. This includes choosing between market counterparties, executing brokers and venues. Where this is available, this tends to suggest that the client does not place legitimate reliance on the Firm, as in these circumstances there is no expectation between the parties that the dealer chosen by the client will owe best execution.

(3) The relative levels of price transparency within the market

It is more likely that the client does not place legitimate reliance on the Firm where there are relatively transparent markets where the clients have access to price information.

(4) The information provided by the Firm and any agreement reached

Where the Firm states, in any information or documentation provided to the client, that best execution is not provided, it is less likely that the client will be placing reliance on the Firm.

6.3. Specific Instructions

Where the Firm receives a specific instruction from a client in relation to an order, including a specific aspect of the order, the Firm will endeavour to execute that order in accordance with those instructions. Where the Firm executes the client order according to those specific instructions, the Firm satisfies the best execution obligations with regards to those specific instructions relating to that order. Best execution still applies to the other parts or aspects of the clients order. As such, specific instructions may prevent the Firm from obtaining the best possible results for the client for those aspects not covered by those specific instructions. In these circumstances and where possible, the Firm will take reasonable steps to use their judgement and expertise to obtain the best possible results for the client.

In the specific case of options traded with a hedge, the parameters of the hedged portion are determined in advance (reference price and delta). The Firm's best execution obligations will be satisfied by meeting the parameters of that order.

6.4. Direct Electronic Access (DEA)

With Direct Market Access (DMA), the Firm offers its clients access to trading platforms provided by specific markets under the Firm's membership to those markets. Client orders transmitted on a non-discretionary basis to a trading platform by direct electronic access ("DEA"), will be executed according to the parameters entered by the client onto the order execution system. Where those orders are executed on those platforms via DEA, the Firm satisfies its best execution obligations.

7. Measures to ensure "Best Execution"

Where the Firm has been given discretion over the execution, or execution of elements of a client order and unless otherwise stated in a specific instruction, the Firm will rank the execution factors as follows: price, likelihood of execution and the remaining factors are generally given equal ranking or to be determined by the application of the experience and expertise of the broker in endeavouring to obtain the best possible outcome for the client in the circumstances prevailing at that time.

8. Selection of the Execution Venues

The Firm will take all sufficient steps to choose the trading and execution venue which satisfies its client's execution criteria. The execution venue will depend on the terms of the transaction, the characteristics of the financial instrument and the client's other execution criteria.

The Firm assesses the execution venues it has access to on a continuous basis. The relevant factors used to assess access to execution venues include:

- Clearing and settlements
- Liquidity
- Transparency
- Controls framework
- Scheduled actions
- Execution factors

and any other factors that we consider relevant to the provision of Best Execution.

9. Selection of Local Brokers

On markets where the Firm is not a member, and for all financial instruments listed above, the Firm selects local brokers who provide the best overall execution service. In such circumstances, the Firm takes into account the following criteria:

- Execution factors
- Reputation and financial soundness
- Coverage of markets and products
- Clearing and settlement factors
- Other support factors
- Costs and charges

10. Costs, Charges and Fees

The Firm will not structure or charge commissions in a way that discriminates unfairly between Execution Venues.

The Firm complies with the FCA's conflicts of interest regulations, including those in relation to inducements and fees to third parties. The Firm's conflicts of interest policy is publicly available on the Firm's website.

11. Monitoring and Review

The Firm has a control framework in place which ensures the on-going monitoring of its best execution obligations and the effectiveness of the arrangements outlined in this policy.

The Firm will correct any deficiencies identified in its best execution arrangements as they arise. Evidence of the means used to obtain "Best Execution" is available to the client and relevant authorities/regulators upon request.

12. Client Order Handling

The Firm will ensure that orders executed on behalf of clients are promptly and accurately recorded and allocated. Otherwise comparable client orders will be carried out sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise. The Firm will only aggregate orders and transactions if it is to the advantage of the clients whose orders and transactions are to be aggregated.

Appendix 1 – Execution Venues

Exchanges

Name	MIC
London Metal Exchange (LME)	XLME
ICE Endex Futures	NDEX
ICE Futures Europe	IFEU; IFLX
ICE Futures U.S. *	IFUS
Chicago Board of Trade (CBOT) *	XCBT
Chicago Mercantile Exchange (CME) *	XCME
Commodities Exchange Centre (COMEX) *	XCEC
Dubai Mercantile Exchange	DUMX
New York Mercantile Exchange (NYMEX) *	XNYM
Hong Kong Futures Exchange (HKFE) *	XHKF
Singapore Exchange (SGX-DT) *	XSES

*= provided through local brokers