

**PEEL
HUNT**

**PEEL HUNT EUROPE
FONDSMAEGLERSELSKAB A/S**

**POLICY ON BEST EXECUTION AND
RECEPTION AND TRANSMISSION OF
ORDERS**

January 2023

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POLICY ON BEST EXECUTION AND RECEPTION AND TRANSMISSION OF ORDERS

1. Introduction

The Board of Directors has adopted this policy on Best Execution and Reception and Transmission of Orders Policy (the "Policy" or "PH Order Execution Policy").

As a Danish Financial Supervisory Authority ("FSA") authorised firm which executes orders on behalf of its clients, Peel Hunt Europe Fondsmæglerselskab A/S ("Peel Hunt", "us", "we") is required to take all sufficient steps to obtain the best possible result for its clients taking into account a range of execution factors set out more fully below by client type.

This Policy relates to the Company's performance of the following investment services pursuant to MiFID II of (i) receiving and transmitting of orders and (ii) execution of orders on behalf of clients.

2. Legal Basis

This Best Execution and Reception and Transmission of Orders Policy ("Policy" or "PH Order Execution Policy") sets out the arrangements that Peel Hunt has put in place to meet its best order execution obligation ("Best Execution Obligation") to its clients under the local regulators rules on best execution (the Executive Order no. 917/2017 on Best Execution), which implements Markets in Financial Instruments Directive ("MiFID II") Article 27 & 28, as well as the Delegated Regulation 565/2017 and RTS 27 and RTS 28.

This Policy is owned operationally by the Head of Risk and Compliance, who is responsible for the annual review of this Policy to determine whether the arrangements in place remain appropriate and fit for purpose and to propose this policy for review and approval by the Board of Directors at Peel Hunt Europe.

This Policy is supplemented by and shall be read in conjunction with the procedure on Best Execution (the "Procedure") as amended from time to time and as adopted by the Board of Management. In the event of any discrepancy between the content of this Policy and the Procedure, this Policy shall have priority.

3. The Best Execution Obligation and Application

3.1. The Best Execution Obligation

The products that are within scope of best execution rules are "financial instruments", as defined by MiFID II. This includes securities, such as shares, bonds, units in funds and structured products, as well as financial contracts, such as derivatives, whether publicly listed or not (i.e. all "financial instruments" as defined by MiFID in Annex I Section C "Financial Instrument").

The Best Execution Obligation applies to ALL financial instruments within MiFID II whether traded on or off exchange.

The different circumstances associated with the execution of orders in different types of clients and financial instruments will be taken into account when meeting best execution obligations.

We owe a regulatory duty of Best Execution Obligation to Professional Clients where the client is legitimately relying on us when executing transactions. We generally do not owe the Best Execution Obligation to Eligible Counterparties although we may agree to provide best execution in certain circumstances.

We do not have Retail Clients and therefore best execution obligations to Retail Clients will not be considered in this Policy.

3.2. Application of Best Execution to Peel Hunt's Business

Where Peel Hunt carries out transactions for clients in relation to an in scope instrument it assesses the relative importance of the order execution factors (the "Execution Factors") against the following criteria:

- a) The characteristics of our clients (as set out above and below) i.e. whether they are professional or ECP;
- b) The characteristics of the client order (including, the size and nature of the order);
- c) The characteristics of the financial instruments that are the subject of that order; and
- d) The characteristics of the execution venues to which that order can be directed.

Not all of these criteria will be relevant in each case and will be assessed against the context of the client and service provided.

4. Best Execution Obligation to Professional Clients

When dealing with professional clients, we owe best execution obligations where the client is legitimately relying on us in relation to the execution of the transaction. We deal on our own account in relation to transactions and are therefore the counterparty rather than the client's agent in executing the order. However, order execution, by Peel Hunt, may still be carried out on "behalf of the client" and, whether a best execution obligation is owed depends on whether the client legitimately relies on Peel Hunt in relation to the pricing.

4.1. Order Execution on Behalf of the Client

The following transactions will always be considered, by Peel Hunt, to be carried out on behalf of a client:

- a) Where we take an order and place it at a venue for execution on behalf of the client; and
- b) Executing against our own principal position, where we make decisions as to how the order is executed.

However there may be marginal cases and the key conclusion is whether we are acting "on behalf of" our client. In these circumstances we will consider the four fold test set out by the European Commission:

4.1.1 Whether we or the client initiates transactions

Where the client initiates the transaction, this suggests that it is less likely that the client will be placing reliance on us;

4.1.2 Shop around

Where the market practice suggests that the client takes responsibility for the pricing and other elements of the transaction and the market practice is to obtain quotes from various sources, it is less likely that the client will be placing reliance on us;

4.1.3 Relative levels of transparency within a market

If we have ready access to prices in the market/venues in which we operate, whereas the client does not, it is more likely that the client will be placing reliance on us, whereas if our access to pricing transparency is broadly equivalent, it is less likely that the client will be placing reliance on us; and

4.1.4 Information provided by us and the terms of our agreements with the client

Where our arrangements and agreements with the client (such as our terms of business and this policy) state that we will not provide best execution, it is less likely that the client will be placing reliance on us.

4.2. Achieving Best Execution

In order to achieve best execution when executing an order on behalf of a Professional Client, we take into account the following factors (the "Execution Factors"):

4.2.1 Price

For most liquid instruments, market price will be the overriding factor in attaining best execution. Other Execution Factors (as described below) will be taken into account where specified. In particular, for certain instruments such as some unit trusts there will only be one market price and one execution venue.

4.2.2 Transaction costs and risks relevant to the execution

We will take transactions costs into account when achieving best execution. For example, charges such as exchange fees or settlement and custody costs.

4.2.3 Speed of execution

We will take into account the need for speed of execution in relation to some types of transaction. This may be the case in relation to a client wishing to execute a stock in a liquid instrument in a fast moving market.

4.2.4 Likelihood of execution and settlement

In some instances this will be the primary factor to be considered. For instance, where the instrument is illiquid or the size of the order is large. In these circumstances this may mean that this factor is given precedence over price, where this will in our reasonable judgement give a better overall result for the client;

4.2.5 Size and nature of the order

The best market price may not be available in the order size required by Peel Hunt's client. We will use our reasonable judgement in securing the best execution given a particular size of order, through taking into account terms provided by different execution venues.

4.2.6 Likely market impact (i.e. if the order is passive, aggressive or directed)

We will take into account, using our reasonable judgement, the likely market impact and the cost in relation to any market impact in relation to executing the order. It may be the case therefore that orders are executed over multiple time periods in order to achieve best execution rather than in a single execution;

4.2.7 Nature of the market for the financial instrument; and

4.2.8 Any other consideration deemed relevant to the execution of an order.

In order to determine the relative importance of the Execution Factors, we will take into account the factors set out at section 4 above.

Although the above will typically be the priority order we assign to an order, by a Professional Client, this may vary depending on the factors set out below. Specifically, in certain circumstances, we may determine that other execution factors are more important than price in obtaining the best possible result.

Generally, we will regard price as the most significant factor in the execution of a client's order. However, there may be circumstances where other Execution Factors should be prioritised over price. For example, in the context of an illiquid instrument or a large in scale order (such as a block) the likelihood of execution may become the primary execution factor. In these circumstances, we will determine the relative importance of the execution factors by following our commercial judgment and experience in light of market information available.

In taking all sufficient steps, we will use our judgment and experience in light of available market information to achieve the best balance across a range of sometimes conflicting factors. This does not mean achieving the best price for every client order, but the best possible result that can reasonably be expected given variable market conditions. In determining the "price" we will take into account a number of considerations, including:

- Price trading on a regulated market/other venues
- Liquidity,
- Risks incurred by us from entering into transactions
- Hedging our risk profile.

Peel Hunt shall not structure or charge internal commissions in order to discriminate unfairly between execution venues and, or brokers.

5. Specific Instructions, Execution Venues & Counterparties

5.1. Specific Instructions

Where we receive specific instructions from a client in relation to any aspect of a transaction (for example, where the client instructs us to execute the order on a particular venue, at a particular time or at a particular price), we will execute the transaction in accordance with such instructions (unless we decline to act) and, by doing so, will satisfy our obligation to provide best execution in relation to that aspect of the order.

These elements do not release us from our obligation to provide best execution in relation to those aspects of the order where the client has not provided specific instructions, such as the venue of execution or the timing of the execution, where we retain some discretion over those aspects.

Any specific instructions from a client may prevent us from taking the steps that have been designed and implemented in the PH Order Execution Policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instruments.

As noted above we will take the clients "specific instructions" into account when achieving best execution, in relation to the order types this means the following:

5.1.1 Limit price

In relation to a limit price, we shall only fill the client's order when we perceive that the particular level has been reached (unless we agree to a different formulation for determining when the price level has been triggered). If we decide to fill the client's order by going into the market (whether on a regulated market, MTF, OTF or OTC), we will only fill the client's order once the price and quantity is available, fully or partially.

5.1.2 Market order

We shall endeavour to fill that order as soon as reasonably practicable after the order is accepted and in accordance with best execution obligations.

5.1.3 At best order

We shall, unless otherwise agreed with the client, endeavour to fill that order as soon as reasonably practicable after the order is accepted and in accordance with best execution obligations at first price level in the market.

5.2. Execution Venues and Counterparties

We may execute orders subject to any specific instructions from the client, on one or more of the following venues to enable us to obtain the best possible result on a consistent basis when executing an order on the client's behalf:

- (a) Regulated markets;
- (b) MTFs and OTFs;
- (c) Market makers, Systemic Internalisers and other liquidity providers (including Peel Hunt)
- (d) Third party investment firms and brokers.
- (e) Conditional venues

The factors affecting choice of execution venue are: price; the need for timely execution; market liquidity; the size and nature of the order.

Our choice of venue may be constrained by the fact that there may be only one venue where an order can be executed due to the nature of the client's order or requirements. However, in accordance with our Terms of Business and this Policy, the client has consented to their orders being executed on its behalf outside a regulated market, MTF or OTF and have agreed that they understand the relevant risk such as counterparty risk arising from execution outside a trading venue. Additional information about the consequences of this are available at our website <https://www.peelhunt.com/regulatory>. However, it should be noted that Peel Hunt will generally execute all client order on a trading venue.

Peel Hunt will assess, on a regular basis, whether the execution venues included in this policy provide for the best possible result for the client, or whether changes to the execution arrangements need to be made. The current list of execution venues on which Peel Hunt places significant reliance in meeting its obligation can be found in section 13. The list here is not exhaustive and we may use other execution venues in order to achieve best execution.

6. Relationship with other Peel Hunt Entities

For the avoidance of doubt, where Peel Hunt receives a client order and this is executed by another entity in the Peel Hunt Group (Peel Hunt Group refers to Peel Hunt Limited and its subsidiaries), it will take all sufficient steps to ensure best execution is achieved by that entity, taking into account the client's specific instructions (if any), as well as the execution factors outlined above. Peel Hunt will, in each instance where another group entity executes a client order, consider whether additional control must be exercised by Peel Hunt (for example selecting the relevant execution venue in accordance with the arrangements summarised above) when instructing the third party in relation to the order

7. Where the Best Execution Obligation is not due

We do not owe a duty of best execution to any client classified as an eligible counterparty or where a professional client is not reasonably relying on Peel Hunt to provide best execution (although we have an overriding duty to act honestly, professionally and fairly). However, where a client to whom we do not owe best execution obligation asks us for best execution we may:

- (a) Advise the client that they must rely on their own due diligence;
- (b) Decline to deal; or

(c) In specific circumstances, where our role and the relationship with the client dictates and where such client has requested that best execution apply in writing to us, we may offer best execution voluntarily.

Peel Hunt may refuse an order in accordance with its Terms of Business and in those circumstances no duty of best execution will be owed.

8. Monitoring Best Execution

Peel Hunt is required to monitor the effectiveness of its order execution arrangements and execution policy in order to identify, and where appropriate, correct any deficiencies. This will include monitoring execution venues and whether they provide the best possible price (including considering, where relevant, information published by execution venues under MiFID II best execution requirements or any other relevant data). We will also monitor to ensure that the execution strategies employed are appropriate. The monitoring covers trading of all asset classes and focuses on three key execution factors: price, costs and speed although all the best execution factors will be considered. Monitoring is conducted at the following frequencies:

- a) Real-time;
- b) T+1 reports reviewed by 1LOD
- c) Weekly review by Desk Manager
- d) Monthly review by Compliance (2LOD).

9. Reporting

Peel Hunt, by use of their on-exchange memberships and use of quotes can therefore provide pre trade transparency at the time of execution. Therefore we do not need to provide data for RTS27 requirements. We will make public both the top five execution venues in terms of trading volumes where client order have been executed or transmitted to in the preceding calendar year and information regarding the quality of the execution of certain financial instruments (this will be published at <https://www.peelhunt.com/legal>).

RTS28 report <https://www.peelhunt.com/legal/RTS+28+Report>

10. Order Allocation

When we carry out client orders the following order allocation principles apply:

- a) Orders shall be executed in a prompt, fair and expeditious manner relative to other orders or the trading interest of Peel Hunt;
- b) Orders executed on behalf of clients shall be promptly and accurately recorded and allocated;
- c) Otherwise comparable client orders shall 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, for the purposes of this subsection orders should not be treated as otherwise comparable if they are received by different media and it would not be practical for them to be treated sequentially;
- d) Peel Hunt is responsible for overseeing or arranging the settlement of an executed order, it shall take all the reasonable steps to ensure that any client financial instruments or client funds received in settlement of that execute order are promptly and correctly delivered to the account of the appropriate client;
- e) Peel Hunt will not misuse information relating to pending client orders, and must take all reasonable steps to prevent the misuse of such information by any of its relevant persons; and
- f) Peel Hunt will only aggregate a client order with own account orders or with other client orders if:

- i) it is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated;
- ii) it is disclosed to each client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order; and
- iii) allocation is carried out in accordance with the following allocation procedure below.

Orders are allocated using either the price paid for each investment or at a volume weighted average of the prices of a series of transactions. The reallocation of transaction should be considered as detrimental to a client if, as an effect of that reallocation, unfair precedence is given to Peel Hunt or to any particular client.

In the event of being able to partially fill an aggregated order, allocation will occur on an even split basis, unless allocation becomes uneconomic for a client. Where it is no longer in the client's interest to receive the reduced allocation, we may decide not to allocate to such client, and reallocate the remaining part of the order on an even split basis to the remaining clients. Where an order is partially filled the allocation will give priority to clients relative to our own account transactions.

In circumstances where an aggregated order is not completed in one day and the order is retained overnight ("warehousing") to be continued the following business day, the order will be completed within five business days. Note that this warehousing procedure may only occur in respect of Professional Clients, other categories of clients will be reviewed on a case by case basis by the Trading Risk & Control Dept.

11. Reception and Transmission of Orders

Where Peel Hunt transmits an order, the specific instruction will need to be relayed to us from the client in a form acceptable to us and must include:

- i) Sufficient information to identify the asset (e.g. SEDOL, ISIN, asset name);
- ii) Where appropriate, the quantity of units to be traded or the value; and
- iii) Any other consideration relevant to the receipt and transmission of the order.

We may contact you where we do not receive sufficient information to transmit the order, including for the following reasons:

- Application form for the investment has not been provided.

Peel Hunt, when providing the service of reception and transmission of orders, must comply with the obligation to act in accordance with the best interests of their clients when transmitting client orders to other entities for execution in accordance with MiFID 24 and Article 65 of the Delegated Regulation 565/2017.

12. Handling of Instructions

In all cases the orders will be transmitted for execution in a timely manner and always with due care and attention. For applications to participate in new issues, this will not always be on the day of receipt, but will be in accordance with the investment provider's offer period

Where an investment is only available for a limited period of time, we will advise you of this in our Suitability Report. It is your responsibility to ensure that relevant paperwork has been returned to us with sufficient time to allow us to process the necessary checks prior to transmitting your order

Where an instruction is received for an investment that has an imminent closing date or other similar deadline, consideration will be given to prioritising this deal, but not ahead of any orders received for the same investment already in the queue. This prioritisation will only occur if we consider there to be no detrimental impact to other investment instructions already queued.

13. Execution Venues

Peel Hunt use Peel Hunt LLP as its execution broker for equities. Peel Hunt LLP is a member of the London Stock Exchange but also uses other venues to obtain on a consistent basis the best possible result for the execution of client orders. Peel Hunt LLP will ensure that transactions in shares that are subject to the EU Share Trading Obligation (“STO”) will be executed on a European venue as per MiFIR Article 23 requirements. Peel Hunt LLP engages with brokers who have direct access to trading venues for execution in financial instruments (the list is not meant to be exhaustive and is subject to change without notice):

- Equity and Equity Like Instruments
 - London Stock Exchange
 - Peel Hunt LLP
 - CBOE
 - Turquoise
 - Systemic Internalisers:
 - JP Morgan
 - Bank of America Merrill Lynch
 - ITG
 - Goldman Sachs
- Fixed Income
 - London Stock Exchange
 - Peel Hunt

14. Controls

The Compliance Function oversees the compliance with this Policy. A report on the compliance with the Policy is compiled [with the frequency corresponding to the applicable risk level as stated in the Company’s Compliance Risk Assessment and submitted to the Board of Directors.

15. Review

The Policy must be adapted on an on-going basis to reflect changes in the Company’s activities and must be reviewed at least annually. Such a review must also be carried out whenever a material change) occurs that affects the Company’s ability to continue to obtain the best possible result for the execution of its client orders on a consistent basis using the venues included in this policy.

16. Policy Version Control

16.1. Ownership

Document Title	Policy on Best Execution and Reception and Transmission of Orders
Adopted by	The Board of Directors
Operational Owner	Management Board
Release Date	13/01/2023
Approved By	The Board of Directors

16.2 Document History

Date	Author/Approver	Revision	Key Changes/Comments
13/01/2023	Compliance	1.0	1 st Edition

16.3 Document Approval

This document along with the policies and procedures contained within, has been approved as detailed below.

Version	Date	Approved By
1.0	13/01/2023	The Board of Directors

16.4 Links to other Policies and Procedures

Policy	LINK
N/A	N/A

17. Glossary & Definition
