



# Client Order Handling Policy

FNZ Securities Limited

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**Table of Contents**

1. INTRODUCTION AND SCOPE ..... 4

2. PROCEDURE PRINCIPLES..... 4

3. ROLES AND RESPONSIBILITIES ..... 4

4. KEY DEFINITIONS ..... 5

5. SPECIFIC INSTRUCTIONS ..... 5

6. EXECUTION VENUES ..... 6

7. EXECUTION FACTORS ..... 7

8. PRIOR EXPRESS CONSENTS..... 8

9. EXTERNAL BROKERS ..... 8

10. AGGREGATING ORDERS..... 9

    10.1 Overview ..... 9

    10.2 Order Aggregation..... 9

    10.3 Allocating aggregated orders ..... 10

    10.4 Disclosure to clients ..... 11

    10.5 Aggregation Process..... 11

11. TRADE ALLOCATION PROCESS ..... 12

    11.1 Pro-rata Allocation for Partially Executed Trades..... 12

    11.2 Exceptions to the Pro-rata Allocation Method ..... 12

12. MONITORING & REVIEW ..... 12

13. REVIEW AND ATTESTATION CYCLE ..... 13

14. UPDATE HISTORY..... 14

## **1. Introduction and Scope**

FNZ Securities Limited (FNZSL) is the regulated entity with the FCA for all Exchange Traded executions and is a Member Firm of the London Stock Exchange and have the full regulatory permissions, providing execution, clearing and settlement services . In relation to client order processing, this Procedure:

- defines FNZSL's order handling and execution processes for client orders
- sets out how FNZSL achieves the best outcome with respect to the transmission of client orders for execution; and
- ensures that FNZSL meets regulatory obligations as a regulated entity with the FCA and a Member Firm of the London Stock Exchange.

In relation to trading for its clients, FNZSL must ensure that when trading and allocating securities transactions, clients are treated in a fair and equitable manner.

FNZSL must not allocate trades in such a way that is the detriment to any of FNZSL's underlying clients. Also, for the benefit of this document it is worth highlighting that FNZSL do not take any priority positions in any capacity and all instructions are dealt at arm's length in an agency capacity.

## **2. Procedure Principles**

This Procedure outlines the trading obligations that FNZSL has in relation to the FCA COBS 11.2A.25 and COBS 11.2A.26 as well as the Market Integrity Rules, Best Execution Obligations and Procedures.

FNZSL recognises that it has a duty to take reasonable steps to obtain the best outcome for the client when handling and carrying out a client order, subject to, and considering, any specific instructions from the client, the nature of the orders and the nature of the markets concerned.

FNZSL must ensure that when processing and aggregating securities transactions, clients are treated in a fair and equitable manner. Regarding trade aggregation, trades should only be aggregated or 'batched' if by doing so FNZSL facilitates Best Execution, including negotiating more favorable prices, obtaining more timely or equitable execution, or reducing overall commission charges.

## **3. Roles and Responsibilities**

The Procedure owner is the Head of Trading, who has responsibility for implementation and oversight of the processes described in this Procedure and ensures this Procedure is reviewed annually and tabled to the FNZSL' S Management Committee for approval.

Legal and Compliance is responsible for operating the control framework monitoring the processes in this Procedure.

Dealing staff are responsible for complying with their respective responsibilities set out in this Procedure.

## **4. Key Definitions**

For the purposes of this Procedure FNZSL is in receipt of an order and acting on a client's behalf when an execution instruction is given which gives rise to contractual or agency obligations owed by FNZSL to a client.

FNZSL believes this to be the case where FNZSL exercises its discretion in relation to the execution of a client order.

FNZSL is under an obligation to handle and transmit orders in accordance with the matters set out in Its Order Execution Policy (that is, FNZSL will be required to take reasonable steps to obtain the best outcome for its clients).

"Best execution" means taking reasonable steps to obtain the best outcome for clients. The best outcome refers to a wider concept which takes into account the transaction costs that will be incurred in relation to each order executed on a client's behalf.

The term "standing instruction" means an order execution instruction addressed to FNZSL by a client which is intended to remain in force for a particular period of time or until specifically changed or withdrawn by the client.

The term "venue" refers to any or all the order books, exchanges and systems referred to in section 6 below.

FNZSL's commitment to provide "best execution" does not mean that it owes any of its clients any fiduciary responsibilities over and above any specific regulatory obligations placed upon it or as may be otherwise contracted between FNZSL and any individual client.

Each client remains responsible for its own investment decisions and FNZSL will not be responsible for any market or trading loss that a client might suffer as a result of those decisions.

## **5. Specific Instructions**

Where a client provides FNZSL with a clear and unambiguous instruction in relation to:

- An order;
- A class of orders;
- A particular aspect of an order or orders; or

- Its orders generally,

(a “Specific Instruction”), FNZSL will take reasonable steps to execute the orders in accordance with such instructions and, as a result, FNZSL may not achieve the best outcome for that client.

Any orders that do not route via FNZSL’s Direct Market Access offering and automated routing (RSP) may be transmitted manually by a FNZSL’s Designated Dealer, who will take reasonable steps to execute the orders in accordance with the client’s Specific Instructions.

Where an order is transmitted manually, FNZSL will take reasonable steps to execute the orders in accordance with client instructions but, where relevant, FNZSL will take into account best execution considerations including factors such as the liquidity of the market and the likely price impact.

Orders placed outside market trading hours will be transmitted as soon as practicable for execution on the opening of the market on the following business day.

Specific instructions may prevent FNZSL from fully following this Procedure which is designed to obtain the best outcome on a consistent basis for the execution of client orders. By taking reasonable steps to follow Specific Instructions, FNZSL will be deemed to have taken all reasonable steps to provide the best outcome.

Therefore, if a client requires its order to be executed in a particular manner and not in accordance with this Procedure, the client should clearly state their desired method of execution when the order is placed, and such instruction must be clear and unambiguous. To the extent that the client’s Specific Instructions are not comprehensive, FNZSL will determine any non-specified aspects in accordance with this Procedure.

In extreme volume and volatile situations, trading venue system constraints may (depending upon the client’s instruction) require automated trading systems to be switched off and/or electronic routing to be suspended in favor of manual execution. Such events lead to further execution delays and increased market volatility.

In addition, an order may only be partially executed or may be executed in several shapes at different prices; and opening prices may differ significantly from the previous day’s close.

## **6. Execution Venues**

In meeting its obligations to take all reasonable steps to consistently obtain the best outcome, FNZSL may use one or more of the following order books and systems when executing the order on the client’s behalf.

- Regulated Markets (i.e. the London Stock Exchange/ISDX).
- Retail Service Provider (RSP) networks.
- Multilateral Trading Facilities (MTFs)’s.

- Organised Trading Facilities (OTFs).
- Systematic Internalisers; and
- counterparty firms.

Any other alternative trading system (including broker pools and crossing engines), subject to client's consent.

FNZSL will periodically assess each of the execution venues and order books it accesses when executing transactions to determine if alternative sources of execution provide a material opportunity to achieve the best execution.

## **7. Execution Factors**

FNZSL uses smart order routing technology to undertake its best execution obligations.

In the absence of Specific Instructions from the client, FNZSL may consider any, or any, combination, of the following factors to determine the manner in which a client order will be executed.

- a) Price;
- b) Costs;
- c) Speed;
- d) Likelihood of execution and settlement.
- e) Size and nature of order;
- f) Total consideration;
- g) Prevailing market conditions;
- h) Execution venues and their trading status; and
- i) Any other consideration relevant to the efficient execution of the order, including liquidity and market impact.

FNZSL will take reasonable steps to obtain the best outcome when handling and executing orders on behalf of its client and will ordinarily place a higher importance on price.

Where the client is a retail client, FNZSL will always assign highest priority to price.

However, FNZSL will, in certain circumstances where the client is wholesale, determine that other execution factors are more important than price; and in such cases it will take into account the characteristics of:

- a) The client
- b) The client order,
- c) The security subject to the order, and
- d) The execution venue.

## **8. Prior Express Consents**

In order to provide clients with best execution, FNZSL may, on occasion, trade outside the execution venues set out in section 6 above.

In order for FNZSL to be able to do this, it is required to obtain the client's prior express consent. FNZSL is also required to obtain prior express consent should the client not wish FNZSL to make public any limit order that the client places with it.

To ensure that FNZSL is able to handle client orders as efficiently and effectively as possible, FNZSL may request that a client executes and returns a prior express consent form. Giving prior express consent will not preclude the client from requesting different execution arrangements at the time of placing the order.

## **9. External Brokers**

FNZSL dealers use their knowledge and experience when placing an order with an external broker (i.e. another Market Participant) for execution.

In doing so, FNZSL will seek to obtain best execution by either retaining control of the execution (e.g. by nominating the order book for execution, taking into account the execution factors listed in section 7), or by relying on the Market Participant's arrangements for obtaining best execution where FNZSL has already determined that the arrangements will enable FNZSL to achieve the best outcome for the client.



## 10. Aggregating orders

### 10.1 Overview

Trade aggregation is the process of aggregating trade orders together in a single, larger order.

Where FNZSL has multiple client accounts, FNZSL may aggregate trades to ensure clients receive equal treatment and to help reduce trade execution costs, this will only be used when the underlining clients are from the same platform or entity.

Where clients indicate their objection to trade aggregation, dealers managing the order must ensure the clients orders are segregated from aggregated trades.

FNZSL must disclose the fact it may aggregate trades, and ensure it has robust procedures for handling these trades. In addition, should FNZSL not aggregate trades, it is required that FNZSL discloses this fact to its clients, as well as the fact that not participating in aggregation may result in the client paying higher execution charges.

When FNZSL receives, transmits or executes orders in relation to equity market products on the clients' behalf, FNZSL must always take all reasonable steps to achieve Best Execution. What can be considered to be the best execution outcome will depend on the client type and the nature of the order.

As FNZSL only deals with retail clients, the best outcome may occur as a result of price, costs, total consideration, speed, likelihood of execution or any other relevant factor, or any combination of those factors.

While FNZSL will take all these factors into consideration, price will generally be given a higher relative importance when obtaining the best outcome. This will apply to all retail clients unless the client has given FNZSL a specific instruction.

### 10.2 Order Aggregation

FNZSL will not aggregate a platform client's order with orders for other platform clients, or its own account orders, unless:

a) it is unlikely that the aggregation will work to the disadvantage of each of the clients concerned;

FNZSL will generally accumulate an average client's orders where a client has given their consent to do so where the order is received:

a) overnight or prior to market open; or

b) during normal hours at around the same time as other orders, or

c) where FNZSL considers that it is in the best interests of the client or its clients generally to accumulate and average the orders.

The general principles set out above apply equally to execution and allocation between two or more client orders as well as allocations between a client order and a Connected Person of FNZSL's order, unless otherwise stated.

## 10.3 Allocating aggregated orders

Client orders must be dealt with sequentially and in accordance with the timing of their receipt by FNZSL (time order priority), unless that allocation is inconsistent with the remainder of this Procedure or applicable market rules.

For example, where two orders are submitted for execution at the same price, the earlier order will be allocated first. They must be accurately recorded and allocated.

FNZSL and its Employees must not misuse information relating to client orders.

**Allocation in accordance with client instructions:** Where a number of orders are executed pursuant to the instructions of a single client, they will be allocated according to that client's instructions.

**Client order precedence:** Client orders, which are on the same terms as time and price instructions as orders of FNZSL or its Connected Persons, are given precedence.

**Adjustments:** FNZSL may make small, reasonable adjustments to allocations where this will not have a material effect on the client's orders and is not contrary to the client's instructions (for example, to ensure shares allocated meet the marketable parcel requirements). FNZSL may also make adjustments to allocations to enable it to reverse errors.

FNZSL's trade allocation procedure in section 11 ensures fair allocation of aggregated orders and transactions. In general, if the full aggregated order is executed, the price at which it will be allocated is the average price. If an aggregated order has been partially filled, FNZSL will allocate in accordance with best execution, equal treatment and clients' best interest's principles, but the following guidelines will generally be followed:

(a) when allocating an aggregated transaction which includes one or more client orders, FNZSL will allocate the order on a pro-rata basis where the orders are all of a similar or material size. There may be occasions where a small order would be filled completely before allocating pro rata to the other clients. There may also be times when the lead order is filled with a higher allocation than the subsequent orders. The intention is to give the fairest possible outcome;

(b) price of the allocated trades is averaged; and

(c) where a client order(s) and a FNZSL own account order have been aggregated, priority must be given to satisfying the client order if the aggregate total of all orders cannot be satisfied, unless FNZSL

can demonstrate on reasonable grounds that without its participation FNZSL would not have been able to execute those orders on such favorable terms, or at all.

## 10.4 Disclosure to clients

To remain compliant with its obligations FNZSL must disclose to clients if and when trades are aggregated. This disclosure is contained in FNZSL's Client Terms and Conditions.

Along with the disclosure of FNZSL's approach to aggregating trades, FNZSL must also ensure that all clients are sent confirmations for the transactions are per the ASIC MIRs and the Corporations Act. Confirmations need to be sent to the client as soon as practicable after the transaction has been executed.

Should FNZ Securities ever enter into a Market Transaction with a client as Principal, and the client has elected not to receive contract note, the confirmation issued must state that the FNZ Securities entered into the transaction as Principal and not as agent. The client must also not be charged any brokerage, commission or any other fee related to the trade unless:

- the Client is a Prescribed Person of the Market Participant;
- the Client is a Wholesale Client who has consented to the Market Participant charging brokerage, commission or the other fee (and that consent has not been withdrawn); or
- where otherwise permitted by the Corporations Act.

## 10.5 Aggregation Process

FNZSL adheres to the following high-level approach in respect of aggregation of orders:

- The relevant allocation methods for participating Clients will be specified before entering an aggregated order;
- The books and records will reflect securities held by, or bought or sold for, clients that participate in the aggregation;
- Prior to including an account in a batch trade, the DTR will be required to determine that the trade is appropriate and permitted for each account that will participate, and that each account included in an aggregated trade will be treated fairly; and
- No additional compensation or remuneration will be due to FNZSL because of the aggregation.

## **11. Trade Allocation Process**

It is FNZSL's duty to ensure that all market transactions are allocated fairly.

It is also part of FNZSL's ongoing obligation to deal fairly with client orders and in due turn with another client order and an order on FNZSL's own account.

Where FNZSL acts for more than one account for a client, trades must be allocated accordingly among multiple accounts. FNZSL must treat all clients in a fair and equitable manner. On no occasion shall the allocation of trades be based on relative fees, performance or considerations other than in the interests of FNZSL's clients.

### **11.1 Pro-rata Allocation for Partially Executed Trades**

Partially executed trades will be allocated on a pro-rata basis, where the executed portions of the trade will be allocated to FNZSL's clients in the same proportion that the aggregated trade was able to be executed. For example, if 50% of the aggregated order was executed, each client will receive 50% of their initial order.

### **11.2 Exceptions to the Pro-rata Allocation Method**

There are some instances where pro-rata allocation may not be practical or possible. These can include:

- lot size restrictions;
- small execution sizes;
- the fund's cash flows and liquidity; and
- minimum parcel sizes.

In these cases, FNZSL will be required to allocate trades in a non-pro-rata manner. Where this happens, FNZSL will highlight the reason for the non-pro-rata allocation as part of the best execution monitoring that gets sent to the clients. The Head of Trading (or delegate) will review any non-pro-rata allocation to ensure that all clients are being treated fairly.

## **12. Monitoring & Review**

FNZSL will monitor the effectiveness of its order execution and trade allocation arrangements (including the performance of its order router) in order to identify and, where appropriate, incorporate any amendments to procedures.

FNZSL will assess on a regular basis, whether the execution venues included in this Procedure provide the best outcome for its clients or whether it needs to make changes to its execution arrangements. FNZSL will review its order execution arrangements and this Procedure at least annually or whenever a material change occurs that affects its ability to continue to obtain the best outcome for the execution of client orders on a consistent basis using the venues included in this Procedure.

## **13. Review and Attestation Cycle**

Non-compliance with this Procedure puts FNZSL at risk of failing to meet its regulatory obligations or to address a problem that could have serious consequences for its clients, its business or other key stakeholders. FNZSL may lose the right to operate a financial services business. At an individual employee level, it may result in disciplinary action, including dismissal.

This Procedure is reviewed to monitor its effectiveness and to consider its suitability, adequacy and identify any deficiencies. Where necessary, it will be updated to ensure it stays in line with all regulations, updates and notifications to keep FNZSL compliant and performing to its best ability.

Review and assessment of this Procedure will be carried out at least annually or whenever a material change occurs. Any changes to this Procedure will be communicated to the business.

Compliance with this Procedure ensures FNZSL meets its obligations. Apart from what has already been covered in the Procedure, Legal and Compliance will monitor this Procedure's use and effectiveness by ensuring that:

- all new starters must read this Procedure upon commencement at FNZSL;
- all FNZSL employees attest annually that they understand and comply with this Procedure;
- those with specific responsibilities in relation to this Procedure will receive more intensive training (as required); and
- any potential breaches of this Procedure are reported in line with the FNZ Incidents and Breaches policies and procedures.

14. Update history

Version	Change Date	Updated By	Change (Table Header white)
V1	May 2025	Lee Allen	First Draft
V1	June 2025	Bill Brand	Review completed by FNZSL Head of Compliance
V1	June 2025	Lee Allen	Doc added to client facing regulatory web portal

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