



FNZ Europe DAC

Best Execution and Order Handling Policy



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Policy	Best Execution and Order Handling Policy
Scope	FNZ Europe DAC
Type	Operational
Applicability	All FNZ Europe DAC Employees
Approving Body	FNZ Europe DAC Board
Policy Owner	Chief Compliance & Risk Officer
Policy Owner's Functional Area	Compliance

1. Introduction and Scope

This policy outlines FNZ EU DAC's compliance obligations under the Markets in Financial Instruments Directive II (MiFID II), specifically [Article 27](#) (Best Execution) and [Article 28](#) (Client Order Handling) and MiFIR (Markets in Financial Instruments Regulation), specifically [Article 26](#) (Obligation to Report Transactions).

FNZ EU DAC engages exclusively with eligible counterparty clients and per se professional clients. FNZ EU DAC's primary activity involves the receipt and transmission of orders, without executing trades directly.

FNZ EU DAC acts as an order transmission agent, sending orders to brokers, mutual fund managers, or the client's own dealing desks based on client instructions. This policy details the standards and principles followed by FNZ EU DAC to ensure compliance with MiFID II and MiFIR reporting requirements.

2. Minimum Standards

REF	Minimum Standard
BEO001	FNZ EU DAC will meet the requirements of MiFID II, Articles 27&28 as applicable to a MiFID regulated firm contracting solely with eligible counterparty clients.
BEO002	FNZ EU DAC will only transmit trades to the third parties instructed by its clients.
BEO003	FNZ EU DAC will meet the terms of its client contracts in relation to the transmission of trades.
BEO004	FNZ EU DAC will act to avoid foreseeable harm to retail customers when handling orders on behalf of clients



3. Policy Principles

3.1 Best Execution

Although FNZ EU DAC does not execute orders, it recognizes its responsibility under MiFID II to ensure that the transmission of orders is handled in a way that does not disadvantage clients. FNZ EU DAC's systems are designed to:

- Transmit orders to mutual fund managers, brokers, or the client's dealing desks based on specific client instructions.
- Notify clients if any charges (e.g., dilution levy) fall outside agreed parameters for mutual funds.
- Act solely as a conduit for trade orders, without monitoring execution quality.

3.2 Consumer Duty

Despite contracting with eligible counterparties or professional *per se* clients, FNZ EU DAC acknowledges potential indirect harm to retail customers. FNZ EU DAC takes steps to:

- Design order handling processes to prevent foreseeable harm, with input from clients (MiFID II Articles 27, 28; Delegated Regulation Articles 65, 66)
- Remove unreasonable barriers within these processes (MiFID II Delegated Regulation Article 64)
- Address and rectify any issues that could lead to customer harm (MiFID II Delegated Regulation Article 66)
- Monitor processes using a risk-based approach, making improvements as necessary (MiFID II Delegated Regulation Article 63)

3.3 Types of Financial Instruments

FNZ EU DAC transmits orders for the following instruments:

1. **Transferable Securities:**
 - Equities (ordinary and preference shares)
 - Exchange Traded Products (ETPs)
 - Fixed Income (Gilts and Bonds)
 - Investment Trusts
 - Venture Capital Trusts (VCTs)
 - Depositary Receipts
 - Structured Products
 - Exchange Traded Derivatives



2. Units in Collective Investment Schemes:

- Mutual funds and managed funds

3. Foreign Exchange Transactions:

- Spot FX Contracts

FNZ EU DAC does not transmit orders for structured deposits or commodity derivatives.

3.4 Order Handling

FNZ EU DAC ensures:

- Orders are promptly and accurately recorded and transmitted as per client instructions.
- Any material issues in order handling are communicated to clients and recorded for audit purposes.
- Best execution obligations are met by the client, as FNZ EU DAC transmits rather than executes orders.

3.5 Aggregation and Allocation

- Orders for each client are transmitted separately unless aggregation is specifically instructed by the client.
- For institutional clients, orders may be aggregated, but this may affect customer outcomes.
- Equities are allocated pro rata; mutual fund shares are allocated based on payment proportions, with adjustments made for rounding discrepancies.

3.6 Record Keeping and Error Management

- FNZ EU DAC maintains detailed records of all transmitted orders for a minimum of five years, as required by MiFID II.
- Errors are corrected promptly, and any negative impact on the customer is remediated in line with regulatory standards.

4. Roles and Responsibilities

- **Compliance Officer:** Oversees adherence to the policy, conducts reviews, and ensures compliance with MiFID II requirements.
- **Order Handling Team:** Manages the receipt and transmission of orders, ensuring accurate and compliant processing while monitoring the effectiveness of this Policy to identify and correct any deficiencies
- **Client Relationship Managers:** Communicate policy details to clients and address any concerns.



- **Senior Management (FNZ EU DAC Board):** Approves any material changes to the policy.

5. Review Attestation Cycle

This Policy is to be reviewed at least annually by the FNZ (Europe) DAC - Chief Compliance Officer, or more frequently if required. Any significant changes must be referred to the Board for approval. Non-significant changes may be approved by the Chief Compliance Officer.

A significant change is any change that materially alters the content of the Policy. This does not include non-substantive change, such as clarification and formatting.

Attestations will be sought from the relevant business areas in relation to material compliance with this policy on an annual basis, or at such other times as may be required.

6. Update History

Version	Changed By	Approved By	Date	Description of Changes
V1	Michael Walsh	FNZ EU DAC Board	4/12/2024	FNZ EU DAC's Best Execution Policy