



Fearnley Securities AS

Order Execution Policy

Last updated: 28.11.2022



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ORDER EXECUTION POLICY FOR FINANCIAL INSTRUMENTS

1. Introduction

According to legal requirements as set out in the EU Directive MiFID II, Fearnley Securities AS ("Fearnley") has an obligation to take all sufficient steps to obtain the "*best possible result*" for their clients when executing client orders ("Best Execution"). When receiving a client order, Fearnley will make a specific assessment of how the order is to be executed to obtain Best Execution.

The order execution policy stated below ("the Order Execution Policy") will form the basis for this assessment.

2. Responsibilities

The Board of Directors is responsible for approving and conducting a review of this Policy at least annually to ensure compliance with relevant rules and regulations and/or relevant guidance from regulators. The Chief Executive Officer is responsible for implementing and enforcing this Policy and promoting a culture of awareness and compliance with best execution requirements.

3. What is best execution

Fearnley shall on a continuous basis take all sufficient steps to obtain the best possible results for its clients when either executing transactions on clients' behalf or when transmitting orders to other entities for execution.

The factors which Fearnley shall consider when delivering best execution are price, cost, speed, likelihood of execution and settlement, size, or any other consideration relevant to the execution of the order. Hence, Fearnley has established and implemented effective arrangements and a policy for complying with the above best execution requirements.

We are not under an obligation to obtain the best possible result for each individual order, but we must comply with this Policy and meet the Best Execution Obligation on a consistent basis.

Further to this, Fearnley is always subject to the overarching obligation to act honestly, fairly, and professionally in accordance with the best interests of its clients.

Any commission or fees which you pay to us are excluded for the purposes of considering whether or not we have complied with our best execution obligations as these are disclosed to you separately in accordance with MiFID II disclosure rules.

4. Scope of the best execution requirements

4.1 Specific client instructions

If the client issues specific instructions as to how all or part of the order should be executed, such order will be executed in accordance with those instructions to the extent possible. If reasons exist which does not enable Fearnley to accept the client's instructions, the client shall be notified. Breach of venue trading rules or suspected market abuse could constitute such reasons. Best execution requirements shall not apply to those parts of the execution which are covered by a specific instruction.

Clients should be aware that placing specific instructions on orders to trade might prevent Fearnley from adhering to this Policy for the purposes of ensuring the best possible outcome.

4.2 Investment services

Best Execution applies when Fearnley performs the following investment services in connection with financial instruments:

Execution of orders on behalf of clients

When providing this investment service, Fearnley acts to conclude agreements to buy or sell financial instruments on behalf of its clients. This may for instance be the case when Fearnley is a member of a trading venue and executes an order on the trading venue in Fearnley's own name on behalf of the client. When Fearnley is not a member of the trading venue in question, the order will be passed on to a third party for execution.

Dealing on own account

Dealing on own account means trading against proprietary capital and assuming market risk on own account.

Fearnley does not internalise in any substantial or systematic way, and consequently does not consider itself an execution venue under the systematic internaliser regime. Fearnley can however in certain circumstances take on positions on own account in order to support client orders.

4.3 Financial instruments

This policy only applies with respect to financial instruments within the scope of MIFID II financial instruments. Financial Instruments include but are not limited to:

- Equity (shares and depositary receipts)
- Debt instruments (bonds and money market instruments)
- Equity derivatives (options admitted to trading on a trading venue)
- Exchange traded products (exchange traded funds and exchange traded notes)
- Other instruments

4.4 Clients

This Order Execution Policy applies to non-professional and professional clients.

Non-professional clients

For non-professional clients, the best possible result is determined in terms of the total consideration, representing the price and the cost related to execution.

Professional clients

Fearnley will apply its reasonable judgement and commercial experience to determine the relative importance of the execution factors taking into account type of client, type or order, financial instrument involved, available trading venues and prevailing market conditions. Unless special circumstances set forth in this Policy apply, Fearnley's priority when executing an order for a professional client will be to obtain the best possible result for the client in terms of total consideration. There might be situations where execution factors such as potential market impact, speed, and likelihood of execution should be prioritized over price.

This could be the case for large in scale orders (LIS) or orders in illiquid instruments where other factors such as certainty of execution and market impact may be deemed more important and prioritized over price. Furthermore, under exceptional market conditions, system disruption etc. as set out in section 11, Fearnley may not be able to follow this Order Execution Policy.

Eligible counterparties

Eligible counterparties are exempt from best execution requirements. When Fearnley deals with eligible counterparties, the best execution obligations will not apply unless otherwise agreed in general or on a trade-by-trade basis. We will however always endeavour to provide the best possible result and act honestly, fairly, and professionally in accordance with the best interests of the eligible counterparties.

5. Market types

Fearnley executes orders both in order driven markets and price driven markets.

Order driven markets

Order driven markets are trading environments where buyers and sellers display prices at which they wish to buy or sell specified amounts of particular financial instruments. Order driven markets are characterised by a measure of transparency. Since the best bid and offer price often apply to modest liquidity, these markets are normally also characterized by the convention that brokers execute client orders with a certain measure of discretion. Order driven markets mainly pertain to the following types of financial instruments:

- Mostly equities and equity-like instruments which are admitted to trading on a trading venue
- Some illiquid equities

Price driven markets

Price driven markets are characterized by less transparency than order driven markets. In price driven markets, clients normally take a more active part in price discovery through negotiations:

- Some illiquid equities, such as shares in project companies
- Non-equity instruments, such as, but not limited to bonds

The market type or context in which the financial instrument is being transacted has implications for how the best execution requirements apply.

6. Legitimate reliance

Non-professional clients

Fearnley assumes that non-professional clients always will place legitimate reliance on us in order to protect his or her interests in relation to executing orders.

Professional clients

If we have classified you as a professional client, circumstances in which we consider that you will not generally be legitimately relying on us in relation to the execution of your orders include where we are approached by you for a "request for price" - i.e., when you ask us to provide a price in a particular financial instrument, or where we will be trading with you as principal, in a market where the usual practice of clients is to ask several dealers for prices, and where your access to prices in the market means you are able to, and in practice can be expected to, assess our prices against those provided by other dealers.

It is, however, important to note that although in the circumstances described above the Best Execution Obligation will typically not apply; we will still be required to treat you fairly and to manage any conflicts of interest that may arise.

To determine whether you legitimately rely on us to protect your interests, the following factors are relevant:

- which party initiates the transaction - where we approach you and suggest that you should enter into a transaction, it is more likely that you will be placing reliance on us. Where you initiate the transaction, it is less likely that you will be placing reliance on us;
- market practice and the existence of a convention to "shop around" - where the practice in the market in which a business area operates suggests you take responsibility for the pricing and

other elements of the transaction (e.g., there is a market convention to “shop around” for a price), it is less likely that you will be placing reliance on us;

- the relative levels of price transparency within a market - if we have ready access to prices in the market in which we operate, whereas you do not, it is more likely that you will be placing reliance on us, whereas if our access to pricing transparency is equal or similar to yours, it is less likely that you will be placing reliance on us; and
- the information provided by us, and any agreement reached - where our arrangements and agreements with you do not indicate or suggest a relationship of reliance, it is less likely that you will be placing reliance on us.

Your category and characteristics are important factors both in the assessment of whether you are relying on us to deliver best execution and in providing best execution.

Even though the Best Execution Obligation does not apply according to regulations, we must act honestly, fairly, and professionally in accordance with your best interests.

7. Relevant factors when choosing the execution method

When choosing the execution method, Fearnley will consider:

- price
- costs
- speed of execution
- likelihood of execution
- likelihood of settlement
- size of the order
- nature of the order
- any other consideration relevant to the efficient execution of the order

“Any other consideration relevant to the efficient execution of the order” may include factors such as likely market impact.

8. Relative importance of execution factors

When Fearnley executes client orders, we must consider the following criteria for determining the relative importance of the execution factors in the circumstances (section 7):

- The characteristics of the client including the categorisation of the client as retail or professional
- The characteristics of the client order
- The characteristics of the financial instruments that are the subject of that order
- The characteristics of the execution venues¹ to which the order can be directed

Non-professional clients

In dealings with non-professional clients, the best execution will be determined based on the total consideration the client is to pay in connection with the order execution.

¹ *Execution venue* includes a regulated market, an MTF, an OTF, a systematic internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.

Total consideration is the price of the relevant financial instrument and the costs related to the execution when passed on to the client. These costs could include expenses incurred that are directly related to the execution of the order, such as execution venue fees, processing costs, clearing and settlement and any other relevant fees paid to third parties involved in the execution of the order, including stamp duty and financial transaction tax.

Professional clients

Fearnley will, using its reasonable judgement and commercial experience, to determine the relative importance of the execution factors considering type of the client, type of order, financial instrument involved, available trading venues and prevailing market conditions.

Unless special circumstances set forth in this Policy apply, Fearnley's priority when executing an order for a professional client will be to obtain the best possible result for the client in terms of total consideration. However, in some instances for large orders or orders in illiquid instruments other factors such as certainty of execution, speed and market impact may be deemed more important and prioritized over price.

Furthermore, under exceptional market conditions, system disruption etc, as set out in section 13, we may not be able to follow this Order Execution Policy.

9. Different methods for executing client orders

In order to obtain best execution for clients, we may use one or a combination of different methods of execution and act in different trading capacities. In practice, this will depend on e.g., type of market and financial instrument.

9.1 Execution of client orders

Orders from clients may be placed orally, in writing or electronically, including FIX channels. Restrictions may apply to orders placed via electronic communications channels. Further information on this could be retrieved from your broker at Fearnley.

Fearnley will commence executing the order immediately upon receipt of the order from the client. This means that Fearnley will prioritize orders according to the time when they are received unless Fearnley considers that best execution will be obtained by aggregating the order with other orders. Fearnley reserves the right to aggregate the client's orders with orders from other clients, persons or firms that are or are not affiliated with Fearnley. Orders may be aggregated if it is unlikely that aggregation in general will be a disadvantage to any of the clients. However, the client is aware that an aggregating of orders in certain cases may entail a disadvantage. When Fearnley aggregates orders, a pro-rata approach will normally be used.

Fearnley also reserves the right to aggregate the client's orders with transactions carried out on Fearnley's own account. If the total order is only partially executed, the client's order will basically be given priority over Fearnley's order. However, exceptions will apply if Fearnley could not have executed the trade on correspondingly favourable conditions without the aggregation.

An order received outside the marketplace's hours of business will be executed once the marketplace re-opens.

9.2 Trading capacity

When we execute client orders, we may act in different capacities either as the client's agent or as trading as principal.

As a general rule, best execution obligation applies in both of these capacities, with the exception of the "legitimate reliance test".

Agency Trading

When we act in an agency capacity, we trade in our name on the client's behalf.

Principal Trading

We may in rare circumstances trade in a principal capacity and execute client orders against our own book. This is normally in connection with fulfilment of client orders.

9.3 Executing on a trading venue

Executing venues include:

- Regulated Market (RM),
- Multilateral Trading Facility (MTF),
- Organised Trading Facility (OTF),
- Market makers (MM)
- Liquidity Providers (LP)

Execution venues can include venues of which we are a direct member or participant and venues that we access through third party brokers or dealers.

A List of the execution venues for each relevant product is available on our website www.fearnleysecurities.com.

A transaction is deemed to be executed on a trading venue if it is carried out through the systems or under the rules of that trading venue, including transactions, which are negotiated off-book but reported to the venue in accordance with its rules.

We may also execute orders outside trading venues e.g., trading against own account or by crossing clients' orders.

9.4 Smart order routing

Fearnley applies smart order routing to access liquidity.

Client orders may be executed using smart order routing (algorithms used for optimization of our order execution processes that may determine additional parameters of the order other than determining the execution venues where the order should be submitted. Such algorithms are able to slice the original order into "child orders" or determine the time of submission of the order or the "child orders" and other technology programmed to reflect the methodology set out in this policy.

Other client orders may be executed manually by traders subject to this Policy.

9.5 Tranches

Relevant orders may be executed in tranches over a period of time (up to several days) or on more than one execution venue in order to minimize market impact and achieve the best result. Where you have specified parameters (such as guaranteed VWAP or VWAP target execution), we will endeavor to execute a transaction or a series of transactions such that the overall execution is achieved within the specified parameters.

10. Selection of brokers, trading venues and other execution venues and disclosure

We maintain internal procedures for the selection of brokers, trading venues and other execution venues, both at the stage of on-boarding and throughout the business relationship, in order to ensure

ourselves that those selections enable us to obtain best execution on a consistent basis. These procedures include undertaking due diligence and assessing execution quality.

Fearnley will publish annually reports of:

- The top five execution venues in terms of trading volumes where we execute client orders in the preceding year, and
- Information on the quality of execution obtained

The above reports will be disclosed at Fearnleys' website www.fearnleysecurities.com.

11. Reservation and matters beyond Fearnley's control

In the event of system disruption, irregularities, breakdown, cyber-attack, sanctions, war, or exceptional market conditions beyond Fearnley's reasonable control, we may not be able to follow this Order Execution Policy. In such exceptional circumstances, we may execute or transmit orders subject to other considerations than set forth in this Policy or execute orders at other trading venues than those mentioned in the list of trading venues published on www.fearnleysecurities.com. In such cases, we will with all possible means, execute the client's orders in the client's best interest under the best possible conditions for the clients given the relevant circumstances. If such exceptional circumstances occur, we refer to our general business terms regarding liability and exemptions from liability.

12. Monitoring and review

Fearnley will assess on at least an annual basis, the effectiveness of its order execution arrangements including this Policy in order to identify and implement any appropriate improvements.

We have implemented an internal governance and control framework including first line and second line in order to review and monitor our Best Execution arrangements on a regular basis and upon a material change. We will deploy all appropriate means that are available to fully justify best execution of our client's order.

13. Notifications to clients

Future amendments to the Order Execution Policy will be handled as follows:

- Minor changes to the Order Execution Policy will be published on our website www.fearnleysecurities.com. Clients will not receive any notification.
- Material changes will require a notification to clients. Clients accept that such notification will be sent only by e-mail to clients' registered e-mail address and agree to keep Fearnley at all times updated on their current e-mail address.

Clients who place orders with us will be deemed to have accepted our Order Execution Policy.

As of November 28, 2022.

Annex 1

This section describes the product types in which Fearnley offers execution.

Equities and equity like instruments

Products in scope

This includes equities, primary capital certificates, preference shares, warrants and exchange traded products such as Exchange Traded Funds (ETF) and Exchange Traded Notes (ETN).

The aforementioned instruments have different characteristics, among them different risk factors, liquidity, and credit risk.

How Fearnley applies best execution

When executing orders in equities, we may act on an agency or principal basis.

The following explains how we apply best execution for equities:

- When we execute client orders and specific instructions are not received, best execution applies.
- If we have classified you as an eligible counterparty, best execution obligations will not apply to your trades unless we have agreed otherwise.
- In relation to all other equity transactions including those in which we are given specific instructions and reply to your request for price, we do not expect our professional clients to be legitimately relying on us and therefore best execution will not apply for the following reasons:
 - There is a great deal of price transparency
 - Our clients generally have the ability to “shop around” and even where a client does not shop around on a transaction, the sophistication of clients, their pricing knowledge, and the amount of market data available means that you are not reliant on us.

Any exceptions will be escalated and dealt with on a case-by-case basis.

Prioritizations of execution factors

When executing client orders to which best execution applies, we shall consider the execution factors as set out in section 7. We will, using our reasonable judgement, weigh the execution factors at the time of execution in accordance with the client's characteristics, the type or order, financial instrument involved and prevailing market conditions.

Please see section 8 for further description.

The order/price handling process

Please see section 9 for further description.

Execution venues/brokers

Please see section 9 and 10 for further description.

Monitoring and review

Please see section 12 for further description.

Debt instrument

Products in scope

Debt instruments include bonds, such as government bonds, corporate bonds (including High Yield Bonds), Floating and Fixed Rate Notes, hybrid bonds, covered bonds and convertible bonds. This list is not exhaustive.

The aforementioned instruments have different characteristics, among them different risk profiles, liquidity, market transparency and counterparty risk.

How Fearnley applies best execution

When executing orders in bonds, we may act on an agency or principal basis.

The following explains how we apply best execution for equities:

- When we execute client orders and specific instructions are not received, best execution applies.
- If we have classified you as an eligible counterparty, best execution obligations will not apply to your trades unless we have agreed otherwise.
- In relation to all other bonds transactions including those in which we are given specific instructions and reply to your request for price, we do not expect our professional clients to be legitimately relying on us and therefore best execution will not apply for the following reasons:
 - There is a great deal of price transparency
 - Our clients generally have the ability to “shop around” and even where a client does not shop around on a transaction, the sophistication of clients, their pricing knowledge and the amount of market data available means that you are not reliant on us.
- In cases where a client wants to sell bonds, Fearnley will have to search for a buyer in the market. Likewise, in cases where a client wants to invest in a bond, Fearnley will have to contact possible sellers.

Any exceptions will be escalated and dealt with on a case-by-case basis.

Prioritizations of execution factors

When executing client orders to which best execution applies, we shall consider the execution factors as set out in section 7. We will, using our reasonable judgement, weigh the execution factors at the time of execution in accordance with the client's characteristics, the type or order, financial instrument involved and prevailing market conditions.

Please see section 8 for further description.

The order/price handling process

Please see section 9.1, 9.2 and 9.3 for further description.

Execution venues/brokers

Bonds are normally traded outside a trading venue. This means that liquidity is obtained through client orders, by using our own book, or by sourcing liquidity in the market.

Please see section 9.3 and 10 for further description.

Derivatives

Products in scope

This includes stock options and stock- and bonds forwards.

How Fearnley applies best execution

When executing orders in derivatives, we may act on an agency or principal basis.

The following explains how we apply best execution for equities

- When we execute client orders and specific instructions are not received, best execution applies.
- If we have classified you as an eligible counterparty, best execution obligations will not apply to your trades unless we have agreed otherwise.

- In relation to all other derivatives transactions including those in which we are given specific instructions and reply to your request for price, we do not expect our professional clients to be legitimately relying on us and therefore best execution will not apply for the following reasons:
 - There is a great deal of price transparency
 - Our clients generally have the ability to “shop around” and even where a client does not shop around on a transaction, the sophistication of clients, their pricing knowledge, and the amount of market data available means that you are not reliant on us.

Any exceptions will be escalated and dealt with on a case-by-case basis.

Prioritizations of execution factors

When executing client orders to which best execution applies, we shall consider the execution factors as set out in section 7. We will, using our reasonable judgement, weigh the execution factors at the time of execution in accordance with the client’s characteristics, the type or order, financial instrument involved and prevailing market conditions.

Please see section 8 for further description.

The order/price handling process

Please see section 9.1, 9.2 and 9.3 for further description.

Execution venues/brokers

Please see section 9.3 and 10 for further description.