



## **Dubai ORDER EXECUTION POLICY**

**August 1, 2022**

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**This Execution Policy is applicable to broker services provided to you by GFI Securities Limited in the DIFC, referred to as the Firm.**

**This Execution Policy should be read in conjunction with the Dubai Terms of Business.**

### **1. Introduction**

When providing a brokerage service to you in relation to financial products (as set out in Annex 1), the Firm will take reasonable steps to achieve the best overall trading result for you, subject to the exemptions set out below. This means that the Firm will aim to provide "best execution" subject to and taking into account the nature of your orders, the prices available to the Firm in the market, the nature of the market in question and a reasonable assessment of the sometimes overlapping and conflicting execution factors (which are detailed below) **where the Firm is executing orders on your behalf.**

The Firm's intention is, so far as possible, to exercise consistent standards and operate the same processes across all markets, clients and financial products in which the Firm operates. The Firm also intends to provide you and other market participants with access to (where possible) tradable prices on a non-discriminatory basis. However, the diversity in those markets and products, what the Firm knows of your own trading intentions, and the kind of orders that you may place, mean that different factors will have to be taken into account in relation to any particular transaction.

*Annex 2* to this document provides further detail on the nature of the service the Firm, as an Inter-Dealer Broker (IDB), provides to its clients.

## **2. Exemptions from the provision of Best Execution**

Notwithstanding the intentions expressed above, the Firm does not undertake to provide "best execution" if you fall within any of the following exemptions:

### Market Counterparties

- If you are classified as Market Counterparty (MCP) you will not be entitled to best execution under the Dubai Financial Services Authority ("DFSA"). This is equivalent to the FCA's definition of Eligible Counterparty (ECP).

### Market Practices

- In the wholesale OTC derivatives and bond markets (and for the avoidance of doubt this would include derivatives in Equities, Energy and Commodities) in which the Firm operates its normal market practice for buyers and sellers to "shop around" by approaching several brokers/dealers for a quote. In such circumstances, there is no expectation between the parties that the Firm/dealer chosen will owe best execution.

As a sophisticated participant in the wholesale markets, unless you advise us to the contrary, we will assume that this is your normal trading behavior.

### Transactions arranged in a name passing capacity

- Brokers acting in a name passing capacity (as described in Annex 2) are receivers and transmitters of orders but in carrying out their activities they do not receive and transmit orders for execution. Where orders are not transmitted for execution, the requirement to provide best execution will not apply.

### Specific Instructions

- Where you provide the Firm with a specific instruction in relation to your entire order, or any particular aspect of your order, including an instruction for your trade to be executed on a particular venue, the Firm will execute the order in accordance with your instructions. However, please note that in following your instructions, the Firm will be deemed to have taken all reasonable steps to provide the best possible result for you in respect of the order, or aspect of the order, covered by your specific instructions.

Orders executed on a "request for quote" basis will not typically be subject to best execution, on the understanding that the Firm is not executing the order on your behalf.

Note that when you give an offer, take a bid or place an order on a multilateral trading facility (MTF), the best execution provisions of the DFSA will not apply to the operator of the MTF and these obligations will fall on the user of the system. Your order will be classified as a specific instruction and hence the best execution provisions of the DFSA will not apply.

### **3. Clients**

The Firm will only deal with Market Counterparties and Professional Clients as defined by the DFSA.

Because the Firm always intends to handle orders and expressions of interest in an equitable and consistent manner, once a client is classified as a Market Counterparty for the purposes of a particular product, that client may not then elect to be re-classified for the purposes of one transaction of a type it customarily undertakes. Exceptional circumstances may be taken into account at the time, with the consent of the Firm (we may decline to provide a service should a reclassification be requested).

### **4. Execution Venues**

This Order Execution Policy sets out the venues on which the Firm may transact your order. It has identified those venues on which the Firm will most regularly seek to execute your orders and which the Firm believes offer the best prospects for achieving the best possible results for you, taking into account the execution factors detailed below.

The Firm is able to transact trades on your behalf on any of the following execution venues:

- Various Exchanges (including Regulated Markets) to which the Firm has access, a list of which is available on request;
- Multilateral Trading Facilities (MTFs) to which the Firm has access;
- The Firm's customer base in the over the counter (OTC) markets.

When selecting the venue on which to transact trades the Firm will take reasonable measures to ensure that the selected venue obtains the best possible trading result for its clients, subject to the following factors:

- In the OTC markets in which the Firm operates, it can only give clients visibility to prices that have been communicated to us by other clients that operate in the same market, accordingly any "best outcome" will solely be within these limits;
- The Firm will provide details of all tradeable bids and offers (subject to the other matters referred to below);
- Time availability of prices – in many markets there are lulls and spikes in trading as negotiations align trading interests at different times and different parts of the curve, accordingly the "last traded" price may not always be available or act as a reliable indicator of current price;
- The Firm cannot allow clients to trade in a market unless it is reasonably satisfied that the client (via an agent or otherwise) is operationally capable of settling the relevant trade;
- The Firm cannot control either the cost of credit (credit premium) or credit acceptance between its clients;
- Rates of brokerage will vary between clients, based on agreements and levels of activity.

Please note that, since exchanges charge fees which reflect the quality of their execution facilities, the Firm will price the cost of its own business model and the utilization of capital to support its dealing with you (including carrying the risk of those dealings e.g. credit risk) as part of its assessment of the quality of execution offered to you.

**You are required to give your express consent to enable the Firm to execute orders on your behalf on venues not deemed to be either Regulated Markets or MTFs (for example, when an order is executed on the OTC markets through the Firm's client base). Please ensure that you return the Client Acknowledgment and Consent slip at the back of this document.**

## **5. Transmission of orders to 3<sup>rd</sup> Parties**

In the absence of a specific instruction (see exemptions at 2. above) the Firm may transmit an order it receives from a client for execution to another entity in the group or an external entity, such as a 3<sup>rd</sup> party broker. In these circumstances the Firm will continue to act in accordance with the client's best interests by taking into account all relevant execution factors and criteria. The Firm will only select 3<sup>rd</sup> party brokers which have execution arrangements that enable us to satisfy our execution obligations to our clients when transmitting orders.

The Firm will regularly review the choice of 3<sup>rd</sup> party brokers to ensure that the quality of execution allows the Firm to comply with its order execution responsibilities. This includes scrutiny of the 3<sup>rd</sup> party's execution policy to ensure that it complies with applicable regulations.

## **6. Execution Factors**

In the absence of express instructions from you, the Firm will exercise its own discretion in determining the factors that the Firm needs to take into account for the purpose of providing you with the best possible result.

These execution factors in the wholesale markets in which the Firm operates will include, but are not restricted to, the:

- characteristics of the client;
- size, nature and characteristic of the order;
- characteristics of the financial product subject to the order;
- characteristics of the order execution venues to which that order can be directed;
- likelihood and speed of execution;
- price and costs of execution;
- likelihood of settlement and
- exchange settled block trades, or positions larger than standard market size, may be crossed at a particular stage in the trading day or kept anonymous to the majority of market participants; unless otherwise directed, the Firm will only show the price and size to parties that it believes may have an interest in executing or crossing such a position.

## **7. Monitoring and review**

The Firm will monitor the effectiveness of its order execution arrangements and order execution policy in order to identify and, where appropriate, incorporate any amendments to procedures. The Firm will assess, on a regular basis, whether the execution venues included in the order execution policy provide for the best possible result for its clients or whether the Firm needs to make changes to its execution arrangements. The Firm will review its order execution arrangements and order execution policy at least annually or whenever a material change occurs that affects its ability to continue to obtain the best possible result for the execution of client orders on a consistent basis using the venues included in its order execution policy. The firm will notify you of any material changes to its order execution arrangements or order execution policy as described above by posting the information on the Firms website at [www.bgcpartners.com/legal/disclaimers](http://www.bgcpartners.com/legal/disclaimers)

## **8. No Fiduciary Relationship**

The Firms commitment to provide you with "best execution" does not mean that it owes you any fiduciary responsibilities over and above the specific regulatory obligations placed upon it or as may be otherwise contracted between the Firm and yourself. You remain responsible for your own investment decisions and the Firm will not be responsible for any market trading loss you suffer as a result of those decisions.

## **9. Definitions:**

**DFSA** – The DFSA administers the Regulatory Law 2004, which is the cornerstone legislation of the regulatory regime. The Law establishes the constitution of the DFSA and enables the creation of the regulatory framework within which entities may be licensed, authorized, registered and supervised by the DFSA.

Under the Law, the DFSA has the power to enforce the Law and Rules that apply to all regulated participants within the DIFC.

The DFSA also administers the Markets Law 2012. This law governs the activities and conduct of financial and market participants.

The DFSA also strives to detect and prevent money laundering activities within the DIFC and will work closely with the UAE Central Bank in this vital area.

**Execution Venue** – A regulated market, an MTF, a market maker or any other liquidity provider or an entity that performs a similar function in a third country.

**Financial Conduct Authority** – The Firms head office's financial regulator in the United Kingdom.

**Financial Products** – products specified in DFSA General Rulebook section 3.3.1.

**Multilateral Trading Facility (MTF)** – A multilateral system, operated by an investment firm or a market operator, which brings together multiple third party buying and selling interests in financial products - in the system and in accordance with non-discretionary rules – in a way that results in a contract in accordance with the provisions of the DFSA.

**Professional Client** – A client meeting the criteria laid down in paragraph 1 of Annex II.

**Regulated Market** – A multilateral system operated and/or managed by a market operator which brings together or facilitates the bringing together of third party buying and selling interests in financial products in a way that results in a contract, in respect of the financial products admitted to trading under its rules and/or systems, and which is authorized and functions regularly and in accordance with the provisions of the DFSA.

## **Annex 1**

### **Financial products As Defined by the DFSA's GEN APP2**

- (1) Transferable securities;
- (2) Money-market instruments;
- (3) Units in collective investment undertakings;
- (4) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
- (5) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event);
- (6) Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market and/or an MTF;
- (7) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in 6 and not being for commercial purposes, which have the characteristics of other derivative financial products, having regard to whether, inter alia, they are cleared and settled through recognized clearing houses or are subject to regular margin calls;
- (8) Derivative products for the transfer of credit risk;
- (9) Financial contracts for differences;
- (10) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial products, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognized clearing houses or are subject to regular margin calls.

## **Annex 2**

# Inter-Dealer Broking

## **Introduction**

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The main business of an inter-dealer broker (broker) is to provide access to over-the-counter and/or exchange traded pools of liquidity, across a full range of asset classes and their associated derivatives. Typically, brokerage activity takes place in the wholesale financial markets, which includes cash deposits, financial derivatives, securities, equities, commodities, and energy.

The primary function of a broker is to act as an intermediary through which other wholesale market participants can conclude transactions by the matching of their trading needs with third party wholesale market participants having reciprocal interests.

Trading is conducted on an 'arms length' basis with counterparties who do not rely on the advice of the broker. Typically, counterparties in these markets would be wholesale market participants consisting of clearing and investment banks, investment firms, building societies, pension, public sector bodies, life and hedge funds etc... and would not include any retail clients as defined under the DFSA rules.

The majority of the brokerage activities are based on the principle of matching fast moving bids and offers. Prices, orders and expressions of interest will be communicated across a variety of mediums, including telephone, electronic instant messenger, electronic display screen, or by an electronic trading system (Multilateral Trading Facility as defined by the DFSA).

In each market, brokers will communicate to the counterparties whether bids and offers are 'firm' or 'indicative' – in most cases unless otherwise stipulated during the course of dealing, market quotes provided by brokers represent tradable prices based on counterparties' bids and offers and market information then available.

Brokers will endeavour to match the counterparties trading requirement or orders with other trading interests in the market. In most cases, this means that brokers can only give the counterparty access to their own liquidity pools, and will pass prices or orders to and from its other counterparties. Brokers may use link brokers with whom they have a relationship in order to arrange a trade between the counterparty and a client of the linked broker.

Brokers, as instructed, will arrange trades on behalf of a counterparty, based either on a price or order that the counterparty has placed with them, or as confirmed by the counterparty following a period of negotiation.

Brokers utilize price dissemination screens in their role as voice brokers, and illustrate an actual or indicative mid-market price based on actual trading, orders and expressions of interest. While brokers intend to provide counterparties with the most accurate and reflective view of current price levels, it may not be possible to actually trade at the displayed prices if a corresponding order is not then available.

Unless otherwise communicated to the counterparty before trading, all orders submitted to a broker's MTF platform will be traded on price/time priority. Counterparties will also be able to view full order depth. Execution occurs on the basis of active acceptance of orders in the system submitted by other users. Eligibility, trading methodology, instrument descriptions and credit parameters are all set out in the user terms for the relevant MTF.

Prices are given and trades executed, excluding brokers' brokerage (i.e. a clean price). Brokerage rates are as agreed between the counterparty and the broker by product, often with volume discounts or other fee discounts based on market making activity.

## Business Models

To facilitate this activity brokers engage their clients on both an electronic and voice basis. In most cases, brokers arrange trades on a 'name passing' basis. However, there are two other brokerage business models: 'matched principal' and 'exchange give-up'.

In the cash equity and fixed income products, brokers may act on a 'matched principal' basis to the trade in order to provide anonymity to ensure client confidentiality to its counterparties and may engage in aggregation of trades to reduce the number of settlement counterparties.

In the derivatives markets, where a derivative exchange exists (e.g. Euronext.LiFFE, Eurex), the broker receiving a client order may engage in exchange trading under its own or a third parties name in the capacity of an 'Executing Broker', as defined in the Futures and Options Association's *International Uniform Brokerage Execution Services ('Give-Up') Agreement*, and give-up the trade to a client's clearer before the close of the day. Under this 'exchange give-up' model, the broker is subject to intraday exposure of this principal position until the trade is accepted by the counterparty. The purpose of this is to facilitate the instructions of the principal as a client.

## Name Passing

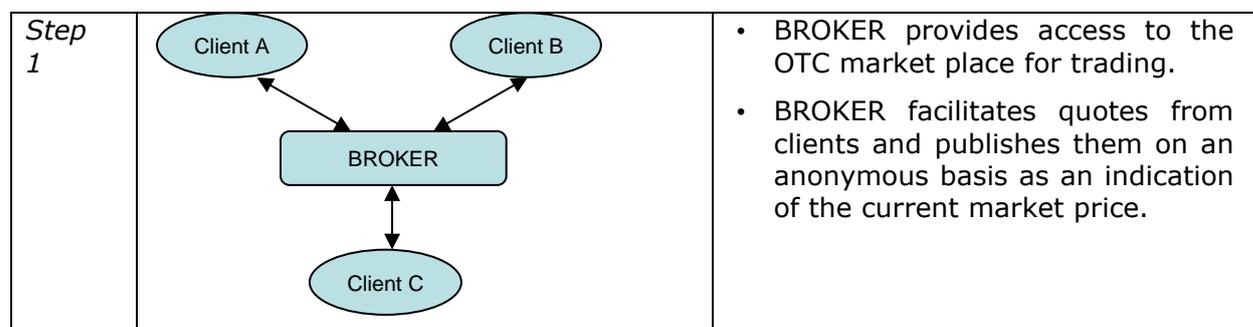
The name passing brokerage model is the traditional model, through which the broker takes on an arranging role in a transaction between two or more counterparties. The broker, through price dissemination, distributes quotes to other market participants showing both price and volume. For voice brokered products, these prices and volumes are dependant upon market convention, either firm or indicative levels of interest, and must be confirmed prior to the trade being completed. For electronic brokered products through MTFs, these prices and volumes are typically firm and are traded without further communication.

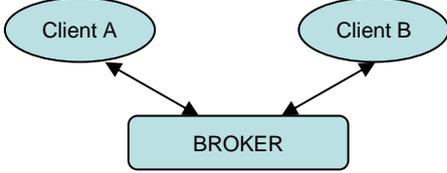
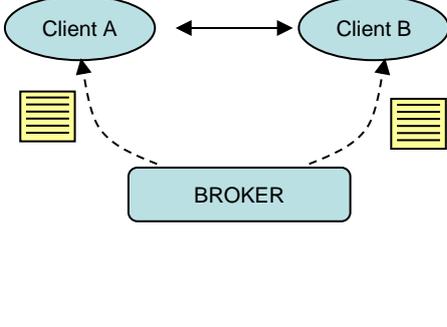
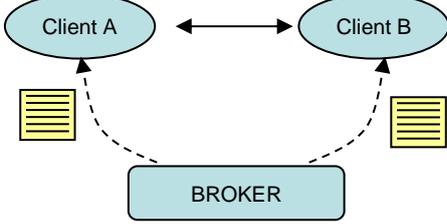
Once the trade price, volume and terms have been agreed, either through further conversation with the broker or with the direct hit or taking of prices on an MTF, the counterparties' names are disclosed and the broker steps away from the transaction. Bilateral agreements are then enforced between the counterparties and the broker will invoice the brokerage fee on a monthly basis

### Example – Name Passing



= **broker custodian**



Step 2		<ul style="list-style-type: none"> <li>Once BROKER has two or more interested clients, the price and trade terms are verified.</li> </ul>
Step 3		<ul style="list-style-type: none"> <li>Once a trade has been confirmed as good, BROKER discloses the clients' names.</li> <li>A bilateral trade is then formed between the two clients and BROKER steps out of the trade process.</li> <li>BROKER sends a broker confirmation to each client.</li> </ul>
Step 4		<ul style="list-style-type: none"> <li>At the end of the month, an invoice is sent to each client for the brokerage value for their trading activity.</li> </ul>

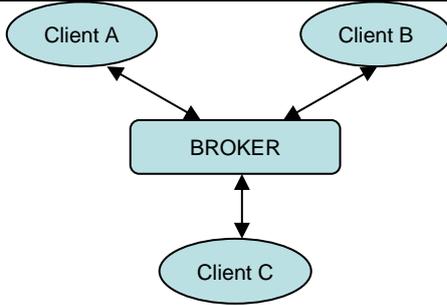
### Matched Principal

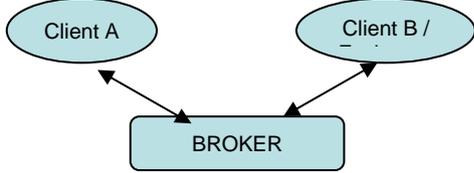
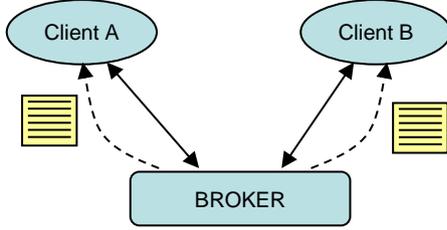
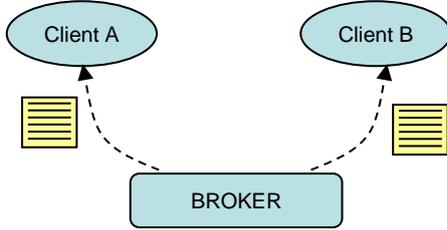
In the matched principal model, the broker facilitates its clients in anonymous trading activity in cash products by taking part in a matched transaction as principal. The broker provides quotes to clients based on indicative prices received from clients, as well as volumes for OTC cash products (e.g. investment grade bonds), or for exchange traded cash equity products the client can use the exchange as an indication of the market.

The broker will not trade speculatively for a client or for his own book in the market. The trade will only be executed as a result of a firm client order to buy or sell at a set price or size. Once the trade is complete, price, volume and terms are communicated through the broker and back office confirmations.

Settlement is made between each client based on the market convention with the brokerage fee, being either incorporated in the all-in price passed to the client through a disclosed brokerage or through a monthly invoice.

### Example – Matched Principal

Step 1		<ul style="list-style-type: none"> <li>BROKER provides access to the OTC market place for the trading of illiquid cash fixed income transactions.</li> <li>BROKER quotes based on client activity. This service is not required for Exchange based trading as the market rate is widely known.</li> </ul>
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<p>Step 2</p>		<ul style="list-style-type: none"> <li>• For OTC transactions, once BROKER has two or more interested clients, the price and trade terms are verified.</li> <li>• For exchange based transactions, a firm client order is given (either volume or price) prior to the execution of the order against the exchange.</li> </ul>
<p>Step 3</p>		<ul style="list-style-type: none"> <li>• Once BROKER is certain of execution (or potential for execution) on both sides of an OTC trade, it confirms the trade against the two clients.</li> <li>• BROKER sends a confirmation to each client of the principal transaction.</li> </ul>
<p>Step 4</p>		<ul style="list-style-type: none"> <li>• Settlement is made with each client based on the market convention.</li> </ul>

### Exchange Give-Up

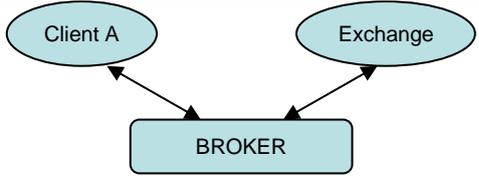
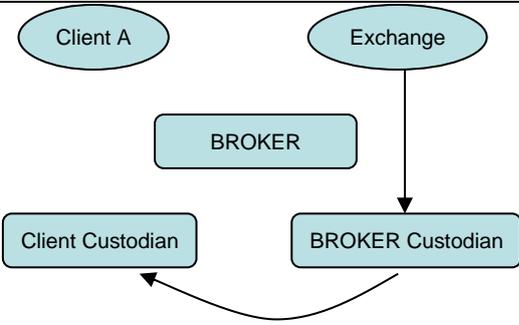
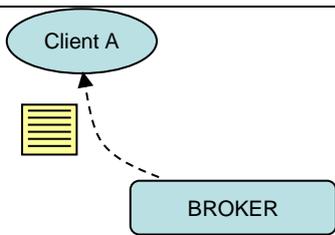
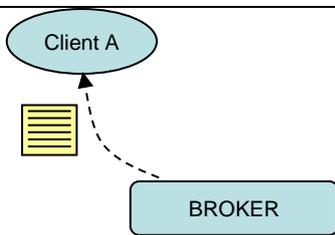
In addition to name passing and matched principal brokerage models, brokers can facilitate the trading activity of their clients on derivative exchanges (e.g. LIFFE, Eurex, CME, etc). Upon receiving the relevant price information from the broker, the client will instruct the broker to place an order on the appropriate exchange, either in its own name (if a member of the exchange) or through a third party. The broker can provide the client with an indication of the market based on the current price and volume activity on the exchange.

Once the execution has occurred, the executed position is then given-up to the client through the clearing services of the exchange clearing house. This process typically occurs within the day and so the broker will have no house position at the end of each day and will be flat. During the give-up process, the broker will maintain a daylight position until the trade is taken-up by the client.

At the end of each month, the broker will invoice the client for the trading activity during that month.

A derivation of this business model is where OTC trades are crossed on the exchange to provide the clients with a settlement process through a central counterparty (CCP settlement)

### Example – Exchange Give-Up

<p><i>Step 1</i></p>		<ul style="list-style-type: none"> <li>• BROKER provides an indication of the current trading level on the exchange to their clients, if required.</li> <li>• BROKER, on the back of a client order, hits/lifts the price and quantity on the exchange.</li> </ul>
<p><i>Step 2</i></p>		<ul style="list-style-type: none"> <li>• Once BROKER has executed the trade on the exchange, it is delivered directly into BROKER's house account at their custodian for that exchange.</li> <li>• BROKER then instructs for the onward delivery of the trade to their client's custody account.</li> <li>• The client acknowledges the trade and takes the position into their accounts.</li> <li>• BROKER is now in a flat trading position.</li> </ul>
<p><i>Step 3</i></p>		<ul style="list-style-type: none"> <li>• BROKER sends a broker confirmation to the client.</li> </ul>
<p><i>Step 4</i></p>		<ul style="list-style-type: none"> <li>• At the end of the month, an invoice is sent to the client for the brokerage total for their trading activity.</li> </ul>



## **Client Acknowledgement and Consent**

### **Consent for trading outside a Regulated Market or MTF**

**We hereby consent to THE FIRM executing our orders outside a regulated market or MTF:**

**Signed:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**For and on behalf of:** \_\_\_\_\_

**Please return this acknowledgement and consent form either:**

**By mail to -**

**Compliance Department  
GFI Securities Limited  
Al Fattan Currency House, Suite 1202  
DIFC, PO Box 40356 Dubai, UAE**

**By email to -**

**[MEA-Compliance@gfigroup.co.uk](mailto:MEA-Compliance@gfigroup.co.uk)**