

Braemar Securities Limited

Best Execution and Order Handling Policy

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1. Purpose

The purpose of this policy is to set out the approach of BRAEMAR SECURITIES LIMITED (the “Firm”) best execution and order handling, in line with the regulatory rules of the Financial Conduct Authority (the “FCA”), as set out in the FCA’s rules and guidance promulgated under the Financial Services and Markets Act 2000 (as amended) (the “Handbook”). It additionally outlines those financial instruments in scope as laid out in the Handbook as well as trading venues used by the Firm.

2. Outline

“Best Execution”: The FCA requires firms to “take all sufficient steps to obtain, when executing orders, the best possible result for their clients taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order on a consistent basis”. This policy seeks to select and interpret the appropriate regulatory provisions and apply them to those that bear relevance to the particular business activity being undertaken.

3. In Scope

This policy is relevant to the Firm to the extent that it executes client orders or places orders with (or transmitting orders to) other entities for execution from an establishment maintained by it in the UK, regardless of the jurisdiction in which the activities take place. This includes any relevant material outsourced functions. Only those customers who have been categorised as Professional (as defined in the Handbook) will be in scope for Best Execution from the Firm. The Firm does not execute business with Retail customers (as defined in the Handbook). Best Execution is owed where the instrument is classed as a Financial Instrument as listed in Annex 1 of this policy. Staff must adhere to the policy. Where there is any uncertainty as to the application of the policy, guidance must be sought from the Compliance department.

As a firm operating an Organised Trading Facility (“OTF”), we owe Best Execution in accordance with regulatory requirements and this policy. The OTF will operate as hybrid venue, offering execution via voice, electronic platform or a mixture of the two. When executing off-venue, we would offer Best Execution in accordance with regulatory requirements and this policy.

4. Out of Scope

We are not required to provide Best Execution when (a) arranging an order in a name give up capacity, (b) where clients are classified as an Eligible Counterparty (as defined in the Handbook), (c) products and instruments which are not Financial Instruments, (d) Request for Quote (“RFQs”).

5. Request For Quote

Dealing on a RFQ basis takes place when a client requests a quote from a firm or group of firms and then chooses to execute the trade at the price quoted or reject the price and decline to trade. In cases where there is no legitimate expectation that the client is relying on the Firm to protect their interests in relation to pricing and other aspects of execution then best

execution obligation does not apply to RFQ oriented transactions, as the client is responsible for deciding whether the price offered is the best price available. For example, in the wholesale Over the Counter (“**OTC**”) derivatives and bond markets (and for the avoidance of doubt this would include derivatives in equities, energy and commodities) it is normal market practice for buyers and sellers to access multiple brokers/dealers and/or execution venues for a quote. In these circumstances, and in the absence of specific instructions from the client to the contrary, there is no expectation between the parties that the Firm will owe Best Execution in providing a quote from its clients. As sophisticated participants in the wholesale markets, unless clients advise the Firm to the contrary, they will assume that this is normal trading behaviour.

6. Specific Instructions and DEA

- 6.1. Where the client provides the Firm with a specific instruction in relation to the order, or aspects of the order, the Firm will endeavour to obtain the best possible result however, the specific instruction may prevent the Firm taking the steps designed to provide Best Execution. This will include, but is not limited to:
 - 6.1.1. dealing on a specific venue, regardless of a better price elsewhere;
 - 6.1.2. where an order is requested to be executed at a specific time in the future, regardless of a better fill being available before; and
 - 6.1.3. where a specific size is requested to be executed, with no option for making shapes, regardless of the price.
- 6.2. In fulfilling a specific client instruction, the Firm will be deemed to have taken all sufficient steps to obtain the best possible result for its client.
- 6.3. Where the client has direct electronic access (“**DEA**”) through an electronic interface provided by the Firm, the client takes responsibility for achieving Best Execution. The Firm regards this arrangement as a particular example of specific instruction.

7. Best Execution – Obligations

- 7.1. When executing a client order, the Firm will take into account the following criteria for determining the relative importance of the execution factors:
 - 7.1.1. the characteristics of the client order;
 - 7.1.2. the characteristics of financial instruments that are the subject of that order;
 - 7.1.3. the characteristics of the execution venues to which that order can be directed.
- 7.2. Execution factor priorities are fluid and due to individual market conditions, priorities may change at any given time, to ensure that we are obtaining the Best Execution for customers. Execution factor priority per asset class are listed in Annex 3.
- 7.3. The relevant factors taken into consideration to obtain the best possible results include, but are not limited to:
 - 7.3.1. Price - Achieving execution at the best possible price;
 - 7.3.2. Cost - When executing, consideration should be given to achieving the best cost to the customer, taking into account any potential venue costs;

- 7.3.3. Speed – Orders should be executed as early as possible following the receipt of the order unless a better execution could be achieved by delay. In such cases, this should be relayed to the customer;
- 7.3.4. Likelihood of execution and settlement – When an order is placed, consideration should be given to the likelihood of execution and the resultant settlement factors of the trade;
- 7.3.5. Size – Consideration should be given regarding the size of the order; and Best Execution may depend on the liquidity of the current market married to the acceptable minimum and maximum size trades available when executing. There may be occasions when a smaller sized order may not be filled at the best price currently available. A larger sized order may equally not be filled at the best price currently available due to size. In the latter circumstance, the customer's order may need to be broken down into smaller shapes. This should be communicated to the client on receipt of the order; and
- 7.3.6. any other relevant factors that may apply.
- 7.4. The Firm shall not structure or charge its commissions in such a way as to discriminate unfairly between execution venues or brokers.
- 7.5. The Firm shall inform clients about inducements it may receive from Execution Venues (as defined in section 8.2, below).
- 7.6. When executing orders or taking decision to deal in OTC products including bespoke products, the Firm will check the fairness of the price proposed by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

8. Trading and Execution Venues

- 8.1. The term **“Trading Venue”** refers to the one of the following:
 - 8.1.1. a Regulated Market
 - 8.1.2. Equivalent third-country markets
 - 8.1.3. A Multilateral Trading Facility (**“MTF”**)
 - 8.1.4. An OTF
 - 8.1.5. Equivalent third-country facilities/platforms (e.g. a Swap Execution Facility)
- 8.2. The term **“Execution Venue”** refers to one of the following:
 - 8.2.1. A Trading Venue
 - 8.2.2. a Systematic Internaliser (**“SI”**)
 - 8.2.3. A Market Maker
 - 8.2.4. Other Liquidity Providers
 - 8.2.5. Third-country firms performing a similar function.
- 8.3. An OTF will be the venue, either as an electronic platform, a voice brokered arena or a hybrid of the two, where both Indications of Interest (**“IOIs”**) as well as orders are communicated, received and executed or arranged. There will be elements of discretion with the OTF, both on the Firm's and on clients' behalf.
- 8.4. The Firm's brokers operating within the OTF will have oversight of the orders and indications of interest placed there.

- 8.5. An MTF will be the venue, as an electronic trading platform, where firm orders are communicated, received or executed. There is no discretion on an MTF and Best Execution does not apply.
- 8.6. A list of Trading Venues where significant reliance is placed, can be found in Annex 2.
- 8.7. The Firm will take all sufficient steps to choose the trading and execution venue which satisfies its client's execution criteria (other than venue). In some businesses (for example, the call-around market) the Execution Venue may not be the Trading Venue, but the transaction will be crossed and executed on a Trading Venue. The Execution Venue will depend on the terms of the transaction, the characteristics of the financial instrument and the client's other execution criteria.

9. Client Categorisation

Best Execution is owed only to those customers classified by the Firm as Professional, both elective and non-elective. The Firm takes the view that to ensure completeness when complying with the requirements of the Handbook, all Professional clients would be owed Best Execution within the scope of this document with exception to the parameters laid out in Section 4, of this policy.

10. Eligible Instruments

Transactions executing client orders in specific Financial instruments are within the scope of this policy. These are listed in Annex 1.

11. Aggregation and Allocation

The Firm will not aggregate a client order with another client order unless the following conditions are met:

- 11.1. it is likely that the aggregation will not work to the overall disadvantage of any client whose order is to be aggregated;
- 11.2. it has been 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 (as disclosed in the Firm's Terms of Business as provided to clients); and
- 11.3. an order allocation policy has been established and effectively implemented, providing in sufficiently precise terms for the fair allocation of aggregated orders and transactions, including how the volume and price of orders determines allocations and the treatment of partial executions (see below for details of the Firm's allocation policy).

12. Order Allocation

- 12.1. The Firm's standard practice is to place client orders on a first come first served basis. Where an investment opportunity is suitable for two or more clients, the Firm will allocate the opportunity equitably in order to ensure that funds have equal access to the same quality and quantity of investment opportunities, and in determining such allocations will consider the allocation factors.

- 12.2. The Firm will only aggregate client orders if they initiated with the same set of execution instructions, if they are initiated on the same day and if they follow exactly the same order chain (e.g. same custodian).
- 12.3. In the first instance, orders will be allocated according to the size of the original order. Where this is not possible, for example because the order is not filled, then in order to ensure fairness, all deals will be allocated in accordance with the pre-trade allocation. Where changes are made to the pre-trade allocation, records are maintained of the changes made and the reason. The Firm will generally allocate trades on a pro-rata basis, based upon capital weighting, subject to the consideration of the allocation factors and the treatment of partial executions.
- 12.4. If an order is received from one client and, whilst this is being executed, other clients give orders in the same instrument, then the execution will go to the first client until the subsequent order was received and then executions will be pro-rated. Such orders will also be subject to further review to ensure that no front running has occurred. In the event that front running has occurred, the subsequent order may be cancelled or re-allocated.
- 12.5. The manner in which aggregated client orders are allocated is dependent on a number of factors.
- 12.5.1. For full execution of aggregated orders if orders are aggregated and the execution of the full amount of the aggregated order occurs, then each order will be satisfied in full at the average price of the executed transaction.
- 12.5.2. For partial execution of aggregated orders, the firm will allocate the trades in a manner that is fair to all clients:
- 12.5.2.1. the execution will be allocated to each client at the average price of the execution and on a pro-rata basis in relation to the quantity of each client's original order;
- 12.5.2.2. if it is determined that a different allocation basis is more appropriate, this will be preauthorised by a member of the Compliance department;
- 12.5.2.3. partial executions undertaken for a client prior to their order being aggregated with other client orders will be disregarded for the purposes of determining the eventual allocation of the aggregated orders;
- 12.5.2.4. if orders are received from a number of clients where the relevant market has not yet opened, the Firm will split the executions evenly between all parties who gave orders at this time.
- 12.5.3. The Firm will undertake a revised allocation of an aggregated order if:
- 12.5.3.1. an error is identified in either the intended basis of allocation or the actual allocation. In such an instance the Firm will make a record of the reason for the re-allocation and ensure that the re-allocation occurs within one working day of the error being identified; or
- 12.5.3.2. the order is only partially executed resulting in an uneconomic allocation to some customers. In such an instance the Firm will take reasonable steps to ensure that a reallocation is in the best interests of the customers for whom we have dealt.

- 12.6. If an error is identified in an allocation ex-ante, a re-allocation may be made for an aggregated order. In such cases, a record of the reason for and the basis of the reallocation must be fully documented, and the re-allocation will be completed within one business day of the identification of the error.

13. Other Execution Matters

- 13.1. Comparable client orders communicated to the Firm in the same form will be carried out sequentially and all client orders handled in a timely fashion, unless the characteristics of the order or prevailing market conditions make this impracticable, or the interest of the client require otherwise.
- 13.2. As exchanges charge fees which reflect the quality of their execution facilities and other factors, the Firm will price the cost of its own business model and the utilisation of capital to support its dealing with clients (including carrying the risk of those dealings e.g. credit risk) as part of its assessment of the quality of execution offered. Orders executed on behalf of clients will be promptly and accurately recorded and allocated.

14. Unwinding a Position

Where we are required to unwind a position (for example, where a client is in default under a contractual obligation) we will not owe that client a duty of Best Execution in relation to trades undertaken for these purposes.

ANNEX 1

Financial Instruments

Transactions arranging or executing client orders in specific financial instruments are within the scope of this policy are listed below:

- Physically deliverable Gas Forwards
- Natural Gas Futures and Options
- Forward Freight Agreement futures and options
- Oil futures
- Coal futures

ANNEX 2

Trading Venues

Principal List of Venues

BRAEMAR OTF – OTC Physically Deliverable Gas Forwards

The Firm's exchange memberships:

EEX, SGX, ICE Futures Europe, ICE Endex

ANNEX 3

Asset Class	Execution Factor Priority	Explanation
Commodity Derivatives – futures and options admitted to trading on a venue – liquid markets	1) Price 2) Costs 3) Speed 4) Likelihood of execution and settlement 5) Size 6) Nature 7) Any other consideration relevant to the execution of the order	There may be scenarios where the priority of execution factors will change for example: <ul style="list-style-type: none"> • where there are unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances; • where the characteristics of each individual order such as client preferences, nature will be more significant; • where there are unusual market conditions, speed and likelihood of execution will become more important; • when the order is received during the day and/or the size of order may affect the significance of speed and likelihood of execution; • due to a lack of liquidity on a particular venue or across venues where likelihood of execution and speed will become more important
Commodity Derivatives – futures and options admitted to trading on a venue – illiquid markets	1) Likelihood of execution and settlement 2) Price 3) Costs 4) Size 5) Speed 6) Nature 7) Any other consideration relevant to the execution of the order	There may be scenarios where the priority of execution factors will change for example: <ul style="list-style-type: none"> • where there are unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances; • where the characteristics of each individual order such

		<p>as client preferences, nature will be more significant;</p> <ul style="list-style-type: none"> • where there are unusual market conditions, speed and likelihood of execution will become more important; • when the order is received during the day and/or the size of order may affect the significance of speed and likelihood of execution; • due to a lack of liquidity on a particular venue or across venues where likelihood of execution and speed will become more important.
Commodity Derivatives – futures and options – Block Trades executed away from the venue order book	<p>1) Nature</p> <p>2) Any other consideration relevant to the execution of the order</p> <p>3) Size</p> <p>4) Speed</p> <p>5) Price</p> <p>6) Likelihood of execution and settlement</p> <p>7) Costs</p>	<p>There may be scenarios where the priority of execution factors will change for example:</p> <ul style="list-style-type: none"> • where there are unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances; • where the characteristics of each individual order such as client preferences, nature will be more significant; • where there are unusual market conditions, speed and likelihood of execution will become more important; • when the order is received during the day and/or the size of order may affect the significance of speed and likelihood of execution; • due to a lack of liquidity on a particular venue or across venues where likelihood of execution and speed will become more important

Commodity Derivatives – swaps, forwards and other derivatives - liquid markets	1) Price 2) Size 3) Speed 4) Likelihood of Execution 5) Costs 6) Nature 7) Other Considerations	There may be scenarios where the priority of execution factors will change for example: <ul style="list-style-type: none"> • where there are unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances; • where the characteristics of each individual order such as client preferences, nature will be more significant; • where there are unusual market conditions, speed and likelihood of execution will become more important; • when the order is received during the day and/or the size of order may affect the significance of speed and likelihood of execution; • due to a lack of liquidity on a particular venue or across venues where likelihood of execution and speed will become more important
Commodity Derivatives – swaps, forwards and other derivatives - illiquid markets	1) Size 2) Price 3) Likelihood of execution and settlement 4) Speed 5) Costs 6) Nature 7) Any other consideration relevant to the execution of the order	There may be scenarios where the priority of execution factors will change for example: <ul style="list-style-type: none"> • where there are unusual levels of volatility, any of the factors may become of greater importance depending upon the circumstances; • where the characteristics of each individual order such as client preferences, nature will be more significant; • where there are unusual market conditions, speed and likelihood of execution

		<p>will become more important;</p> <ul style="list-style-type: none"> • when the order is received during the day and/or the size of order may affect the significance of speed and likelihood of execution; • due to a lack of liquidity on a particular venue or across venues where likelihood of execution and speed will become more important
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