

# Trusted Novus Bank's Order Execution Policy

Valid from 27th October 2020



## 1. Introduction

This order execution policy describes how, at Trusted Novus Bank, we handle client orders for all financial instruments with the aim of securing the client the best possible order execution under the circumstances. The policy applies to execution, passing on, aggregation and distribution of orders and applies to both retail and professional clients, including clients covered by portfolio management agreements. The policy only applies to eligible counterparties to the extent agreed upon with the Bank.

Trusted Novus Bank will follow this policy unless the client specifically instructs the Bank on how to execute the order. Because of a specific instruction from a client, Trusted Novus Bank may not be able to adhere to the current order execution policy at Trusted Novus Bank to achieve the best possible transaction for the client.

If material amendments are made to the order execution policy, an announcement will be made on our website. The order execution policy in force will always be available on our website through this link:

[trustednovusbank.gi/investmentinformation](https://trustednovusbank.gi/investmentinformation)

## 2. General guidelines for order execution at Trusted Novus Bank - best execution and summary for retail clients

When you trade through Trusted Novus Bank, we will take all sufficient steps to achieve best execution, when executing your orders and, if possible, according to your wishes. Before investing in financial instruments, we categorize all our clients as retail clients, professional clients or eligible counterparties.

### 2.1. Order execution

Trusted Novus Bank will take all sufficient steps to achieve the best possible result for you under the circumstances. Among other things, we will consider price, costs, the speed of order execution, liquidity, the likelihood of execution and settlement, form

of settlement, the size and nature of the order and any other consideration relevant to the efficient execution of your order (Best Execution factors).

In order to achieve the best possible result we will also take the following factors into account:

- Client category
- Order type to be used
- Financial instruments to be traded
- Characteristics of the execution venues to which the order can be directed.

Are you a retail client, the best possible result is determined in terms of the total consideration, i.e. the price of the financial instrument and any costs relating directly to the execution of the order including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.

Are you a professional client, the weighting of the best execution factors may vary, and will often depend on the individual terms and conditions you have agreed with us. Price and costs are still important factors but, depending on your needs, we may consider speed of execution and likelihood of execution as equally important factors in our efforts to ensure best execution for you.

This order execution policy does not apply to you if you are an eligible counterparty. We are however, still obliged to act honestly, fairly and professionally when executing your orders, and we may agree with you that the order execution policy applies partly or in its entirety.

On your request we will document, that your order has been executed in line with this order execution policy.

## **2.2 Aggregating orders**

Your order may be aggregated with other client orders or the bank's orders when we assess that, on the whole, this will be to the advantage of our clients. If an aggregated order is executed in part, the individual orders will be settled pro rata at the average price, and client orders will normally be executed before the Bank's own orders.

In cases where we receive several client orders at the same price, generally it will be the time of receipt of the individual client order that will decide the order in which the client orders are executed and settled.

## **2.3 Internal order matching**

Matching opposing orders between clients covered by portfolio management agreements may occur. We only apply internal order matching if we can make sure that no client would be worse off had internal order matching not been applied, and provided, among other things, that prices are actual market prices.

## **2.4. Order types**

Which order types you can use will generally depend on the order types made available by the individual execution venue. However, Trusted Novus Bank reserves the right not to accept order types of an execution venue if the Bank's systems do not support the desired order type.

Particularly when using the order type stoploss, you should be aware that the desired stop loss price is not equal to the settlement price as factors such as

market liquidity and trading volume will affect the final settlement price.

Placing of orders must meet the general terms and conditions for placing orders with Trusted Novus Bank, which are described on the Bank's website in the document 'Order types at Trusted Novus Bank'. This document describes the types of orders that are offered by Trusted Novus Bank. The document is available on our website through this link: [trustednovusbank.gi/investmentinformation](https://trustednovusbank.gi/investmentinformation)

## **2.5. Right not to execute an order**

Trusted Novus Bank may refuse to execute your order in the event we suspect market abuse.

## **3. Special circumstances**

If it is possible to trade during force majeure situations, exceptional market conditions and system breakdowns, the Bank may not be able to follow the guidelines for the order execution policy.

Trading under power of attorney agreements and wholesale agreements may deviate from the guidelines set out in the order execution policy, and reference is made to the terms and conditions governing the individual agreements.

Trading venues and execution venues reserve the right to cancel trades, for instance, in cases where they have been executed because of technical or manual errors. The rules about cancellation, etc. are described in detail in the member rules of the individual trading venues and execution venues.

Trusted Novus Bank reserves the right to cancel such trades as may be cancelled under these rules and assumes therefore no liability for such cancellations.

Trusted Novus Bank reserves the right to cancel transactions made because of technical or manual errors, as well as the right not to execute

orders in connection with orders where there are suspicion or proof of circumstances covered by the rules on market abuse or money laundering.

#### **4. Special circumstances relating to order handling in regulated markets or similar execution venues**

This section describes circumstances especially applying to the trading of shares and equity-like instruments. The special circumstances stated below, supplement the policies described under section 2) and 3), which will always apply.

You decide how you wish to trade with Trusted Novus Bank.

In relation to the individual order types available to you we refer to our general terms, cf. section 2.4 above.

When using 'at best' orders you shall be aware that in contrast to spot orders, delays in settlement can occur in connection with periods without observable prices in the market.

The most relevant best execution factors when executing orders in equities and equity-like instruments is normally the price of the financial instrument and the costs associated with the execution of the order, including any fees paid to third parties. Depending on your requirements, likelihood of execution and the speed of execution may also be considered as a significant factor.

##### **4.1. Trading of equities**

Trusted Novus Bank may assess that the market conditions or the attributes of the order you have placed, justifies that we split your order into several minor orders. This would be the case if your order is large and we assess a single order execution would have a negative effect on the execution price.

Trusted Novus Bank is not obliged to quote spot prices for orders in excess of the standard market size. Standard market size is determined on the basis of turnover data published on a quarterly basis by the European Supervisory Authority ESMA.

#### **5. Special circumstances relating to orders in non-equities**

This section describes circumstances especially applying to the trading of non-equities. The below stated special circumstances supplements the policies described under section 2) and 3), which will always apply.

For non-equity instruments you shall be aware that in contrast to spot orders, delays in settlement can occur in connection with periods without observable prices in the market.

The most relevant best execution factors when executing orders in non-equities is normally the price of the financial instrument and the costs associated with the execution, including any fees paid to third parties. Depending on your requirements, likelihood of execution and the speed of execution may also be considered as a significant factor.

Trading of non-equities often takes place on dealer markets (quote-driven markets). By trading on a dealer market, you are not as a professional client necessarily entitled to receive best execution. The determination hereof depends on such factors as who has initiated the trade, normal market practice, your access to price transparency and the general terms and conditions of your agreement with the Bank. As a starting point, retail clients will however always be entitled to best execution.

Are you trading OTC or bespoke products, e.g. financial instruments which are not admitted to or traded on a trading venue, we will control the fairness of the price by reference to accessible market data and by comparison with similar products.

The pricing of OTC or bespoke products will typically be based on the market value or intrinsic value of the underlying financial instruments. When pricing such products, Trusted Novus Bank will furthermore take into account factors such as the Bank's costs relating to credit risk and hedging costs.

When Trusted Novus Bank quotes prices on OTC traded non-equity instruments, an agreement between the Bank and the Client is finalized when the client accepts the quoted price.

### 5.1. Trading of Danish mortgage bonds

The price formation on the Danish market for mortgage bonds is normally determined on the institutional OTC markets. Consequently, Danish mortgage bonds do not always have an observable market price, because they are not traded on the trading venue where they are admitted for trading.

### 5.2. Trading of corporate and emerging market (EM) bonds

Client orders relating corporate and EM bonds are normally executed via our business partners, considering the best execution factors, or executed directly on a trading venue.

For certain corporate and EM bonds there is not always an observable market price available. It may be due to lack of liquidity that the bonds are not traded on the trading venue where they are admitted for trading or that the bonds are not admitted for trading or traded on a trading venue.

### 5.3. Trading of government bonds

Client orders relating to government bonds are normally executed with our business partners, considering the best execution factors, or executed directly on a trading venue.

We consider the price as the most important best execution factor.

### 5.4. Trading of standardized and OTC derivatives

Client orders relating to derivatives are normally executed with our business partners, considering the best execution factors, or executed directly on a trading venue.

We consider the price as the most important best execution factor, but speed of execution and likelihood of execution may play a significant role, depending on your needs and the risk you are aiming to minimize/hedge.

### 5.5. Trading of FX derivatives

Pricing in the FX market takes place on market conditions, which means that the transaction is executed at the price at which we can hedge the transaction at the individual market players.

We use recognised external business partners as references in connection with the execution of the client order so that we make sure it is executed at a market price.

The execution of client orders relating to FX derivatives normally happens with Trusted Novus Bank as counterparty, and a transaction with our business partners will not necessarily take place.

The trading price offered to you may include a margin. The margin is set on the basis of the individual client relationship and the

market conditions, including volatility and liquidity. We therefore point out that our clients are not necessarily charged the same margin.

#### **5.6. Interest rate derivatives**

The pricing in the market for interest rate derivatives is based on market values, and the order will be executed at the price at which we can hedge the transaction in the market or through counterparties in the interbank market.

The execution of orders for interest rate derivatives will normally take place with our business partners.

We consider the price as the most important best execution factor, but speed of execution and likelihood of execution may play a significant role, depending on your needs and the risk you are aiming to minimize/hedge.

#### **5.7. Repo transactions**

When you enter into repurchase agreements (securities financing transactions) with Trusted Novus Bank, you will always trade with us as the counterparty.

We consider the price the most important best execution factor. The price is primarily determined from the underlying assets, the volatility in the markets, and the size of the transaction as well as credit and yield curves.

#### **5.8. Structured products**

Execution of client orders relating to structured products normally takes place with Trusted Novus Bank as the counterparty, and a transaction with our business partners will not necessarily take place.

We consider the price the most important best execution factor.

#### **6. Special circumstances relating to portfolio management**

When Trusted Novus Bank provides portfolio management services to you, we are obliged to act in your best interest, and we therefore always follow this order execution policy.

#### **7. Additional information**

As a client in Trusted Novus Bank you can get an overview of all relevant information in relation to investment and order execution on the financial markets on our website on the following link:

[trustednovusbank.gi/investmentinformation](https://trustednovusbank.gi/investmentinformation)