DOLFIN

Dolfin Order Execution and Allocation Policy

Version 1 August 2020

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Introduction

The purpose of this document is to outline the primary factors that drive our best execution decision making process and our choice of execution venue. This policy applies to Dolfin Financial (UK) Ltd ('Dolfin' or 'the Firm').

Dolfin is an FCA Regulated Firm which executes orders on behalf of clients (execution-only), arranges deals in investments (acting as broker), deals as principal (dealing on own account) and provides advisory/discretionary management services (dealing as agent). We are therefore under an obligation to take all sufficient steps to obtain, when executing orders, the best possible result for our clients taking into account the various Execution Factors and Execution Criteria referred to below.

In order to comply with our Best Execution Obligation we are required to establish and implement an Order Execution Policy that is transparent and fair for all clients. Dolfin takes these responsibilities very seriously and 'take all sufficient steps' to obtain the best possible result for Dolfin clients on a consistent basis.

For the purposes of this Policy, the term "client order" should be understood to mean all orders in financial instruments. This includes orders that are executed direct in the market or transmitted to another firm to execute on the Firm’s behalf that are carried out on behalf of a client. This includes orders that arise in relation to discretionary portfolio management and therefore originate within the Firm. In this situation, the Firm still has a best execution obligation in relation to the execution of this order.

We have a regulatory obligation to review suitability and appropriateness of certain securities. This many mean in some cases performing an appropriateness assessment and also obtaining documents to confirm the MIFID Target Market. This may mean in some cases we refuse to accept the order based on the results of the assessment.

These standard compliance checks may result in delay in transmission of the orders to the trading desk. The best execution process will commence once all checks have been performed on an order and it’s considered valid and active.

Direct and Indirect Execution

The nature of best execution obligations differs depending on whether the Firm is executing orders directly, or whether these orders are being transmitted to third parties (i.e. brokers) for execution.

Direct execution includes situations where the Firm interacts directly with other counterparties to the trade, without going through a broker, and in addition covers situations where the Firm uses its own membership of a Trading Venue or otherwise places an order directly with an Execution Venue in order to execute the trade.

Indirect execution refers to the practice of transmitting orders to brokers, for which the broker is then responsible for execution. These orders may be transmitted to the broker by a variety of recorded methods, including by telephone, Bloomberg chat, email and electronic order entry and transmission systems (e.g. FIX).

Scope

This Policy applies where we:

- execute orders on behalf of a client;
- receive and transmit orders on behalf of a client;
- place orders with entities for execution as a result of a decision by us when providing our Discretionary Investment Management Service; and
- execute orders on behalf of a client where the order is received from a financial intermediary.

This Policy applies to client orders in respect of all categories of Investment, including, but not limited to; equities, bonds, money market instruments and derivatives. It will apply regardless of whether the order is placed on a Regulated Market, a Multilateral Trading Facility, an Organised Trading Facility or any investment firm.

Where an order is transmitted to another broker on an agency basis, we will place reliance on the best execution criteria of the broker. We will carefully select and monitor our brokers on a semi-annual basis to ensure that they can provide best execution service for Dolfin clients.

Execution Factors

We will take into account a number of execution criteria including the following:

(a) price;

(b) costs (i.e. all expenses incurred by the client including, but not limited to, Execution Venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order);

(c) speed;

(d) likelihood of execution and settlement (liquidity);

(e) size of the order;

(f) nature of the order;

(g) type and characteristics of the relevant financial instrument;

(h) characteristics of the possible Execution Venues; and

(i) any other consideration relevant to the execution of the order.

In the absence of specific client instructions, total consideration (price and costs) would usually be the most important Execution Factors. Although, the overall value to the client of a particular transaction may be affected by one or more of the other factors listed above. Therefore, we may conclude that Execution Factors other than price and costs are more important in achieving the best possible result, and dependent on the characteristics of the order we may prioritise any one criteria if doing so would be in the best interests of the client.

Execution Criteria

When executing a client order, we will take into account the following Execution Criteria for determining the relative importance of the execution factors:

(a) any special objectives that the client may have in relation to the execution of the order;

(b) the characteristics of the client including the categorisation of the client as Retail or Professional;

(c) the characteristics of the client order;

(d) the characteristics of the financial instruments that are subject to the order; and

(e) the characteristics of the Execution Venues (if there is more than one) to which that order can be directed.

Execution Venues

In choosing the Execution Venues for a particular instrument class, Dolfin has taken care to select those Execution Venues that, in the firm's view, will enable it to obtain on a consistent basis the best possible results for its clients.

For these purposes, Execution Venues means regulated markets (e.g. the LSE), multilateral trading facilities, organised trading facilities (together 'Trading Venues'), market makers, systematic internalisers, brokers and other liquidity providers (together 'Investment Firms').

Unless we agree otherwise with a client, we will use a selection of Execution Venues which we will review periodically including the following:

- member firms of the London Stock Exchange;
- members firms of the International Capital Markets Association;
- member firms of overseas stock exchanges;
- managers and administrators of collective investment schemes; and
- other UK and overseas Execution Venues that we deem appropriate and that accord with our Order Execution and Allocation Policy.

An up to date list of execution venues and the coverage/type of financial instruments executed on these execution venues/market counterparties can be found in Appendix A.

Factors that we consider in selecting Execution Venues include general price availability, depth of liquidity, relative volatility in the market, speed of execution, cost of execution, creditworthiness of the counterparties on the relevant Execution Venue or the central counterparty and the quality and cost of clearing and settlement. Where a particular financial instrument is illiquid there may be little, or no, choice of Execution Venue. In other cases, the choice of Execution Venue may be limited because of the nature of the client order or the client's particular requirements.

Dolfin dealing commissions will not be structured or charged in such a way that discriminates unfairly between Execution Venues. Fees charged by Execution Venues may differ dependent on the circumstances of the order, and we will take account of any charges levied by a third parties or incorporated into its prices to reflect cost differentials of dealing at different Execution Venues.

Relying on single Execution Venue

The FCA and ESMA have clarified that it is permitted to rely on a single Trading Venue or Investment Firm to execute client orders. However, in order to demonstrate that best execution is being provided in this situation, firms must be able to show that its reliance on this single Execution Venue provides the best possible result for its clients on a consistent basis, and that the results are at least as good as could be obtained from relying on other entities.

Allocation and Client Order Handling

We are required to implement procedures and arrangements which provide for the prompt, fair and expeditious execution of orders, relative to other orders or our own trading interests. We will aggregate client orders only where this is unlikely to lead to the overall disadvantage of any client whose order is to be included in this aggregation. This includes where we aggregate a client order with an order on our own account.

We will disclose to each client whose order is to be aggregated that the effect of aggregation may work to the disadvantage of the client in relation to a particular order despite sufficient steps taken by Dolfin to avoid this.

The allocation procedures set out below are designed to ensure that, when we aggregate a client order with another client's order and subsequently allocate the executed transactions, we do so consistently and in accordance with the FCA Rules covering:

(a) ***Timely allocation***: allocation will be carried out promptly and by the broker when relevant.

(b) ***Fair allocation***: all clients will receive the same executed price or a volume weighted average where there is a series of transactions.

(c) ***Re-allocation***: any errors in allocation will be promptly corrected so as to not benefit any one client over another.

i. Allocation Procedures

Where we are able to fulfil the whole of an aggregated order on a single business day, orders will be allocated based on either the price paid for each investment or based on a volume weighted average of the prices paid for a series of transactions.

Where we are unable to fulfil the whole order on a single business day, we will give priority to satisfying Retail Client orders over Professional Client orders. Where an aggregated order has been aggregated with our own order, we will prioritise client orders over our own, unless reasonable mitigating circumstances in line with FCA requirements allow us to allocate proportionately.

Where we are unable to fulfil all client orders, we will allocate the business done proportionately to the size of the order from each client, provided that these orders are received at the same time.

Aggregated orders dealt on a single business day will be allocated to clients on that day.

Where the market in the relevant investment is illiquid and/or smaller in size than the total amount we wish to trade, we may be able to deal to the advantage of clients if we can negotiate in relation to the total amount rather than smaller piecemeal amounts.

We will retain records of all deals in aggregated orders and of their allocation for a period of at least five years.

ii. Partially Filled Aggregated Orders

In the event that an aggregated order can only be partially filled, allocation will be effected on a reduced pro-rata basis, unless the allocation becomes uneconomic for a client.

Where it is no longer in a client's interest to receive a reduced allocation, we may eliminate that client from the allocation and reallocate the order on a pro-rata basis to the remaining clients.

Where relevant, we will take account the investment strategies agreed with clients whose orders have been aggregated.

iii. Re-allocation

Re-allocation is permitted only if:

(a) we have made an error and we are able to re-allocate within one business day of the date of the error; or

(b) the order is only partially executed, resulting in an uneconomic allocation to one or more clients. In this situation, we will take reasonable steps to ensure that re-allocation is in the best interests of the relevant clients.

Placing Orders with Other Firms

To ensure we obtain the best possible result for our clients we will only pass on orders to Execution Venues that can fulfil its best execution obligation. Prior to setting up brokerage arrangements with such firms we will undertake a review of their current order execution policies. These are retained on file and we will review such policies at least annually to ensure they remain adequate.

Where it appears to us that in a particular case better execution is available from an Execution Venue that we do not ordinarily use, we may use such a venue on a case by case basis. However, we are not under any obligation to check a variety of brokers with respect to each order.

From time to time, we may execute outside of a Trading Venue, either where the instrument is an OTC instrument or where it is in the best interests of the client to execute the order outside of a venue. Where this is the case, we will continue to apply this policy to the full extent possible. In some circumstances, trading off venue can lead to certain risks arising, such as counterparty risk. This will occur particularly in the case of instruments which are not settled by delivery versus payment; in which case, our credit risk assessment of counterparties may have an impact on our selection of the Investment Firm operating as our trading counterparty and the strategy adopted for each trade.

For more information on potential risks in OTC instruments, please contact your relationship manager.

Client's Specific Instructions

Dolfin may on occasion receive specific instructions from a client related to a securities trade. These instructions may detail a specific Execution Venue, a guide price or a counterparty to execute the trade with.

Where Dolfin receives these instructions the firm is not required to provide best execution to the client. However Dolfin will take all reasonable steps to obtain the best price possible considering all relevant factors not covered by the client instructions. Dolfin will where possible adhere to the Order Execution and Allocation Policy on order elements not impacted by the client instructions.

Clients should be aware that when they provide specific instructions in relation to the execution of an order, we may be prevented from taking steps set out in this Policy to obtain the best possible execution.

In exceptional circumstances Dolfin can reject a client order where the client instructions are too onerous and prevent any type or execution. We only accept client instructions from MIFID PRO level clients or higher.

Execution of Orders Outside Trading Venue

By signing our Client Agreement, each client gives its express consent to us executing orders (including margined transactions) on behalf of such client outside of a Trading Venue (as defined in the FCA Rules).

Client Order Limits

By signing our Client Agreement , each client expressly confirms that, unless the client specifies otherwise, we shall not be obliged to make public any limit orders placed by the client in respect of shares admitted to trading on a regulated market which are not immediately executed under prevailing market conditions. In such cases, we will have discretion in the client's best interests in determining how and when unexecuted limit orders are made public.

Governance and Senior Management Oversight

a) Ongoing monitoring of execution quality (first line)

The ongoing monitoring of execution quality and 'first line' controls are undertaken by our trading desk and individual traders with independent scrutiny carried out by our compliance and the Head of Trading as the 'second line of defense'. The first and second lines of defense are therefore primarily responsible for ex ante and ex post monitoring of best execution on an ongoing basis, with oversight of this monitoring undertaken by senior management by way of the Board.

The trading team is overseen on a daily basis by our Head of Trading who reviews the Firm's trades on a real-time basis and is able to identify and undertake remedial action if required. End of day reviews are undertaken with a view to ensuring that the quality of execution has met the required standards, and in particular this aims to identify any potential outliers or deficiencies in trade execution so that remedial action can be taken.

b) Periodic monitoring of execution quality (second line)

Independent monitoring of the quality of execution obtained is undertaken by compliance as the 'second line of defense'. Testing is undertaken on a sample basis using an independent third party best execution monitoring system. The monitoring considers the entirety of the Firm's trading operations where best execution is relevant, and considers how individual trades were carried out using a combination of internal and external data (which includes the use of benchmarks and market reference data, price feeds, market information (i.e. credit risk, yield curves) and comparable quotes using 'point in time' analysis. Where better prices than the price obtained were available, compliance will discuss this with the relevant member of the Trading Desk who executed the transaction and determine whether, taking into account the other factors that the dealer considered to be of importance (e.g. size and nature of order) at the time, the best result was nevertheless achieved. Where another execution factor was the most important (e.g. speed of execution), compliance will consider whether the best possible result was achieved in terms of that factor and again whether, bearing in mind the other factors that the dealer considered to be of importance at the time (e.g. price, size and nature of order), the best result was nevertheless achieved. Analysis and MI are subsequently provided to the Head of Compliance for his review and comments.

c) Periodic broker assessment process and removing broker from the approved list

The Firm tracks the performance of each broker used on an ongoing basis, and the results of this analysis are periodically escalated to the Board. Note that this is distinct from the daily and checks that are done at trade level, as this analysis groups the all trading done through a particular broker to allow comparison of the performance between one broker and another.

Where a broker is found to be not providing best execution for our clients on an ongoing basis, this broker will be removed from out list of approved brokers. Brokers may on occasion be removed for other reasons, for example because they are not being used, because the costs of maintaining an active relationship with them are too high, regulatory issues or concerns about the solvency of the broker, or because they have ceased trading or merged with another broker, or otherwise altered their service as to no longer be useful to the Firm. The Head of the Trading escalates to the Senior Management the final decision regarding the adding and removing of the broker from the approved list.

d) Review and oversight of Order Execution and Allocation Policy

The Board will review and approve any necessary changes to this Policy at least annually. This review will be supplemented by ad hoc reviews that may arise from time to time throughout the period as a result of economic, regulatory and/or operational changes.

This will be led by the Head of Compliance who will review and propose any necessary changes to the Policy before this is presented to, discussed and approved by the Board. The results of the periodic monitoring of execution quality described above, as well as the periodic broker assessments undertaken will feed in to this review. This will allow the Board to assess whether the Policy is being adhered to and whether the Policy itself is sufficient to deliver the best outcome for clients on a consistent basis.

Disclosure Top 5 Execution Venues (RTS 28)

Dolfin executes trades for clients and is required under RTS28 to make an annual disclosure of the top five execution venues where orders were executed, broken down for each class of financial instrument traded. Dolfin produces these reports for institutional and retail clients, in addition to qualitative assessment. The reports can be found on the Dolfin website : https://dolfin.com/terms-and-conditions/.

Demonstrating Order Execution in accordance with the Policy to Clients and the FCA

The Firm is obliged by FCA rules to be able to demonstrate to clients, on request, that all trades have been executed in accordance with this Policy.

In relation to MiFID business only there is a further new requirement that the Firm must be able to demonstrate to the FCA, upon request, that best execution has been achieved. This requirement goes beyond just demonstration that the execution policy has been adhered to.

The Firm considers that this Policy, along with the detailed monitoring of execution quality undertaken and the reports escalated to and ratified by Board, along with the RTS 28 reports (qualitative and quantitative) published annually, are sufficient to demonstrate the Firm's adherence to this Policy and to demonstrate more widely that the Firm has taken all sufficient steps to provide best execution to its clients and that this has been delivered on a consistent basis.

We will notify you of any material change to our order execution arrangements or Order Execution Policy by providing you with an updated version of this document. Any non-material changes will be listed on our website: www.dolfin.com.

For any further information on Dolfin's execution policy, please contact your relationship manager.

Version Control

VERSION	DATE	REVIEWER	APPROVED
1	24/08/2020	Nicholas Emery	Nicholas Emery

Appendix A : List of the Execution Venues

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