

# **A/S Global Risk Management Ltd. Fondsmæglerselskab**

## **Order execution policy**

Last updated: 9 July 2018



## Revision history

Version	Revision description	Revision by and date
1.0	Newly created	

## Document sign-off

Document approver	Sign-off status	Sign-off date

## Abbreviations

Abbreviation	Description
AML	Anti-Money Laundering
BH	Bunker Holding
BO	Back Office
CCP	Central Counterparty
CDD	Customer Due Diligence
CRS	Common Reporting Standard
DPR	Data Protection Regulation
EDD	Enhanced Due Diligence
EMIR	European Market Infrastructure Regulation
FATCA	Foreign Account Tax Compliance Act
FPA	Fixed Price Agreement
GRM FS	Fondsmæglerselskabet (investment company) Global Risk Management
GLBA	Global Bank (financial counterparty when hedge with group internal trade desk)
GP	Global Positions
IP	Investor protection
IPA	Investor Protection Act
KYC	Know your customer
MAR	Market Abuse Regulation
MIFID	Markets In Financial Investment Directive
ML	Money Laundering
MO	Middle Office
M2M	Mark to market
OEA	Act on Order Execution
ORM	Oil Risk Manager
OTC	Over The Counter
SOA	Statement of Account
SP	SuperPort
TF	Terrorist Financing



## Table of contents

<b>1. Introduction.....</b>	<b>5</b>
<b>2. General guidelines on order execution .....</b>	<b>5</b>
<b>3. Trading venues and trading on own account.....</b>	<b>6</b>
3.1. Trading venues.....	6
<b>4. Product specific executing policies .....</b>	<b>7</b>
4.1. Financially settled contracts .....	7
4.1.1. Futures .....	7
4.1.2. Swaps .....	7
4.1.3. Options.....	7
<b>5. Further information .....</b>	<b>7</b>

## 1. Introduction

This document contains the order execution policy for GRM FS.

GRM FS offers hedging solutions to clients, who are exposed to price changes in the oil markets.

The financial contracts offered by GRM FS to our clients are based on exchange traded products as well as being OTC. In these trades GRM FS is the direct counterparty and trading on own account with the clients (bilateral trading).

A minor portion of the trades are traded with clients on a cleared basis through a clearing member of the relevant exchange.

## 2. General guidelines on order execution

When providing financial instruments to clients for hedging purposes, GRM FS takes all necessary steps to ensure the best result for the client based on:

- Characteristics of the financial instruments including; price, cost, payoff, risk, maturity
- Characteristics of the client, i.e. client category, hedging purpose, risk profile, financial capability
- Characteristics of the trading venue; liquidity, spread, transaction fees etc.
- Characteristics of the client request, i.e. correlation to the client's exposure, quality of underlying product, location of delivery, maturity etc.

As GRM FS's business model is based on hedging the client's position back-to-back the best result for the client will be based on the most attractive hedging alternative that GRM FS is able to source.

In order to ensure aligned incentives with the clients, segregation is in place between employees handling the direct trading with clients (oil risk managers) and the employees handling the hedging and trading strategy for GRM FS's own market

positions (traders). The purpose of this segregation is to avoid potential speculation against the client's positions.

When faced with several hedging alternatives for the same product the priority will be given to the alternative that gives the client the best end-price.

When an order is of a standard size or above (lot size according the exchange) the oil risk managers should at least ask for firm quotes from 2 different hedging providers, and preferably 3, in order to secure the client the best result.

If the client gives a higher priority to speed and likelihood of execution rather than price, then a firm quote from 1 hedging provider can be acceptable. It should be documented and recognised by the client that this is the agreed priority.

### 3. **Trading venues and trading on own account**

When trading financial contracts with clients, GRM FS is trading on own account.

When determining the best price for the client, GRM FS is collecting market prices using a number of different trading venues; regulated markets, organised trading venues, financial counterparties and the group internal trading desk.

The price offered to the client will reflect the best available market price when including direct costs of trading, the estimated credit risk of the contract and GRM FSs margin to cover costs and make profit.

#### 3.1. **Trading venues**

When collecting information on market prices, GRM FS is using a number of different trading venues:

- Exchange;
- Financial Counterparties;
- Brokers

## 4. Product specific executing policies

### 4.1. Financially settled contracts

#### 4.1.1. Futures

A market order is placed on the exchange on GRM FS's account. A pre-agreed fee (with the client) is added to the execution price and the total of execution price + fee makes up the client price.

#### 4.1.2. Swaps

Firm prices are collected from the financial counterparties, brokers and the internal trading desk.

Best price available is selected when taking into account the direct costs and a margin is added to cover the previously described client specific risks and costs.

#### 4.1.3. Options

Firm prices are collected from the financial counterparties, brokers and the internal trading desk.

Best price available is selected when taking into account the direct costs and a margin is added to cover the previously described client specific risks and costs.

## 5. Further information

GRM FS provides investment services on an independent basis.

GRM FS does not accept and retain fees or other benefits from third-parties.

GRM FS does not allocate client orders.