



95 Cromwell Road, Second Floor, London, SW7 4DL, United Kingdom  
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## Order Execution Policy

### Background and Scope

Onyx Capital Advisory Limited (“OCAL”) must take all sufficient steps to obtain the best possible result for a client when executing a transaction on their behalf. This must be done by reference to a set of execution factors that are intended to achieve the best possible result on a consistent basis. The purpose of this Order Execution Policy (“Policy”) is to outline the approach taken by OCAL to achieve best execution for its clients on a consistent basis.

### When does Best Execution apply?

FCA COBS 11.2A.3G states that the best execution obligation applies where a firm owes a contractual or agency obligation to a client.<sup>1</sup> This obligation arises in relation to the receipt, transmission, and execution of client orders where the order is for a Financial Instrument as defined under Directive 2014/65/EU (“MiFID II”)<sup>2</sup>. OCAL will apply this Policy to clients who legitimately rely on OCAL to protect their interests in relation to the execution of financial instruments, which include exchange traded derivatives. At present, OCAL does not provide services to retail clients.

OCAL shall consider the following factors when determining whether a client is legitimately relying on OCAL to protect its interests:

- Which party initiates the transaction – if OCAL approach a client, they are expected to legitimately rely on OCAL;
- The ‘shop around’ convention – in certain markets, it is a convention that participants obtain quotes from a number of providers prior to executing a transaction. In this instance, it may be less likely to place legitimate reliance on OCAL;
- Relative levels of price transparency in a market – the absence of available, transparent prices means the client is more likely to place legitimate reliance on OCAL to achieve best execution; and
- The information OCAL provides to its clients and any agreements reached – this includes information in OCAL’s Master Broking Agreement or any other agreement which should clearly state whether or not best execution applies.

### Execution Process

#### Execution Factors & Prioritisation

The execution factors that OCAL reference when executing client orders (in the absence of a specific client instruction) are defined in COBS 11.2A.2.2R, and are prioritised as follows:

- **Likelihood of execution and settlement** – This refers to OCAL’s estimation of the probability that a client’s order will be successfully completed either in whole or in part.
- **Price** – This is the price at which a transaction is executed.

<sup>1</sup> <https://www.handbook.fca.org.uk/handbook/COBS/11.pdf>

<sup>2</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0065&from=EN>



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- **Costs** – This includes explicit external costs such as exchange or clearing fees, as well as implicit costs such as spreads and slippage.
- **Speed** – This refers to the amount of time that elapses between the client order and the successful execution of that trade.
- **Size** – For large orders or illiquid instruments only a partial fill may be received, and this may vary between venues. Where the whole order is unlikely to be filled, the size of the potential fill will increase in importance.
- **Nature of the order and any other relevant considerations** – any other characteristics which could affect how best execution is achieved.

#### Execution Criteria

OCAL shall consider the particular characteristics of each client order which need to be considered before applying OCAL's execution process to achieve the best possible result. The best result is defined by reference to OCAL's prioritisation of the execution factors as set out above.

The execution criteria will vary from client to client and from trade to trade and will therefore need to be assessed on a continual basis. OCAL shall make reference to the criteria outlined in COBS 11.2A.8UK. These are as follows:

- The characteristics of the client;
- The characteristics of the client order (including any element of specific instruction such as a market or limit order);
- The characteristics of the financial instrument to which that order relates; and
- The characteristics of the execution venue to which the order can be directed (including likelihood of execution and settlement and transaction costs).

#### Direct Execution on a Trading Venue

Where there is only one execution venue available for execution of a particular order, we will only use that single venue to fill the order. Where a product is traded across a number of execution venues, OCAL will select one from a list of available trading venues. The selection will be based on OCAL's assessment of the execution criteria in relation to that particular order, and in accordance with its prioritisation of the execution factors. This will typically lead to the execution venue being selected that is expected to provide the most favourable price at which to execute the trade. OCAL predominantly trade on the following markets:

- ICE Futures US
- ICE Futures EU (together with the above, "ICE")
- Chicago Mercantile Exchange ("CME")

#### **Other Considerations Affecting Execution**

##### Specific Client Instruction

If OCAL receive an order from a client that includes specific instruction in relation to the handling and execution of the order, then, subject to our legal and regulatory obligations, OCAL will execute the client's order in accordance with the specific instruction. This means that to the extent of the specific instruction, OCAL's obligation of best execution will be satisfied by executing the order in accordance with the specific instruction. Where a specific instruction covers



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only a portion of an order, and OCAL have discretion over the other elements of the order, then OCAL will continue to owe an obligation of best execution in respect of the remaining elements of the order that are not covered by the specific instruction.

### Volatile Markets

Where markets are seen to be particularly volatile, either across the market as a whole or in relation to the instrument that is the subject of the client order, then the speed of execution will be escalated in importance. This is because in this situation the price could move rapidly against the client, or the liquidity could evaporate, meaning that any delay in execution could result in either a worse price being achieved, or the desired trade not being completed at all.

### System Failure

Systems operated by OCAL or an execution venue may become inoperable due to technical faults and, therefore, OCAL may take longer in executing a client's order than otherwise would be the case.

### **Order Handling**

OCAL shall accept client orders orally, in writing or electronically with the details of the transaction being agreed as soon as terms are decided, and the transaction concluded. All orders are promptly and accurately recorded and allocated. OCAL prioritises client orders sequentially, unless characteristics of the order or market conditions make this impractical or not in the best interest of the client.

### **Disclosures**

#### Consent

Clients are deemed to have consented to this Policy by signing a Master Broking Agreement with OCAL, or by continuing to trade with OCAL.

#### Ongoing Monitoring & Notification of Material Changes

OCAL Compliance maintains a governance framework to monitor the effectiveness of its order execution arrangements outlined in this Policy and to correct any deficiencies identified. OCAL will review this Policy at least annually, making updates where necessary.

#### Inducements, Conflicts & Fees

OCAL is not permitted to receive any benefit for routing client orders to a particular trading or execution venue as this could be considered an inducement and conflict of interest. Payment for order flow is also therefore prohibited and OCAL does not engage in this practice. OCAL does not apply different charges to clients for use of different execution venues. For the avoidance of doubt, we do not receive any benefits from third parties for selecting execution venues. Please refer to Onyx Capital Group's Conflicts of Interest Policy for further information.