

Order execution policy

December 2011

1. Introduction

1.1 Under the rules of the Financial Services Authority (“FSA”), Marex Spectron is required to take all reasonable steps to obtain the best possible result for our clients when executing orders, or when transmitting an order to another entity for execution, taking into account various factors and criteria.

1.2 Marex Spectron is committed to providing a high quality execution service on a consistent basis. The purpose of this document is to provide clients with appropriate information on our order execution policy in order to enable clients to make a properly informed decision about our services.

2. Scope

2.1 This policy applies to the execution, and the receipt and transmission, of client orders by a Marex Spectron entity resident in the European Economic area which (i) satisfy the criteria in paragraph 2.3 below and (ii) do not fall within an exception in paragraph 5.1 below.

2.2 The relevant Marex Spectron entities (collectively and individually “Marex Spectron”) are:

Marex Spectron entity	FSA Ref no.
• Marex Financial Limited	442767
• Marex(USA) Limited	196489
• Marex Spectron Securities LLP	487991
• Spectron Energy Services Limited	193027
• Spectron Commodities Limited	185065

2.3 The criteria required to be satisfied for this policy to apply are as follows:

- The order is for a “Financial Instrument” as defined under the Markets in Financial Instruments Directive 2004/39/EC (“MiFID”). A list of Financial Instruments under MiFID can be found at www.marexspectron.com;
 - The order is from a client which has been categorized in writing by us as “Professional”. The best execution obligation under FSA rules does not apply to orders from “Eligible Counterparties”;
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- The order is received by us when dealing as your agent or when dealing as a matched principal on your behalf.

3. Methodology of execution

3.1 In the absence of other express instructions from a client, Marex Spectron has arrangements to execute orders or transmit orders to another entity for execution, which are subject to this policy, in a manner designed reasonably to obtain the best possible result for our clients on a consistent basis. In this respect Marex Spectron takes into account a number of different execution factors and execution criteria for the purpose of providing clients with best execution.

3.2 Whilst Marex Spectron's execution arrangements are designed to obtain the best result on a consistent basis, we cannot guarantee that we will always be able to achieve best execution of every order given to us. Furthermore, Marex Spectron's commitment to provide a client with best execution under this policy does not mean that we owe any fiduciary responsibilities over and above our specific regulatory responsibilities or as may be otherwise specifically agreed.

Execution Factors

3.3 Price will normally merit a high relative importance in obtaining the best possible result for our clients. However, we may take into account other factors (and decide that one or more of them are more important than price) such as:

- The liquidity of the market;
- The need for timely execution;
- The size of the order;
- The nature of the order;
- The ability of a venue to manage complex orders;
- Market impact;
- Historical trading data;
- The likelihood of execution or settlement;
- The cost of the transaction;
- The quality of any related clearing and settlement facilities;
- Internal or external systems or communications failure;
- Any other factor relevant to the execution of the order.

Execution criteria

3.4 Marex Spectron will consider the relative importance of the execution factors above with reference to the characteristics of:



- The client;
- The order;
- The Financial Instrument;
- The relevant execution venue(s).

4. Execution Venues

4.1 For each Financial Instrument in which Marex Spectron executes orders we shall select venues which enable us to obtain the best possible results on a consistent basis. When executing client orders, Marex Spectron may use one or more of the following venue types:

- Regulated Markets;
- Third party firms acting as brokers, market makers or other liquidity providers;
- Multilateral Trading Facilities (“MTF”), including a MTF operated by Marex Spectron;
- Systematic Internalisers;
- For wholesale energy and commodities orders, our OTC customer base.

4.2 A list of venues most regularly used by Marex Spectron to execute orders can be found at www.marexspectron.com. This list of venues is regularly updated.

4.3 Client orders may be executed outside a regulated market or MTF where we have obtained a client’s express prior consent (or where an instrument is not admitted to trading on a regulated market or MTF).

4.4 In relation to some Financial Instruments, there may only be one possible execution venue. If so, Marex Spectron will assume that executing an order through such venue on a timely basis or otherwise in accordance with order terms will satisfy our order execution policy obligations.

4.5 For certain Financial Instruments, and in the absence of a client specifying a particular execution venue, Marex Spectron may use Smart Order Routing.

4.6 In the wholesale energy and commodities markets in which Marex Spectron operates, selection of an execution venue and obtaining the best possible result for clients will be subject to the following additional factors:

- We can only give clients visibility to prices that have been communicated to us by other clients that operate in the same relevant market, and the best possible result for a client will be solely within this limitation;
- We will provide details of all tradable bids and offers;



- Time availability of prices – in many markets there are lulls and spikes in trading as negotiations align trading interests at different times and different parts of the curve, accordingly the “last traded” price may not always be available or act as a reliable indicator of price;
- We cannot allow a client to trade in a market unless we are reasonably satisfied that a client (via an agent or otherwise) is operationally capable of settling the relevant trade;
- We cannot control either the cost of credit (credit premium) or credit acceptance between our clients;
- Rates of brokerage will differ between clients, based on agreements and levels of activity

4.7 Marex Spectron will monitor the effectiveness of our order execution arrangements and this order execution policy in order to identify and, where appropriate, correct any deficiencies. In particular, we assess on a regular basis whether the execution venues we use provide for the best possible result for clients or whether any changes to execution arrangements are necessary.

5. Exemptions from the provision of best execution

5.1 The following exemptions apply to our provision of best execution under this policy:

- Where a specific instruction is given as to the execution of all or part of an order, or a specific aspect of an order, we will execute the relevant part or aspect of the order in accordance with those instructions;
- Where a client approaches us on a “request for quote” basis;
- Where a systems or other failure or problem means that in order to execute an order, we decide to use an alternative method to that which we would normally select under this policy;
- Where a client executes an order themselves through an order routing/Direct Market Access interface provided by us to an execution venue;
- Block trades effected in accordance with the rules of an exchange;
- Unless a client advises us to the contrary, in the wholesale energy and commodities markets in which Spectron Energy Services Limited and Spectron Commodities Limited operate, where it is normal market practice for buyers and sellers to “shop around” by approaching several broker dealers for a quote.
- Where we are acting in a name passing capacity and we take on an arranging role in a transaction between two or more counterparties.

6. Order handling



6.1 Marex Spectron shall execute client orders promptly, fairly and expeditiously relative to other client orders. Comparable orders will be executed sequentially in accordance with the time of their reception unless the characteristics of an order or prevailing market conditions make this impossible or impractical.

6.2 Depending upon the circumstances and the prevailing market conditions, Marex Spectron may decide to aggregate a client's order with orders of other clients if the order is executed on a venue where order aggregation is permitted and we consider that the aggregation of orders is unlikely to work overall to the disadvantage of any client whose order is to be aggregated.

6.3 As a result of an order being aggregated, it may be executed in the form of a block trade.

7. Limit Orders

7.1 Applicable rules may require Marex Spectron to publish any limit order placed by a client should we not be in a position to immediately execute it, subject to a client's agreement that we may exercise our discretion to not publish an order which is not immediately executable to a regulated market of MTF.

8. Amendment

8.1 We may change this policy from time to time. An up-to-date policy may be reviewed at www.marexspectron.com.

