

Order aggregation and allocation policy (September 2020 edition)

1. Purpose and context

- 1.1 ZKB Securities (UK) Ltd ("**ZKBUK**") is incorporated in England & Wales as a private company limited by shares under the Companies Act 2006 with its registered office at Mutual House, 70 Conduit Street, London W1S 2GF, United Kingdom. ZKBUK is authorised and regulated by the Financial Conduct Authority ("**FCA**") with firm reference number 922650.
- 1.2 This document sets out the order aggregation and allocation policy of ZKBUK. It must be read in conjunction with the ZKBUK Execution Policy.
- 1.3 This policy only applies where ZKBUK is responsible for order allocation. In situations where ZKBUK is not responsible for order allocation and acts as an intermediary, ZKBUK will pass on the order allocation determined by the lead underwriters or arrangers, who should be approached separately for details of their own order allocation policies.
- 1.4 This policy does not apply to eligible counterparty business.

2. Regulatory background

- 2.1 The Conduct of Business ("**COBS**") part of the Financial Conduct Authority ("**FCA**") Handbook (specifically COBS 11.3) contains requirements relating to the handling of client orders
- 2.1 2.2 These FCA rules and guidance reflect the requirements set out in Article 28 of MiFID II¹ and the additional requirements set out in Section 6 of Chapter III of the MiFID Organisational Requirements Regulation.²

3. Aggregation of orders

- 3.1 Client orders may not be aggregated with those of other clients unless:
 - (a) it is unlikely that this will work overall to the disadvantage of any client concerned;
 - (b) the clients whose orders are to be aggregated have been notified that the effect of the aggregation may operate to their disadvantage in relation to a particular order; and
 - (c) ZKBUK operates the aggregation in accordance with this order allocation and aggregation policy.
- 3.2 ZKBUK is not authorised to conduct trades on its own account except as a matched principal.

4. Allocations of orders

- 4.1 ZKBUK will fairly allocate aggregated orders.
 - (a) Aggregated orders will be promptly be allocated to client accounts, and in any event no later than close of business on the day on which the order was executed.
 - (b) If an aggregated order is only partially executed, allocation of orders will be carried out on a reduced pro-rata basis in proportion to the orders made for each client, unless there is a good reason to allocate orders on a different basis, in which case ZKBUK may allocate on the basis of factors determined at its discretion.
 - (c) Any fractions remaining after pro-rata allocation will be allocated to clients at ZKBUK's discretion.

¹ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU and, from 1 January 2021, the UK legislation onshoring this Directive.

² Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European

Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive and, from 1 January 2021, the UK legislation onshoring this Regulation.