ORDER ALLOCATION POLICY

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PRINCIPLES

COBS (Conduct of Business Sourcebook) section 11.3 “Client Order Handling” includes a specific section that deals with the allocation of orders. The purpose is to ensure that clients are treated fairly and as part of this policy that where orders are aggregated this is not to the detriment of a client whose order might be aggregated and that the client is aware of the order allocation policy adopted by the firm.

COBS REQUIREMENTS

COBS states that a firm may not aggregate a client order with another client order, nor with a transaction for GFFM’s own account unless:

- it is unlikely that the aggregation will work to the disadvantage of any client whose order might be aggregated.
- disclosure is made to a client that aggregation may work to its disadvantage; aggregation and allocation is subject to a policy outlining the fair allocation of aggregated order, including the effect of volume and price on allocation and the treatment of partial executions.

COBS (Conduct of Business Sourcebook) 11.3.7 (3) further states that “an order allocation policy must be established and effectively implemented, providing in sufficiently precise terms for the fair allocation of aggregated orders and transaction s, including how the volume and price of orders determines allocations and the treatment of partial executions”.

GFFM POLICY

GFFM reserve the right to aggregate client orders. In occasional circumstances, depending on the nature and timing of the orders being worked, aggregation may be applied to provide an equitable and fair fill to clients.

The primary GFFM order allocation rule is that orders will be allocated on the basis of:

- Time the order is received - the earliest received / time stamped order will be filed prior to orders received subsequently

Note that client orders will be filled before house orders.

<u>Where aggregation may apply:</u>

Where an order has been received to be executed at a future time / date, orders for the same future time / date may be aggregated if the order <u>could not</u> be filled on the basis of the time the order was received (for example, a market on close order for certain exchanges).

In these circumstances, an equitable price would be determined on the basis of a pro-rated weighted average price (reflecting different order volumes) to a degree that the execution of the trades permitted.

In doing so, GFFM will seek to ensure that a client will not be disadvantaged by an order being aggregated.