



## Course

### **Best Execution: Policy, Arrangements, Application, Assessment**

#### **Course Description**

The examination of the firm's policies and processes to deliver best execution forms a focal point of the NCA's (i.e. CYSEC) supervisory work, with emphasis on (a) the process for selecting and regularly reviewing appropriate execution venues used for executing orders; the process for selecting and regularly reviewing independent price data providers (where applicable); the process for selecting and regularly reviewing appropriate execution venues for hedging orders (where applicable); (b) the process for monitoring the quality of execution of client orders; (c) the process for selecting and monitoring the technology being used for execution of client orders; (d) the process for applying any mark-ups to derive prices offered to retail clients; (e) the management of potential conflicts of interest; and (f) the process of producing and providing clients with a written order execution policy and reviewing this on an annual basis or when material changes occur.

This course explains the concept of best execution and how investment firms can comply with their best execution obligations.

Best execution is the requirement of investment firms to take "all sufficient steps" to obtain the best possible results for their clients on a continuous basis when either executing transactions on clients' behalf or when transmitting orders to other entities for execution.

Best execution is an important part of the Markets in Financial Instruments Directive II (MiFID II). The obligation to achieve best execution is in Article 27 of the MiFID II Directive, which states that an investment firm must take all sufficient steps to obtain the best possible result for its client when executing a client order.

An Investment Firm must establish and implement effective arrangements for complying with its best execution obligations. i.e. to obtain the best available terms in respect of all types of financial instruments when executing client orders, taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order. Investment Firms should also take into account the characteristics of the financial instruments and the complexity and scale of their own operations.

In line with the MiFID II framework, investment firms must establish and implement an order execution policy to enable them to comply with their obligation to obtain, for their client orders, the best possible result.

Among others, investment firms should have in place an internal process, available for inspection by NCAs (i.e. CYSEC), which describes the steps followed in practice for the selection of venues for the execution of client orders. The firm must also have sufficient expertise to be able to assess and select venues in a manner consistent with taking all sufficient steps. Investment firms should select execution venues which enable them to provide best execution to clients on a continuous basis, taking the execution factors into account.

In addition, investment firms that execute client orders must monitor on a regular basis the effectiveness of their order execution arrangements and execution policy in order to identify and, where appropriate, correct any deficiencies.



## Topics covered

The course is split into the following sections:

### Section 1: Obligation to provide best execution

- Compliance with MiFID II Directive
- What is best execution?
- From “all reasonable steps” to “all sufficient steps”
- Relevant provisions of the legislation

### Section 2: Application of best execution requirements

- Overview
- Best Execution when offering Execution of orders on behalf of clients
- Best Execution when offering Reception and transmission of client orders
- Best Execution when Dealing on Own Account
- Best Execution when offering Portfolio Management
- Best Execution obligations for different financial instruments
- Application of Best Execution on different categories of clients

### Section 3: Execution factors and relative importance

- Execution factors
- Retail clients - total consideration
- What if more than one competing venue?
- Professional clients – relative importance of execution factors
- Special circumstances
- Specific instruction from the client
- Unfair discrimination

### Section 4: Execution venues/brokers

- Main categories of “execution venues”
- Organized Trading Facility (OTF)
- Systematic internaliser (SI)
- Market makers and other liquidity providers
- List of execution venues
- Selection of execution venues
- Third party brokers/affiliates
- Assessment of Execution Venues and Execution Entities
- Single venue/broker

### Section 5: Information to clients and consent

- Information to clients
- Format of the information
- Client consent
- Disclosure of spreads
- Disclosure of data relating to execution quality
- Publication of Top five execution venues (RTS 28)
- Publication of data relating to the quality of execution (RTS 27)



### Section 6: Execution Policy

- Establishment of an order execution policy

### Section 7: Assess Your Best Execution practices

- NCA examination of the Process for Delivering Best Execution
- Monitor the effectiveness of order execution arrangements and execution policy
- Review the policy and arrangements
- Demonstrate compliance with the execution policy
- Governance and oversight of best execution
- Slippage and Management of conflicts of interest related to best execution and client order handling
- Monitoring
- Accountability
- Governance
- Questions by NCA when assessing firms' compliance with best execution and client order handling requirements under MIFID

### Section 8: CySEC's Thematic review of best execution obligations of Cyprus Investment Firms (Circular C343) – How to comply

- Introduction
- Relevant Regulatory Framework
- Monitoring the effectiveness of the order execution policy/arrangements
  - Description of tests to be conducted
  - Monitoring of the execution quality of the venues and the price sources use
  - Monitoring/review of the order execution arrangements
  - Information on order execution policy provided to clients
  - Unacceptable practices identified by CySEC which should be avoided

### Course Duration

This course may take up to 10 hours to be completed. However, actual study time differs as each learner uses their own training pace.

### The course is addressed to:

This course is addressed to all individuals who are involved in Investment Firms (forex, brokers, etc) and funds such as:

- Executive Directors, Non-executive directors, Senior Managers, Compliance Officers, Risk Managers, Product Managers, Portfolio Managers, Investment Advisors, Dealers, Marketing Managers and in general employees of investment firms and funds.
- Internal Auditors
- Consultants

It is also suitable to professionals pursuing CPD for the renewal of CySEC Certificate (CySEC Basic and CySEC Advance Certificate) or other relevant professional certificates in other jurisdictions.

### Training Method

The course is offered fully online using a self-paced approach. The learning units consist of power point presentations. Learners may start, stop and resume their training at any time.



At the end of the course, participants take a Quiz to complete the course and earn a Certificate of Completion once the quiz has been passed successfully.

### **Accreditation and CPD Recognition**

The course may be accredited by regulators and other bodies for 10 CPD Units that require CPD training in financial regulation.

Eligibility criteria and CPD Units are verified directly by your association or other bodies in which you hold membership.

### **Registration and Access**

To register to this course, click on the ***Take this course*** button to pay online and receive your access instantly. If you are purchasing this course on behalf of others, please be advised that you will need to create or use their personal profile before finalizing your payment.

Access to the course is valid for 60 days.

If you wish to receive an invoice instead of paying online, please Contact us by [email](#). Talk to us for our special Corporate Group rates.

### **Instructor**

George Papanicolaou has more than 20-years experience in the Financial industry. He worked for several years in managerial positions as area Manager, Head of Brokerage, Compliance Officer, Anti Money Laundering Officer, General Manager and Executive Director in Cypriot Investment Firms as well as Managing Director of GP GLOBAL LTD offering consulting services and training courses to Investment Firms, focuses in Internal Audit, compliance & AML issues. He offered numerous courses/seminars both in Cyprus and abroad in Investment Firms Law as well as in Compliance & Anti Money Laundering. George Papanicolaou is also a Chairman of a Nomination Committee in a company listed in the Oslo Stock Exchange.

George Papanicolaou holds a BSc in Electronic Engineering from the University of Texas at Austin (USA), an MBA with specialization in Finance from Leicester University (UK) and a Postgraduate Certificate in the Mechanics of Risk Management from Middlesex University (UK).

He also holds an ICA International Diploma in Anti Money Laundering from the International Compliance Association and the University of Manchester, as well as an Advance and Money Laundering certificate from the Cyprus Securities and Exchange Commission for the provision of investment services/activities.

He is a Member of the AML and Compliance Committee of the Institute of Certified Public Accountants of Cyprus (ICPAC), Fellow of the International Compliance Association (FICA), Mentor of ICA new students, member of the Cyprus Institute of Internal Auditors and the first Network chair for Cyprus of the International Compliance association.