



**VIRTU ITG EUROPE LIMITED  
ORDER EXECUTION POLICY**

**EFFECTIVE 14<sup>th</sup> June 2019**

# Contents

1 Introduction	
1.1 Purpose	3
1.2 Accessibility and Consent	3
2 Scope	
2.1 Clients	3
2.2 Financial Instruments	3
3 Order Types	3
4 Factors VIEL will take into account to achieve best execution	4
5 Client specific instructions	5
6 Execution venues & counterparty selection policy	
6.1 Share trading obligation	5
6.2 Execution venues & counterparty selection	5
6.3 Counterparty selection policy including use of VIEL affiliate entities	6
7 Monitoring and reviews	6
8 Execution disclosures	6
9 Client enquiries	6
10 Communications	6

# 1 Introduction

## 1.1 Purpose

Directive 2014/65/EU on Markets in Financial Instruments (“MiFID II”) requires investment firms to take all sufficient steps to obtain, when executing orders, the best possible result for their clients taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

This Order Execution Policy (“Policy”) sets out the Virtu ITG Europe Limited (“VIEL”) approach to complying with its best execution regulatory obligation on a consistent basis, and aims to explain clearly, in sufficient detail and in a way that can be easily understood by clients, how client orders will be executed.

VIEL’s commitment to achieve best execution does not mean that clients are owed fiduciary responsibilities over and above the specific regulatory obligations placed upon VIEL or as may be otherwise contracted between VIEL and clients. Even where the best execution obligation does not apply, VIEL will endeavour to act honestly, fairly and professionally in accordance with a clients’ best interests.

## 1.2 Accessibility and consent

This Policy is publicly available on the Virtu Financial website ([www.virtu.com/regulatory-disclosures/](http://www.virtu.com/regulatory-disclosures/)) and is distributed as part of the client on-boarding process. When a client agrees to the VIEL Customer Agreement/Terms of Business they are also deemed to have read, understood and agreed to this Order Execution Policy.

In the event of changes deemed ‘material’ by VIEL’s Best Execution Committee, VIEL will notify clients directly where possible by email or similar means. Minor changes may be made by re-publishing the amended policy on the Virtu Financial website.

# 2 Scope

## 2.1 Clients

This Policy applies when VIEL executes orders on behalf of clients classified as professional clients as defined under MiFID II. This Policy does not distinguish between clients’ resident in the European Economic Area and applies regardless of where the transaction is executed.

## 2.2 Financial instruments

This policy applies to orders in equity and/or equity-like financial instruments that VIEL receives, transmits and executes on behalf of professional clients.

# 3 Order types

VIEL facilitates the following order types:

**Direct Electronic Access orders** (“DEA orders”): clients sending DEA orders are deemed to have sent VIEL a complete specific instruction and these orders are therefore not subject to best execution obligations.

**Receipt and Transmission of Orders** (“RTO orders”): client orders received for non-member markets are transmitted to a local broker in that market for execution. All such orders are subject to best execution obligations.

**Smart Order Router** (“SOR orders”): clients sending orders to VIEL’s Smart Order Router. All such orders are subject to best execution obligations.

**VIEL algorithmic trading strategy** (“algo orders”): clients may access VIEL’s suite of algorithmic trading strategies (“algos”), which are developed and maintained by VIEL. Algos may divide ‘parent’ orders into multiple ‘child’ orders at VIEL’s discretion, and will be subject to best execution obligations depending on the algo and parameters chosen. Given specific agreement, VIEL clients may also access VIEL affiliate algos.

**VIEL high touch trading desks** (“Desk orders”): clients may send orders to VIEL’s trading desks and those desks may use their market knowledge, expertise and discretion as appropriate, within the constraints of the client instruction. All such orders are subject to best execution obligations.

#### **4 Factors VIEL will take into account to achieve best execution**

When executing client orders VIEL will take all sufficient steps to obtain the best possible result for the client, taking into account the following execution factors:

- Price;
- Costs;
- Speed;
- Likelihood of execution and settlement;
- Quality of execution;
- Size;
- Nature of the client order(s);

and any other consideration relevant to the execution of the order(s).

VIEL may use a combination of approaches for order placement and venue selection. In employing these approaches, the relative importance of the various execution factors will depend on the instructions of the client, the characteristics of the client order, the characteristics of the financial instrument concerned and the characteristics of the execution venues to which the order may be directed.

Client instructions may include considerations and constraints such as speed of execution, trading horizon, target benchmark, execution schedule, urgency and trading sessions in which to participate.

Client orders may be divided into multiple child orders. Such orders may use one or more of the following trading approaches:

**“Passive”** order/execution (i.e. earning the spread) where available liquidity, order timing and other constraints allow. In choosing venues on which to place such orders, likelihood of execution will be a key consideration and may be informed by both historical and intraday metrics.

**‘Midpoint’** order/execution opportunities across various types of execution venue – both ‘lit’ and ‘dark’. Price and likelihood of execution are considered key factors. When interacting with these venues VIEL will take into account both information leakage and adverse selection concerns, seeking to mitigate these through the use of techniques such as various order types and stock- and venue-specific minimum execution size. The specific way in which these techniques are used may be informed by post-trade analysis. Where VIEL SOR or algo orders access a number of dark pools in sequence the assessment of venue mechanism, expected performance and likelihood of execution may result in orders being sent to POSIT MTF prior to seeking execution in other venues.

**‘Aggressive’** order/execution (i.e. crossing the spread). Some examples of techniques used in this approach include interaction with ‘lit’ markets (e.g. Exchanges) or Electronic Liquidity Provider Systematic Internalisers (“SIs”). Where VIEL sends orders in response to quotes, in addition to the concerns of information leakage and adverse selection listed above in ‘Midpoint’, likelihood of execution will be a key consideration.

**‘Auction’** order/execution either scheduled or unscheduled auctions on primary exchanges or periodic auctions on various MTFs. Interaction with auctions on primary exchanges will typically be driven by the strategy chosen and the trading approach will resemble Passive executions (described above).

Interaction with periodic auctions will resemble Midpoint executions (described above) with the addition of targeting indicative volume at attractive price levels.

'Conditionals' order types are used across VIEL algo strategies in order to seek liquidity from multiple venues while resting liquidity at other venues. Such order types can lead to execution opportunities which resemble Midpoint execution (described above).

## **5 Client specific instructions**

Where a client provides VIEL with a specific order instruction (or any particular aspect of an order), VIEL will execute the order in accordance with the client's instruction and will therefore have met its best execution obligation in respect of that instruction.

Client specific instructions may prevent VIEL from taking steps that it otherwise would take, as designed and implemented in our execution policy, to obtain the best possible result for the execution of those orders in respect of the elements covered by the client's instructions.

## **6 Execution venues and counterparty selection**

### **6.1 Share trading obligation**

VIEL is subject to the trading obligation for investment firms under Article 23 of Markets in Financial Instruments Regulation ("MiFIR) to ensure that trades in shares admitted to trading on an EU regulated market take place on a regulated market, Multi-Lateral Trading Facility ("MTF") or Systematic Internaliser ("SI"), or a third-country trading venue assessed as equivalent in accordance with Article 25(4)(a) of Directive 2014/65/EU, unless their characteristics include that they are non-systematic, ad-hoc, irregular and infrequent, or are carried out between eligible and/or professional counterparties and do not contribute to the price discovery process.

At client on-boarding VIEL will obtain a client's consent to trade orders outside of a regulated market, MTF or SI. Executing orders outside a trading venue enables VIEL to access additional liquidity sources, however, doing so may give rise to additional risks such as counterparty risk.

Clients may request further information regarding the consequences of orders being executed outside a trading venue.

### **6.2 Execution venues' selection**

To enable VIEL to achieve best execution on a consistent basis VIEL will consider execution venues that may include:

- Regulated markets;
- Multilateral Trading Facilities ("MTFs");,
- Systematic Internalisers ("SIs");,
- Third party brokers and affiliates or other liquidity providers; and
- Non-EEA brokers.

Factors affecting the choice of execution venue include price, the requirement for speed of execution, market liquidity, the size and nature of the order. VIEL will not intentionally discriminate between execution venues or types (i.e. brokers), rather will make a decision on an execution venue based on a consideration of the execution factors.

Where VIEL does not support a client's requested execution destination, VIEL may route a client order to an affiliate or a third-party broker for execution to provide market access to such liquidity.

Periodically the Best Execution Committee reviews the venues accessed to assess their contribution to enabling VIEL obtain best execution. The Best Execution Committee and the Execution Review Committee also review other venues that VIEL may connect to that may enable VIEL to obtain the best possible results for clients. Additional considerations when reviewing other venues that VIEL may connect to include:

- (i) Performance over time
- (ii) Mechanics of the venue
- (iii) The market share held by a venue; and
- (iv) Cost

Execution venues accessed by VIEL either as a member, via an affiliate or through other third-party brokers can be found in the “VIEL Execution Venues & Brokers List” document on the Virtu Financial website: <https://www.virtu.com/regulatory-disclosures/> . This list may be updated periodically and VIEL reserves the right to add and remove execution venues and brokers at its own discretion.

### **6.3 Counterparty selection policy including use of VIEL affiliate entities**

VIEL may use third party brokers and affiliates for execution of client orders in non-member and member EMEA markets. VIEL uses third party brokers, including affiliate brokers, for access to non-EMEA markets.

Where accessing specific exchanges, MTFs or other venues through third party brokers or affiliates, VIEL and its affiliates will seek to provide specific routing decisions. One scenario where specific routing instructions for gaining access to another market may not be possible is in accessing a bank’s systematic internaliser through the bank’s algorithm or SOR, in which case the bank’s algo/SOR may direct VIEL orders to an external venue for execution in addition to the bank’s own systematic internaliser. In these circumstances, VIEL remains under an obligation to monitor the broker’s performance and obtain the best possible result for VIEL’s client.

The use of third party brokers, including affiliate brokers, is reviewed periodically by both the Best Execution Committee and the Execution Review Committee.

The current list of affiliate brokers can be found in the ‘VIEL Affiliate Brokers’ section of the VIEL Venue & Local Broker List: <https://www.virtu.com/regulatory-disclosures/>

## **7 Monitoring and Reviews**

VIEL monitors its best execution arrangements on a continuous basis to identify and implement any appropriate changes/enhancements. The monitoring process is periodically reviewed by the Best Execution Committee.

In addition, this Order Execution Policy is subject to annual review by the Best Execution Committee or more frequently when a material change occurs. VIEL may modify this policy at any time. VIEL will notify clients of any material changes to this policy and any such amendments will be published on the Virtu Financial website at: [www.virtu.com/regulatory-disclosures/](https://www.virtu.com/regulatory-disclosures/)

## **8 Execution disclosures**

Article 27 of MiFID II and the accompanying Regulatory Technical Standards requires VIEL to publish annually its top 5 execution venues and top 5 brokers by class of instrument. This information will include a summary of analysis and conclusions drawn from the monitoring of the quality of executions, along with an explanation of any changes to the list of execution venues in the previous year.

VIEL publishes this information on the Virtu Financial website: [www.virtu.com/regulatory-disclosures/](https://www.virtu.com/regulatory-disclosures/).

## **9 Client enquiries**

Upon request, VIEL will review client order executions and demonstrate that the order has been executed in accordance with this Policy.

## **10 Communications**

Queries about this Policy should be directed to a client’s Account Executive or VIEL’s Compliance Department at +353 (0)1 6338023 (e-mail: [ITGE-Legal&Compliance@virtu.com](mailto:ITGE-Legal&Compliance@virtu.com)).