
Order Execution Policy

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INTRODUCTION

This policy statement outlines the process that BlackBee Investments Ltd. (“BlackBee” or “the Firm”) follows in executing orders on behalf of its clients.

The BlackBee business model is such that the Firm contributes to the product design and manufacture of structured retail products in conjunction with the issuer. It is also involved in the sale of Alternative product investments.

BlackBee is the generator of the investment idea and is responsible for the structuring, execution, marketing and administration of the investment securities. These investment securities are bespoke in nature and are typically only available through the Firm.

The Firm selects the optimal issuer/ issuing institution for the execution of each investment. The issuer is responsible for the pricing and liquidity of the security during the investment term. The issuance of the securities is of a primary nature. The Firm will invite clients to subscribe for the securities over a typically short (1-7 week) marketing period – the terms of the securities are fixed in advance of the marketing period. The full terms of the securities will always be disclosed by the Firm. The Firm records and collates client orders and it then places an order with the issuing agent for the total of the received client orders.

OVERVIEW AND OBJECTIVES

In accordance with the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as implemented in Ireland by the European Communities (Markets in Financial Instruments) Regulations 2017 (MiFID Regulations), the Firm must take all sufficient steps to obtain the best possible result when executing orders on behalf of its clients. These steps have to be documented in an order execution policy, which enables the firm to comply with its best execution obligations. Information on this policy has to be provided to clients. In the absence of a specific instruction by the client, the Firm will always execute orders on behalf of a client in accordance with this policy. The Firm is also subject to requirements in relation to order handling, aggregation and allocation.

This policy aims to define, in accordance with the requirements of MiFID II, the Firm’s approach to executing orders on behalf of its clients in a manner that ensures compliance with its order execution obligations.

BEST EXECUTION SCOPE

This policy applies to all transactions entered into with financial institutions; corporates and individuals that are classified as retail clients or professional clients. Best execution serves two purposes: it protects investors and fosters efficiency.

MiFID II sets a specific standard for best execution, requiring firms to take all sufficient steps to obtain the best possible result for a client when executing a client order, taking into account a range of criteria, including (i) price, (ii) costs, (iii) speed, (iv) likelihood of execution and settlement, (v) size, (vi) nature of transaction, and any other consideration that is relevant to the execution of the order.

There are also requirements in respect of policy, disclosure and client consent in relation to best execution. When the Firm executes an order on behalf of a client, it will take all sufficient steps to ensure best execution, to the extent applicable.

To the extent best execution is applicable, the Firm will take into account the following factors to establish best execution: (i) price, (ii) costs (iii) speed, (iv) likelihood of execution and settlement, (v) size, (vi) nature of transaction, or any other relevant consideration.

For determining the relative importance of each of those factors, the Firm will take into account the following criteria:

- the characteristics of the client;
- the characteristics of the transaction;
- the characteristics of the financial instruments to which the transaction relates;
- the characteristics of the execution venue to which the order can be directed and
- any other circumstance that we deem to be relevant to the execution of that transaction

PRIMARY & SECONDARY MARKET EXECUTION

The Firm’s order execution will be primarily limited to the execution of securities issued on the primary market which it arranges with specific issuers. These securities will be issued on instruction from the Firm and have pre-defined characteristics such as strike (start) date, price, term, capital protection, guarantor, issuer, exchange, costs etc. These securities will be issued as primary issuance and client orders are based on the advertised features including price, venue and issuer.

These securities are intended to be held by investor until maturity.

In certain limited circumstances, execution may occur as a secondary market trade. This occurs when clients instruct the Firm to encash their portion of a bond prior to the maturity date. By virtue of the nature of the securities this trade occurs with the original issuer and on the original exchange. The Firm will have no discretion as to how or when to execute secondary market trade instructions, particularly as the Firm receives what is in effect a specific instruction from the client.

Clients place instructions with the Firm based on full knowledge of the bond characteristics, including price. Once an order has been received from a client, the Firm has no discretion to dictate the characteristics of the particular bond and factors such as its price. In other words, BlackBee has no choice as to where, when or how to execute the transaction. The client has, in effect, given a specific instruction for execution of its order, based on its acceptance of the terms of the relevant security.

As these securities will be structured with specific features and designed to benefit investors in prevailing market conditions, a considerable amount of research, price discovery and time is involved in the arrangement of these securities. These securities are arranged following a typically lengthy period of engagement with various issuing banks and the Firm makes a decision on the most appropriate issuing institution based not only on price and other typical best execution factors but also on research, service levels, credit quality, asset expertise, ability to provide liquidity and speed of execution. Once an issuer has been chosen, the terms of the security are then set and each investor invests in the security on those same terms.

EXECUTION VENUES

The Central Bank’s Regulations also contain various provisions where there is more than one competing venue to execute an order for a trade, however, these rules do not apply as the execution of the Firm’s product does not take place on an execution venue as described under MiFID, i.e. a regulated market, multilateral trading facility (“MTF”) or organised trading facility (“OTF”). The Firm’s products are bespoke, negotiated on a bi-lateral basis and executed off-exchange in line with the specific instructions received from you.

COUNTERPARTY/ ISSUER SELECTION

BlackBee selects an issuing institution for the execution of bespoke structured retail products.

These issuing institutions are periodically reviewed and are required under MiFID II to publish relevant data to allow firms to measure the quality of their execution. The Firm regularly reviews this data and consideration will be given to a number of factors, which allow the Firm to determine their efficacy and fitness for purpose. These factors are as follows:

- Liquidity and Probability of Execution
- Costs and process Spread
- Resilience and Reliability
- Credit and Settlement Risk

The Firm will publish annually a review of execution quality, together with the top five most important firms (measured by trading volume) with which it has executed client orders. This information will be available on the company website.

The Firm will only execute orders with those counterparties, which feature on the counterparty list as approved by the Investment Team.

CLIENT ORDER HANDLING AND FAIR ALLOCATION

BlackBee ensures that client orders are executed in a prompt, fair and efficient manner. Clients subscribe into bespoke financial products with predefined features prior to the closing of a marketing period. BlackBee aggregates orders and executes each order as a single trade. In limited circumstances, the order may be executed in multiple tranches based on the timing of client orders. You will however receive the same terms as all clients in all circumstances, ensuring that all clients are treated fairly and that aggregation will not disadvantage any client. You will be informed immediately (through your appointed financial advisor "AFA") if it is not possible for an order to be executed, e.g. because of a significant deterioration in prevailing market conditions such that the Issuer decides not to proceed with the issuance.

SPECIFIC INSTRUCTION

In effect, the Firm will always execute client orders in accordance with specific instructions because, by virtue of its business model and the nature of the securities which the Firm arranges and executes, the Firm has no discretion as to where, when or how to execute the transaction. The terms of the securities are set in advance of execution and there are no variables for the Firm to consider from the point that marketing begins.

MONITORING AND UPDATING

The Firm will monitor the effectiveness of its order execution arrangements and its execution policy in order to identify and, where appropriate, correct any deficiencies.

The Firm will notify its clients of any material changes to its order execution arrangements or execution policy. A summary of the order execution policy is contained on the firm's website. Clients will be notified of any material change to the policy by posting an updated version of this policy on our website at www.blackbee.ie

PARTIAL EXECUTION

While it is unlikely, if for some reason outside the Firm's control it is not able to execute the entire aggregate of client orders then it will allocate client orders according to the time of order by the client. There is only a limited time available to subscribe to the security and in the Firm's marketing material it indicate that in certain events the Firm may need to close the offering early. The Firm will inform clients if the security is being closed early and no longer available. The Firm will, however, process all orders received up to the point of the early close.

DEMONSTRATION OF BEST EXECUTION

The client is entitled to request the Firm to demonstrate that it has executed his or her order in accordance with this execution policy.

AGGREGATION AND ALLOCATION OF TRANSACTION FOR OWN ACCOUNT

The Firm does not execute any orders for its own account.

ENFORCEMENT

This policy applies to financial institutions, corporates and individuals classified as retail clients or professional clients, who enter into transactions with the Firm.

All order execution falling within the remit of MiFID is to comply with this policy. In the event that any change to relevant legislation is made which impacts upon order execution, this policy will be reviewed, updated and ratified.

The Firm will review this execution policy and the firm's order execution arrangements both annually and whenever a materially change occurs that affects the Firm's ability to continue to obtain the best possible result for the execution of its client orders, on a consistent basis, using the venues included in the execution policy.



pollinating great ideas

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