

For customers | Aegon UK retail

# Order execution policy

Our Order execution policy covers the following services: Aegon Retirement Choices, Retiready, One Retirement and the Aegon Platform. These services are provided by Aegon Investment Solutions Limited (AISL), Scottish Equitable Plc (SE plc) and/or Cofunds Limited.

We've made changes to our Order execution policy and this document replaces our previous version. Please read this document carefully before completing an order with us.

Words in bold are defined terms that we explain at the end of the document.

This Order execution policy is effective from 1 March 2025.

If your personal circumstances mean you need any additional support, or if you'd like a large print, braille or audio version of this document, please go to [\*\*aegon.co.uk/additionalsupport\*\*](https://aegon.co.uk/additionalsupport), or call the relevant number below (call charges will vary).

ARC and One Retirement: 03456 081 680

Retiready: 03456 100 072

Aegon Platform:

if your investor number begins with a 3 - 03456 044 001

if your investor number begins with a 4 - 03452 720 089

# Summary

This document sets out our approach to providing **best execution** and applies to all Aegon customers investing through Aegon in the UK. **Aegon UK** is required to take sufficient steps to obtain the best possible result for our customers, taking into account relevant execution factors when receiving and transmitting orders for **execution**. The relevant execution factors for retail customers are price and costs and **Aegon UK** treats all customers as retail customers. To enable **Aegon UK** to achieve the best possible outcome for customers on a consistent basis, we've developed this retail order execution policy which is supported by internal procedures.

Not all financial instruments and associated dealing arrangements apply to all customers. Please refer to the relevant product terms and conditions or policy documents to find out which financial instruments and dealing arrangements are available to you.

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## 1 Introduction

**1.1** This policy applies to all customers and users of the **Aegon UK** platforms. It provides customers and advisers with information on the receipt and transmission of orders process. It should be read in conjunction with the relevant terms and conditions which govern the processes and take precedence over them. They are available through our web service, from your financial adviser or by contacting the relevant customer services team using the details given on the first page of this document. The policy explains the steps we take to obtain the best possible outcome (**best execution**) when receiving and transmitting orders via our **retail service provider (RSP)** and fund managers.

## 2. Customer classification

**2.1** We recognise that we have a number of customers whose status is either professional or eligible counterparty. However for the purposes of achieving **best execution**, or getting the best possible result for customers when receiving and transmitting orders, **Aegon UK** will treat all customers as retail. We always aim to achieve **best execution** on a consistent basis as outlined in this retail order execution policy.

**2.2** If your actual status is either professional or eligible counterparty, you may not be eligible to claim compensation from the **Financial Services Compensation Scheme** or complain to the **Financial Ombudsman Service** as these services are only available to actual retail customers. **Aegon UK** don't offer the option to opt up to a different categorisation.

## 3. Specific customer instructions

**3.1** If you provide us with a specific instruction to receive and transmit your order for you, it may prevent us from following some or all of the steps outlined in our retail order execution policy which is designed to obtain the best possible results for you on a consistent basis.

**3.2** When you give us a specific instruction, we'll take the necessary steps to get the best results for you. However, there is a risk we can't achieve **best execution**, in respect of that aspect covered by your specific instruction.

## 4. Execution factors

**4.1** **Best execution** is a key part of financial services regulation and aims to protect investors, ensure integrity in trading activity, and promote competition.

**4.2** When receiving and transmitting orders, **Aegon UK** is required to meet a number of '**best execution**' requirements:

- Establish an execution policy which identifies the chosen **venues** and the factors involved in choosing them.
- Review the process for compliance.
- Monitor the effectiveness of the process.
- Disclose appropriate information to customers about the process.
- Notify customers to material changes in our policy.
- Upon request, demonstrate that we've submitted an order in compliance with our execution policy.

**4.3** As we treat customers as retail, we'll determine the best possible outcome based on the price and total cost that will be incurred (**external costs** and **internal costs**).

**4.4** We consider the price and costs of the investment to be the most important factors for obtaining the best possible outcome, the '**total consideration**'.

**4.5** We do this by regularly monitoring how and where we transmit dealing instructions and the **venues** that we use. When we transmit an order for an investment in a (**MiFID II defined**) financial instrument, we only consider the price and costs. However, there are other factors that are important but not limited to:

- The efficiency of transmission and **execution** (including method of transaction).
- The nature of your order.
- The likelihood of successful **execution** and **settlement**.
- Any other relevant consideration to the **execution** of the order.

## 5. Types of financial instrument

**5.1** Currently, the types of financial instrument that we may accept dealing instructions for are:

- Insured funds.
- Collective funds such as unit trusts and units in open-ended investment companies (OEICs).
- Exchange traded funds (ETFs).
- Investment trusts.
- UK equities.

Not all financial instruments and associated dealing arrangements apply to all customers. Please refer to the relevant product terms and conditions or policy documents to find out which financial instruments and dealing arrangements are available to you.

**5.2** If you are not familiar with the nature of certain types of financial instruments, you may wish to consider taking financial advice before you make a decision to submit an investment transaction.

**Aegon UK** will not be held responsible for loss of investment, expenses and/or tax implications caused by the trading of financial instruments on your behalf.

## 6. Currency of transaction

**6.1** All orders submitted are currently accepted, executed and settled in pounds sterling (GBP). However, we reserve the right to increase the number of currencies at any time.

## 7. Insured funds

**7.1** **Insured funds** are provided by Scottish Equitable plc and orders are placed directly with Scottish Equitable plc as the fund manager.

**7.2** As orders are placed directly with Scottish Equitable plc, **best execution** is limited. However, as the fund manager they're best placed to consistently provide a competitive market price and the level of **units** needed to complete these orders.

**7.3** We operate an **aggregated** dealing process for all orders, which means similar orders will be grouped together and transmitted as a single transaction (Please see section 13 for further details).

## 8. Collective funds

**8.1** The receiving and transmitting of orders for investments in **collective funds**, are always made directly with the respective authorised fund manager (**AFM**) or authorised corporate director (**ACD**).

**8.2** As orders are submitted directly with the **AFM** or **ACD**, **best execution** is limited. The **AFM/ACD** determines the price by reference to value of assets held by the fund and costs in line with the fund prospectus and regulations. We only use the **AFM/ACD** as they're best placed to consistently provide a competitive market price and the level of **units** needed to complete these orders.

**8.3** The same process for **aggregation** and **disaggregation** that applies to **insured funds** also applies to the **collective fund** dealing process (please see section 13 for further details).

**8.4** As a fund's price is calculated by the fund manager you may receive a price higher or lower than the previously published price at the time the order was submitted to the **AFM/ACD**.

## **9. Exchange traded funds**

- 9.1** **ETF** orders are instructed through your financial adviser or the **discretionary fund manager**.
- 9.2** Minimum trade orders apply to all **ETFs**.
- 9.3** All **ETFs** must be listed and tradable on the **London Stock Exchange (LSE)** and should only be a (GBP) Sterling currency version and settled in (GBP) Sterling. However, we reserve the right to increase the number of currencies at any time.
- 9.4** **Execution** of dealing instructions is undertaken by our execution-only stockbroker (Winterflood) who is a member of the **LSE** and acting as our **RSP**.
- 9.5** We operate an **aggregated** dealing process for all orders, which means similar orders will be grouped together and transmitted as a single transaction (please see section 13 for further details).
- 9.6** As dealing instructions are not submitted immediately you could potentially end up worse off due to price changes between the time the order is submitted by you and executed by the **RSP**.
- 9.7** All orders for **ETFs** are **aggregated** each business day at around 2pm and sent to our **RSP** for completion.
- 9.8** We'll **disaggregate** the **shares** purchased upon confirmation of the price received. Customers will then be allocated the maximum number of whole **shares** and any residual money from an order will be credited back to the customer.
- 9.9** **ETF** trading is regularly reviewed and we reserve the right to vary the range of **ETF** investments that we offer at any time.

## **10. Investment trusts**

- 10.1** All **investment trusts** must be listed and tradeable on the **LSE** and settled in (GBP) Sterling. However, we reserve the right to increase the number of currencies at any time.

- 10.2** **Execution** of dealing instructions is undertaken by our execution-only stockbroker (Winterflood) who is a member of the **LSE** and acting as our **RSP**.

- 10.3** Orders are submitted via our online system – the 'equity trading' portal which is directly linked with our **RSP**. Our **RSP** is a market maker in nearly all **LSE** listed securities and is also connected to a wide range of market makers and liquidity providers. We don't receive any remuneration, discount or non-monetary benefit from using Winterflood as our **RSP**.

- 10.4** When dealing instructions are received by our **RSP**, a quote will be provided by their market makers offering a price in the relevant investment. Subject to Market availability. Our **RSP** will review the quotes returned considering all the factors set out in section 4 and return the **best execution** quote. The person who instructed the original order can then accept (or disregard) the **best execution** quote. Once accepted, we'll consider this as the customer's consent and the order will be submitted to the executing broker to aim to secure completion. If the broker is unable to secure the quote accepted then we'll cancel the trade and contact the relevant parties to ask them to attempt the trade again online should they wish.

- 10.5** More information on our **RSP** can be found at [\*\*www.winterfloodbusinessservices.com\*\*](http://www.winterfloodbusinessservices.com)

- 10.6** If an order can't be submitted online and requires our involvement, the order will be submitted on a best endeavours basis with our **RSP**.

- 10.7** **Investment trust** trading is regularly reviewed and we reserve the right to vary the range of **investment trusts** that we offer at any time.



## 11. UK equities

- 11.1** All UK **equities** must be listed and tradeable on the **LSE** and settled in (GBP) Sterling. However, we reserve the right to increase the number of currencies at any time.
- 11.2** **Execution** of dealing instructions is undertaken by our execution-only stockbroker (Winterflood) who is a member of the **LSE** and act as our **RSP**.
- 11.3** The transmission and submission of orders for UK **equities** follows the same process as **investment trust** order submission set out in section 10 and through the “equity trading” portal.
- 11.4** If an order can’t be submitted online and requires our involvement, the order will be submitted on a best endeavours basis with our **RSP**.
- 11.5** **Equity** trading is regularly reviewed and we reserve the right to vary the range of **equity** investments that we offer at any time.

## 12. Reception and transmission

- 12.1** Due to the way we conduct our business, order instructions should be submitted via our online system. If the online system is preventing an instruction from being submitted you should contact the relevant customer services team using the details provided in section 20.
- 12.2** For **insured funds** we’ll oversee the full trading process to make sure orders aren’t delayed, are submitted successfully, and receive the price within the timescales set out within the relevant terms and conditions.
- 12.3** For **collective funds** we monitor the **AFM** or **ACD**, to ensure orders aren’t delayed, are submitted successfully and receive the price within the timescales set out by the **AFMs** or **ACD** agreement and within the relevant terms and conditions.
- 12.4** For **equities, investment trusts** and **ETFs** we monitor orders as per the details outlined in section 4.

- 12.5** In the unlikely event that we’re unable to satisfy (in full) an **aggregated** customer order, the order will be cancelled and the relevant parties contacted by telephone, letter or email for further instructions.

- 12.6** In the unlikely event that an order can’t be fulfilled or completed by our **RSP**, the order will be cancelled and the relevant parties contacted by telephone, letter or email for further instructions.

- 12.7** If an order is received under the minimum trade order, the order will be cancelled and the relevant parties contacted by telephone, letter or email for further instructions.

- 12.8** Where orders have been **aggregated** and part or all of the **aggregated** order has been executed by our **RSP**, the allocation to customers will be made promptly. If, for any reason, we’re not able to disaggregate to the customers concerned promptly, the reason for the delay will be fully documented and recorded.

- 12.9** We believe the above methods ensure all sufficient steps are taken to meet our **best execution** obligations.

- 12.10** We can’t be held responsible for any failures in third parties, counterparties or messaging infrastructure during the submission of orders.

## 13. Aggregation and disaggregation

- 13.1** The types of financial instrument that we aggregate dealing instructions for are:
- **Insured funds** (traded via the fund manager)
  - **Collective funds** such as unit trusts and open-ended investment companies (**OEICs**) (traded via an **AFM** or **ACD**)
  - **ETFs** (traded via an execution broker/**RSP**)
- 13.2** In most instances **Aegon UK** will aggregate customer orders. **Aegon UK** is comfortable with this approach to trading as **aggregation** isn’t expected

to work to the disadvantage of any individual customers.

**13.3** The investments will be promptly and fairly allocated. The reallocation of transactions should be considered as detrimental to a customer if, as an effect of that reallocation, unfair precedence is given to the firm or to any particular person.

**13.4** When we receive the completed trade from the **AFM/ACD** or execution broker, we'll **disaggregate** the transactions and allocate the appropriate **units/shares** or cash to customers, in line with their orders.

**13.5** For **collective funds** and **insured funds, disaggregation** may result in the customer instruction being different due to rounding.

#### **14. Dilution levy and exit charge**

**14.1** **Aggregation** of orders when combined with other existing orders for the same asset placed in the market, will create a larger value transaction which runs the risk of a fund manager applying a **dilution levy**. This is subject to individual fund managers and the terms within the individual fund prospectus.

**14.2** If a fund manager applies a **dilution levy** to an order, this will be apportioned to customers on a pro rata basis. A **dilution levy** is shown clearly on the contract note for that transaction.

**14.3** Fund manager **exit charges** may be applied on orders when a sell transaction is executed. They are normally set in advance as described in the terms and conditions of a fund. You should check the fund literature carefully before purchase for any **exit charge** you may be liable to pay when you sell. The amount of any **exit charge** should be shown on the contract note.

#### **15. Cancellation**

**15.1** We reserve the right to cancel a transaction without notice where we believe there is sufficient justification. This may include, but isn't limited to, circumstances where we're requested to do so by our counterparty or the relevant exchange, or where we believe you have submitted duplicate or repeated instructions to take advantage of any market limitations or restrictions.

**15.2** We will not be liable for any loss or expense you incur as a result of the cancellation of a transaction in such circumstances. If multiple trades are processed we'll apply charges separately to each deal.

#### **16. Your consent**

**16.1** **Aegon UK** is required to ensure that a customer has received the order execution policy prior to trading. Customers will be deemed to have confirmed receipt, read and accepted the terms of this document when accepting **Aegon UK's** terms and conditions or submitting an instruction to purchase or sell (order).

#### **17. Disclosure**

**17.1** Our designated **RSP** provides **Aegon UK** information relating to order **execution** quality for **equities, investment trusts** and **ETFs**.

**17.2** **Aegon UK** will summarise and publish on an annual basis, for each class of listed financial instruments (**equities, investment trusts** and **ETFs**), the five top execution **venues** (if applicable) in terms of trading volumes where orders were executed in the preceding year and information on the quality of **execution** obtained.

This summary will also include **best execution** monitoring for **collectives** and **insured funds**.

## 18. Treatment of errors

- 18.1** Where individual external fund managers are involved, Aegon aren't responsible for any price errors or miscalculations.
- 18.2** Where errors are brought to our attention for equity based instruments (traded through our **RSP**), we'll review and investigate these on a case by case basis and take any required action.
- 18.3** Where Aegon/Scottish Equitable is the fund manager for insured funds, we'll also review these on a case by case basis and take any required action.

## 19. Policy review

- 19.1** On a regular basis we'll review whether the execution **venue** and associated arrangements included in this policy provides the best possible outcome for our customers and whether we need to make changes to the existing **execution** arrangements.
- 19.2** We'll review this policy at least annually, or at any other time when there's a material change to the arrangements or procedures covered by this policy. We'll let you know of any material changes to this policy by publishing an updated version on our website or by providing an updated version of this policy, if requested.

## 20. Contact

For more information about this policy or if the online system is preventing an instruction from being submitted, please contact us on the relevant number listed on the front of this document or by visiting [aegon.co.uk/support](https://aegon.co.uk/support) to find other ways of contacting us.

## 21. Definitions

**AFM/ACD** – an Authorised Fund Manager/Corporate Director is authorised and regulated in the UK by the **FCA** and develop, host, launch and operate **FCA** Authorised Collective Investment Schemes. They are

responsible for implementing a fund's investing strategy and managing its portfolio trading activities.

**Aggregation** – the process of adding together trade orders in the same security and same method, combining orders to form one large buy or one large sell order.

**Aegon UK** – Aegon Investment Solutions Limited, Scottish Equitable Plc and Cofunds Limited.

**Best execution** – the duty of an investment services firm (such as a stockbroker/platform) receiving or transmitting/executing or submitting orders on behalf of customers to ensure the **best execution** possible for their customers orders.

**Collectives** – collective investment schemes are arrangements that enable a number of investors to 'pool' their assets and have these professionally managed by an independent manager. Collective investment schemes come in a number of forms, the main ones being authorised unit trusts, **OEICs** and unauthorised unit trusts.

**Dilution levy** – an extra charge placed on a transaction by a fund manager to offset any significant movement in the price of a fund that may be generated by a large order.

### **Discretionary Fund Manager (DFM)**

– an appropriately **FCA** authorised manager that has entered into an agreement with us and you and/or your adviser to manage your investments on your behalf.

**Disaggregation** – the process of separating a completed **aggregated** trade order back out to the original trade component orders and allocating them accordingly.

**Equities** – listed securities traded on an exchange confirming ownership interest in a corporation or financial asset.



**Execution** – when an instruction to trade is irrevocably accepted by the relevant fund manager or broker.

**Exchange traded fund (ETF)** – a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund. Unlike collective funds, an **ETF** trades like a common stock on a stock exchange.

**Exit charge** – a fee or charge which is applied when an investor withdraws money prior to a previously stipulated date. It is charged in accordance with terms set out by the fund manager within the fund's prospectus.

**External costs** – costs including, fees, taxes, clearing and **settlement** costs or any other costs passed on to the customer. These costs would be subject to the **best execution** obligation.

**Financial Conduct Authority** – the FCA is a financial regulatory body in the UK which operates independently of the UK government.

**Financial Ombudsman Service** – an impartial service appointed by parliament to help settle disputes between customers and UK businesses providing financial services. These include banks, building societies, insurance companies, investment firms, financial advisers and finance companies.

**Financial Services Compensation Scheme (FSCS)** – the UK's Financial Services Compensation Scheme for customers of authorised financial services firms.

**Internal costs** – an investment firm's own remuneration for completing a transaction. These internal costs for submitting an order must be taken into account when assessing where to execute the order, where there is more than one competing **venue** available. When then considering whether **best execution** has been given on an individual transaction,

firms can omit their own fees and charges from the assessment.

**Investment trust** – a public listed company with a fixed number of **shares** for collective investment which complies with certain HMRC requirements in relation to investment and distribution of profits.

**Insured fund** – a form of collective investment offered by a Life Company. They offer a choice of unit-linked funds to invest in.

**London Stock Exchange (LSE)** – the primary stock exchange in the UK.

**MiFID II** – the Markets in Financial Instruments Directive is the EU legislation that regulates firms who provide services to customers linked to 'financial instruments' (**shares**, bonds, **units** in collective investment schemes and derivatives), and the **venues** where those instruments are traded.

**MiFID II defined** – financial instruments for **Aegon UK** purposes – listed securities such as, but not exclusively, **UK equities, investment trusts** and **ETFs** listed on the **LSE**.

**OEIC** – an open-ended investment or investment company is a type of company in the UK that is structured to invest in securities and other assets.

**Retail Service Provider (RSP)** – a large stockbroking company dealing directly with private retail investors. Winterflood Securities Ltd act as our **RSP**.

**Settlement** – the time required for securities and consideration to be transferred between the parties to a transaction following **execution**.

**Shares** – **units** of ownership in a corporation or financial asset that provide for an equal distribution in any profits, if any are declared, in the form of dividends.

**Total consideration** – the price of the relevant **units/shares** in an asset together with any costs and expenses directly related to the **execution** of the transaction.

**Units** – redeemable units in a **collective/insured fund**, including units in unit trusts and in **OEICs**.

**Venue** – the market or arena where a trade is carried out.