

## FAQ

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# "Best Execution": FAQs

Frequently Asked Questions About "Best Execution"

## What is "best execution"?

While there is no specific definition of "best execution" under the securities laws, a broker-dealer has a duty to ensure that customers receive best execution on their orders by taking into account all the facts and circumstances surrounding a customer order. Factors a broker-dealer may consider include, among other things, the price of an order, the size of an order, and the trading characteristics of the security involved.

## What is an investment adviser's duty regarding best execution?

Under the [Investment Advisers Act of 1940](#), every registered investment adviser, including an investment adviser to a mutual fund, has a duty to obtain "best execution" on all securities transactions for their clients.

## Doesn't best execution mean obtaining the best price for a transaction?

No, it's more than that. Best price is only one factor in best execution. In seeking to achieve best execution, an adviser should consider the full range and quality of a broker's services including the value of research provided, execution capabilities, commission rate, financial responsibility, and responsiveness.

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