

# Order Execution Policy | MiFID Firms

April 2018

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## 1. Introduction

The purpose of this document is to provide our clients with information about our Order Execution Policy and to seek your consent for this policy.

The Order Execution Policy outlines the arrangements we have put in place to ensure that we achieve 'best execution' – that is obtaining the best possible results for you when carrying out transactions on your behalf.

## 2. The Obligation

When we execute orders for clients we are required to do so on the most favourable terms in accordance with Article 27 of MiFID II. Execution under MiFID II includes the following activities:

- a) reception and transmission of orders in relation to one or more financial instruments;
- b) execution of orders on behalf of clients;
- c) dealing on own account;
- d) making an investment decision in accordance with a discretionary mandate given by a client; and
- e) transfer of financial instruments to or from accounts.

Therefore, the firm must ensure that it acts in the best interests of the clients not only when directly executing orders with the market but also when placing orders with or transmitting orders to other brokers or counterparties for execution.

This policy will apply to execution of all types of financial instruments including those which are traded on a trading venue and OTC transactions.

The firm will take all sufficient steps to obtain the best possible result for our clients and when doing so, take into account the execution factors. We will compare and analyse any relevant data, including that made public by execution venues and market makers, in order to obtain best execution.

Execution factors include price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the order.

The firm will act in the best interests of its clients by following the approach set out in this policy, unless it can be demonstrated that a better outcome can be achieved by employing an alternative approach. If an alternative approach is employed, the individual taking this decision must document the reasons for taking this approach and report this to the firm's Compliance Officer who will consider whether it was appropriate and also consider if there are any changes to this OEP required.

If the client gives us specific instructions in relation to placing an order or the transmission of an order to another entity for execution, then those instructions will supersede this policy

and we will have satisfied our obligation to take all sufficient steps to obtain the best possible result for the client. If the client gives specific instructions in relation to only part or a certain aspect of the order, then we will owe best execution obligations in respect of the other parts or aspects of this order in line with this OEP. We must not induce a client to instruct an order in a particular way when we are aware that in doing so that effect is likely to prevent the client from obtaining best execution. This does not prevent us from inviting the client to choose between two or more specific trading venues, as long as those venues are in line with this OEP.

Any instruction from a client may prevent the firm from taking steps that we have designed and implemented in this OEP to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions. If we provide a quote to a client and the client accepts the quote at a later time, then we will ensure that we take into account the changing market conditions and time elapsed between the offer and acceptance of the quote to ensure that the quote is not out of date and still obtains the best possible result for the client.

## 3. Execution Factors

The execution factors are any considerations relevant to the execution of the order and we will determine the relative importance of each of the factors in relation to each trade. As mentioned above the factors are:

- price;
- transaction costs, including fees and commissions;
- speed of execution;
- likelihood of execution and settlement;
- size of order;
- nature of order; and
- other considerations relevant to the order.

Price will usually merit a high relative importance in obtaining the best possible result for professional clients.

When we execute orders for retail clients the best possible result shall be determined in terms of total consideration, representing the price of the financial instrument and the costs relating to execution, which shall include all expenses incurred by the client which are directly relating to the execution of the order. These costs will include, where applicable, execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. If any of the other execution factors including any other implicit transactions costs are instrumental in delivering the best possible result in terms of total consideration for a retail client then these factors may be given precedence over the immediate price and cost consideration.

#### 4. Execution Criteria

When executing a client order, the firm will take into account the following criteria to determine the relative importance of the execution factors:

- the characteristics of the client, including the categorisation of the client as retail or professional client;
- the characteristics of the client order, including whether the order involves a securities financing transaction;
- the characteristics of the financial instruments that are the subject of that order; and
- the characteristics of the execution venues to which that order can be directed.

These criteria should be carefully applied to each instance to determine the priority of each execution factor.

An execution venue for the purposes of this policy includes a regulated market, an MTF, an OTF, a systematic internaliser or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the function provided by any other firm caught by this definition.

#### 5. Use of Broker/Counterparty or Direct Market Access

We will consider which option provides the best possible result for a client when deciding whether to use a broker or counterparty to execute the transaction (i.e. transmitting the order) or whether we use Direct Market Access (“DMA”) and execute the order direct ourselves.

The decision made will be unique depending on the financial instrument and the relative importance of the execution factors and execution criteria.

We will ordinarily treat price, followed by cost as the highest priority execution factor to differentiate between execution venues and brokers/counterparties. However, if we believe there is reduced likelihood of successful execution or settlement through a particular venue or broker/counterparty we will avoid trading through that venue/counterparty. In addition, if there is rapid price movement in a particular financial instrument and delay would be likely to disadvantage the client, we will treat speed as the priority factor.

Factors that we consider in selecting the entities with which client orders are placed or to which we transmit client orders for execution in respect of a particular financial instrument include:

- general prices available;
- depth of liquidity;
- relative volatility in the market;
- speed of execution;
- cost of execution;

- creditworthiness of the counterparties on the venue or the counterparty; and
- quality and cost of clearing and settlement.

#### 6. Selecting a Venue

A list of the execution venues we may use is set out in Appendix 1.

We will regularly assess the execution venues available for different types of financial instruments and may add or delete venues to ensure we provide the client with the best possible result on a consistent basis.

When there is more than one competing venue to execute an order, we will assess and compare the results for the client that would be achieved executing the order on each of the competing venues listed in our OEP. We will take into account our own commissions and costs for executing the order when undertaking this assessment and comparison. However, we will not compare our commissions and fees with other firms providing the same service or with other services we provide to clients.

We will not charge different commissions or fees for different venues that would result in us unfairly discriminating between venues. Any differences in commissions and fees will be as a result of the actual differences in the cost to the firm of execution on those venues. We will explain these differences in fees to you in sufficient detail to allow you to understand the advantages and disadvantages of choice of a particular execution venue.

If we invite a client to choose an execution venue we will provide you with fair, clear and not misleading information so you are able to make a decision on the venue which is not just based on the price policy applied by us.

If we select a single execution venue in our OEP we will ensure that the venue can provide the best possible results for our clients on a consistent basis and that the venue will obtain results for clients that are at least as good as the results that could reasonably be expected from using alternative venues. When undertaking this assessment, we will consider the data published by execution venues, firms and market makers on the quality of execution. We should also consider the specific way that we execute the order when considering if we are achieving best execution.

#### 7. Selecting a Broker/Counterparty

A list of the brokers and counterparties we may use is set out in Appendix II.

When we are providing portfolio management services and placing orders with other entities for execution or where we are providing the service of receipt and transmission of orders

we will ensure that the broker or counterparty to whom we are transmitting the order will enable us to obtain the best possible result for our clients. We will therefore obtain and review copies of the OEP for all brokers and counterparties and monitor the trades that have been executed by these brokers/ counterparties to ensure they have obtained the best possible result for our clients.

If we select a single entity for execution we will ensure that the entity can provide the best possible results for our clients on a consistent basis and that the entity will obtain results for clients that are at least as good as the results that could reasonably be expected from using alternative entities for execution. When undertaking this assessment, we will consider the data published by execution venues, firms and market makers on the quality of execution.

## 8. Dealing Arrangements

### 8.1. Commission Rates

We will not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular trading venue or execution venue which would infringe on the conflicts of interest or inducements requirements which we are subject to.

We shall not structure or charge commissions which would discriminate unfairly between execution venues. Our policy is to select the broker or counterparty that charges the lowest commission rates, however this may not be the highest priority execution factor. Where there is a direct choice of broker or counterparty and all other factors are equal, then we will choose the broker with the lowest commission rate.

### 8.2. Geographical Location

We will place trades in stocks which are not in geographical locations where well-developed markets exist with an external broker with known expertise in relation to that stock and its geographical location. This is preferred to ensure successful execution and the best price, however, that broker may not be competitive on cost.

In other circumstances, transactions will generally be arranged through an EEA-based broker where we are able to procure competitive commission rates and we believe the broker can execute the transaction successfully. The priorities will therefore be satisfactory execution, price and then cost.

### 8.3. Collective Investment Schemes

When we deal for clients in the shares/units of collective investment schemes we would place orders either direct with the fund manager or with a broker for execution on their secondary market. We will aim to purchase shares/units with the lowest possible annual management charge to ensure clients invest in the best value shares/units.

### 8.4. illiquid Stocks

For illiquid stocks, we will engage with a broker who has expertise in relation to the stock in question. This is to enable us to achieve the best overall execution in terms of successful completion of the order and price. We will also consider the broker's commission when assessing which broker to use. When we are executing orders or taking a decision to deal in OTC products (including bespoke products) we will check the fairness of the price proposed by gathering market data used in the estimation of the price of such product and, where possible, comparing it with similar or comparable products.

### 8.5. Large Transactions

If a trade is large in comparison to the normal market size for that particular stock, we will use a broker/counterparty to manage the execution of the transaction who has the appropriate expertise. In these cases, the priority factor will either be the broker's ability to complete the transaction successfully or the price.

### 8.6. Speed of Transactions

If the price of a stock is moving rapidly, speed of execution will be the priority factor. We will achieve speed of execution either through an appropriate DMA or the use of a large broker or counterparty which is capable of achieving rapid and effective execution of the particular stock. Secondary to speed will be successful execution, followed by cost. The price factor in these circumstances is therefore de-prioritised.

### 8.7. Inducements

We will only receive third party payments that comply with the FCA inducements rules and will inform clients about the inducements that we receive from execution venues. We will specify the fees charged by us to all counterparties involved in the transaction and where fees may vary depending on the client we will indicate the maximum fees or the range of fees that may be payable.

If we charge more than one participant in a transaction, then in accordance with the inducement rules we will inform you of the value of any monetary or non-monetary benefits we receive.

## 9. Evidence of Best Execution

If requested by a client or the FCA, we will demonstrate that we have executed transactions in line with our OEP.

## 10. Monitoring and Review of Execution Arrangements and Policy

To ensure that the OEP and execution arrangements remain appropriate for the firm and its clients this policy will be reviewed by the Governing Body of the firm on an at least annual basis. If there is any material change to the firm's ability to continue to obtain best execution then this policy will be reviewed and, if required, updated.

We will notify clients if there are material changes to this pol-

icy. A material change will be a significant event which could impact the parameters of best execution such as cost, price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order. The firm must monitor the effectiveness of its order execution arrangements and OEP in order to identify, and where appropriate, correct any deficiencies. When undertaking this monitoring and assessment, we will consider the data published by execution venues, firms and market makers on the quality of execution.

We will undertake compliance monitoring of best execution on a quarterly basis to determine whether transactions have been conducted in accordance with this policy.

## 11. Annual Reports

We will provide clients with an annual report which sets out details of the top five execution venues in terms of trading volume where we have executed orders in the last year for each class of financial instrument we execute orders in and these classes are set out in Annex I of RTS 28. The information we provide will in separate reports for both for retail and professional clients. In addition, if we execute deals in securities financing transactions this will be included in a separate report. This information will be in a machine-readable format and will be published on our website and available for downloading.

We will also provide an assessment of the quality of execution on all execution venues used which should include a summary of the analysis and conclusions we have drawn from the monitoring of the quality of the execution obtained on these execution venues.

These reports will be provided to clients for each calendar year and must be published by the 30 April following the end of the period to which the report relates. The first report will be due to be published on 30 April 2018. Each report must be kept in the public domain for at least two years.

If we provide both the services of order execution and transmission of orders to other firms then we must produce two separate annual reports.

## 12. Client Consent

We must obtain prior consent from our clients to our Order Execution Policy. By signing the 'Best Execution – Client Agreement' document we will deem that consent has been provided for existing clients. For new clients, Client consent is included in account opening or terms of business which includes both general consent and express prior consent for orders executed outside a trading venue.

We may execute orders outside of a trading venue and by signing 'Best Execution – Client Agreement' you have given your express prior consent to such transactions. Trading outside of a trading venue may have certain consequences including counterparty risk. Please let us know if you would like additional information on the consequences of this means

of execution.

If you do not provide consent, we will be unable to provide services to you.

## Annex I - Execution Venues

The list below shows the types of execution venues we use. The list is not exhaustive but represents those execution venues and third parties that we place significant reliance upon:

Type of Financial Instrument	Execution Venues	Used for Retail, Professional or SFTs?	Factors affecting choice of execution venue
Equities, exchange traded funds, depositary notes	Regulated market, MTF, SI	Professional	Execution Factors 1 <sup>st</sup> Price 2 <sup>nd</sup> Cost Qualitative Factors
Bonds	Regulated market, MTF, SI		
Money market instruments	Regulated market, MTF, SI		
Units in collective investment schemes	Regulated market, MTF, SI, transfer agent or other appointed distributor		
Exchange traded derivatives	Regulated market, MTF, SI		
OTC derivatives	Regulated market, MTF, SI		

## Annex II - Broker or Counterparty Details

Instrument	Counterparty	LEI
Bonds Equities Other Instruments Structured Finance instruments	Danske Bank AS	MAES062Z21O4RZ2U7M96
Bonds Equities Other Instruments	Jyske Bank AS	3M5E1GQGKL17HI6CPN30
Bonds	Lind Capital Fondsmæglerselskab AS	5299000RWD2J46DMCW33
Bonds Equities Other Instruments Structured Finance Instruments	Nordea Bank AB	6SCPQ280AI Y8EP3XFW53
Bonds Equities	Nykredit Bank AS	52965FONQ5NZKP0WZL45
Bonds	Oddo BHF SCA	9695002I9DJHZ3449O66
Bonds	Pareto Securities AS	549300H0QDQHRJXR79
Bonds Equities Options Derivatives	Saxo Bank AS	549300TL5406IC1XKD09
Bonds Equities Other Instruments Structured Finance instruments	SEB DK	549300SBPFE9JX7N8J82
Bonds Equities Other Instruments Structured Finance instruments	Sydbank	GP5DT10VX1QRQKVBK64
Bonds Equities Other Instruments Structured Finance instruments	Aktieselskabet Arbejdernes Landsbank	549300D6BJ7XOO03RR69