



# STOCKTRADE

## ORDER EXECUTION POLICY

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### 1. Overview

The purpose of this document is to provide clients of Stocktrade ("Stocktrade" or "we" or "us") with information about our Order Execution Policy and to seek your consent for this policy.

The Order Execution Policy outlines all of the reasonable steps taken by us to ensure that we achieve 'best execution' – that is obtaining the best possible results for you when carrying out transactions on your behalf. This is also sometimes referred to as executing your orders.

### 2. Client Classification

Stocktrade clients will be classified as either Retail or Professional, but regardless of classification we will treat all clients as Retail for the purposes of achieving best execution, or getting the best possible result for you when carrying out trades. We always aim to achieve best execution on a consistent basis as outlined in the Order Execution Policy.

### 3. Specific Client Instructions

If you provide us with a specific instruction to deal for you, it may prevent us from following some or all of the steps outlined in your Order Execution Policy which is designed to obtain the best possible results for you on a consistent basis. When you give us a specific instruction we will take all reasonable steps to get the best results for you, but there is a risk we cannot achieve best execution, in respect of that aspect covered by your specific instruction.

### 4. Execution Factors

When dealing for you we will consider the following:

- (1) Your characteristics, including your regulatory client classification as noted in section 2;
- (2) The characteristics of the financial instrument concerned and of your order; and
- (3) Where such orders can be carried out (i.e. the 'execution venues').

In assessing the most appropriate route to carry out your order we will consider the following criteria:

- (1) Likelihood of execution;
- (2) Client type;
- (3) Costs;
- (4) Order Size;
- (5) Price;
- (6) Settlement;
- (7) Speed of execution; and
- (8) Nature of the order.

When dealing in a financial instrument on your behalf we will exercise our discretion in assessing the criteria that we need to take into account to achieve best execution. The relative importance of these criteria will be judged on an order-by-order basis, in line with our commercial experience and with reference to market conditions. In executing orders for Retail clients, in the absence of any specific instructions, we generally give precedence to the factors that allow us to deliver the best possible result in terms of value (total cost) to the client. For further information on the relative importance of the execution factors please see below.

#### Likelihood of Execution

In some instances, Stocktrade's ability to actually execute the order will be the primary factor to be considered. Where, for example, the instrument is illiquid (i.e. rarely traded) or the size of the order is prohibitive the policy will ensure that our ability to carry out the order takes precedence over other factors. Application of the "total consideration" requirement (please see below for more information) may mean that this factor is given precedence over the immediate apparent price of a financial instrument where this will – in our opinion – deliver a better overall result for the client.

#### Costs

Where explicit charges (such as Exchange Fees or settlement/custody costs) would make the overall consideration of the execution prohibitive (e.g. due to the cost of many small trades on an order book) then this may become the most important factor for us to consider.

In some circumstances, for example where there are overseas brokerage commissions, other costs may become

the most important factor. Stocktrade may consider that the potential for a large order to move the market, or the possibility that a request for an electronic quote may not be accepted, are grounds for considering cost as being of higher importance than other factors.

### Order Size

The best price in a market is usually represented by the opportunity to trade in a particular size (i.e. number of shares, units, contracts etc.) which may not match the size of the client's order. Where the order is bigger than the typical quoted size, then the part of the order executed over and above the threshold may only be available at a less favourable price. There are various strategies for trading large orders and Stocktrade will exercise its discretion where there is no other instruction from the client.

Large or illiquid orders will be executed on a manual basis using the skills of our in-house dealing team. In such cases our dealers will source the best available terms by comparing the prices offered by a variety of market participants with reference to market data. This may require us to execute orders over the course of a day, or a number of days, with the overall order execution being expressed as an average price of all the individual executions.

### Price

For most liquid instruments, market price will be the overriding factor in attaining best execution. Other factors, such as costs, will drive Stocktrade to find the best price available. This will be the case for the vast majority of orders for Retail Clients where the size of the order does not limit Stocktrade's choice of 'execution venue' (i.e. where the transaction will be carried out). Certain instruments, such as collectives (unit trusts & Open-Ended Investment Companies) will have only one price, and one execution venue.

### Settlement

Some instruments, such as shares available in Crest Depository Instrument (CDI) form, can be traded at certain execution venues where settlement costs are significantly lower.

### Speed of Execution

Similarly, the speed of execution may be important for some types of order or client. Speed will be a high priority for a Retail Client executing an order in liquid (i.e. frequently traded) shares in a fast-moving market or for an execution only client.

### Nature of the Order

Stocktrade will take into account any other factor relevant to the order that it believes warrants consideration in terms of how that order should be executed. This could be simply whether it is a buy or sell order, the imposition of price limits, whether it is part of a contingent order, or whether the security is dealt in another market.

## 5. Execution Venues (Competing Markets)

A list of the main execution venues can be found in Appendix 1 on page 6 along with the Counterparties used for execution..

These include Regulated Markets (RM) (London Stock Exchange/ISDX), and the Retail Service Provider (RSP) network. In certain instances, we may use chosen counterparties authorised to handle the order on a Regulated Market or MTF.

We regularly assess the execution venues available and may add or delete venues in accordance with our obligation to provide you with the best possible execution result on a consistent basis. We will notify you of material changes to our Order Execution Policy as outlined in section 10.

We may deem it appropriate or advantageous to execute your order outside a Regulated Market even where the investment ("financial instrument") concerned is trading on a Regulated Market.

For example this may be on an "over the counter" (OTC) basis, directly with a market participant rather than on a centralised exchange.

Stocktrade is required to obtain your consent before executing orders outside an RM. By agreeing to the Order Execution Policy and our terms and conditions, you are giving your express consent to this requirement.

## 6. Execution Methodology

Having assessed the relevant criteria and any specific instructions provided by you, we will select the most appropriate venue(s) from those available and execute your order accordingly.

## 7. General Dealing Arrangements

Trades can be placed online or over the telephone with our Dealing Team.

### UK Equities

In normal market conditions and for orders concerning liquid (i.e. frequently traded) UK equities, Stocktrade will use its automated execution technology to identify the best available terms by polling a variety of execution venues including the RSP network. Large or illiquid orders will be executed on a manual basis using the skills of our in-house dealing team. In such cases our dealers will source the best available terms by comparing the prices offered by a variety of market participants with reference to market data. Execution of UK equity orders may occur on an 'over the counter' basis (i.e. directly with another market participant and not via an exchange).

### International Equities

International Equity orders will normally be executed on the following basis:

- (a) For CREST deliverable securities, Stocktrade will use its automated execution technology to identify the best available terms by polling available execution venues. Larger orders will be executed on a manual basis as per the arrangements for UK equity orders. Execution of international equity orders may occur on an 'over the counter' basis.
- (b) For overseas delivery securities (traded locally in the relevant domestic market), Stocktrade will use its automated execution technology to identify the best available terms by polling available execution venues (including other regulated firms). Large or illiquid orders will be executed on a manual basis using our network of local market participants to source the best available terms. Execution of these international equity orders may also occur on an 'over the counter' basis.

### Collective Investment Schemes / UCITS

Your Order will be routed to the appropriate fund manager within one business day of receipt for execution at the next available Assured Valuation Point (AVP) for that particular fund. Some funds cannot be routed electronically and will be manually placed with the fund manager. All Orders are placed directly with the fund manager.

### Debt Securities

For smaller debt security orders Stocktrade will use its automated execution technology to source the best available terms from a variety of bond market participants. For larger orders and less liquid bond markets, Stocktrade will use its network of Tier 1 and secondary market participants to source the best available terms. UK Government bond orders (gilts) may be executed via our automated execution technology or on a negotiated basis via our network of market participants.

### Exchange Traded Funds (ETFs)

In normal market conditions and for liquid ETF orders, Stocktrade will use its automated execution technology to identify the best available terms by polling available execution venues. Larger or less liquid orders will be executed on a manual basis as per the arrangements for UK equity orders.

### Structured Products

Structured products are executed on an 'over the counter' (OTC) basis with the product provider concerned, rather than on a centralised market exchange. In such cases an execution only client is solely responsible for accepting the terms offered by the product provider and we cannot accept these terms on your behalf.

### Unlisted Securities

Stocktrade does not trade in unlisted securities and in no circumstance will Stocktrade accept transfer in of any unlisted securities.

## 8. Limit Orders

If you give us an investment instruction at a specified price limit and for a specified size (a "limit order"), then it may not always be possible to execute that order under the prevailing market conditions. We would be required to make your order public (i.e. show the order to the market) unless you agree that we need not do so. We believe it is in your best interests if we exercise our discretion as to whether or not we make your order public. By agreeing to the Order Execution Policy you agree to us not making your orders public, unless we consider it is in your best interests for us to do so.

## 9. Order Aggregation

We may combine (or 'aggregate') an order for our clients with orders of other clients. Stocktrade would only aggregate a client order if it was unlikely to work to the overall disadvantage of the client. However, the effect of aggregation may on some occasions work to the client's disadvantage and may on occasions result in our clients obtaining a worse price than if their order was executed separately.

## 10. Monitoring And Review

Stocktrade will actively monitor compliance with its Order Execution Policy. Where we use chosen counterparties as noted in section 5, we take reasonable steps to monitor their performance and obtain the best possible results for you.

Stocktrade will regularly, and at a minimum annually, review its Order Execution Policy and arrangements, and will notify you of any material changes as outlined in our terms and conditions with you.

Where you have not registered for our on-line valuation service and elected to receive electronic communications from us, we will send you an updated hard copy should we make any material change to the policy. All clients can request a hard copy of our Order Execution Policy at any time by contacting Stocktrade.

As this Order Execution Policy is required by our Regulator, we cannot accept any amendments to this policy.

## 11. Regulatory Permissions

Stocktrade will maintain the Financial Conduct Authority regulatory permissions required to permit trading as an agency broker.

## 12. General

Stocktrade operates on the basis that all Retail customers would be legitimately relying on the firm to deliver best execution for all transactions, regardless of how they arise.

By signing or agreeing to the declaration in the account opening form, you (or your authorised intermediary) consent to our Order Execution Policy including those sections that require your prior express consent as noted in section 5.

Please note that if you do not provide your consent to our Order Execution Policy you may be limiting our ability to execute your orders on the most advantageous terms for you. Accordingly, if you do not consent to this Order Execution Policy we will be unable to open an account for you.

Should you require further information or assistance in relation to the Order Execution Policy, or would like Stocktrade to demonstrate how best execution has been achieved on any order executed for you, please contact Stocktrade.

## Appendix One: Main Execution Venues

Investment Type	Counterparty	Primary venues traded
<b>UK Equities</b>	<ul style="list-style-type: none"> <li>• Berenberg</li> <li>• BMO Capital Markets</li> <li>• Canaccord Genuity</li> <li>• Cantor Fitzgerald Europe</li> <li>• Cavendish Securities PLC</li> <li>• FinnCap</li> <li>• Investec Bank</li> <li>• Jane Street Financial Limited</li> <li>• J&amp;E Davy</li> <li>• Jefferies Intl</li> <li>• JPM Securities</li> <li>• Marex</li> <li>• Numis Securities</li> <li>• Optiver VOF</li> <li>• Panmure Liberum</li> <li>• Peel Hunt LLP</li> <li>• Shore Capital</li> <li>• Singer Capital Markets</li> <li>• Stifel Nicolaus Europe</li> <li>• Virtu Ireland</li> <li>• WH Ireland</li> <li>• Winterflood Securities</li> <li>• Zeus Capital</li> </ul>	<ul style="list-style-type: none"> <li>• London Stock Exchange</li> <li>• ICAP Securities &amp; Derivatives Exchange Ltd</li> <li>• USA – NASDAQ, New York Stock Exchange</li> <li>• Canada – Toronto Stock Exchange, Canadian Venture Exchange</li> <li>• Asia Pacific – Hong Kong Stock Exchange, Singapore Stock Exchange</li> <li>• Australia – Australian Stock Exchange</li> <li>• Switzerland – SIX Swiss Exchange</li> <li>• Germany – Frankfurt Xetra</li> <li>• <b>Other overseas Exchanges as required</b></li> </ul>
<b>Exchange Traded Products</b>	<ul style="list-style-type: none"> <li>• Investec Bank</li> <li>• Peel Hunt LLP</li> <li>• Winterflood Securities</li> <li>• Stifel Nicolaus Europe</li> <li>• Susquehanna Intl Securities LLP</li> <li>• Jefferies Intl</li> <li>• Jane Street Financial Limited</li> <li>• Optiver VOF</li> </ul>	
<b>Government and Corporate Bonds</b>	<ul style="list-style-type: none"> <li>• Winterflood Gilts</li> <li>• Peel Hunt LLP</li> <li>• Canaccord Genuity</li> <li>• Bridport &amp; CIE SA</li> <li>• Bloomberg MTF</li> <li>• Ria Capital Markets</li> </ul>	
<b>Structured Products</b>	<ul style="list-style-type: none"> <li>• Primary Issuer – as sole liquidity provider</li> </ul>	
<b>Covered Warrants</b>	<ul style="list-style-type: none"> <li>• Societe Generale</li> </ul>	
<b>Unit Trust &amp; OEICS</b>	<ul style="list-style-type: none"> <li>• Fund Custodian</li> <li>• Fund Provider</li> </ul>	
<b>International Equities</b>	<ul style="list-style-type: none"> <li>• Winterflood Securities</li> <li>• Peel Hunt LLP</li> <li>• Stifel Nicolaus</li> <li>• UOB Kay Hian (UK)</li> </ul>	

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