

## Order Execution Policy (April 2018)

### **PURPOSE AND SCOPE**

The purpose of this policy is to outline and demonstrate how London and Capital Asset Management Ltd (L&C) seeks to provide Best Execution for its clients as required by the Markets in Financial Instrument Directive 2014/65/EU (MiFID II) and the Financial Conduct Authority's Conduct of Business Sourcebook.

### **EXECUTION FACTORS**

L&C is required to take 'sufficient steps' to obtain the best possible results when executing transactions for our clients. Factors that must be considered include price, speed, likelihood of execution and settlement, costs, order size, and any other considerations relevant to the efficient execution of the client's order such as the nature of the relevant market, prevailing market conditions and the attempt to minimise the market impact.

L&C is also required to determine the relative importance of each of the Best Execution factors set out above by taking into account the following general criteria:

- The characteristics of the client;
- The characteristics of the client order;
- The characteristics of the financial instruments that are the subject of that order; and
- The characteristics of the execution venues/broker to which that order can be directed.

At times the precedence of these requirements may vary but L&C will aim to provide Best Execution to all who utilise our services for their order execution needs. L&C will take all sufficient steps available to us to satisfy ourselves that we have the appropriate processes in place to enable us to obtain Best Execution when executing orders. We cannot guarantee that we will always be able to provide Best Execution for every order executed on your behalf.

### **ORDER EXECUTION IN RELATION TO CLIENT CATEGORISATION**

The Best Execution Policy is applied to our clients who have been classified as either Retail or Professional and where we have received an order or made a discretionary management decision to trade in respects of financial instruments: such as shares, bonds, financial instrument, collectives, or which we pass on or transmit at our discretion to another broker or dealer (third party) for execution.

**Retail clients** – When executing an order for a retail client (unless specific instructions from the client are obtained) L&C will consider both price and the costs to the client as the most important factors. The other Best Execution factors may only be given precedence over immediate price and cost if they contribute towards delivering the best possible result in terms of the total consideration to a retail client. This categorisation of client 'legitimately relies' on the firm to execute their transactions and protect their interest under the Best Execution requirements for which L&C will strive to achieve at all times.

**Professional Clients** – When dealing with Professional Clients there is more flexibility to give priority to other Best Execution factors (other than price or cost). In these circumstances L&C will strive to satisfy requirements under Best Execution in relation to the relevant part of the transaction to which the specific instructions apply.

### **CONFLICTS OF INTEREST**

Given the potential materiality of this factors L&C takes all appropriate steps to identify and prevent and/or manage any conflict of interest that may occur. After careful review L&C can confirm that there is no close links, conflicting, or common ownerships maintained that could deter or effect our obligations to provide Best Execution for our clients'.

L&C will never deal on our own accounts and therefore will never quote a price to a client, again removing any conflicts of interest when achieving Best Execution.

## **VENUE/BROKER ARRANGEMENTS**

As a MiFID regulated firm L&C is not permitted to receive "any remuneration, discounts or non-monetary benefits for routing client orders" gained through trading venues or broker "which could infringe the requirements of the conflicts of interest or inducement rules". Such payments create clear conflicts of interest and are unlikely to be compatible with Best Execution requirements.

If any payments, rebates, or non-monetary benefits are received by any execution venue/broker, L&C will ensure that this is remitted back to the applicable client account and under no circumstance will the firm retain any of these benefits for itself.

## **VENUE/BROKER SELECTION**

L&C owe Best Execution when executing orders on your behalf. We also owe Best Execution when we are transmitting orders on your behalf to a third party broker for execution. Currently L&C does not use connected parties for order execution and therefore relies on 3rd party Best Execution and order handling policies to deliver Best Execution to our clients'. L&C has implemented a suitable monitoring scheme to continuously enable us to assess whether the chosen 3rd party brokers/venues are consistently meeting Best Execution obligations. L&C will regularly scrutinise orders executed through either venues or brokers to determine if Best Execution standards are being met. L&C reviews venues/brokers to evaluate performance and ensure their continued ability to obtain Best Execution for our clients.

See 'Top 5 Venues (Retail & Professional)' for a description of the top venues utilised for each asset class as required by firms under Best Execution.

## **BEST EXECUTION FACTORS**

In executing your order we:

- Will trade as Agent and never as Principal
- Will apply a range of criteria when determining the counterparties we deal with including the overall level of service delivered
- Ensure there are no conflicts of interest with other business flows
- Ensure no inducement, remuneration, discounts or non-monetary benefits affect the routing of client orders or our principal objective to achieve the best possible price
- Will where possible aggregated client orders, where L&C believe it is in the client's best interest. We cannot guarantee that aggregation of orders will always provide clients with the best price, and therefore at times may place a client at a disadvantaged than if their order was executed separately.
- Ensure any research (under MiFID II) cost are paid for directly by L&C
- Maintain relationships with an appropriate range of counterparties

L&C believes that substantial efficiency and scalability can be achieved by the selective aggregation of orders (factors such as liquidity and the clients underlying tax position as an example may determine how orders are aggregated). Equities transactions which are part of L&C's overall discretionary strategies and where the aggregation of orders is permissible are usually moved through to the execution desk during specific periods throughout the day.

This approach can also assist in providing price uniformity and prevent proceeding orders from impacting the price of subsequent orders. The bulking of bonds as an example should also benefit the client, due to more favourable pricing.

## USE OF CONSOLIDATED TAPE PROVIDERS

L&C utilises services through several CTP providers either on a continuous or intermittent basis. The firm utilises a Request For Quote (RFQ) system by which several ongoing subscription services for live pricing are facilitated. These quotations are provided by a number of MiFID II compliant stock exchanges (i.e. London Stock Exchange, Euronext) and Multilateral Trading Facilities (MTFs) such as CHIX and BATS. We also employ 3<sup>rd</sup> party TCA (Trade Cost Analysis) service providers. This service allows us to identify potential gaps or slippage in the bid/ask spreads. We currently subscribe to 52 exchanges to ensure that we efficiently and competently trade securities and achieve the desired best prices for our clients'.

## LIST OF EXECUTION VENUES

Below is a non-exhaustive list of execution venues on which L&C places significant reliance in meeting its obligations for Best Execution and obtaining, on a consistent basis, the best possible execution results for our clients. Our counterparties are reviewed regularly and may be subject to change at L&C discretion.

### Equities - Shares & Depositary Receipts (UK and Overseas)

- Convergenx Limited
- BNP Paribas Securities Services
- Jefferies
- BNP\_US
- KCG EUROPE LTD (Electronic Flow)
- KCG EUROPE LTD (High Touch)
- JULIUSBAER
- Deutsche London
- UBS ZUR
- Canaccord Genuity
- Goldman Sachs UK
- Morgan Stanley
- UBS ZURICH
- Internal Reallocation
- BNP
- Exane
- Koch Bank Brokerage
- Royal Bank of Canada (Channel Islands) Ltd
- Jefferies 3
- JULIUSBAER
- Winterflood Securities Equity
- RBCAS
- Jefferies 3

### Debt instruments – Bonds (UK and overseas)

- J P Morgan Securities
- Kotak Mahindra
- Barclays Capital
- Goldman Sachs UK
- Deutsche London
- Citigroup / Salomon Bros. UK
- Morgan Stanley
- Jefferies
- RBC Capital Markets London
- Mitsubishi
- Credit Suiss
- UBS AG
- Internal Reallocation
- Nomura International
- UBS
- JULIUSBAER
- Societe General UK
- UBS London
- Danske
- Credit Suisse First Boston
- Cantor Fitzgerald Europe
- JP MORGAN CAZENOVE
- UBS ZUR
- RBC (CI)
- Goldman Sachs Equities
- Jefferies 3
- Winterflood Securities Equity
- BNP Paribas Securities Services

## Structured finance instruments (UK and overseas)

- Citigroup / Salomon Bros. UK
- Goldman Sachs UK
- Deutsche London
- J P Morgan Securities
- Kotak Mahindra
- RBC Capital Markets London
- Internal Reallocation
- Morgan Stanley
- JULIUSBAER
- Mitsubishi
- Barclays Capital
- Nomura International
- UBS London
- Jefferies
- JP MORGAN CAZENOVE
- UBS
- UBS ZUR
- Credit Suiss
- BNP Paribas Securities Services
- Societe General UK

## Equity Derivatives (UK and overseas)

- RBS Greenwich (Clearing)
- JULIUSBAER
- Securitized Derivatives
- Danske

## Exchange traded products (UK and overseas)

- Convergex Limited
- BNP\_US
- KCG EUROPE LTD (Electronic Flow)
- Jefferies 3

## CONSENT

As an FCA regulated firm we are required to obtain our clients' prior consent to our Best Execution Policy. Clients will be deemed to provide this consent when they instruct us to execute orders on their behalf or, if the client appoints us to provide ongoing discretionary portfolio management services. We are required to obtain clients' prior express consent before we execute any orders admitted to trading on regulated markets, or Multilateral Trading facilities (MTFs).

Our clients' can freely request a hard copy of our Order Execution Policy at any time by contacting their Advisor.