

## SHORE CAPITAL STOCKBROKERS LIMITED

### EXECUTION POLICY

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#### PART ONE: THE QUALITY OF EXECUTION

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When executing orders on our client's behalf in relation to financial instruments, we will take all reasonable steps to achieve what is called "best execution". This means that we will have in place policies and procedures which are designed to obtain the best possible execution result, subject to and taking into account the nature of our client's orders, the priorities our client places upon us in filling those orders and the market in question and which provide, in our view, the best balance across a range of sometimes conflicting factors.

We will take into consideration a range of different factors which include not just price, but also other elements such as the cost of the transaction, the need for timely execution, the liquidity of the market (which may make it difficult to even execute an order), the size of the order and the nature of the financial transaction including whether it is executed on a regulated market or over-the-counter.

We will also take into account our client's dealing profile, the nature of the dealing service our client requires of us and the specific and general instructions given to us by our client which may prioritise how we are to fill our client orders.

In the absence of express instructions from the client, we will exercise our own discretion in determining the factors and their relative importance that we need to take into account for the purpose of providing our client with "best execution".

Our intention to provide our client with "best execution" does not mean that we owe our client any fiduciary responsibilities over and above the specific regulatory obligations placed upon us or as may be otherwise contracted between us.

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#### PART TWO: ORDER EXECUTION POLICY

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We have set out below information on the criteria which determine how we select the different venues on which we may execute a client order and have identified those venues (which may include our client dealings with us on a principal-to-principal basis) on which we will most regularly seek to execute our client orders and which we believe offer the best prospects for affording our client best execution. We will also assess, on a regular basis, the quality of execution afforded by those venues on which we execute our client orders (and that includes the quality of execution offered by us when our clients are dealing directly with us on a principal-to-principal basis) and whether we need to change our execution arrangements.

In selecting the most appropriate venues for the purpose of executing our client orders, we will take into full account the factors relevant to the order, including those set out in Part One above and;

- (a) what we reasonably assess to be our client's best interests in terms of executing that client's orders; and

- (b) such other factors as may be appropriate, including the ability of the venue to manage complex orders, the speed of execution, the creditworthiness of the venue and the quality of any related clearing and settlement facilities.

We also provide additional details in Part 3 regarding:

- the importance that we intend to place on the various factors affecting best execution (such as price, costs, speed, likelihood of execution and settlement, size, nature or any other relevant consideration) and the process by which we determine the importance of these factors; and
- a list of the execution venues on which we rely in meeting our obligation to take all reasonable steps to obtain the best possible result for the execution of our client orders.

While we will take all reasonable steps based on those resources available to us to satisfy ourselves that we have processes in place that can reasonably be expected to lead to the delivery of best execution of our client orders, we cannot guarantee that we will always be able to provide best execution of every order executed on our clients behalf.

Our policy, in providing our client with best execution, is, so far as possible and subject to the processes set out in Part 3, to exercise the same standards and operate the same processes across all the different markets and financial instruments on which we execute our client orders. However, the diversity in those markets and instruments and the kind of orders that our client may place with us mean that different factors will have to be taken into account when we assess the nature of our execution policy in the context of different instruments and different markets. For example, there is no formalised market or settlement infrastructure for over-the-counter transactions. In some markets, price volatility may mean that the timeliness of execution is a priority, whereas, in other markets that have low liquidity, the fact of execution may itself constitute best execution. In other cases, our choice of venue may be limited (even to the fact that there may only be one platform/market upon which we can execute our client orders).

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### **PART THREE: PROCESSES FOR DELIVERING BEST EXECUTION**

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The information detailed in this section sets out the criteria by which we will select the different venues on which to execute client orders. This includes an overview of the process that we have adopted around the selection of those venues and the importance we assign to the different factors affecting execution. It also includes details of the actual venues selected by us on which client orders will be executed, being the venues which we therefore believe will offer the best overall result to our clients.

#### Execution Venue Selection Process

In the absence of specific reasons to the contrary the total consideration which is likely to be achieved for the transaction would dictate the execution venue.

However other factors, including the quality of the venue, may influence this decision where it is believed that execution via an alternative venue is likely to result in a better overall result for the client. Given the number of factors that need to be taken into account it is not possible to provide in advance a definitive statement as to which venue would be chosen to execute a specific order.

In Appendix 1 we have indicated the range of factors that we take into account when determining the venue to be used for any particular order and an indication as to the relevance we would normally attribute to that factor for different types of instruments. For retail clients we have also included a table indicating the importance of relevant factors when executing client orders at or below the average size on the market for that financial instrument.

It should be noted that the execution venues available to us will vary dependent upon the nature of the instrument in question. Therefore, in Table 2 we have indicated the range of instruments traded and the execution venues we have selected to execute client orders.

To maintain our continued commitment of affording our clients with best execution, we will review the execution venues selected on a periodical basis, or on significant change, in order to determine the venues which we believe will return the best overall result. The review of these venues will take into consideration the factors outlined in Appendix 1.

### The Process by which we will Execute Client Orders

Client orders in liquid instruments at or below the standard market size for that type of financial instrument, will be executed on a sequential basis. Client orders and own account orders will be executed by us fairly and in due turn. Where appropriate, we may also aggregate a client order with an own account order, or with an order from another customer, where we believe that by doing so it is likely that the aggregation will work to the overall advantage of each of the customers concerned. When determining the venues on which to execute client orders we will select the venue in accordance with the venue selection criteria outlined in Appendix 1. Where clear instructions have not been received from the client we will exercise our discretion for venue selection.

The precise process for executing client orders will also depend upon a number of factors. If the execution provided is not the best in terms of price, this fact alone would not mean that we have failed to provide best execution.

### Force Majeure and Other events

Clients' orders may not be received, or may not be executed in accordance with the policy, due to situations beyond our reasonable control, including disaster, abnormal market conditions, regulatory requirements, etc. We will not be bound to provide best execution in such circumstances.

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## APPENDIX 1: EXECUTION FACTORS AND THEIR IMPORTANCE FOR VENUE SELECTION

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We take into consideration a number of different factors when selecting the venues on which to execute client orders. Detailed below is a description of these factors, which is further supported for clients with an additional table (Table 1), indicating the importance that we place on these factors when executing client orders that are at or below the average size in the market for that type of financial instrument:

- Price – we will consider whether the venue provides competitive prices for the different sizes of client orders. Information sources such as Reuters and Bloomberg, will be used along with manual requests for quotes by our dealers to determine best price.
- Costs for Execution and Settlement – we will take into account any additional fees/commissions and other costs associated with executing transactions for those venues, including any 3<sup>rd</sup> party brokerage costs and number of fills and associated costs to complete orders. NOTE: For OTCs any commissions are usually embedded in the BID/OFFER spreads and are therefore incorporated in the previous point.
- Liquidity and Size of the Order – we will consider whether the venue provides adequate levels of liquidity for the relevant financial instruments. Insufficient liquidity will reduce the likelihood of execution, particularly for large orders. The venue selected may vary therefore depending on the size of the transaction and the liquidity for the given financial instrument.
- Speed of Execution – to protect clients from adverse price movements in highly volatile markets, we will give consideration to the speed at which the venue can execute transactions.

Further, within SCS we may arrange to “cross” securities between clients of the firm. When dealing on this basis in an exchange traded instrument we will normally execute the transaction on the relevant exchange either directly or via the services of a 3<sup>rd</sup> party broker.

**TABLE 1: - EXECUTION VENUE SELECTION**

Detailed below is the list of factors and the relative importance that we attribute to those factors for the execution of client orders at or below the standard market size for that type of financial instrument.

These factors are rated as (1) highly relevant, (2) moderately relevant, (3) least relevant for each security type.

<b>Factor</b>	<b>Rating</b>
Specific Client Instruction	1
Price	1
Cost of Execution and Settlement	1
Liquidity and Size of the order	2
Speed of Execution	2

**TABLE 2: – LIST OF EXECUTION VENUES**

Detailed below is the list of venues that Shore Capital Stockbrokers use for client orders at the standard market size for that type of financial instrument.

PRODUCT TYPE	UK Equity	Non UK Equity	Unit trusts, mutual funds and other investment vehicles or collective investment schemes in the United Kingdom or elsewhere	Corporate/ Government Bonds	Futures & Options	CFD
VENUE	London Stock Exchange Plusmarkets 3 <sup>rd</sup> party brokers Instinet Investment Technology group (ITG) Retail Service Providers Other "crossing" networks	London Stock Exchange Local (Home) market via 3 <sup>rd</sup> party broker	Relevant Unit Trust or CIS Manager	3 <sup>RD</sup> Party Brokers	Not Traded	OTC via 3 <sup>rd</sup> party broker