

Information on the Identity of Execution Venues and the Quality of Execution

Qualitative Disclosure

Art 27(6) of Directive 2014/65/EU (“MiFID II”) requires Shore Capital Stockbrokers Limited (“SCS”) to summarise and make public on an annual basis for each class of financial instruments, the top five execution venues in terms of trading volumes where client orders were executed in the preceding year and information on the quality of execution obtained. Detailed below is the qualitative information required pursuant to article 3(3) of Commission Delegated Regulation (EU) 2017/576 (“RTS 28”) in relation to trading data for the period 1 January to 31 December, 2017 (the “Reporting Period”).

Reports published under RTS 28 are intended to provide the public with valuable data that will diminish information asymmetries and help investors select the firms they want to work with. However, ESMA recognises that for the first set of RTS 28 reports, there will be some disparity between the information required and the information available to be reported due to the requirements to maintain such information not coming into force until January 2018. Specifically, the following should be borne in mind:

1. During 2017, SCS amended its trading capacity from agency to principal. Trading as principal means that SCS will always be the counterparty with which its clients engage. Almost invariably, trades executed with SCS are brought ‘on exchange’ in accordance with the rules of the relevant venue;
2. The specific MIC code for AIM (AIMX) was introduced in November 2017. Prior to then, all executions were reported under the LSE’s MIC code, XLON; and
3. It has not been possible to map the data which indicates whether executions were passive, aggressive or whether the orders were ‘directed’ by clients.

The RTS28 Reports provide data on the top five execution venues by trading volume, separated by client classification (professional or retail) and by class of instrument (Equities, Debt Instruments and Other Instruments).

Execution and the Importance of Execution Factors

In accordance with our [Order Handling and Execution Policy](#), the importance of the execution factors of price, costs, speed, likelihood of execution and any other considerations relevant to the order are determined by us using our commercial judgement and experience. We take into account all available market information, prevailing market conditions and pay due regard to the below execution criteria:

- i. the characteristics of the client;
- ii. the size and characteristics of the order;
- iii. the financial instruments that are the subject of that order; and

Shore Capital Stockbrokers Limited

- iv. the execution venues to which that order can be directed.

In the majority of cases and subject to there being other more important factors on a case by case basis, price will normally be regarded as the most important of the execution factors. However, where orders received by SCS are above displayed market size (the volume of shares that can be bought/sold at an advertised price by a market maker in the relevant security) there may be differences in the price which is achieved. In relation to cash equities where orders are typically in securities characterised by low levels of liquidity or in cases when executing large orders in such securities, clients may wish to limit market impact and accordingly the price may be affected. In some securities or markets characterised by low levels of liquidity, the fact of execution may itself constitute best execution.

Generally, Shore Capital will execute transactions in equities off-book, on exchange (LSE or NEX) through its market making desk where SCS is a registered market maker in the relevant security and where best execution can be achieved. Using technology provided by Fidessa (our front-end trading platform), SCS also has the ability to access other venues by our various Direct Market Access (“DMA”) providers. The DMA providers in turn also enable use of their proprietary algorithms and, subject to the relevant volume cap mechanisms in place, enable SCS to source liquidity on other venues including lit and dark pools. A list of execution venues is available at www.shorecapmarkets.co.uk/legal-and-regulatory-information

In relation to Fixed Income, SCS executed all orders over-the-counter with market participants. Consequently, all orders in the Reporting Period show SCS as the execution venue for these instruments. Post implementation of MiFID II, and the establishment of Bloomberg Trading Facility Limited’s multilateral trading facility, BMTF, we expect to see this as the execution venue for the report required in 2019 in respect of trades executed in 2018.

Conflicts of Interest

For equities, SCS is a member of the London Stock Exchange (which includes AIM) and NEX Exchange and a user of various DMA providers.

For Retail Bonds, SCS is a market maker on the LSE’s ORB.

For other Fixed Income instruments, SCS is a user of Bloomberg MTF.

We do not have any close links to any of these entities and our execution arrangements follow standardised agreements for members and users of these entities respectively.

Execution Venues and Monitoring

SCS reviews its list of execution venues at least annually to ensure it is able, on a consistent basis, to obtain the best possible result when executing orders of behalf of clients. There were no changes to the list during the Reporting Period.

Client Executions

A large proportion of trading volume is executed by SCS' market making desk with other market members who are not clients as such term is defined in the FCA Rules and which are classified as eligible counterparties. Best execution is not applicable in these circumstances and data in relation to these orders does not form part of the RTS28 reports. Of the trading volume which is not executed as described above, the majority of activity is undertaken in equities for institutional clients which are classified as professional clients. SCS also provides equities services to retail clients.

Almost all of SCS' fixed income clients are considered to be eligible counterparties.

A client's classification does not in any way influence or determine how or where their order is executed. The only exception to this is where the client provides specific instruction as to how or where the order should be executed.

Monitoring

To monitor compliance with our Order Handling and Best Execution Policy we use a third-party provider, LiquidMetrix, to undertake analysis on trading data and to run various reports on the executions achieved. We analyse outliers beyond certain thresholds.

SCS does not subscribe to a consolidated tape provider.