



Capital
Financial
Markets

Best Execution Policy

Contents

Best Execution Policy

Best Execution Policy

We try to do the best we can for our clients. This is a regulatory obligation for all stockbrokers and other financial organisations. One of the basics of our service is to transact our clients' orders quickly, efficiently and with their best interests firmly to the fore. This is embodied in the requirement for firms like ours to establish, communicate and monitor a 'Best Execution Policy' which sets out how the firm will deal with orders so that clients can be confident that their interests will be properly served.

What does it mean?

Basically, it describes the issues we will consider in deciding how and where (in terms of execution venue) different types of orders will be dealt, with the most important consideration being the best outcome for the client.

Various characteristics of the financial instrument concerned, (how, where and how frequently it is traded etc), the size of the order and settlement period required, the possible execution venues available and whether we classify the client as retail or professional, will all be considered. Having done this, we will decide which execution venue we feel is most likely to achieve the best result and place the order accordingly.

In modern markets, with a variety of venues available, it is impossible to guarantee the best possible price on every occasion. Our obligation is to have established and communicated our 'Best Execution Policy' (i.e. this document) reasonably, to execute it properly, and to monitor it regularly.

Best execution for the majority of client orders will primarily be a case of achieving the best price (because most orders will be standard in terms of instrument, settlement period, size and nature etc), although other features of the order will be considered where relevant. For the majority of client orders the choice of execution venue will not involve any extra charges for the client, but, if this is the case, it will be considered. Where an order is received 'at best' (or 'at market') ~ i.e. for immediate execution at the best outcome at that time ~ speed of execution will be the paramount concern. Alternatively, 'limit orders' will only be executed when or if the 'limit' price, as specified by the client, can be achieved.

Selection of Execution Venues

As the world's financial systems have developed, many financial instruments can now be traded at more than one venue. One of our key responsibilities is to ensure that we are able to give our clients access to the most significant of these for their particular situation. Therefore, we have seriously considered a variety of possible execution venues and decided on those outlined below on the basis that they will provide best execution for orders in the majority of cases.

The table below outlines the venues used according to the relevant investment instrument concerned.

Type of Instrument	Venues Considered
UK Equities and Warrants, UK Exchange Traded Funds and Exchange Traded Commodities Overseas Equities, Warrants and Exchange Traded Funds and Commodities UK and Overseas Government and Corporate Bonds	London Stock Exchange through Jarvis Securities and NEX Exchange Over the Counter or 'off-exchange.' London Stock Exchange via Jarvis Securities and Over the Counter
Traded Options	Intercontinental Exchange
Unit Trusts/Open Ended Investment Companies	Individual Unit Trust Managers (via a platform service provider)

How are orders executed?

Although the electronic execution of orders has become much more important in recent years, telephone dealing is still an important option we are able to use. Whilst many of the standard (in terms of size and instrument) orders we execute are dealt electronically, the skills of telephone negotiation can be key for certain instruments, larger orders or deals in unsettled markets. At the present time the availability of electronic dealing alongside voice dealing (in many UK Equities) ensures that best execution is achieved for the majority of client orders extremely quickly and at no additional cost.

Specific instructions

If you provide us with a specific instruction to deal with your orders in a particular manner and not in accordance with our general 'Best Execution Policy', then our obligations to you under this policy will cease and we will be deemed to have complied with our obligations in this respect.

Monitoring and review of best execution effectiveness

At least once a year we will undertake a formal review of this 'Best Execution Policy' to ensure that it is both suitable in terms of achieving best execution for our clients and that it is being implemented correctly. (This will additionally be done during the year in the case of any material change to circumstances.) If any significant change to this policy is made for whatever reason (including material changes to the execution venues we use), we will make this information available directly to our clients or on our website.

We will also monitor our effectiveness in achieving best execution of our orders on a regular basis by comparing a representative sample of the trades we execute against similar orders executed by other firms. We will do this by using data provided by the relevant exchange(s) or market data vendors. For those financial instruments where data of this kind is not available (e.g. Unit Trusts) this assessment will be made, bearing in mind the data available and the specific circumstances of these instruments.

Order types

Orders will be accepted on either 'at best' (also known as 'at market') or 'at limit' basis and this will be confirmed on the Contract Note we issue for every trade. Most client orders are 'at best' ~ i.e.. to be dealt immediately at the best available outcome at the time of the instruction. Clients sometimes leave us with orders on a 'limit' basis (where they specify a price or other condition, which our execution must equal or beat).

In many of these cases it will be possible for us to execute these orders at the 'limit' immediately, but if this is not the case, we will confirm to clients the 'limit' conditions as we understand them and the period during which we will monitor market conditions in order to be able to effect execution as soon as possible.

In most cases the details of the 'limit' order will not be published to the wider market and clients will be asked for express consent to this. Where this is denied we will attempt to make the details known to the market whilst informing clients of any additional costs they will incur as a result.

Contract notes

For execution only and advisory accounts each executed order we will issue a Contract Note detailing all relevant characteristics of the trade, including the venue used and whether the orders were 'at limit' or 'at market' (i.e. 'best'). The Contract Note will normally be dispatched to the client by email on the day of the transaction. For discretionary accounts contract notes are not automatically sent. Although all transactions are included in quarterly summaries.