

Best Execution – Order Execution Policy

Introduction

The purpose of this document is to inform you of our obligations under the Markets in Financial Instruments Directive (MiFID) which requires us to provide our clients with appropriate information on our policy for obtaining best execution in respect of client orders.

What is Best Execution?

We are obliged to take all sufficient steps to obtain the best possible result for clients when executing an order on your behalf, taking into account the factors that can affect execution.

Client Classification

We will categorise you as a Retail Client as defined by the Financial Conduct Authority (FCA) for the purposes of ensuring we achieve best execution or ensuring we take all sufficient steps to achieve best execution on a consistent basis.

Client Specific Instructions

Where you give us specific instructions with regard to the execution of your order, or on elements of your order, we will execute the order in accordance with the instructions given. This may prevent us from following some or all of the steps set out in our Order Execution Policy and we may not achieve best execution. By following your instructions we will have fulfilled our regulatory best execution obligations.

Attaining Best Execution and Execution Factors

Our primary obligation is to ensure that we execute orders on your behalf on terms that are most favourable to you. Factors which will be considered are:

- Price
- Costs
- Speed of execution
- Likelihood of execution and settlement
- Size of order
- The nature of the transaction

We will also consider your regulatory classification, the characteristics of the financial instrument, the execution venue (where such orders can be carried out) and the characteristics of the financial instrument.

The Role of Price

For a retail client the best possible result will nearly always be determined in terms of the "total consideration". This is comprised of the price of the financial instrument and the costs related to execution. Costs include any expenses incurred by you which are directly related to the execution of your order. These can include:

- Execution venue fees
- Clearing and settlement fees
- Any other fees paid to third parties involved in the execution of the order

Therefore, when dealing for you or on your behalf, price and cost of execution will be the priority factors we consider when obtaining the best result in terms of total consideration, and will ordinarily take precedence over the other execution factors listed above. This will apply to the majority of client orders as they will be standard in terms of nature, size, instrument type and settlement period.

However, there may be instances when speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs will be more important in executing a trade than the immediate price and cost consideration. Should any of these take primacy in executing a trade, we will deal accordingly, but always aim to achieve the best consideration outcome given those other constraints.

Order Handling

In normal conditions trades in liquid financial instruments such as **UK equities**, **CREST eligible International equities**, **Exchange Traded Funds (ETFS)**, **Government Stocks (Gilts)**, **Corporate Bonds** and **Investment Trusts** will be routed through an automated polling system which requests quotes from available Retail Service Providers (RSPs) and executes the trade in accordance with the best quote provided for the size and settlement date requested.

Where the automated system is unable to fulfil an order or our traders deem conditions of the order will cause a disadvantageous price e.g. a large or illiquid order, we will either seek to execute the order manually, or we will place the order with a counterparty who may choose to use a Multilateral Trading Facility (MTF), which brings together multiple third party buying and selling interests, or act as principal to the trade.

Trades in **Unit Trusts** and **Open Ended Investment vehicles** (OEICS) will be executed with individual fund managers via an institutional fund platform. These investment types do not have competing quotes so the role of price is less important. However, enhanced dealing terms provided by the platform frequently lead to a better price outcome than if you were to trade with the manager directly.

Transactions in non-CREST International securities for overseas delivery will be placed or executed manually through another LSE member firm.

Execution Venues

The execution venues we use include regulated markets such as the London Stock Exchange (LSE), Multilateral Trading Facilities (MTF) and the automated Retail Service Provider (RSP) network. Where we are unable to fulfil an order using automated systems we may need to contact a regulated market counterparty in order to access alternative markets or liquidity sources but we remain under an obligation to monitor execution performance. Occasionally we may need to undertake a transaction off market if appropriate. By consenting to this policy you agree to us carrying out such business on your behalf when necessary.

Farley & Thompson places significant reliance on one execution venue, the London Stock Exchange, in meeting our best execution obligations. A summary of the key venues we use most frequently is as follows:

| Class of instrument | Venues used | Top LSE venue firms |
|------------------------------|---|------------------------------|
| UK Equities | London Stock Exchange, Acquis Exchange | Winterflood Securities, Peel |
| ETFS | London Stock Exchange, Acquis Exchange | Hunt, Cenkos Securities, |
| Government & Corporate Bonds | London Stock Exchange | Numis Securities and |
| Unit Trusts and OEICS | Aegon Cofunds Institutional fund platform | Canaccord Genuity |

Limit Orders

A limit order is an instruction to deal at a specified price or better for a specified size. It is our policy not to accept limit orders unless they can be immediately executed. We do not accept stop-loss orders under any circumstances.

Monitoring and Reviewing

We will monitor the effectiveness of our order execution arrangements and order execution policy in order to identify any issues and, where appropriate, incorporate any changes to procedures. We will assess on a regular basis whether the execution venues included in the order execution policy provide for the best possible result for clients or whether we need to make any changes to our execution arrangements. The order execution arrangements and policy will be reviewed at least annually or whenever a material change occurs that affects our ability to obtain the best possible results for our clients.

Farley & Thompson utilises Liquid Metrix to provide analysis on execution performance and to benchmark Farley & Thompson orders against a number of execution venues. We consistently monitor best execution which we deem for our purposes to be the achievement of the best possible result in at least 90% of all transactions, and to incur an opportunity cost no greater than 0.25bps of the value traded on average over a calendar month.

We are required to demonstrate, upon request, that we have executed client orders in accordance with this policy. We will therefore make available to you the necessary analysis detailing your execution in order to satisfy both your request and our regulatory obligations.

We will publish annually for each class of financial instrument the top five execution venues in terms of volume where we have executed client orders in the previous year and we will make this information available on our website.

Disclosure and Consent

The Order Execution Policy is available in paper format on request and provided to clients via the Farley & Thompson website. We are required to obtain your express prior consent to this policy and you will be deemed to consent by signing and agreeing to our Terms and Condition of Business.