

# Order execution policy

Under the EU Markets in Financial Instruments Directive (MiFID and MiFID II) and the rules of our regulator, the Financial Conduct Authority which implements the Directive, we are required to put in place an order execution policy and to take all sufficient steps to obtain the best possible result for our customers either when executing customer orders or when receiving and transmitting orders for execution. The purpose of this document is to provide information on our Order Execution Policy. This Policy applies in respect of orders executed on behalf of Canaccord Genuity Wealth Limited's ('CGWL') retail and professional clients. The basis on which those orders are then executed by CGWL is as set out in this Policy. CGWL agrees, when executing orders on behalf of clients, to obtain the best possible result after taking into account the various components of the transaction. This Policy sets out the execution factors and the primary execution venues CGWL will use when executing orders.

**This document should be read in conjunction with our Terms of Business for Retail clients.**

## 1. Obtaining the best possible result

Subject to any specific instructions that may be given by you, when executing orders on your behalf, CGWL will take all sufficient steps to obtain the best possible result for clients using its judgement and experience in light of market information available to it and taking into account the Execution Criteria and Execution Factors listed below. We may either execute orders directly, or use a third party to execute orders on our behalf.

## 2. Execution criteria

When executing an order on behalf of clients, CGWL will take into account the characteristics of:

- (a) the client;
- (b) the order;

- (c) the financial instruments that are the subject of the order; and
- (d) the execution venues to which the order can be directed.

## 3. Execution factors

- 3.1 The following factors will be taken into account when executing an order.
  - (a) Price
  - (b) Size
  - (c) Likelihood of settlement (of executing and settling the trade)
  - (d) Speed and success (of execution)
  - (e) Minimising potential market impact
  - (f) Nature of the order
  - (g) Cost
- 3.2 CGWL will take into consideration all the execution factors to achieve the best possible overall result for the clients. Price and the likelihood of settlement will also have a high importance in the execution process so CGWL is not likely to deal with counterparties or use execution venues where it believes that settlement will not take place. In some circumstances, for some orders, financial instruments or orders, CGWL may determine that the relative importance assigned to the above execution factors will need to change in order to obtain the best possible result for clients. Due consideration will be given to the circumstances of the client, order, financial instrument or market and will be determined on a case by case basis.

## 4. Execution and trade venues

- 4.1 CGWL has a due diligence and approval process for counterparty selection, as well as the ongoing monitoring process to ensure counterparty risks are minimized. The criteria used by the dealing desk when selecting a venue will

depend on the nature of the trade and the characteristics of the venue. When selecting venues, the execution factors mentioned above will be taken into account. However, we may place orders using electronic means where, at the time of placing, we will not be aware of the venue.

The main venues that we place significant reliance upon can be found below but we may use additional venues where we feel it appropriate.

### UK shares (and dual listed shares whose primary listing is in the UK)

We trade with all LSE members to access the relevant liquidity pools. CGWL may also deal with firms that are members of a recognised exchange but will be acting as Systematic Internalisers and such trades will be treated as Over the Counter (OTC) transactions.

### Fixed Income

NCL, King & Shaxson Limited, Guy Butler, Winterflood Securities, RBS, HSBC, Morgan Stanley, Nomura, Goldman Sachs, Lloyds, Barclays, RBC, Citigroup, Deutsche Bank, JP Morgan, UBS, Jefferies, RIA, Canaccord Genuity Ltd.

### Derivatives

Guy Butler, Canaccord Genuity Limited, Societe Generale, Winterflood

### Funds

Clearstream, Allfunds

### Exchange Traded Products (ETFs, ETCs)

Winterflood Securities, Canaccord Genuity Ltd, London Stock Exchange, Peel Hunt, Susquehanna, Flowtraders

## Structured Products

JP Morgan, Societe General, Flowtraders, Credit Suisse, Barclays, Morgan Stanley, Deutsche Bank

## Overseas Securities

Canaccord Genuity Ltd, Winterflood Securities, ING Bank, CLSA

- 4.2 Some of these venues are accessed via a third party broker including affiliate brokers.
- 4.3 This list of venues is not exhaustive. CGWL may, on occasion, use other venues if we believe that it is in the best interests, as far as the overall result is concerned, of clients to do so. A list of our top five venues will be published on an annual basis on our website, the first publication taking place in April 2018.
- 4.4 Some bond products may be executed OTC (Over the Counter). This may be due to the lack of liquidity or the absence of a regular market quote or data. These trades can be difficult to price due to the lack of liquidity or the frequency they are traded. They will be traded, firm to firm, rather than on a trading venue. We will always endeavour to execute orders in the all client's best interests. Where CGWL undertakes OTC transactions we will check the fairness of the price proposed by reviewing market data available.
- 4.5 In some instances, we may execute off exchange transactions in securities which are normally traded on a market which is either a regulated market, such as the London Stock Exchange or another market, called a 'multilateral trading facility', such as the Alternative Investment Market ('AIM') or an 'organised trading facility'. Where we do this, the trade will not be subject to the rules of any formal exchange, this reduces the level of investor protection provided by those exchanges. Off exchange transactions are either done where we believe that the overall outcome is better for the client or where dealing on a formal exchange is not possible. We may use other venues if we believe that it is in the best interests, as far as the overall result for all clients, to do so.
- 4.6 **Please note, should you give CGWL specific instructions as to the execution of an order to undertake on your behalf, CGWL will execute the order strictly in accordance with those specific instructions. This may prevent CGWL from taking the steps set out in this Policy to obtain the best possible result for the execution of that order. Where your specific instructions relate only to part of an order, CGWL will continue to apply this Policy to that part of the order not covered by those specific instructions.**

## 5. Reception and transmission of orders

Subject to any specific instructions that may be given by you (see above), we may transmit an order that we receive from you to another entity within the Canaccord Genuity group of companies (of which we are a member) or to an external entity, such as a third party broker, for execution. In doing so, we must act in your best interests and consider the Execution Factors and Execution Criteria above.

## 6. Fees and Commissions

CGWL may charge a commission or fee to the client for the provision of its services. When charging the commission or fee, CGWL must apply the principle that all fees charged should be fair, reasonable and justifiable. What will be considered fair, reasonable and justifiable will differ from order to order, depending on the type of client, the order and the financial instrument involved. Guidance shows that a fair, reasonable and justifiable fee would be one that reflects the actual differences in cost incurred by the firm from one executing venue to another.

Where there is more than one competing venue on which to execute an order, CGWL's commissions and the fees for executing that order must be taken into account when assessing and comparing the results that would be achieved for a client by executing the order on each of those execution venues. However, CGWL shall not structure or charge their commissions in such a way as to discriminate unfairly between execution venues.

## 7. Aggregation of client orders

We may aggregate your orders with other client orders where we feel it is necessary to do so in order to obtain the fairest overall result for all clients involved, for example in the case of placings and IPOs, or where we are executing client orders in bulk. We have an allocation policy in place to ensure that fair treatment is given to all client orders in such instances.

Order which have been aggregated are usually executed pro-rata but may vary if in the interest of the individual orders. The overriding principle is that fair allocation is given to all orders received.

## 8. Market hours

We will only accept client orders during our official working hours of 7.30 to 17.00 on UK trading days. Market hours may of course differ from these, depending on the asset being traded.

## 9. Limit orders

- 9.1 The rules of the Financial Conduct Authority (our regulator) require that unexecuted client 'limit orders' on a Regulated Market are made public immediately unless the client expressly instructs otherwise.
- 9.2 **By consenting to this Policy you are expressly instructing CGWL not to make such limit orders public unless CGWL believes that by doing so, it will be to your advantage.**

## 10. Monitoring

CGWL will monitor the effectiveness of and its compliance with this Policy.

## 11. Review

- 11.1 CGWL will review at least annually its order execution arrangements and this Policy, and whenever a material change occurs that affects its ability to continue to obtain the best possible result for clients it will adjust them accordingly.
- 11.2 CGWL will notify you of any material changes to these execution arrangements or this order Policy. Such notifications may be by means of our website.

## 12. Annual Publications

On an annual basis, a list of our top five venues, for each instrument type, will be published on our website.

## 13. Consent

**By consenting to this Policy, you are giving CGWL your express consent to execute your orders outside a Regulated Market or Multi-lateral Trading Facility such as Systematic Internalisers or Organised trading Facilities where CGWL believes that doing so will achieve the best overall result for a client. You will be deemed to consent to this policy when you give CGWL an order to execute a transaction.**

## 14. GLOSSARY

### Execution Venue

A regulated market, an MTF, an OTF, a systematic internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the function performed by any of the above.

### Financial Instrument

- (a) transferable securities;
- (b) money-market instruments;
- (c) units in collective investment undertakings;

- (d) options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically in cash;
- (e) options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
- (f) options, futures, swaps and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
- (g) options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in (f) above and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
- (h) derivative instruments for the transfer of credit risk;
- (i) financial contracts for differences;
- (j) options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this section which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF or a MTF;
- (k) emission allowances consisting of any units recognized for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).

## MiFID II

Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast) and any implementing directives and local regulations.

## Multilateral Trading Facility (MTF)

A multilateral system operated by an investment firm or market operator, which brings together multiple third-party buying and selling interests in financial instruments in the system, in accordance with non-discretionary rules, in a way that results in a contract in accordance with the provisions of Title II of the MiFID II.

## Organized Trading Facility (OTF)

A multilateral system, which is not a regulated market or MTF and in which multiple third party buying and selling interests in bonds, structured finance product, emissions allowances or derivatives are able to interact in the system in a way which results in a contract in accordance with Title II of MiFID II.

## Trading Venue

Facilities, in which multiple third party buying and selling interests interact in the system. Trading venues functionality embraces a regulated market, an MTF or an OTF.

## Systematic Internaliser

An investment firms which, on an organised, frequent, systematic and substantial basis, deal on own account by executing client orders outside a regulated market, MTF or OTF without operating a multilateral system.

## Regulated Market

A multilateral system operated and/or managed by a market operator which brings together or facilitates the bringing together of multiple third-party buying and selling interests in Financial Instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the Financial Instruments admitted to trading under its rules and/or systems, and which is authorized and functions regularly and in accordance with the provisions of Title III of MiFID II.

## Venue

A Trading Venue or Execution Venue.