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Order Execution Policy

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Best execution Background

MiFID II requires firms to “take all **sufficient** steps to obtain, when executing orders, the best possible result for their clients taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order”. This is a change from “reasonable” to “sufficient” and is viewed as a raising of the bar.

Additionally, firms will be required annually to summarise and publish their top five execution venues by trading volume for each class of financial instrument, as well as information on the quality of execution obtained.

MiFID required firms to set out their execution policies in a publicly available policy. MiFID II requires that policy to be clearer and more precise.

STOCKDALE SECURITIES LIMITED

Order Execution Policy

1. Purpose

The Financial Conduct Authority (FCA) Handbook requires regulated firms such as Stockdale Securities Ltd (the Firm) to take all sufficient steps to obtain the best possible result (the best execution obligation) when executing client Orders or receiving and transmitting orders to another person for execution. The FCA Handbook requires firms to have an Order Execution Policy (the Policy) setting out how they intend to meet their requirements in relation to client orders and for firms to provide their clients with information on that policy. This fits well with the Firm’s values of treating its customers fairly and providing valuable market liquidity.

2. Scope

The Policy applies to clients of the Firm (as defined by the FCA Handbook) dealing in financial instruments where the Firm either executes orders on your behalf or receives and transmits orders to another party for execution. We will be executing an order on your behalf where you legitimately rely on us to protect your interest in relation to the order (e.g. the order is executed on an agency basis or on a riskless principal basis or where we work the order.)

3. Execution of Orders: Obtaining the best possible result

When we execute an order on your behalf we will take, subject to any specific instructions given by you, all sufficient steps to obtain the best possible result for you in accordance with the Policy. We will take into account the execution factors listed below:

- (i) Price
- (ii) Costs
- (iii) Speed of execution
- (iv) Likelihood of execution
- (v) Likelihood of settlement
- (vi) Size of the order
- (vii) Nature of the order
- (viii) Any other consideration relevant to the execution of the order.

The relevant importance of the execution factors in relation to any particular order will depend upon our commercial judgment, experience, market conditions and the execution factors set out above. We recognise that, in most instances, total consideration (taking into account price and costs) will be the most important factor. Speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result for our clients.

We will also take into account the following criteria in determining the relevant importance of the execution factors in executing your order:

- (i) The characteristics of the client
- (ii) The characteristics of the client order
- (iii) The characteristics of the financial instruments that are subject to the order; and
- (iv) The characteristics of the execution venues to which that order can be directed.

4. Execution of Orders: Execution Venues

The selection of venue and type of execution strategy deployed is a vitally important component in securing best execution for clients on a consistent basis. Our policy is to track a wide variety of trading venues and entities for equity trades and to select one of these venues or entities which we have evaluated to be the most appropriate, determined on a trade-by-trade basis.

Prior to a trade being executed our traders will evaluate the available execution venues and select the best venue for the client given consideration of the factors listed in section 3. Our traders will also perform a similar evaluation when selecting which algorithm to utilise.

Please note that we may execute your orders, subject to any specific instructions given by you and accepted by us in respect of the order, in the following ways:

- (i) Where we are a member of a Regulated Market or a Multilateral Trading Facility (MTF), by executing the order on that market or MTF – this will be the London Stock Exchange
- (ii) Executing the order with a Market Maker;
- (iii) Dealing with a Systematic Internaliser;
- (iv) Matching it against another client order;
- (v) Stockdale Securities Limited taking a principal position;
- (vi) Via Direct Market Access to a Regulated Market or MTF;
- (vii) Where we are not a member of the Regulated Market or MTF by passing the order to a third party participant (other than a DMA provider in (vi) above) with whom we may have made an agreement for handling orders on that Regulated Market or MTF.

Where you have provided your consent to do so, we may execute your Orders outside a Regulated Market or MTF. This may occur where we execute your orders in accordance with sub-paragraphs (ii), (iii), (iv) and (v) above.

The execution venues included in the Policy are those that should enable us to obtain on a consistent basis the best possible result in relation to the execution of your orders. We may therefore execute orders on an execution venue that is not a Regulated Market or MTF. Where we deal as principal with you, we will not owe an obligation of best execution, but we will take into account the price available at other execution venues when determining our prices, and where this occurs we will, unless otherwise agreed between us, execute your order in accordance with the rules of a Regulated Market or MTF. We may from time to time and at our absolute discretion execute orders on execution venues other than those included in this policy when we believe that this would produce the best possible result for you. Where we execute orders outside of traditional execution venues, we will consider the counterparty risk involved and will discuss with you upon request the implications of this means of execution.

We may also transmit your order for execution by a third party such as a broker or dealer. In these circumstances the Firm is not an order executer, but an order passer. We will accordingly satisfy ourselves that the executing broker or dealer has in place arrangements, so that we fulfil our best execution obligations to you.

5. Specific instructions

Where you give us specific instructions relating to the execution of an order, which are accepted by us, we will follow your instructions. However, this may prevent us from executing the order in whole or in part in accordance with the Policy and you may not therefore obtain the best possible result in relation to the order.

6. Monitoring and Review

Our Policy is formally reviewed on an annual basis. The purpose of the review is to determine the effectiveness of the Policy in ensuring best execution is consistently achieved for our clients. Our review will be centred around an evaluation of our current list of execution venues and of any modifications required to this policy, including an assessment of the relative importance of the best execution factors cited in section 3.

Our evaluation of our current list of execution venues will be centred around systematic testing, sample analysis and transaction cost analysis. Our review amongst other things will seek to identify any trends or outliers against relevant benchmarks whilst taking into consideration the following factors:

- Execution costs
- level of liquidity available on a consistent basis – market share
- Execution quality
- cost, speed and reliability of connectivity
- means and costs of clearing and settlement
- Any other factors we deem relevant at the time of the review to a fair and reasonable evaluation of an execution venue

Please note that our Policy will also be reviewed in the event of a material change to our dealing arrangements or a material change in our underlying regulatory obligations.

7. Notification to clients of changes to Policy and execution arrangements

We will notify you of any material changes to our order execution arrangements or Policy either electronically (by posting a notice onto the Firm's website and/or by email) or in paper form. The most up to date version of this document will be posted on our website, which will include details of any material changes to the policy or order execution arrangements.

8. Consent

The FCA Handbook requires us to obtain consent to this policy from certain types of client. **Please note that your consent will have been deemed to have been given when you place an order with us.**

We are required to obtain your express prior consent prior to executing an order for you outside a Regulated Market or MTF where the financial instrument being the subject of the order has been admitted to trading on a Regulated Market or MTF. If you have not already provided us with consent, you will be receiving a separate letter shortly requesting your consent. If we do not receive your consent thereafter we may be unable to continue to accept your orders or the business that we may be able to conduct on your behalf may be restricted.

9. Disclosures and Reports

MiFID II and associated regulatory technical standards mandates investment firms to publish information on the execution venues they use and information on the quality of execution obtained. We will publish an annual report detailing the top five execution venues relied on by us and a summary of the detailed monitoring on the quality of the execution achieved. The report will be made available at www.stockdalesecurities.com

10. Definitions

The following terms are defined as set out below:

Financial instrument - means those instruments defined as such in MiFID II;

Professional client - means as defined in the FCA Handbook);

Multilateral Trading Facility (MTF) - means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third party buying and selling interests in financial instruments – in the system and in accordance with non- discretionary rules – in a way that results in a contract in accordance with the provisions of the Markets in Financial Instruments Directive;

Regulated Market - means 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 nondiscretionary 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 the Market in Financial Instruments Directive);

Retail client - means a client who is not a professional client;

Systematic internaliser - means an investment firm which, on an organised, frequent and systematic basis, deals on own account by executing client orders outside a regulated market or an MTF.

11. Appendix 1 (Execution Venues)

List of Execution Venues from 3rd January 2018, other markets and third party Brokers. However, to obtain best the best outcome for Clients, we will execute Orders on other venues where appropriate.

- Deutsche Borse Xetra
- Euronext Paris
- London Stock Exchange
 - Bats Dark
 - Chi-X Dark
 - Turquoise Plato Dark
 - UBS Dark & SI
 - Liquidnet Dark
 - Turquoise Midpoint & BDS
 - BATS LIS
 - AQUIS Lit
 - Bats Lit
 - Chi-X Lit
 - Turquoise Lit
 - BATS periodic
 - JP Morgan SI
 - ITG POSIT + Alert
 - Chi-Delta
 - Instinet BlockMatch
 - Goldman Sachs SigmaX MTF
 - Credit Suisse CrossFinder & SI
 - DB SuperX
 - Morgan Stanley Pool & SI
 - JPMX
 - SEB X (upon request)
 - CitiMatch
 - XETRA Midpoint
 - Barclays Capital & SI
 - BAML BCN & SI
 - Citadel
 - Deutsche Bank SuperX & SI
 - Equiduct
 - Euronext Smartpool
 - Kepler Cheuvreux Dark
 - Nasdaq Nordic Dark
 - NYSE Arca Europe
 - Soc Gen Dark & SI
 - Sun Trading SI
 - Tower Research Capital Europe
 - Winterflood Win-X
 - Virtu KnightMatch & Acknowledge, Equities SI
 - Optional external ELP SI's (at client request)

