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**Winterflood Business Services**  
**Best Execution Summary**

June 2017

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## Why is this document important?

This document gives you information about Winterflood Business Services (WBS) arrangements for executing your **Instructions**. It is designed to help you understand the trading process we follow. It covers **Instructions** to buy and sell **Equities, Bonds, ETPs, Investment Trusts** and **Managed Funds** in the UK and overseas. Terms in **dark grey** are defined in the glossary at the end of this document.

## What is Best Execution?

Best Execution is a regulatory requirement for WBS to take all reasonable steps to ensure you receive the best possible result, taking into account certain factors we use when executing your **Instructions**.

## How do we achieve Best Execution?

When you send us an **Instruction** to place a **Trade** we will take a number of steps depending upon the type of **Instruction** you have placed.

**Equity, Bond, ETP and Investment Trust Instructions Traded in the UK** When you place an **Instruction to Trade** in an **Equity, Bond, ETP or Investment Trust** in the UK, we will use our technology to assess the prices provided by a number of **Retail Service Providers** and **Market Makers** that we have selected. We will then execute your Trade electronically with the **Provider** which offers WBS the most competitive price, with consideration to the other factors we have laid out below.

**Equity, Bond and ETP Instructions Traded Internationally** When you place an **Instruction to Trade** in an **Equity, Bond or ETP** Internationally, we will execute your **Trade** with our internal **Market Making** business or a third party broker where appropriate. Your **Trade** will typically be executed electronically by our automated technology. When we execute with our internal market making business, as part of the same firm, we have negotiated competitive pricing to ensure your **Trade** is executed at the same price or better than the standard price available to the market.

**Managed Fund Instructions** Any **Managed Fund Trades** will be routed by us to the relevant **Fund Manager** for **Execution** at the next dealing point. Your **Trades** may be aggregated with other **Trades** (as further described below) and placed with the **Fund Manager** as a single **Instruction** by WBS where appropriate.

**Specific Instructions** Where you give us a specific instruction, we will be obliged to follow that instruction and thus may not be able to follow our usual process to achieve Best Execution. However, if the specific instruction only relates to part of the **Trade**, we will continue to follow our usual process for the other parts of the **Trade**.

## What are the key factors we consider when executing a Trade?

We have put a number of arrangements in place to ensure that we can meet our obligations to you when we are executing your **Instruction**.

**Factors we consider** – When we are determining the approach to achieve Best Execution we will consider the following factors. These are listed in the order of priority for a typical trade.

- Price and cost
- Likelihood of execution
- Likelihood of settlement
- Size and nature of Instruction
- Speed of execution
- Market impact
- Other relevant considerations

When executing a trade we consider these factors not only in isolation, but also the trade-off and interplay between them.

**Execution Venues** – We execute your **Trades** on a number of **Execution Venues** as listed in appendix 1. Each **Execution Venue** has different rules which may provide some protection to you. For some **Instructions** it is either not possible for us to **Execute a Trade** under the rules of a **Regulated Market** or **MTF**, or the terms offered on such venues would not reflect the best result for you. In such circumstances we will execute **Off Exchange** and we will seek your consent to **Execute** your **Instructions** this way.

## How long will it take to execute my Instruction?

**Speed of Execution** - Our **Execution** process is designed to ensure your **Instruction** is executed as quickly as possible using our automated technology. This typically occurs within a few seconds. In some instances WBS may not be able to **Execute** your **Trade** through our automated technology. This may be due to a number of issues such as the size of the **Trade** or the frequency that the **Security** is **Traded**. In these scenarios WBS will contact **Market Makers** to **Execute** your **Trade** manually

**Trade sequence** - Our technology is monitored to ensure it can accept and execute a large number of **Trades**. These are executed in the order in which they are received.

**Trade aggregation** – We will typically execute your **Instruction** separately from any other **Instructions** received from clients (with the exception of **Managed Fund Instructions**, as noted above). However, there may be times where we aggregate your **Instruction** with **Instructions** of other clients or our own order (including in relation to Fractional Instructions). This will only be where we have determined this action is appropriate and we reasonably believe that it is unlikely that such aggregation will work to the overall disadvantage of any client whose order is being aggregated. On some occasions this may result in a higher or lower price being obtained in relation to a particular order which may be an advantage or disadvantage to you. If such an **Instruction** is not filled entirely, we will usually allocate on a pro-rata basis with client orders taking priority over any orders for WBS.

## **What types of Instructions can we accept?**

**Request for Quote** – Where you wish to view the price offered by the **RSP's** before determining whether you wish to place an **Instruction**. We will typically hold the price open for a set period of time to allow you to make a decision.

**At Best** – Where you wish to place an **Instruction to Trade** immediately at the best available price without viewing the price in advance.

**Limit** – Where you wish to place an **Instruction** to buy or sell at (or better than) a specified price. We will hold your **Instruction** open until the **Trade** can be executed at (or better than) the specified price. If we have not been able to execute your **Instruction** by its expiration date, it will not be carried forward to the next day. If you give a limit order Instruction to WBS which is not executed immediately, we must either make the **Instruction** public or receive your consent not to publish the limit. If we make the decision not to publish your Instructions we will seek your consent.

## **How often do we review the process?**

**Review of our Best Execution Policy** – To ensure our process continues to provide a high level of service to our clients we review it every year. In addition, we would carry out a review if there were any material changes to our **Execution** arrangements. Any changes will be added to this document with material changes being notified directly to you.

**Monitoring** - We monitor the quality of our **Execution** to ensure it remains competitive and follows our process. Our reviews are carried out using technology that can provide assessments of our **Execution**. If you would like to receive an explanation of how your trade was executed in accordance with this process we can provide this to you, in writing, on request.

**Selection of RSPs and Market Makers** – We have selected a number of **RSPs** and **Market Makers** to execute **Trades** on behalf of our clients. We monitor their performance on a regular basis to ensure they are providing us with competitive prices and the high level of service we expect.

## Glossary

**Bond** – A debt instrument where an investor loans money to a company for a fixed period of time.

**Equity** – A share in a company.

**Exchange Traded Product (ETP)** – A derivatively-priced product, where the value is derived from another investment such as a commodity, currency, share price or interest rate.

**Execution** – Placing your trade with a **Market Maker**, **RSP** or Fund Manager.

**Execution Venue** – A **Regulated Market**, **Market Maker** or **MTF**.

**Fractional Instruction** – An order to buy or sell a desired fractional amount or a cash value with a corresponding fractional share quantity. Note this service is only available where your Representative has enabled to the Fractional Dealing Service on your behalf.

**Fund Manager** – A firm which manages mutual funds and unit trusts.

**Gilt** – A debt instrument where an investor loans money to the government for a fixed period of time.

**Instruction** – An instruction from you to WBS to execute a **Trade**.

**Investment Trust** – A closed-ended company who invest shareholders' funds.

**Managed Fund** – An investment which is made up of a pool of funds from many investors for the purpose of investing.

**Market Maker** – Firms who are members of the London Stock Exchange and buy/sell **Equities** and **Bonds** at agreed prices.

**MTF** – A Multilateral Trading Facility is a trading venue operated by an investment firm which bring together buyers and sellers of financial instruments.

**Off Exchange** – A **Trade** conducted directly between two parties which is not subject to the rules of a **Regulated Market** or **MTF**.

**Provider** – A **Market Maker** or **RSP**.

**Regulated Market** – A trading venue operated by a recognised market operator (e.g. the London Stock Exchange) which bring together buyers and sellers of financial instruments.

**Retail Service Provider (RSP)** – **Market Makers** who receive Instructions to trade electronically in UK securities.

**Settlement** – The purchase/sale of financial instruments **Equities** and **Bonds** following a trade, i.e. when money is transferred to pay for the purchase and the instrument is delivered. This typically takes place 2-4 days after the trade.

**Trade** – An agreement to purchase/sell at an agreed price.

## Appendix 1 - Execution Venues

The following is a list of execution venues that we are able to access either directly or indirectly (via a 3<sup>rd</sup> party) for the purpose of trading, price reference or trade reporting. We reserve the right to alter these venues from time to time.

	Execution Venue (Trade Reporting)		Price Reference Venue / 3 <sup>rd</sup> Party Broker
	Equities, ETF	Bonds /Gilts	
<b>European Main Exchanges</b>			
LSE incl. UK Intl Order Book	√	√	√
NEX	√		√
Euronext			√
Deutsche Bourse			√
Irish Stock Exchange			√
Nasdaq OMX Nordic			√
<b>European MTFs</b>			
BATS Europe	√		√
CHI-X			√
Turquoise			√
<b>European Secondary Exchanges</b>			
Austria			√
German Regional Exchanges			√
Italy			√
Spain			√
Norway (incl. Norwegian OTC)			√
Switzerland			√
<b>North America United States of America</b>			
AMEX			√
Nasdaq			√
NYSE			√
<b>Canada</b>			
Toronto			√
Vancouver			√
Venture Exchange			√