

# Order Handling and Execution Policy



# Order Handling and Execution Policy

(Cash Equities and Fixed Income)

## THIS POLICY

This Order Handling and Execution Policy makes reference to Shore Capital's List of Execution Venues. This list is available at [www.shorecapmarkets.co.uk/regulatory-information/](http://www.shorecapmarkets.co.uk/regulatory-information/)

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### 1 INTRODUCTION

This policy is drafted in accordance with the UK version of the EU Markets in Financial Instrument Directive (Directive 2014/65/EU) (which is part of UK law by virtue of the Europe Union (Withdrawal) Act 2018) and the UK Financial Conduct Authority (FCA) Conduct of Business Source Book (COBS).

Shore Capital Stockbrokers Limited ("Shore Capital") have in place an execution policy covering the financial instruments in which it provides services and to take all sufficient steps to obtain the best possible result ("best execution") on behalf of its clients when executing client orders or receiving and transmitting orders for execution in relation to such services. Best execution means the taking into account of factors including price, costs, speed, likelihood of execution and settlement, size, nature and any other consideration relevant to the execution of the order. In respect of each financial instrument traded, Shore Capital is required to provide information on the different venues where it might seek to execute client orders in those financial instruments and the factors affecting the choice of the execution venue which enables Shore Capital, on a consistent basis, to obtain the best possible result for the execution of client orders. Accordingly, this Order Handling and Execution Policy (the "Policy") sets out the information required.

### 2 SCOPE

Shore Capital is required to execute orders from clients in a prompt, fair and expeditious manner, relative to other orders or the trading interests of Shore Capital and to comply with certain requirements in respect of the aggregation and allocation of orders from clients. The financial instruments to which this policy applies are 'transferable securities' (e.g. cash equities) and 'money market instruments' (e.g. treasury bills and commercial papers ("fixed income") which are admitted to trading on a trading venue).

This Policy applies only to the provision of services by Shore Capital to clients in relation to Financial Instruments. It also only applies where Shore Capital:

- receives and transmits client orders; and/or
- executes orders on a client's behalf.

in relation to Financial Instruments.

An order is an instruction to buy or sell a Financial Instrument which is accepted by Shore Capital for execution or onward transmission to a third party which gives rise to contractual or agency obligations to the client.

Shore Capital executes orders on a client's behalf where the client legitimately relies on Shore Capital to protect their interests in re-

lation to the pricing or other aspects of the transaction that may be affected by how the order is executed.

This will likely be the case when Shore Capital:

- executes an order by dealing as riskless principal on behalf of a client;
- executes a "limit order";
- "works" an order on a client's behalf; or
- executes an order by dealing as agent.

Shore Capital deals with eligible counterparties, (per se and elective) professional clients and retail clients as such terms are defined in the FCA Handbook.

The best execution obligation does not apply in respect of eligible counterparties. Accordingly, this policy does not apply to business conducted with any firm which Shore Capital has classified as an eligible counterparty in respect of eligible counterparty business. In particular, other members of an exchange are normally classified by Shore Capital as eligible counterparties and this policy does not apply to business carried on with them.

When dealing with professional clients, Shore Capital will owe best execution obligations where the client is legitimately relying on Shore Capital to execute the transaction. Shore Capital will apply the following considerations in order to help determine if clients do generally place legitimate reliance on Shore Capital:

- which party has initiated the transaction i.e. where you initiate the transaction it is less likely that you are placing legitimate reliance on us;
- whether there is a market convention to "shop around" i.e. where market practice for a particular asset class or product suggests that you will have access to various providers who may provide quotes and you have the ability to shop around, it is less likely that you will be placing legitimate reliance on us;
- the relative levels of transparency within a market i.e. where pricing information is transparent, and it is reasonable to consider that you will have access to such information, it is less likely that you will be placing legitimate reliance on us; and
- the information provided by Shore Capital and any agreement reached i.e. Where any agreements or arrangements with you (Including the provisions within this Policy) do not indicate or suggest that an understanding has been reached that you will place any legitimate reliance on us or we have agreed to provide you with best execution.

For quote driven activity conducted with professional clients, the assumption is that there is no legitimate reliance in such circumstances.

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With regard to fixed income securities, we will execute transactions for clients on a multilateral trading facility, where they are also a member of that trading venue, or on a bi-lateral basis by Shore Capital acting as principal with both parties to the transaction executing subject to each parties' acceptance of the negotiated terms, including price (allowing for a spread) and quantity.

It is assumed that, unless otherwise proven, a retail client legitimately relies on Shore Capital to protect its interest and therefore best execution will apply.

Where Shore Capital executes an order on behalf of a retail client, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs relating to execution, which shall include all expenses incurred by our client which are directly relating to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. Where Shore Capital follows a specific instruction, we will be regarded as fulfilling our best execution requirement. Note that our commitment to provide you with best execution does not mean that we owe you any fiduciary responsibilities over and above the specific regulatory obligations placed upon us or as may be otherwise contracted between us.

### 3 DELIVERING BEST EXECUTION

Shore Capital will be trading in a (riskless) principal capacity unless and to the extent we have agreed otherwise. The obligation for Shore Capital to provide best execution to our clients is applicable when we are acting in a principal capacity, and you are placing a legitimate reliance on us to protect your interest in relation to the execution of a transaction as described above.

Subject to client specific instructions, when executing client orders on your behalf, Shore Capital will take all sufficient steps to obtain the best possible result for our clients taking into account the Execution Factors. We will determine the relative importance of the Execution Factors by using our commercial judgment and experience in light of market information available and taking into account the Execution Criteria below.

It should be noted that many of Shore Capital's clients are large financial institutions with dedicated dealers or smaller fund managers who play the same role. Execution Factors are therefore discussed with experienced professionals and, in many cases, Shore Capital and the client will agree a strategy. In addition, many orders are of a size and nature which requires them to be worked by finding clients who are willing to deal in the opposite direction from the original order in addition to seeking liquidity across a number of lit and dark venues. Orders placed with Shore Capital can be either manual or electronic. Manual or voice execution orders are client instructions to trade that

typically originate from phone calls, or other electronic communications such as email or Bloomberg instant messaging. Please note that we cannot accept orders to trade via text message or using social messaging applications including but not limited to WhatsApp, Snapchat and Facebook Messenger. Orders provided to Shore Capital via phone are recorded, in line with the FCA COBS 11.8 rules. You acknowledge that your calls with us will be recorded and you consent to this when you place orders with us in this way. Electronic orders are transmissions of client instructions to trade via the messaging protocol FIX.

#### Execution Factors

The execution factors that will be taken into account include price, size, speed, costs, likelihood of execution, settlement and any other consideration relevant to the order.

Price will normally be regarded as the most important of the execution factors. Where orders received by Shore Capital are above displayed market size there may be differences in price depending on the order. Speed and likelihood of execution will affect price, in particular where a client wants a prompt execution.

In relation to cash equities where orders are typically in securities characterised by low levels of liquidity or in cases when executing large orders in such securities, the client may wish to limit market impact and this will have an effect on the price. In some securities or markets characterised by low levels of liquidity, the fact of execution may itself constitute best execution.

Generally, Shore Capital will execute transactions in securities through Shore Capital's market making desk where Shore Capital is a registered market maker in the relevant security and where best execution can be achieved. When a security is within the displayed market size and where there are other registered market makers, a comparison of the prices available from such market makers is made to ensure best execution is achieved.

Shore Capital deals mainly in shares which are listed or quoted in London, with settlement almost invariably carried out on a delivery versus payment ("DVP") through CREST. Where transactions are in relation to fixed income, such instruments will be admitted to trading on an Execution Venue (see below) and settlement being on a DVP basis through Euroclear, Clearstream or DTC, the central securities depository subsidiary of DTCC.

Shore Capital would not generally seek to execute a transaction with a counterparty where there is a potential settlement concern and so settlement is not considered by Shore Capital to be as significant as the other execution factors noted above.

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Cost is not typically considered as relevant as the other execution factors noted above as Shore Capital does not in practice pass on to clients dealing costs incurred.

### Execution Criteria

The Execution Criteria that will be taken into account are the characteristics of:

- the client;
- the order;
- the financial instruments that are subject of that order; and
- the Execution Venues to which that order can be directed (see below).

Shore Capital regards price as usually the most important Execution Factor regardless of the nature of the client (Retail Client or Professional Client). The nature of the order is relevant to best execution, depending on whether the client wants the best price at the risk of delayed execution.

Although Shore Capital will typically execute all transactions in securities through Shore Capital's market making desk (where Shore Capital is a registered market maker in the relevant security) it will still assess price based on a number of different venues.

### Execution Venue

Shore Capital may use one or more of the following venue types (each an "Execution Venue") when executing a client's order:

- Regulated Markets;
- Multilateral Trading Facilities (MTFs);
- Shore Capital's trading desks' principal positions (where we act as a liquidity provider by house filling an execution); or
- third party investment firms, brokers, and/or affiliates acting as a Market Maker or other liquidity providers.

In relation to transferable securities such as cash equities, Shore Capital may access Execution Venues either directly, through its memberships of both the London Stock Exchange and the Aquis Exchange or indirectly, through Direct Market Access ("DMA") arrangements with third party brokers who provide Shore Capital direct electronic access.

Currently, Shore Capital has the ability to use the DMA services of Barclays, UBS, Goldman Sachs and Bank of America Merrill Lynch. This list is not exhaustive and is subject to change without notice. Shore Capital may also access liquidity by dealing with other third party investment firms and liquidity providers. Shore Capital keeps the performance of such third parties under review to help ensure appropriate standards of execution consistent with this Policy. Shore

Capital does not make a distinction between execution venues based on a client's classification i.e. the execution venues accessed for the execution of an order for a retail client are the same as those which may be accessed for the execution of a professional client.

In relation to Fixed Income, Shore Capital will seek to execute all orders on Bloomberg Trading Facility Limited's multilateral trading facility, BMTF.

A list of the trading venues used by Shore Capital in respect of each financial instrument (each an "Execution Venue") is available on our website at <https://www.shorecapmarkets.co.uk/regulatoryinformation/>. This list is not exhaustive and may be subject to change without notice but comprises Execution Venues on which we place significant reliance.

Factors taken into account when choosing execution venues are primarily liquidity and transparency. DMA providers are subject to a number of selection criteria including resilience, financial robustness, the provider's access to liquidity and the costs associated with their service provision. We reserve the right to use other Execution Venues which we consider appropriate as the case may be from time to time. It is not possible to provide a definitive statement as to which Execution Venue would be chosen to execute a specific order as the Execution Venue will vary depending on the nature of the Financial Instrument and the order in question (see Section 4: Method of Execution below for details).

Many client orders are of a significant size, the execution of which can only be achieved by working the order. In this situation, the Execution Venue is often of secondary importance as the terms of the trade will be negotiated between clients. Shore Capital seeks to undertake all negotiated equity trades subject to the Rules of the London Stock Exchange or Aquis Exchange and, pursuant to Article 3 (2) (b) of Commission Delegated Regulation (EU) 2017/580 and in accordance with of the relevant venue, will seek to bring such executions "on-exchange".

Shore Capital does not charge a different commission for executing transactions on one or other of the Execution Venues used and Shore Capital does not discriminate unfairly between different venues. In certain Financial Instruments, there may only be one Execution Venue and in executing a trade in such circumstances, Shore Capital shall presume that best execution has been provided in respect of those types of Financial Instruments in terms of the venue selected.

Shore Capital will regularly assess the Execution Venues available in respect of any Financial Instruments that are traded to identify those that will enable Shore Capital, on a consistent basis, to obtain the best possible result when executing orders of behalf of clients. The list of Execution Venues will be updated, where necessary, following such assessment.

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### 4 DELIVERING BEST EXECUTION

Subject to any specific instructions that may be given by a client, in order to select an Execution Venue for an order, Shore Capital will select the venue that is most appropriate when considering the Execution Criteria and relative importance of the Execution Factors specific to that order to achieve consistently the best overall result on behalf of the client.

Subject to any specific instructions that may be given by the client, Shore Capital will execute an order by one of the following methods or combination of methods:

- directly on a Regulated Market or MTF as a member of the Regulated Market;
- indirectly by using DMA where we are not a direct member of the relevant Regulated Market or MTF or via a third party broker; or by executing the order with a matching order from another

Shore Capital client and bringing such execution onto the trading venue in accordance with the rules of that venue (note that clients are informed of this fact in Shore Capital's Terms and Conditions of Business ("Terms") by agreeing to the Terms clients give express consent to such a possibility).

In any given case we may use more than one Execution Venue if it is appropriate in light of the specifics of the order and/or client instructions. Client orders may not be received or may not be executed in accordance with this policy due to situations beyond Shore Capital's reasonable control, including disaster, abnormal market conditions and regulatory requirements. We will not consider ourselves bound to provide best execution in such circumstances.

### 5 SPECIFIC INSTRUCTIONS

Shore Capital normally executes orders with institutional clients following a discussion with the client and an agreed strategy. This may be regarded as a specific instruction, depending on the precise circumstances.

Where a client gives us a specific instruction as to the execution of an order, we will execute the order in accordance with those specific instructions. Where the client's instructions relate to only part of the order, we will continue to apply this Policy to those aspects of the order not covered by the client's specific instructions.

Clients should be aware that providing specific instructions to us in relation to the execution of a particular order may prevent us from taking the steps set out in this Policy to obtain the best possible result in respect of the elements covered by those instructions. This is of particular relevance where you request us to act in an agency capacity.

Where specific client instructions prevent us from following our policy, executing the order in accordance with the client's instructions satisfies our obligation to take reasonable steps to obtain the best possible result for execution of the client order. However, in these circumstances, Shore Capital's traders will usually seek to bring this fact to the attention of the client to give the client an opportunity to revisit the instruction.

### 6 CLIENT ORDER HANDLING

Shore Capital provides for the prompt, fair and expeditious execution of orders, relative to other orders or the trading interests of Shore Capital. This is designed to allow for the execution of otherwise comparable orders in accordance with the time of their reception by Shore Capital.

When handling orders, Shore Capital aims to:

- ensure that executed orders are promptly and accurately recorded and allocated; and
- carry out sequentially and promptly otherwise comparable orders in liquid instruments at or below the standard market size for that type of Financial Instrument, unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise.

Orders will not be treated as comparable if they are received by different methods and it is not practicable for them to be treated sequentially.

Shore Capital will not execute orders or its own proprietary orders (if any) in aggregation with a client's order unless:

- it is unlikely that the aggregation of orders and its own proprietary orders will work overall to the disadvantage of any client whose order is to be aggregated; or
- it has been disclosed to each client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order; and
- it is in compliance with this Policy.

If an order is aggregated with one or more other orders and the aggregated order is partially executed, Shore Capital will allocate the related trades in accordance with this Policy and any supplemental guidelines from time to time.

Where Shore Capital's own proprietary transactions have been aggregated with one or more client orders, Shore Capital will not allocate the related trades in a way which is detrimental to a client. The reallocation of any Shore Capital proprietary transactions would generally be considered as detrimental to a client if, as an effect of that reallocation, unfair precedence was given to Shore Capital or to

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any particular person.

Where an order with a Shore Capital proprietary transaction and the aggregated order is partially executed, Shore Capital shall allocate the related trades to the client in priority to Shore Capital. However, if Shore Capital is able to demonstrate on reasonable grounds that without the combination it would not have been able to carry out the order on such advantageous terms, then Shore Capital may allocate the Shore Capital proprietary transaction proportionally, in accordance with this Policy.

## 7 MONITORING

We will regularly monitor our order execution arrangements, as well as the quality of both our execution and that of third parties to whom we have passed orders. Such reviews will enable us to identify and implement changes to this policy and execution arrangements as necessary.

Shore Capital has in place procedures for the monitoring and review of best execution by Shore Capital traders and by the Compliance Department. Clients should note that it may not always be possible to make an effective comparison of execution performance because reliable data is not always available for some markets or Financial Instrument. However, Shore Capital shall include a review of the data published by investment firms and execution venues to determine the quality of our execution arrangements.

This Order Handling and Execution Policy and our order execution arrangements will be reviewed at least annually. Clients will be advised of any material changes to our policy; such notification shall be made via Shore Capital's website at [www.shorecap.co.uk/shore-capital-stockbrokers-limited-execution-policy/](http://www.shorecap.co.uk/shore-capital-stockbrokers-limited-execution-policy/).



# SHORE CAPITAL

CAPITAL MARKETS