

# Order execution policy

## Canaccord Asset Management (CAM)

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, Canaccord Asset Management ('CAM', 'us' or 'we') is required to put in place an order execution policy and to take all sufficient steps to obtain the best possible result for our clients either when executing client orders or, in limited circumstances for CAM, when receiving and transmitting orders for execution. This is more commonly known as Best 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 our clients. The basis on which those orders are then executed by us is as set out in this Policy. We agree, 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 we will use when executing orders. This document should be read in conjunction with our Customer Terms and Conditions.

### 1. Obtaining the best possible result

Subject to any specific instructions that may be given by you, when executing orders on your behalf, we will take all sufficient steps to obtain the best possible overall result for clients using our judgement and experience in light of market information available 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. Application

This policy applies to all Canaccord Asset Management mandates.

### 3. Execution criteria

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

- The client;
- The order;
- The financial instruments that are the subject of the order; and
- The execution venues to which the order can be directed.

### 4. Execution factors

The following factors will be taken into account when executing an order:

- Price
- Size
- Likelihood of settlement (of executing and settling the trade)
- Speed and success (of execution)
- Nature of the order
- Cost

CAM will take into consideration all the execution factors to achieve the best possible overall result for clients. The likelihood of settlement will also have a high importance in the execution process so we are not likely to deal with counterparties or use execution venues where we believe that settlement will not take place. In some circumstances, for some financial instruments, CAM may determine that the relative importance assigned to the above execution factors will need to change in order to obtain the best possible overall 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.

### 5. Execution venues

CAM is part of the Canaccord Genuity group of companies and as such is also subject to the group due diligence process for counterparty selection and approval, as well as the ongoing monitoring process to ensure counterparty risks are minimized. The criteria used by the nominated 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 have access to counterparties which allow us to access the relevant liquidity pools. We also route trades through Direct Market Access ('DMA') providers who provide access

to liquidity on all available venues. We may also deal with firms that are members of a recognized exchange but who will be acting as Systematic Internalizers. Such trades may be treated as Over the Counter (OTC) transactions. We may also use multilateral trading facilities and organised trading facilities.

### **Fixed Interest**

We will take into consideration any visible market maker quotes or we may use the services of a recognised fixed income market specialist firm. This is particularly useful for large orders or other orders for which the prices offered by market makers may be improved. We will execute orders with the counterparty which provides the most competitive overall pricing.

#### **The main counterparties we use are:**

Shore Capital, NCL, Guy Butler plus LSE members who are market makers in these instruments.

### **Overseas securities**

We can offer execution for foreign securities traded only on international and overseas markets. We may deal through agents who have a presence in that market because we are not members of any overseas stock exchanges.

#### **The main counterparties we use are:**

ABG, ABN Amro, Arctic, Baader, Berenberg, BPI (Now Caxiabank), CGL, Carnegie, Danske, Davy, Deutsche Bank, DNB, Dupont, Equita, Goldman, Goodbody, H&A, Handelsbanken, Intermonte, Investec, Jefferies, MM Warburg, Oddo, Pareto, Petercam, Santander, Shore Capital, Society General, UBS.

### **Unit trusts/OEICs, Collective Investment Schemes, Structured Products**

These investments are not generally traded on a formal market but are manufactured and redeemed by the operator. Our Venture Capital Trust has permission to invest in one fund, being the Marlborough Special Situations Fund managed by CAM. These trades are executed through Clearstream, an international central securities depository.

#### **The main counterparty we use is:**

Clearstream

### **Execution venues in general**

The list of execution venues may from time to time be updated; you will not be notified separately of any changes to these venues. Some of these venues are accessed via a third-party broker including affiliate brokers. Some 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 all clients' best interests. Where CAM undertakes OTC transactions we will check the fairness of the price proposed by reviewing market data available. 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 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.

**Please note, in the limited circumstances where we receive specific instructions as to the execution of an order to undertake on your behalf, we will execute the order strictly in accordance with those specific instructions. This may prevent us from taking the steps set out in this Policy to obtain the best possible result for the execution of that order. For example, we would not be in a position to freely negotiate commission rates or spreads, obtain volume discounts on aggregated orders or select counterparties on the basis of price and liquidity and settlement. As a result, the specific instruction may result in higher commissions, greater spreads, or less favourable execution, than would normally be the case if we were able to choose the broker. Where your specific instructions relate only to part of an order, CAM will continue to apply this Policy to that part of the order not covered by those specific instructions.**

## **6. Reception and transmission of orders**

In the event that we receive an order from you and subject to any specific instructions that may be given by you (see above), we may transmit an order 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 the best interest of our clients and consider the Execution Factors and Execution criteria above.

## **7. Fees and commissions**

CAM may charge a commission or fee to the client for the provision of services. When charging the commission or fee, CAM 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. 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, CAM'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, CAM shall not structure or charge their commissions in such a way as to discriminate unfairly between execution venues.

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

## 9. Market hours

We will only accept client orders during our official working hours of 7:30am to 5pm on UK trading days. Market hours may of course differ from these, depending on the asset being traded.

## 10. Limit orders

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. By signing the client agreement, you are consenting to this Policy, you are expressly instructing us not to make such limit orders public unless we believe that by doing so, it will be to your advantage.

## 11. Monitoring

We will monitor the effectiveness of and compliance with this Policy.

## 12. Review

We will review generally on an annual basis the order execution arrangements and this Policy and whenever a material change occurs that affects the ability to continue to obtain the best possible result for clients, we will adjust them accordingly. We will notify you of any material changes to these execution arrangements or this order Policy. Such notifications may be by means of our website.

## 13. Annual publications

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

## 14. Consent

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

## 15. Glossary

### 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, an 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 an 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 nondiscretionary 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.

**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.

**Trading Venue**

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

**Systematic Internaliser**

An investment firm which on an organised, frequent, systematic and substantial basis, deals on its 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 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 MiFID II.

**Venue**

A Trading Venue or Execution Venue.