

OP-027

Order Execution Policy

Reviewed: Annually
Ownership: Chief Operating Officer
Approved / Re-approved by: ExCo

VERSION CONTROL

Change History

Version	Date	Author / Editor	Description of change
1.0	February 2017	Paul Lowe	
2.0	July 2019	Paul Lowe	
3.0	November 2020	Paul Lowe	
4.0	November 2021	David West	None other than punctuation

Review History

Note to Editor: the last row must always record the “next scheduled review” and due date. This table must be populated.

Version	Date	Reason
2.0	December 2017	MIFID II compliance
3.0	November 2020	Update of broker names
4.0	November 2021	Annual Review
	November 22	

Approval / Re-approval History

Version	Date	Name of Approving Committee / Board Committee
3.0	24/11/20	Operational Service Delivery Forum
4.0	26/01/22	Operational Risk Committee

Table of Contents

Change History	2
Review History	2
Approval / Re-approval History	2
1 The Policy	4
1.1 Introduction	4
1.2 Scope & Application	4
1.3 Purpose & Aims	4
1.4 Statement of Policy	5
2 Our dealing process	5
2.1 Brown Shipley Custody Clients	5
2.2 Clients with 3rd party custody (where Brown Shipley execute trades).....	7
2.3 Clients of the Brown Shipley funds	8
3 Execution factors/venues and dealing arrangements	8
3.1 Execution factors/venues and dealing arrangements when dealing for clients with Brown Shipley custody	8
3.1.1 Execution venues	9
3.1.2 Dealing arrangements	9
3.1.3 Specific instructions	11
3.1.4 Order aggregation.....	11
3.2 Execution factors/venues and dealing arrangements when dealing for clients with 3rd party custody	11
3.2.1 UK equities and exchange traded funds	11
3.2.2 Units in Undertakings for Collective investment	12
3.3 Execution factors/venues and dealing arrangements when dealing for clients of the Brown Shipley funds.....	12
4 Monitoring	12
4.1 Best Execution.....	12
4.2 Executing Brokers	12
5 Review of arrangements	13
6 Conflicts Of Interest	13
7 Client Consent.....	13

1 The Policy

1.1 Introduction

The Markets in Financial Instruments Directive (“MIFID”), implemented in the UK through the Conduct of Business Rules (COBS 11.2 & 11.3) of the FCA, includes measures relating to the execution and transmission of client orders to ensure that firms act in the clients’ best interest and provide best execution.

Under these rules Brown Shipley is required to establish and implement a policy to ensure it meets its regulatory obligations and acts in the best interests of its clients.

The purpose of this document is to detail our policy and outline the reasonable steps taken by us to ensure that we achieve best execution when executing orders.

1.2 Scope & Application

Organisational Applicability:	Level 1 - All client facing business areas
Applicability to Staff:	All front office and operational staff (including temporary staff)
Implementation:	1/7/19
Related Policy and Control Documents:	Order Allocation Policy Conflicts of Interest Policy Compliance with best execution framework Client facing order execution statement
Owner:	Chief Operating Officer

1.3 Purpose & Aims

Brown Shipley carries out dealing on behalf of clients in three distinct areas, Investment management clients with our custody, Investment management clients with 3rd party custody and dealing within the Brown Shipley funds.

This policy document explains how Brown Shipley complies with COBS 11.2, 11.3 and achieves best execution for its clients when:

- Executing orders on behalf of clients;

- Providing the service of reception and transmission of orders, when transmitting client orders to other entities for execution;
- Providing the service of portfolio management, when executing decisions to deal on behalf of client portfolios.

This policy also details the monitoring and oversight, undertaken to ensure the framework and operating practices remain practical and sufficient, to continue to deliver in accordance with the best interests of our clients.

1.4 Statement of Policy

Brown Shiple will act in accordance with the best interests of our clients and take all reasonable steps to obtain the best possible outcome, taking into account the execution factors detailed below, when executing client orders.

2 Our dealing process

In order to obtain best execution for clients, Brown Shiple has put in place a number of arrangements with 3rd parties and only deals directly on behalf of clients in very specific circumstances.

The processes put in place to ensure best execution are as follows:

2.1 Brown Shiple Custody Clients

Brown Shiple has trading arrangements with three different brokers depending on the market and type of asset being traded. We use Virtu ITG Europe Ltd (Virtu) as our agency broker for execution on UK markets. Our agency broker for the execution of bonds is our parent company, Quintet Private Bank (Quintet). We also use them as broker for a limited number of other instruments where they act as custodian for the instrument. All other instruments are traded by Lombard Odier as agency broker.

All three brokers have access to a range of execution venue and executing brokers for orders that they do not execute themselves. They have best execution policies and monitor both their executing brokers and the prices achieved for the deals they execute directly.

Brown Shiple undertakes due diligence and monitoring of their brokers and this is detailed under the monitoring section of this policy.

The decision to deal for a client is made by the account manager either for the individual client or as part of a decision over a range of similar clients. As a result we may have multiple orders in the same stock in a day. Where an order is received from a client we will place the deal as soon as possible in accordance with the specific requirements of the client. All order input should be undertaken

in a timely manner and regular review of the timeliness of orders and their impact on execution is carried out.

Dealing is an automated process. Orders with client allocation are input to our order management system for dealing. Straight through processing (STP) is employed to automatically route the orders to the appropriate agency broker for the market of execution selected. Confirmations of order execution are received back into our order management system and attached to the order to provide a direct record of the transaction within the system.

Our standard process is to deal immediately on a STP basis with an order validity of “good until cancelled” with the exception of bonds which will be dealt on a “good for the day” basis. Any order that is undealt or partially dealt will be monitored on an ongoing basis until it is completed or the originator decides to no longer continue with the order. Any partially dealt orders at the end of the day will be allocated to clients in accordance with our order allocation policy.

Due to the STP nature of our system, all orders are sent to the relevant broker in the order received. Subject to the processes of the specific executing broker and the attributes of the order, they will then be executed in the market in order. We will always send orders in the same stock to the same broker to ensure that orders will be executed in the order received.

For orders in less liquid stocks, we will usually use price limits to ensure that we achieve an acceptable outcome. Where an order is, or becomes outside its price limit, we will revisit the execution factors and consider if other factors such as likelihood of execution have become more important than price.

We do not provide our clients with firm quotes or deal on such quotes, with the exception of structured products. For these instruments there is usually only one liquidity supplier, so where requested we will obtain a firm price. The price is given as only good for immediate execution and a formal order within a short time period is required to guarantee the price.

Where the investment manager deems it to be in the best interest of both parties Brown Shipley allows “agency cross” transactions. This is only allowed between portfolios where the same client has authority over both accounts or between directly related portfolios (e.g. clients with immediate family or legal connections). For collectives we will execute the transactions internally at the next NAV price from the point of receiving the orders. For other asset classes we will only undertake such transactions where they can be executed on an exchange and the exchange permits the crossing of trades at the mid-price. In practice this means that only UK equities can be traded in this manner.

Brown Shipley does not re-charge the commission charged by its broker’s costs to clients. The agency broker agreements mean that the same execution price for a security is incurred, regardless of the final execution venue(s) within the

market selected. Therefore there is no incentive to use any one venue and no difference in the actual cost of execution between venues.

We agree a tariff structure with each client. For some clients this tariff includes a charge for each trade undertaken. This charge is calculated as a fixed fee per trade or as a percentage of the gross price (number of shares x price) of the transaction. This charge is linked to the overall service provision costs and is not directly linked to any costs of execution incurred by us.

In some instances, when including the costs of execution in the cost charged to a client, a worse initial price could give a better total result. However, as stated above our brokers charges are not passed on to the client and any charges we make are based on the price achieved. Therefore for our clients cost of execution is not a factor in the execution decision.

We will on occasion undertake primary market activity. Where we do, Brown Shipley will liaise with the broker to the issue and place a single order on behalf of all clients. The resulting trade will be processed in our order management system against the confirmation received from the broker. Any partial allocations will be dealt with in accordance with our order allocation policy.

Should there be any failure in our order management system or STP connectivity then we will invoke our contingency dealing process. We will continue to deal with the same brokers, but the means of transmitting the orders to the brokers will change. It is also likely in these circumstances that orders will take longer to reach the executing brokers.

We will trade in the market execution currency of the concerned security for the execution venue selected. If a client wishes to pay for the trade in a different currency, we will undertake a foreign exchange transaction for the client to achieve this.

2.2 Clients with 3rd party custody (where Brown Shipley execute trades)

As these clients do not have our custody their orders cannot be placed through the automated processes of our order management system. The process for making the decision to deal is the same as for clients with our custody. However, the method of dealing is different.

Dealing requests are received by Trade Support who maintain a manual log and place the trades directly with the agency broker, executing broker or fund depending on the type of instrument.

Processes for dealing and for undealt or partially dealt orders are the same other than orders are typically placed as “good for the day” rather than “good until cancelled”. The same process also applies for costs, limit orders, and dealing on quotes.

We do not undertake agency cross transactions for external custody clients.

2.3 Clients of the Brown Shipley funds

The Brown Shipley funds have separate custody arrangements to other clients of Brown Shipley. As a result although the funds use the same order management system the broking arrangements are different. All equities are sent to Virtu for execution, bonds and structured products are sent to Quintet and funds are sent to Royal Bank of Canada who are the custodian for the assets of the Brown Shipley funds. All three brokers are agency brokers.

All processes are the same as for our custody clients.

Costs of trading are absorbed within the funds. Our broking arrangements for equities are such that we pay the same fees for execution regardless of the final execution venue. For bonds our brokers do not make direct charges. Their costs are within the price charged. Therefore, by achieving the best possible price we are ensuring that we pay the lowest overall costs.

3 Execution factors/venues and dealing arrangements

3.1 Execution factors/venues and dealing arrangements when dealing for clients with Brown Shipley custody

When dealing outcomes will usually be measured in terms of total consideration paid. However, there may be circumstances where a variety of factors are important when considering how to obtain the best result for clients. These are the typical factors that will be considered:

- ✓ Price
- ✓ Size and/or nature of the order
- ✓ Probability of execution and settlement
- ✓ Costs
- ✓ Speed

The relative importance of each factor is determined by taking into account the following:

- ✓ The characteristics of the client order
- ✓ The characteristics of the financial Instrument concerned by the order
- ✓ The characteristics of the brokers and /or execution venues to which that order can be directed.

3.1.1 Execution venues

When executing an order for discretionary clients our order management system will propose what we have identified as the most liquid country for execution. For example, execution in the UK the best UK venue at the point of execution or in Germany on the best German venue. We will use this venue unless the major factor in the order is to obtain a specific exposure to a market or a currency. For example, if the purpose of the order is to achieve UK equity exposure, then we will execute the order on a UK exchange, even if it is not the primary market for the stock. This will be so as to manage currency risk. The aim to trade on the market of the currency of exposure means that we may not always trade on the exchange considered the primary exchange for best execution.

Where we execute an order on an execution only basis, we will execute the order according to the clients' instructions. Where the order can be executed in several markets, we will advise the client of the markets available to us and ask for a specific instruction.

Having chosen the country in which to trade the order we will send the order to the appropriate agency broker for that market. They will then either execute the order themselves, or route it to an executing broker from their panel of brokers, for execution on one of the following venues:

1. A regulated market
2. A multilateral trading facility (MTF)
3. Systematic internaliser
4. Order crossing network
5. An organised trading facility (OTF)

3.1.2 Dealing arrangements

3.1.2.1 *UK equities and exchange traded funds*

Orders in UK securities or securities listed on multiple national exchanges which are for the purpose of UK equity exposure will be routed to our agency broker, Virtu. They will use a smart order router to automatically select the best venue(s) available at the time.

The venues available include regulated markets, systematic internalisers and MTFs. The cost of execution is aligned over all venues to mitigate any conflict of interest over the choice of execution venue.

For any illiquid stock or large order, compared to the normal market size in that stock, the order will be actively managed by a trader who will use experience and discretion in deciding the timing and structure of the order execution, with the aim of achieving the best overall price given the order size, liquidity and

market conditions. Any limit order that cannot be immediately executed will be placed as an order on the appropriate exchange.

The priority given to the execution factors for UK equities are:

Price
Size and/or nature of the order
Probability of execution and settlement
Costs
Speed

3.1.2.2 *International equities*

Orders where the security only trades on a non-UK market, or trades on UK markets but a non-UK execution has been selected, will be sent to either Lombard Odier or Quintet as agency broker dependent on the market concerned.

Where Lombard Odier is the custodian they will act as broker and this is the case in most markets. However, in some markets the tax treatment of Swiss brokers/custodians makes using Lombard Odier inefficient. In these cases we will hold custody with Quintet and use them as broker. Some examples of this are the Canadian and South African markets.

They in turn will either execute the order or pass it to an executing broker on the relevant exchange. Where the reason for an order is to obtain exposure in a particular market the order will be routed to the market of the required exposure even if the security is listed on multiple exchanges.

The executing broker will typically use a smart order router to select the venue with the best price depending on the nature of the stock and the exchange. For any illiquid stock or large order, compared to the normal market size in that stock, the order will be actively managed by a trader. For any orders received prior to the opening of the market the orders will be placed on the most liquid exchange for execution at the market opening price.

The priority given to the execution factors for International equities are:

Price
Size and/or nature of the order
Probability of execution and settlement
Costs
Speed

3.1.2.3 *Bonds and other debt instruments*

We pass orders to Quintet who will execute orders through the Bloomberg MTF with the broker providing the best possible price from the counterparties available to them. Although it is possible to execute on other venues our

investigations and monitoring have concluded that this policy will secure the best result in the vast majority of occasions. As with all other asset classes all trades are reviewed for best execution to ensure this remains true.

The priority given to the execution factors for bonds are:

Price
Size and/or nature of the order
Probability of execution and settlement

3.1.2.4 Units in Undertakings for Collective investment

Orders in collective investment schemes are sent to Lombard Odier or Quintet dependent on the specific fund being dealt. They place the orders directly with the fund or through a third party.

We will use our best endeavours to ensure the order is dealt for the first dealing point after receipt of the order. Where the time frame between order receipt and the dealing point is so short it is impractical for us to meet the dealing point, it will be dealt for the next dealing point. The price achieved will be the NAV for the relevant dealing point.

3.1.3 Specific instructions

Where we receive specific instructions for the execution of an order, the order will be executed in accordance with the instructions in so much as it complies with applicable law and regulation. When carrying out specific instructions we will take all reasonable steps to achieve the best result for the order. However, following specific instructions may prevent us from achieving best execution in aspects of the order covered by the specific instruction.

3.1.4 Order aggregation

We request our agency brokers to deal all orders in the order that we receive them. However, in exceptional circumstance the executing broker may aggregate an order for a client with orders of other clients. They will only do this where they believe it will result in a better outcome for the client. This is reviewed through our monitoring of the price achieved on all executions.

3.2 Execution factors/venues and dealing arrangements when dealing for clients with 3rd party custody

All execution factors and venues are the same as for clients with Brown Shipley Custody. Dealing arrangements are the same except as detailed below.

3.2.1 UK equities and exchange traded funds

Orders in UK securities or securities listed on multiple national exchanges which are for the purpose of UK equity exposure will normally be routed directly to

Virtu, as our executing broker, through the Bloomberg automated dealing system (EMSX).

Once received by Virtu, orders will be executed in exactly the same fashion as orders for Brown Shipley custody.

3.2.2 Units in Undertakings for Collective investment

Collective investment orders will be placed directly with the fund by authorised Brown Shipley staff.

We will use our best endeavours to ensure the order is dealt for the first dealing point after receipt of the order. Where the time frame between order receipt and the dealing point is so short it is impractical for us to meet the dealing point, it will be dealt for the next dealing point. The price achieved will be the NAV for the relevant dealing point.

3.3 Execution factors/venues and dealing arrangements when dealing for clients of the Brown Shipley funds

Execution factors and venues are the same as for clients with Brown Shipley Custody. Dealing arrangements for units in undertakings for collective investment are different only in that RBC are used as the broker.

4 Monitoring

4.1 Best Execution

We will actively monitor and review the executions achieved on behalf of our clients. This includes reviewing both adherence to and effectiveness of client facing and operational procedures and taking reasonable steps to monitor the performance of the brokers used and the execution quality they achieve. This on-going monitoring activity allows us to identify, and where appropriate, correct any deficiencies and improve the quality of the execution service provided to Clients.

4.2 Executing Brokers

Our agency brokers take a number of criteria into account, when selecting and reviewing any executing brokers used to achieve our order execution, including:

- a. The terms of that Broker's execution policy
- b. The Broker's methodology in determining the relative importance of the above mentioned execution factors
- c. The Broker's assessment and use of Execution Venues in order to enable that Broker, on a consistent basis, to achieve the best possible result when executing Client Orders together with their processes,

methods and reasons for executing Orders in a particular way as detailed in its own policy.

- d. An assessment of the credit worthiness and reputation of the broker

Our monitoring of this process takes place through an annual due diligence on our broker and through service review meetings.

5 Review of arrangements

We will regularly and at least annually review our execution arrangements across all instrument types. We will inform clients of any material changes to our policy by posting an updated version of the policy on our website.

6 Conflicts Of Interest

Brown Shipley is a wholly owned subsidiary of Quintet Private Bank. In recognition that potential conflicts of interest could arise where dealing arrangements include reliance on the use of a connected party, Brown Shipley ensures that these arrangements do not undermine the delivery of best execution. Brown Shipley has implemented business practices and management oversight arrangements, supported by second line of defence controls that monitor these potential conflicts on an ongoing basis and report on the effectiveness of their management to the Enterprise Risk Committee and Board Risk, Compliance and Legal Committee.

7 Client Consent

Client consent is required to this policy. Clients will be deemed to have provided such consent when accepting Brown Shipley's terms and conditions. In the case of direct clients of the Brown Shipley funds the consent process is through the ACD.

A client friendly version of this policy is made available to all clients via our web site.