

Order Execution Policy



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1. Introduction

This policy sets out the steps taken by City & Continental Ltd ("C&C") to obtain the best possible results for its professional clients when executing orders. C&C does not owe a duty of best execution to clients it has categorised as eligible counterparties; nevertheless, the policy provides details relevant for eligible counterparties as to how C&C executes transactions and handles trade requests.

Given the nature of the investment business which C&C is authorised by the Financial Conduct Authority (FCA) to undertake, it is subject to the FCA's Best Execution requirements as set out in Chapter 11.2A of the FCA's Conduct of Business Sourcebook ("COBS"), which implements the Markets in Financial Instruments Directive ("MiFID II").

2. Our policy

The policy of C&C is to adhere to all the Best Execution compliance obligations to which it is subject, and to ensure that Best Execution is provided in respect of client transactions.

C&C will take all sufficient steps to obtain the best possible results on a consistent basis when executing orders for our clients. We will apply our Order Execution Policy to each client order that we execute with a view to obtaining the best possible result for the client in accordance with the Policy.

To secure best execution for a client C&C may:

- (a) execute client orders directly on a "trading venue";
- (b) transmit an order to other firms for execution on behalf of a client (where that broker has undertaken in writing to provide C&C with best execution). C&C may transmit client orders instead of executing them itself where that would be in the best interests of, and deliver a better result for, the clients; or
- (c) execute client orders outside a "trading venue".

C&C will provide clients with a copy of this policy and its terms of business before it provides its services. By accepting the terms, clients give their express consent to the policy and to the execution of their orders outside a "trading venue" where we believe that doing so will achieve the best overall result for the client.

Please contact us for more information about our policies or arrangements and how they are reviewed.

3. Specific client instructions

If you provide us with a specific instruction, we will execute your order following the instruction. However, you should note that this may prevent us from following some or all of the steps outlined in this policy which is designed to obtain the best possible results for you on a consistent basis. When you give us a specific instruction we will take all sufficient steps to get the best results for you, but there is a risk we cannot achieve best execution in respect of that aspect covered by your specific instruction.

4. Execution factors

The following list of the quantitative and qualitative "execution factors" may affect the choice of execution venues and the quality and likelihood of execution:

- price;
- costs;
- speed;
- likelihood of execution and settlement;
- size and nature of the order; and
- any other consideration relevant to the execution of an order.

When executing client orders, C&C will take into account the following criteria for determining the relative importance of the factors listed above:

- (a) the characteristics of the client, including the client categorisation;
- (b) the characteristics of the client order;
- (c) the characteristics of financial instruments that are the subject of that order; and
- (d) the characteristics of the “execution venues” to which the order can be directed.

For further information about the relative importance of execution factors please see Annex A.

5. Execution venues

We may execute orders, subject to any specific instructions from the client, on one or more of the following venues to enable us to obtain the best possible result on a consistent basis when executing an order on the client’s behalf:

- (a) regulated markets;
- (b) MTFs and OTFs;
- (c) systematic internalisers, market makers and other liquidity providers; and
- (d) third party investment firms and brokers.

The factors affecting choice of execution venue are price, the need for timely execution, market liquidity and the size and nature of the order.

We will assess, on a regular basis, whether the execution venues included in this policy provide for the best possible result for the client, or whether changes to the execution arrangements need to be made. The current list of execution venues on which C&C places significant reliance in meeting its obligations is:

Debt instruments

- Peel Hunt LLP
- Royal Bank of Canada Investment Management (UK) Ltd
- The Toronto-Dominion Bank
- Zuercher Kantonalbank

Equity instruments

- Jane Street Financial
- Flow Traders BV
- Peel Hunt LLP
- Pershing Securities Limited

This list is not exhaustive and we may use other execution venues in order to achieve best execution.

As noted above, we may deem it appropriate or advantageous to execute your order outside a regulated market or MTF even where the investment concerned is trading on a regulated market or MTF. If we do so you may be exposed to additional risks, including counterparty risk. Please contact us for more information about the consequences of this means of execution.

6. Monitoring

C&C is required to monitor the effectiveness of its order execution arrangements and execution policy in order to identify, and where appropriate, correct any deficiencies. This will include monitoring execution venues and whether they provide the best possible price (including considering, where relevant, information published by execution venues under MIFID II best execution requirements or any other relevant data). We will also monitor to ensure that the execution strategies employed are appropriate. The monitoring covers trading of all asset classes and focuses on three key execution factors: price, costs and speed, although all best execution factors will be considered.

Monitoring is carried out through the use of exceptions monitoring and sample testing. The results of monitoring are recorded and reported to senior management and fed back into execution policies and arrangements to drive improvements in our execution processes.

C&C will review its Order Execution Policy and arrangements regularly (at least annually), and in response to any material change that affects our ability to continue to obtain the best possible result for our clients. We will notify you of any material changes as outlined in our terms of business.

7. Information and reporting

Following the execution of a transaction on behalf of a client we will send the client a contract note detailing where the order was executed. We will also, upon request, provide clients with a report of how we have executed their orders in accordance with our Order Execution Policy.

C&C will publish on its website an annual report of best execution, disclosing the top five execution venues and the top five entities (brokers) to which client orders were routed during the last calendar year. These reports will be kept available in the public domain for at least 2 years following their date of issuance.

Annex A – the relative importance of execution factors

Price

For most liquid instruments, market price will be the overriding factor in attaining best execution. Other factors, such as costs remaining equal, our execution arrangements will drive C&C to find the most advantageous (best) price available. However, in some circumstances for some of our clients, orders, financial instruments or markets, other execution factors may become more important than price in obtaining the best possible execution result.

Costs

Where explicit costs (such as exchange fees or settlement/custody costs) would make the overall consideration of the execution prohibitive (e.g. the cost of many small executions on an order book) then this factor may become relatively the most important.

In some circumstances, for example overseas brokerage commissions, other costs may be the most important factor. C&C may consider that the large size of an order potentially moving the market, or the fact that requesting an electronic quote that might not be accepted are grounds for considering cost as being of higher importance than other factors.

Speed of execution

Similarly, the speed of execution may be important for some types of order, or client. Speed will be a high priority for an execution only client.

Likelihood of execution and settlement

In some instances, C&C's ability to actually execute and settle the order will be the primary factor to be considered. Where the instrument is illiquid (i.e. rarely traded), the size of the order is prohibitive, or some other factor determines this, the policy will ensure that actually effecting the order takes precedence over other factors. Application of the total cost incurred representing the price of the financial instrument and the cost related to execution for the purpose of achieving "Best Execution" may determine that this factor is given precedence over the immediate apparent price of a financial instrument in so far as it will, in C&C's opinion, deliver a better overall result for the client.

Size and nature of the order

The best price in a market is usually represented by the opportunity to trade in a particular size (i.e. number of shares, units, contracts etc.) which may not match the size of the client's order. Where the order is bigger than the typical quoted size, then the part of the order executed over and above the threshold may only be available at a less favourable price. There are various strategies for trading large orders and C&C will exercise its discretion where there is no other instruction from the client.

Any other consideration relevant to the execution of the order

C&C will take into account any other factor relevant to the order that it believes warrants consideration in terms of how that order should be executed. This could be simply whether it is a buy or sell order, or whether the security is dealt in another market.



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