

## **Best Execution Policy**

**Version: 3.0**

**18 July 2018**

**Next Review Date: 1 October 2018**

**Contents**

1	Introduction.....	3
2	Review of policy.....	3
3	Best Execution.....	3
	<b>3.1 Summary of Best Execution.....</b>	3
	<b>3.2 Delivery of Best Execution.....</b>	4
4	Scope.....	4
	<b>4.1 Financial instruments.....</b>	4
	<b>4.2 Clients.....</b>	4
	<b>4.2.1 Retail Clients.....</b>	4
	4.2.1.1 Total Consideration.....	4
	<b>4.2.2 Professional Clients.....</b>	5
	<b>4.2.3 Eligible counterparties.....</b>	5
	<b>4.3 Activities.....</b>	5
	<b>4.3.1 Contract for Differences.....</b>	6
	<b>4.4 Order Types.....</b>	6
5	Best Execution Obligations.....	7
	<b>5.1 Order execution arrangements &amp; client information.....</b>	7
	<b>5.1.1 Information on order execution policy.....</b>	7
	<b>5.1.2 Demonstrating compliance with the order execution policy.....</b>	7
	<b>5.1.3 Inducements.....</b>	7
	<b>5.2 Client consent.....</b>	7
	<b>5.3 Execution Factors.....</b>	8
	<b>5.4 Execution strategies.....</b>	9
	<b>5.5 Execution Venues.....</b>	9
	<b>5.6 Executing orders outside a trading venue.....</b>	9
	<b>5.7 Executing orders via connected parties or internalising.....</b>	10
	<b>5.8 Client instructions.....</b>	10
	<b>5.9 Verifying the fairness of the price.....</b>	10
	<b>5.10 Quarterly publication on quality of execution of Transactions.....</b>	11
	<b>5.11 Annual information on the identity of execution venues and on the quality of execution.....</b>	11
6	Monitoring.....	11
7	Material Changes.....	11
8	No Fiduciary Relationship.....	12
9	Breaches of Order Execution Policy.....	12

## Introduction

This policy details how Whittworth Investing Ltd (the Firm) will comply with its overarching regulatory requirement of taking all *sufficient steps* to obtain, when executing orders, the best possible results for its clients, taking into account prescribed and appropriate execution criteria and any specific instructions received from the client.

The terms of this policy which, for the avoidance of doubt, comprise part of our Terms of Business with clients (please see clause 1.2 of our Terms of Business for confirmation), and any capitalised terms used in this policy shall have the same meanings (if any) attached to them in the Terms of Business.

## Review of policy

This policy, and the Firm's order execution arrangements, will be reviewed regularly, at least once a year, and amended as considered necessary by the Firm's Management Body in the event of changing circumstances or regulations.

## Best Execution

### Summary of Best Execution

Best execution is the overarching requirement for firms to take all 'sufficient steps' to provide the client with the best possible overall results on a consistent basis, and not just by providing the best price for an individual trade. To do this, the Firm shall take into account execution factors (see further at section 5.3 below) such as:

- (i) the nature of the order to be executed;
- (ii) the relevant market and its prevailing practices;
- (iii) the priorities the client identifies in respect of the relevant Transaction;
- (iv) price;
- (v) costs;
- (vi) speed;
- (vii) likelihood of execution and settlement;
- (viii) size of the relevant order; and
- (ix) any other factors considered to be relevant to the execution of the client's orders,

Where there is a specific instruction from the client, the Firm shall execute the order following the specific instruction. If the client's specific instruction concerns some but not all aspects of the order, the Firm will follow its execution policy for the other aspects with the aim of achieving for the client the best possible overall results, taking into account and weighing in correct balance factors that may sometimes conflict, so as to ensure Best Execution, ("**Best Execution**").

## **Delivery of Best Execution**

The Firm is responsible for executing client orders and as such is responsible for providing Best Execution for those orders.

## **Scope**

### **Financial instruments**

The Firm transacts in the following classes of financial instruments:

- **Currency derivatives**
  - Futures and options admitted to trading on a trading venue
  - Swaps, forwards, and other currency derivatives (f) Structured finance instruments
- **Equity Derivatives**
  - Options and Futures admitted to trading on a trading venue
  - Swaps and other equity derivatives
- **Commodities derivatives and emission allowances Derivatives**
  - Options and Futures admitted to trading on a trading venue
  - Other commodities derivatives and emission allowances derivatives
- **Contracts for difference**
- **Other instruments**

## **Clients**

This policy applies to Retail Clients and Professional Clients. In accordance with the Firm's obligations to the client, it has notified the client of the client classification that applies to it.

### **Retail Clients**

When dealing with Retail Clients the Firm will apply Best Execution to all trades that the client places through it, which will be assessed on the basis of 'Total Consideration' in respect of all instruments:

#### *Total Consideration*

Total Consideration represents the sum of the price of the financial instrument and all costs associated with the execution of client's order including execution venue fees, clearing and settlement fees, and any other fees paid to third parties involved in the execution of the order. The Firm will evaluate regularly the offerings from various liquidity providers and make an initial assessment of suitability based upon stability, quality of technology and market reputation. Those liquidity providers deemed suitable

will be added to the Firm's pool of liquidity providers and per product, and the Firm will route each order to the liquidity provider that offers the best spreads, costs and chance of execution.

### **Professional Clients**

What 'Best Execution' means for Professional Clients may differ to an extent from what it means for Retail Clients. Certain execution factors may carry different weight, for example price and likelihood of execution. When dealing with Professional Clients, the Firm does not differentiate between "elective" Professional Clients and "per se" Professional Clients. It will apply Best Execution to all transactions undertaken for its Professional Clients where it has an agency or contractual obligation to those clients and where it can be demonstrated that the client is legitimately relying on the Firm in relation to the execution of its order.

In relation to quote driven markets the Firm will determine if it owes Best Execution to Professional Clients by determining to what extent the Firm acts on behalf of the client and whether the client legitimately relies on the Firm by carrying out the four-fold cumulative test by assessing the following points:

- Which party has initiated the transaction?
- Market practice & the existence of a convention to "shop around"
- The relative levels of price transparency within the market
- The information provided by the Firm and any agreement reached

### **Eligible counterparties**

This policy does not apply to Eligible Counterparties where carrying out Eligible counterparty business and as such, the Firm does not owe Best Execution to transactions undertaken by clients classified as such.

### **Activities**

The Firm is a forex, CFD and commodity broker based in the City of London and regulated under the FCA. The Firm aims to provide a competitively priced service with our focus being on providing informative content and extremely high levels of customer service as a way to enhance our customer's financial and trading experience and to differentiate us from other brokers.

The Firm has permission to carry out the following regulated activities:

- Hold and control client money
- Arranging deals in investments
- Arranging safeguarding and administration of assets

- Dealing in investments as agent
- Dealing in investments as principal
- Making arrangements with a view to transactions in investments

Covering the following products:

- Commodity Future
- Commodity option and option on commodity future
- Contracts for Difference
- Futures
- Options
- Rights to our interests in investments
- Rolling spot forex
- Spread bet

This means that the Firm will be executing client orders in these instruments in accordance with this policy.

#### **Contract for Differences**

The Firm recognises that when closing out an open position, the client must close out the contract with the firm that sold it to them, even if there is a better price elsewhere.

To ensure that in those circumstances the Firm will comply with its Best Execution obligations, it will take all sufficient steps to obtain the best possible results in relation to the instrument underlying the CFD and by disclosing how they calculate their internal fees and charges.

The Firm considers the costs of closing out positions and overnight financing charges as part of our liquidity provider review and order routing prior to opening a position. This ensures trades will not initially be opened with a liquidity provider that will result in harmful charges for maintaining or closing that position.

#### **Order Types**

Regardless of the type of order that the client transacts with the Firm, Best Execution will apply. This will normally include order types commonly used on an execution venue.

## Best Execution Obligations

### Order execution arrangements & client information

The Firm has designed and implemented specific arrangement to take all sufficient steps to obtain, when executing client orders, the best possible results for its clients taking into account the execution factors including:

- A specific venue selection process
- The ranking of the execution factors in accordance with the characteristics of the client, the order, the financial instrument and the execution venue to which that order may be directed
- The design of efficient execution strategies
- The verification of the fairness of the price when dealing in OTC products

### Information on order execution policy

In accordance with its regulatory requirements the Firm has prepared a comprehensive document summarising those arrangements and explaining clearly how the orders will be executed by the Firm entitled: "Information on the order execution policy". This document is available on the Firm web-site for all clients before entering into an agreement to provide investment services.

This information includes a link to the most recent execution quality data published by the execution venues listed in this order execution policy.

### Demonstrating compliance with the order execution policy

Where a client makes reasonable and proportionate requests for information about the Firm's policies or arrangements for Best Execution and how they are reviewed and monitored, the Firm will answer clearly and within a reasonable time. The Compliance function is in charge of this process. It may include demonstrating that the client orders were executed in accordance with this policy.

### Inducements

The Firm does not receive any payments or non-monetary benefits from third parties.

### Client consent

In accordance with its regulatory requirements, the Firm will obtain a client's consent on and agreement to its order execution policy as part of the account application process.

## Execution Factors

In the absence of express instructions from the client, the Firm will exercise its own discretion and commercial judgement in determining the relative importance and priority it assigns to the execution factors (or the process by which it determines their relative importance) that it needs to take into account for the purposes of providing the client with Best Execution.

These execution factors have been listed in default order of priority\* and will include, but are not restricted to, the:

- Likelihood of execution and settlement: the Firm considers that for illiquid securities, likelihood of execution may take precedence over price and speed.
- Size of order: the Firm considers the size of the Transaction in the context of the liquidity of the market in that instrument and how it may impact the price of execution.
- Price: the Firm will generally consider that price merits a high importance, however, the nature of the relevant securities will determine if the Firm shall give precedence to other factors such as speed or likelihood of execution depending on the security's characteristics. We will at all times pay due regard to the market prices of relevant underlying reference products to which a client's trades relate.
- Speed: the Firm considers that for liquid securities, speed is paramount taking into account the fact that markets tend to move quickly, i.e. the price of the security may vary significantly.
- Costs: the Firm will always pay due regards to the costs related to any execution to ensure that the costs will not jeopardise the end result.
- Total Consideration: the Firm will always bear in mind and seek to determine where the balance lies as between factors with a potential impact on the Total Consideration.
- Nature of order: the Firm will consider how the characteristics of the Transaction can impact how Best Execution is achieved.
- Any previous issues with similar orders: sometimes the Firm would have received issues with previous orders of similar characteristics and will avoid routing orders to a venue where issues have occurred with that venue.

\*provided always that the Firm will exercise its discretion in determining the priority to be given from time to time to these criteria to ensure Best Execution.

### **Execution strategies**

In the absence of express instructions from the client, the Firm will exercise its own discretion in determining the execution strategy it needs to apply to obtain the best possible results where executing a client order.

All executions are handled automatically from point of request from clients to ensure fastest possible speed of execution. The Firm's main order routing system will make real-time algorithmic decisions based on the factors listed in 5.2 to ensure Best Execution.

### **Execution Venues**

The Firm acts as principal in respect of client orders, and will assess available venues (including itself) to achieve the best possible results for the client including, without limitation, consideration of the following criteria:

- Total Consideration (Price and costs) will, in the absence of a specific client instruction to the contrary, be considered the most important factor in the Firm's choice of venue;
- The Firm will also take into account the impact of the choice of venue on each of the other execution factors for example, speed of processing and likelihood of order acceptance in a variety of markets and order types. The financial soundness and order execution policies of any counterparty or venue will also be relevant considerations;
- In respect of CFDs and spread bets for which the Firm does not match with an external liquidity provider, it will seek to manage its risk as market maker and may choose whether to hedge part or all of a client's Transactions in the underlying market, to reduce execution costs and market price impact for the client. Such hedging in the underlying market may, where necessary, affect price, taking into account the prevailing market prices available to the Firm.
- The Firm will execute Transactions and orders outside a regulated market so as to consistently source the best price for client orders, albeit acknowledging the greater counterparty and settlement risk arising from such venues compared to trading on a recognised exchange.

### **Executing orders outside a trading venue**

The Firm may execute client orders outside a trading venue. In such circumstances the Firm will seek to obtain the client's express prior consent before proceeding with the execution. The Firm has implemented a specific procedure whereby the client will be informed of an intent to execute its Transactions outside a trading venue. The client will be issued a formal consent form to sign to acknowledge its agreement. The Firm will

maintain the records of the consents obtained and will verify at least annually if the client maintains its consent.

#### **Executing orders via connected parties or internalising**

Where the Firm internalises the execution of client orders, to ensure that it complies with its overarching Best Execution requirements it has designed a robust procedure to prevent any potential conflicts of interest from damaging client interests by closely monitoring costs and applying the same selection procedure it applies to other venues.

Any conflicts identified are logged in the Firm Conflict of Interest register

Where the Firm executes a client's orders via connected parties, to ensure that it complies with its overarching Best Execution requirements, it has designed a robust procedure to prevent any potential conflicts of interest from damaging client interests by closely monitoring costs and applying the same selection procedure to those venues that it applies to unconnected venues.

Any conflicts identified are logged in the Firm Conflict of Interest register

#### **Client instructions**

Where the client provides the Firm with a specific instruction in relation to an order, or any particular aspect of that order, including an instruction for the trade to be executed on a particular venue, the Firm will execute the order in accordance with the client's instruction.

The Firm will take all the steps it has designed in this policy to obtain the best possible results for the client in respect of the order, or aspect of the order, not covered by the specific instruction. It is however possible that the specific instruction may prevent the Firm to take all the steps it has designed in its order execution policy to obtain the best possible results in respect of the elements of the order not covered by the specific instruction.

Where the client provides the Firm with a specific instruction in relation to an order, the Firm will also transmit the specific instruction to the entity to which the order is transmitted in order to ensure that the other entity will execute the order in accordance with the client's instruction. It is however possible that the specific instruction may prevent the other entity to take all the steps it has designed in its own order execution policy to obtain the best possible results in respect of the elements not covered by the specific instruction.

#### **Verifying the fairness of the price**

For each financial instrument that is traded OTC, the Firm will check the fairness of the price before proposing it to the client and/or executing the order by comparing the

price to external market data or reference prices in the same financial instrument or a comparable financial instrument if no reference price is available in the same financial instrument.

#### **Quarterly publication on quality of execution of Transactions**

The Firm will on a quarterly basis and free of charge publish data relating to the quality of execution, including details about price, costs, speed and likelihood of execution and settlement for individual financial instruments. .

#### **Annual information on the identity of execution venues and on the quality of execution**

The Firm will summarise and make public on an annual basis, for each class of financial instrument, the top five execution venues in terms of trading volumes, where it has executed client orders in the preceding year, together with information on the quality of execution obtained.

#### **Monitoring**

The Firm will monitor the effectiveness of its order execution arrangements and order execution policy in order to identify and, where appropriate, incorporate any amendments to procedures. The Firm will monitor the prices available in the wider market to make sure that its executing parties are offering fair prices and that they continue to provide the best results for clients.

All orders are compared to a benchmark mid price for the relevant product at the time of execution. Where the execution significantly varies from this mid price this will be summarized and passed to management to allow them to consider any required changes to liquidity providers or Best Execution procedures.

The Firm will assess, on a regular basis, whether the execution venues included in the order execution policy provide for the best possible result for clients or whether it need to make changes to its arrangements.

The Firm will review its order execution arrangements and order execution policy at least annually or whenever a material change occurs that affects its ability to continue to obtain the best possible result for the execution of client orders on a consistent basis using the venues included in its order execution policy.

#### **Material Changes**

The Firm will notify clients of any material changes to its order execution arrangements or this order execution policy arising from monitoring and review as described above by posting the information on its website.



### **No Fiduciary Relationship**

The Firm's commitment to provide clients with "Best Execution" does not mean that it owes clients any fiduciary responsibilities over and above the specific regulatory obligations placed upon it or as may be otherwise contracted between the Firm and clients.

Clients remain responsible for their own investment decisions and the Firm will not be responsible for any market trading loss clients suffer as a result of those decisions.

### **Breaches of Order Execution Policy**

Any breaches of the Order Execution Policy will be recorded on the Firm's breach log in conjunction with its regulatory breach policy.