



# Order Execution Policy

Private and Confidential

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## **1. INTRODUCTION**

- 1.1 This document (this “**Order Execution Policy**”) sets out information and the approach of Global Prime Partners Ltd (“**GPP**”) to order handling, including providing the best possible execution result on a consistent basis.
- 1.2 The Markets in Financial Instruments Directive 2014/65/EU (“**MiFID2**”) is in force as of 3<sup>rd</sup> January 2018. The order handling and best execution requirements are contained in Articles 27 and 28, and in Articles 64 and 65 of EU Delegated Regulation 2017/565 and are transposed in the UK Financial Conduct Authority (“**FCA**”) Handbook in COBS 11.
- 1.3 MiFID2 and the FCA Handbook require GPP to treat customers fairly, identify and prevent conflicts of interest and take all sufficient steps to obtain the best possible result for its Professional Clients (“**client(s)**”).
- 1.4 This Order Execution Policy applies only to clients that GPP has categorised as Professional Clients, as confirmed in writing to the client, and only in dealings in Financial Instruments, as defined in MiFID2.

## **2. ORDER HANDLING – AGGREGATION, EXECUTION PROMPTLY AND FAIRLY**

- 2.1 GPP will take reasonable steps to execute client orders in a prompt, fair, and efficient manner relative to other client orders. GPP will execute comparable client orders sequentially in accordance with the time of their reception unless otherwise instructed by the clients; or the characteristics of the client order or prevailing market makes this impracticable.
- 2.2 Client orders will only be carried out in aggregation with another client order if:
  - 2.2 (a) the order is executed on a venue where aggregation is allowed;
  - 2.2 (b) it is unlikely that the relevant aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated; and
  - 2.2 (c) it has previously been disclosed to a client that their orders may be aggregated and that the effect of aggregation may work to its disadvantage in relation to a particular order.
- 2.3 GPP will allocate trades promptly and fairly. As a result of an order being aggregated, it may be carried out in the form of a block trade where permitted by the venue.

## **3. SCOPE OF BEST EXECUTION**

3.1 GPP apply one of two methods to a client order of a financial instrument it receives which are distinguished for the purposes of MiFID2, with a different best execution obligation for each:

(a) **Indirect execution:** GPP may transmit a client order to a third party, standing as a matched-principal to the order to the third party, e.g. a broker or investment bank (which may include GPP's affiliates) (each a "**Broker**") for that third party to execute on behalf of GPP. This includes the situation where GPP uses an execution algorithm or smart order router (including where the order is sent to a smart order router via a direct market access ("**DMA**") facility) that has been made available by the Broker to execute the transaction.

**Best execution obligation:** GPP must act in accordance with the best interests of clients when transmitting client orders with Brokers for execution in financial instruments on behalf of those clients, taking into account the execution factors as set out in this Order Execution Policy.

(b) **Direct execution:** Alternatively, GPP may execute the relevant transaction for a client as a matched principal to the transaction, with another counterparty or on an exchange or other trading system (each an "execution venue"). GPP may do this, for example, by dealing directly with an execution venue on a "request for quote" basis, or by accessing an exchange or trading platform directly either as direct member of or participant in the exchange/trading platform, or by using DMA provided by a Broker to access the exchange or platform. If the DMA facility sends the order to a smart order router before the relevant transaction touches an execution venue, such execution activity will not be direct execution. (Please note that the term "execution venue", as used in this Order Execution Policy, is intended to refer to counterparties with which GPP may execute client orders directly (such as the counterparty to an OTC derivative under an ISDA), as well as exchanges and other trading venues.)

**Best execution obligation:** GPP must take all sufficient steps to obtain the best possible result for its clients, when directly executing client orders with, or on, an execution venue on behalf of clients, taking into account the execution factors as set out in this Order Execution Policy.

These overarching obligations to obtain the best possible result for the client are referred to by GPP as "**Best Execution**".

3.2 Best Execution is only owed to a client when GPP accepts an order to execute a transaction on behalf of that client or in other circumstances where GPP expressly agrees to accept such Best Execution obligation. GPP is typically executing a transaction on behalf of that client where GPP:

- works an order for a client;
- acts on a matched principal basis;
- executes a limit or stop loss order; or
- concludes that a client is legitimately relying on GPP (see paragraph 3.3 below).

- 3.3 When GPP provides quotes or negotiates a price with a client, on request, Best Execution shall only apply where the client is relying on GPP to obtain Best Execution. Whether or not the client is placing legitimate reliance on GPP will be assessed by applying the four-fold cumulative test published by the European Commission, which entails the consideration of the following factors:
1. which party initiates the transaction;
  2. questions of market practice and the existence of a convention to 'shop around';
  3. the relative levels of price transparency within a market; and
  4. the information provided by GPP and any agreement reached.

Where the consideration of the above factors leads GPP to conclude that the client is not legitimately relying on GPP, then Best Execution will not apply.

- 3.4 Where a client provides GPP with a specific instruction relating to the execution of a client order, Best Execution will be applied in accordance with Section 8 below.
- 3.5 This Order Execution Policy and the Best Execution obligations within it only apply to client order in financial instruments under MiFID2. The relevant Asset Classes of financial instruments which GPP may execute (directly or indirectly) are set out in Appendix 2.
- 3.6 This Order Execution Policy does not apply to orders from or transactions with eligible counterparties.
- 3.7 Details of order handling policies relating to each financial instrument are outlined in Appendix 2.

#### **4. BEST EXECUTION AND RELEVANT FACTORS**

- 4.1 GPP has policies and procedures which are designed to obtain the best possible execution result on a continual basis, subject to and taking into account the financial instrument subject to the order, the nature of the order, the execution venues or Brokers available to GPP for such financial instruments and the priorities the client places on GPP executing those orders. For the avoidance of doubt, an order is an instruction to buy or sell a financial instrument which is accepted by GPP for execution or onward transmission to an executing broker and which gives rise to a contractual or agency obligation to the client. Implicit in the instruction received, will be the understanding that the client is relying on GPP to protect its interests in relation to the pricing or other aspects of the transaction that may be affected by how GPP or the entity to which the order is transmitted executes the order.
- 4.2 The execution factors specified by MiFID and COBS 11 are:
- price;
  - costs;
  - speed;

- likelihood of execution and settlement;
- size;
- nature; or
- any other consideration relevant to execution of the client order (for example, the minimisation of the potential market impact of the execution of the client order).

- 4.3 The relative importance of the execution factors must be determined by reference to the execution criteria which are:
- the characteristics of the client;
  - the characteristics of the client order, including where the client order involves a securities financing transaction such as a repo;
  - the characteristics of the Instrument Class(es) that is/are the subject of that client order; and
  - the characteristics of the Brokers and/or execution venues to which that client order can be directed.

The choice of execution venue will be determined in relation to the prioritisation of the execution factors.

- 4.4 GPP will generally give price and total transaction cost a higher relative importance when obtaining the best possible result for orders executed on behalf of the client. However, GPP may also take into consideration a range of different factors, including the need for timely execution, the availability of price improvement, the liquidity of the market (which may make it difficult to execute an order), potential price impact on the market, the size of the order, the nature of the financial transaction (including whether or not such transactions are executable on a regulated market, over-the-counter, or both) and the quality and cost effectiveness of any related clearing and settlement facilities.
- 4.5 GPP will determine the importance of the execution factors for each financial instrument as set out in Appendix 2 by using its commercial judgement and experience in light of the market information available to it, in support of the best possible outcome for its clients.

## ***5. EXECUTION VENUES AND BROKERS***

- 5.1 This Order Execution Policy includes, for each financial instrument in which GPP executes orders on behalf of its clients, those execution venues that GPP consider enables it to obtain on a consistent basis Best Execution. The possible execution venues for each product: regulated markets, multilateral trading facilities, third party systematic internalisers, market makers and other liquidity providers. These are listed in Appendix 2.
- 5.2 For exchange traded products GPP will generally execute client orders on the relevant exchange via direct market access provided by a third party participant which is a member. Due to the nature of some of the markets on which GPP's clients effect transactions, the execution venues

chosen by GPP for executing orders are often product driven and there may only be limited venues for the execution of the products.

5.3 The selection of execution venues as specified in Annex 2 for a particular Asset Class, GPP has taken care to select those execution venues that, in GPP's view, enable it to obtain on a consistent basis the best possible results for clients.

5.4 When selecting execution venues for direct execution (including those marked with an asterisk for OTC transactions), GPP may take into account the following qualitative factors (amongst others):

- Order type functionality of the execution venue
- Transparency (e.g. lit dark) of the execution venue
- Clearing schemes
- Circuit breakers
- Scheduled auctions
- Liquidity analysis
- Toxicity analysis
- Reversion analysis
- Market share
- Breadth of market coverage
- Reputation, financial strength and stability\*
- Willingness to execute difficult transactions
- Willingness to put balance sheet at risk for non-centrally cleared OTC trades\*
- Execution of an ISDA Master Agreement with clients\*
- Access to liquidity\*
- Ongoing reliability\*
- Overall costs of a trade including commissions, mark-ups, markdowns or spreads\*
- Anonymity of trading activity\*
- Licensed, as required, to execute the type of transaction\*

5.5 When selecting Brokers for indirect execution, GPP may take into account the following qualitative factors (amongst others):

- Accurate and timely execution, settlement, clearance and error / dispute resolution processes
- Reputation, financial strength and stability
- Block trading and block positioning capabilities
- Willingness to execute difficult transactions
- Willingness and ability to locate and/or commit capital to complete trades
- Execution of an ISDA Master Agreement with the firm's clients
- Access to underwritten offerings and secondary markets
- Ongoing reliability
- Overall costs of a trade including commissions, mark-ups, markdowns or spreads
- Nature of the security and the available market makers

- Execution at a desired time for the transaction
  - Size of the trade and ability to fill trades in staged orders
  - Anonymity of trading activity
  - Market intelligence regarding trading activity
  - Licensed, as required, to execute the type of transaction
- 5.6 GPP may access one or more of the following types of venues when executing a client order on its behalf:
- a regulated market (“**RM**”);
  - a multilateral trading facility (“**MTF**”);
  - an organised trading facility (“**OTF**”);
  - a systematic internaliser (“**SI**”);
  - other liquidity providers, e.g. market makers acting as principal;
  - inter-dealer brokers;
  - unrelated third parties performing similar functions; and
  - equivalent third country venues to the above.
- 5.7 There may be one or more trading methods or execution venues to fill one order and steps are taken to ensure that GPP does not structure or charge commissions in such a way as to discriminate unfairly between execution venues.
- 5.8 Subject to applicable local laws and regulations, GPP may seek to execute all or part of an order by netting/crossing it ‘internally’ with a matching order from another client if GPP believes that it can trade to the advantage of one or more clients provided no client is disadvantaged.
- 5.9 GPP may satisfy the requirement to disclose the identity of its execution venues where it executes on an RM, even though it might actually direct client orders to a limited subset of market makers that are active on that market, or give priority to a subset of available market makers.
- 5.10 In certain products within Asset Classes, there may be only one execution venue and in executing a trade in such circumstances GPP will presume that it has provided the best possible result in respect of these types of products.
- 5.11 This Order Execution Policy includes, for each financial instrument in which GPP transmits orders to Brokers for execution, those Brokers that GPP consider enables it to obtain on a consistent basis Best Execution. GPP may transmit client orders to Brokers (which may be located outside of the EEA and/or could be affiliates of GPP) for execution. In which case GPP will either determine the ultimate execution venue and instruct the other Broker accordingly, or GPP will satisfy itself that the Broker has arrangements in place to enable it to comply with its Best Execution obligations to its clients.

- 5.12 Access to a new execution venue or product is subject to GPP's internal policies, which is subject to review, approval and oversight by the Management Committee in accordance with Section 11 below.
- 5.13 GPP will also take steps to structure or charge GPP's commissions in such a way as to not discriminate unfairly between execution venues and Brokers.

## **6. CHOOSING BETWEEN INDIRECT AND DIRECT EXECUTION**

- 6.1 Once a client order had been received, the relevant trader will decide whether to place the client order with a Broker or to attempt to execute the transaction directly. This decision will be made having regard to the relative importance of the execution factors for the Asset Class in question.
- 6.2 For some Asset Classes, there will likely be no choice. So, for example, where the financial instrument falls within an Instrument Class which applies to OTC derivatives, the transaction will likely always be effected by way of direct execution. For equities transactions, the transactions may be executed by placing an order with a Broker who is a member of the relevant exchange or may - having regard to the execution factors - be executed directly.

## **7. TYPES OF TRANSACTIONS WHERE BEST EXECUTION HAS LIMITED SCOPE**

- 7.1 In some cases the application of Best Execution may be limited by the nature of the order given by the client. MiFID2 recognises that different considerations apply where the transaction involves a customised over-the-counter ("OTC") financial instrument tailored to the client instructions. Although Best Execution technically applies, there may be little or nothing against which to compare the transaction. This applies if It is (i) an OTC transaction, which is (ii) highly structured/customised to the particular client and, therefore, (iii) is not one of a series of similar deals to which the firm is a counterparty, and (iv) there is nothing comparable in the market.

## **8. SPECIFIC INSTRUCTIONS**

- 8.1 Where a client gives specific instructions to GPP, including specifying the characteristics of a bespoke product, either relating to an order or a particular aspect of an order, GPP will take all sufficient steps to obtain the best result in accordance with those instructions. GPP will fulfil its Best Execution obligations in line with this Order Execution Policy in respect of other parts or aspects of the client order(s) which are not covered by the specific instruction. Specific instructions may prevent GPP taking the steps that it has implemented to obtain Best Execution of the order (or part thereof).
- 8.2 Where a client chooses to execute an order via GPP's DMA capabilities, the client will select parameters of the trade (such as price, the counterparty, the venue, the timing, the size and nature of interaction with the selected execution venue). In such a case, GPP, while acting on



behalf of a client in providing the DMA service, will be treated as having satisfied its Best Execution obligations and the client will be treated as having given specific instructions for the entirety of the order by means of the DMA system.

- 8.3 Where a client privately negotiates a trade with a third party and asks GPP to register both sides of the trade on a regulated market, GPP will not owe any Best Execution obligations to the client. Where a client asks GPP to find a buyer or seller to a block trade, where the client has determined that the financial instrument, size and price, GPP's role is limited to finding a buyer or seller on terms determined by the client and registering the trade on a regulated market.

## **9. MANDATORY TRADING OBLIGATION AND ORDERS EXECUTED OFF A TRADING VENUE**

- 9.1 When GPP executes client orders there are some circumstances where the transaction will be subject to the mandatory trading obligation for shares or derivatives under Articles 23 or 28 of EU Regulation 600/2014 ("**MiFIR**"), respectively. If this applies GPP will be required to execute the transaction on a trading venue (or a systematic internaliser for shares) and not OTC. For shares this means GPP can execute trades on a regulated market or an MTF. GPP may also execute trades with a systematic internaliser and on an equivalent third country venue, subject to certain requirements being met. For shares this includes an obligation, where GPP has transmitted a client order to a Broker outside the EEA, to ensure the ultimate execution complies with the mandatory trading obligation. For derivatives subject to mandatory trading GPP may only execute client orders on a regulated market, an MTF or an OTF or an equivalent third country venue.
- 9.2 Subject to the mandatory trading obligation, GPP may execute trades outside a trading venue. When executing client orders off a trading venue GPP will consider the best interests of its clients when selecting counterparties and Brokers. This will include a consideration of the type of client and the service that is in their interests, as well as consideration of the type of instrument being executed.
- 9.3 GPP will obtain the client's prior express consent before proceeding to execute their client order(s) outside a trading venue. Consent may be obtained either in the form of a general agreement or in respect of individual transactions.
- 9.4 There can be consequences that come from the fact that GPP executes client orders outside a RM, MTF or OTF. In particular clients should recognise that an OTC transaction does not benefit from any clearing mechanism, and clients are therefore exposed to counterparty risk. This stems from the creditworthiness of an institution and can be measured by potential losses resulting from the default of one or more banks or primary broker-dealers. It may be more difficult for clients to obtain accurate pricing information because OTC trades may be negotiated and priced individually and there is no central source for obtaining price information from competing dealers. Clients may request additional information from GPP about the consequences of its executing in this way outside a trading venue, either generally or for specific transactions.

## **10. FEES, COMMISSIONS AND MARK-UPS**

- 10.1 GPP will charge commission or mark-ups for the execution services it provides for clients. In cash equities, fees will take the form of pre-agreed commissions.
- 10.2 GPP will not structure or charge commissions in a way as to discriminate unfairly between execution venues.
- 10.3 In Request for Quote (“RFQ”) driven markets, like Fixed Income and foreign exchange, GPP will charge a spread between where it may buy a financial instrument and where it may sell the same instrument.
- 10.4 GPP will ensure that mark-ups and spreads charged on transactions where best execution is owed are reasonable, not excessive and will be within a range that it considers reasonable for the product type, tenor and size of the trade. This does not mean that commissions and mark-ups will be exactly the same for all clients.
- 10.5 GPP will not seek to benefit from clients through asymmetric price movements e.g. where GPP may pass on any adverse price movements to the client while retaining for itself any movement in the client’s favour.
- 10.6 Pricing offered to clients may be reflective of an array of factors, including, but not limited to:
  - client’s relationship with GPP;
  - client type;
  - product being sold;
  - size of transaction;
  - current market conditions;
  - client’s credit worthiness;
  - competitive landscape; and
  - potential risk to GPP.

## **11. MONITORING AND REVIEW**

- 11.1 GPP will monitor the effectiveness of its execution arrangements, including the appointment and selection of affiliates and executing brokers, and the Order Execution Policy and assess on a regular basis whether the execution venues it has selected provide the best possible result for orders it executes on behalf of clients.
- 11.2 GPP will monitor, on a regular basis, the effectiveness of this Order Execution Policy and the execution arrangements within it in order, in particular the execution quality of the Brokers and execution venues identified in this Order Execution Policy, to identify and where appropriate correct any deficiencies.

11.3 GPP assesses on a regular basis whether the execution venues and Brokers it accesses allow it to achieve Best Execution on a consistent basis or whether GPP needs to make changes to its execution arrangements.

11.4 The monitoring process will involve a periodic review by compliance of transaction execution data to ascertain whether the best possible result was obtained in respect of those transactions.

For example:

a. Where the trader has not recorded in the OMS/EMS the factor(s) considered the most important, the default execution factor will be price and/or total transaction cost.

b. For transactions where the trader recorded in the OMS/EMS that price or cost was the most important execution factor or is left blank as per (a) above, this will involve an automated review of the price/cost of the executed client order using the following transaction cost analysis tool: where applicable, against public data transaction price made available pursuant to the post-trade transparency regime under MiFIR. Where there is evidence that materially better prices than the price obtained were available at the time of execution, compliance will discuss this with the relevant member of staff who effected the transaction and determine whether, bearing in mind the other factors that the trader considered to be of importance (e.g. size and nature of order) at the time, the best result was nevertheless achieved. The monitoring will also be used to assess trader performance and Broker/execution venue performance.

c. Where the trader recorded in the OMS/EMS that another execution factor was the most important (e.g. speed of execution), compliance will use an appropriate methodology to assess whether the best possible result was achieved in terms of that factor (for example, where speed of execution was the most important factor, via an automated review of the relevant time stamps) and again whether, bearing in mind the other factors that the trader considered to be of importance at the time (e.g. price, size and nature of order), the best result was nevertheless achieved.

11.5 If compliance concludes that there is evidence of the best possible result not being achieved, compliance will also record (if applicable) whether this is because the relevant members of staff are failing to follow this Order Execution Policy (e.g. using a Broker or execution venue that is not listed for the relevant Asset Class) or because of a deficiency in this Order Execution Policy (e.g. the track record of the relevant Broker or execution venue indicates that it should no longer be included in it). Compliance may make changes to this Order Execution Policy depending upon the outcome of the monitoring process.

11.6 GPP will review its Order Execution Policy and its order execution arrangements at least annually or whenever a material change occurs. What is material will depend on the nature and scope of any change. The reviews will be supervised by Compliance and this requirement has been

incorporated into GPP's Compliance Monitoring programme. GPP will also notify clients of any material changes to its order execution arrangements or the Order Execution Policy.

- 11.7 The review will focus on whether GPP would obtain better results for clients if it were to:
- include additional or different execution venues or Brokers (for the relevant Asset Class);
  - assign a different relative importance to the execution factors (for the relevant Asset Class);  
or
  - modify any other aspects of this Order Execution Policy and/or its execution arrangements.
- 11.8 In undertaking this review, GPP will take into account: (i) the information required to be published annually by execution venues on the quality of execution of transactions on that venue pursuant to Commission Delegated Regulation 2017/575 (ii) any commentary on the quality of executions published by execution venues and Brokers pursuant to their obligations under Commission Delegated Regulation 2017/576/EU; and (iii) transaction cost analysis data available via LiquidMetrix; (iv) information that GPP is required to publish annually on the top five execution venues where it has executed orders, and the top five Brokers to whom it has transmitted orders for execution, including information on the quality of execution obtained.
- 11.9 At the request of a client, GPP will provide a written explanation of how GPP has executed their orders in accordance with this Order Execution Policy and deal with such requests in a timely manner.

## **12. PUBLICATION OF TOP 5 BROKERS AND EXECUTION VENUES**

- 12.1 GPP is required to, in accordance with the requirements of MiFID2 and where relevant, summarise and make public on an annual basis separately a list of the top five Brokers it transmits client orders to, and the top five execution venues GPP executes client orders on, for each relevant Instrument Class. The top five Brokers and Execution venues are chosen on the basis of trading volumes in the preceding calendar year. Each report will also include information on the quality of execution obtained. For these purposes:
- (a) the transactions which are counted for the purposes of the list of the top five Brokers will include all direct execution using a DMA facility (where the relevant Broker will be the provider of the DMA facility) plus all indirect execution; and
  - (b) the transactions which are counted for the purposes of the list of the top five execution venues will include all direct execution other than direct execution using a DMA facility.
- 12.2 This information will be published annually on GPP's website by 30 April each year.

### **13. CONSENT**

- 13.1 Under MiFID2, GPP is required to obtain client consent to a firms order handling policy and expressly consent to execute their orders outside a regulated market or MTF. When you agree to GPP's client agreements, you will have consented to the terms of the Order Execution Policy (as amended from time to time) and provided your express consent to GPP executing orders outside a regulated market or MTF.

### **14. ESCALATION**

- 14.1 Questions about this Policy should be directed to GPP Legal and Compliance [legal.compliance@gpp.group](mailto:legal.compliance@gpp.group)

### **15. PUBLICATION**

- 14.1 This Policy is:
- published on GPP's website;
  - available to clients upon request; and
  - provided to competent regulators as may be required.

## **APPENDIX 1 – POLICIES BY ASSET CLASS**

### **A. EQUITIES**

Transactions in liquid equities will usually be executed by one of our panel of electronic execution providers. For illiquid equities client orders may be executed via a direct OTC execution with a market maker, SI or OTF.

In deciding between the various execution methods, the relevant trader should first decide the execution factor that is most important.

As a general indication, the execution factors for liquid equities are likely to be prioritised as follows, although these will be assessed on a case by case basis and subject to any Specific Instructions:

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

For liquid equities Price and Transaction costs will usually be the most important execution factor.

For Illiquid equities, the execution factors are likely to be prioritised as follows, although these will be assessed on a case by case basis and subject to any Specific Instructions:

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

Where price and transaction cost is the most important factor, the trader should analyse live pricing readily available from Bloomberg and other online feeds or directly on the order book of an execution venue and, where applicable, use the Liquid Metrix data available to the trader in relation to the prior performance of the relevant Brokers when executing trades in shares in that issuer/sector/geography and size. The trader should consider whether the best price is likely to be obtained by using a smart order router. The trader should also consider the commission and other charges applicable to the different available execution methods.

In appropriate circumstances, the trader may ascribe the most importance to an execution factor other than price/cost. Common examples of this are

- primary market transactions (IPOs/secondary issuances) where there may be only one or a small number of bookrunners from which to source liquidity where certainty of execution may be the most important factor;
- block trades where an eligible counterparty approaches GPP in circumstances where the counterparty is the only source of liquidity for that volume and price (including buybacks by the issuer).
- agreeing to the terms of a takeover offer/tender offer in respect of shares already held by us; and
- large client orders which may need to be “worked” with skill in order to avoid the execution of the client order having a detrimental impact on the price of the shares.

Where, based on the relevant execution factors to which the trader has ascribed the most importance, the trader has decided to submit the client order to a Broker for execution including using the Broker’s algorithm, the trader should select the Broker and algorithm that, in the trader’s view, has a track record of achieving the best result in terms of the relevant execution factors (taking into account the various Brokers’ geographic and product coverage and the size and nature of the client order). Where an algorithm is used that allows the trader to adjust the execution parameters, the parameters that are most consistent with delivering the best possible result for the client should be selected.

Where, based on the relevant execution factors to which the trader has ascribed the most importance, the trader has decided to execute the client order directly on/with an execution venue using a DMA system, the trader should submit an order type and validity that maximises the chances of the relevant best possible result being achieved.

On occasions where the trader decides (for example, because of the size of the client order) that the best possible result can only be achieved by executing an OTC trade directly with a counterparty, the trader would usually obtain quotes from at least three such execution venues and ensure that the details of the quotes obtained are recorded (e.g. by using Bloomberg chat). However, in circumstances where the trader considers that speed of execution, certainty of execution and/or market impact are important execution factors, he or she is permitted to deal on the basis of the prices quoted by/available on a single execution venue. In order to ensure quick executions and to minimise market impact, it is permissible for client orders to be split among multiple Brokers.

For SFTs involving equity underliers where GPP is the borrower, certainty of execution (i.e. does the potential lender have access to the requisite amount of borrow) and likelihood of recall will usually be the most important factors, with transaction cost (i.e. the financing rate) and certainty of settlement (i.e. counterparty risk) being important secondary factors. The trader will select the lender or lenders with a suitable credit profile that have access to the necessary inventory and are prepared to lend them at acceptable rates.

## ***B. FIXED INCOME***

Transactions in liquid fixed income will usually be executed on a multilateral trading facility as per Appendix 2. For illiquid equities client orders may usually be executed via a direct OTC execution with a market maker, SI or OTF., however where there is a liquidity we may use one of the MTF's as per Appendix 2.

With regard to liquid fixed income, as a general indication, the execution factors are likely to be prioritised as follows, although these will be assessed on a case by case basis and subject to any Specific Instructions:

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

For liquid equities Price and Transaction costs will usually be the most important execution factor.

With regard to illiquid fixed income in most instances, competitive quotes are sought from two or more in, but for larger transactions and/or transactions in the least liquid markets, a single counterparty may be approached on the basis of that counterparty's suitability for the transaction, especially in the cases where to approach multiple counterparties may be detrimental to clients' interests.

For Illiquid fixed income the execution factors are likely to be prioritised as follows, although these will be assessed on a case by case basis and subject to any Specific Instructions:

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

For illiquid fixed income although price and cost will likely remain the most important factors, the trading desk will also give a heavier weighting to the ability to transact the clients size of order to his execution decisions.

## ***C. FOREIGN EXCHANGE***



FX spot transactions are not a MiFID2 instrument and as such are out of scope for Best Execution obligations.

#### ***D. STOCK LENDING & BORROWING***

Where transactions under repurchase contracts, reverse repurchase contracts and borrowing and lending securities contracts are executed with funding counterparties, this is not considered to be client business, therefore Best Execution is not owed.

GPP may also execute transactions under repurchase contracts, reverse repurchase contracts and borrowing and lending securities contracts with professional clients. Generally price will be one of the most important execution factors but due to the bespoke and structured nature of the instrument, many bespoke factors to each trade will affect the price, including: characteristics of collateral, exposure to counterparty, margin and haircuts applied.

#### ***E. EXCHANGE TRADED DERIVATIVES***

GPP will act in an agency capacity when buying and selling listed derivatives for clients. Due to the potential levels of volatility in the Exchange Traded Derivatives (ETD) market that may affect both price and volume, we will seek to provide you with the fastest execution reasonably possible, although delays may occur.

As a general indication, the execution factors for liquid exchange Trade Derivatives are likely to be prioritised as follows, although these will be assessed on a case by case basis and subject to any Specific Instructions:

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

Where price and transaction cost is the most important factor, the trader should analyse live pricing readily available from Bloomberg and other online feeds or directly on the order book of an execution venue. The trader should also consider the commission and other charges applicable to the different available execution methods.

Where, based on the relevant execution factors to which the trader has ascribed the most importance, the trader has decided to submit the client order to a Broker for execution including using the Broker's algorithm, the trader should select the Broker and algorithm that, in the trader's view, has a track record of achieving the best result in terms of the relevant execution factors (taking into account the various

Brokers' geographic and product coverage and the size and nature of the client order). Where an algorithm is used that allows the trader to adjust the execution parameters, the parameters that are most consistent with delivering the best possible result for the client should be selected.

Where an order is received that meets particular size criteria or specific parameters such as minimum block or crossing thresholds, it may be possible for GPP to execute such orders outside of the central order book of the relevant Exchange by directing the broker to use the relevant exchanges block or crossing functionality. In such circumstances we will look to secure the best possible result for you, given any parameters set, by utilising relationships with market makers or liquidity providers.

In these circumstances we would generally prioritise the execution factors as follows, although these will be assessed on a case by case basis and subject to any Specific Instructions:

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

GPP will use executing brokers for ETD from Appendix 2 and they are selected on their pricing, liquidity capability, clearance and settlement capabilities, quality of service, access to markets, credit worthiness and financial stability in accordance with GPP's pre-selection process.

#### ***F. OTC DERIVATIVES***

For OTC derivatives, the predominant execution factor is likely to be price. GPP will treat clients fairly where they wish to close their positions before the expiration date, applying equivalent pricing benchmarks to when positions are opened.

For equity swap instruments, GPP will provide direct market access to the exchange order book where underlying instruments are traded allowing the client full control over specific instructions for the entirety of the order, including choice of venues where the underlying position should be hedged by GPP. The underlying equity hedge transactions will be handled in accordance with our best execution policies for equities.

#### ***G. STRUCTURED PRODUCTS***

The Structured Products Desk executes trades with structured products (debt securities linked to the performance of the underlying, for example notes or warrants linked to equities, commodities, indices, CDS etc...)

In most instances, competitive quotes are sought from two or more issuers (Tier-1 global banks). GPP will act in a matched principal capacity in relation to structured products when buying and selling for clients.

Issuers are selected on their pricing, credit rating of issuer and/or instrument, liquidity capability, speed of execution and choice of underlying.

GPP will generally prioritise the execution factors as follows, although these will be assessed on a case by case basis and subject to any Specific Instructions:

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

For secondary market orders in structured products, we will obtain an RFQ from the relevant issuing bank and reflect through to the client. As the bank is only 1 market maker it is not possible for GPP to provide multiple quotes and we rely on the issuing bank to provide best execution. Where possible we will aim to cross buying and selling interests however these circumstances are rare.

## **APPENDIX 2 – EXECUTION VENUES AND BROKERS**

### **A. LIST OF EXECUTION VENUES BY ASSET CLASS**

<b>ASSET CLASS</b>	<b>EXECUTION VENUE</b>
Equities	Instinet, Nomura, Citi, Convergenex, KCG, Morgan Stanley, Maybank, Phatra, Barclays – via SMART Order Routers.  Market Makers SI'S AND OTF'S– Tulleys, Winterflood, Peel Hunt, Link, Xconnect, ICAP
Fixed Income	Market Makers, SI's and OTF's: Citi, Nomura, Commerz, IMI, BNY, CS, CS Private Bank, UBS, Jefferies, Stifel, BGC, Tullet, Nykredit, Mediobanca, Lloyds, Cantor  MTF's: Bloomberg MTF, Marketaxess
Foreign Exchange Derivatives	BNY, BNP, Nomura
ETD	Nomura, KCG, Dash, Maquarie  SI's Susquehanna, Optiva, CITI
OTC	Nomura
Structured Products	Credit Suisse, SocGen, Commerzbank, Investec, CIBC, RBC, UBS, Leonteq, Natixis, HSBC

### **B. LIST OF BROKERS BY ASSET CLASS**

<b>ASSET CLASS</b>	<b>EXECUTING BROKER</b>
Exchange Trade Funds	via a Smart Order Router Nomura, Citi, Barclays  Market Makers and SI's: Susquehanna, Jane Street