

Best Execution Policy and Order Handling Procedure

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REGENTS PARK SECURITIES

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REGENTS PARK SECURITIES

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REGENTS PARK SECURITIES

1 Introduction

Under the EU Markets in Financial Instruments Directive (MiFID and MiFID II) and the FCA rules, Regents Park Securities (RPS) is required to establish an order execution policy and to take all reasonable steps to obtain the best possible result when executing orders on behalf of its clients. The order handling and Best Execution requirements are contained in Articles 27 and 28, and in Articles 64 and 65 of the MiFID II Delegated Regulation 2017/565 and have been implemented by the FCA in the UK in COBS 11.2A.

RPS is committed, when executing orders on behalf of clients, to obtain the best possible result after taking into account the various components of the transaction. This policy sets out the information that must be provided to clients regarding the execution criteria, the factors that RPS will consider when trying to obtain the best possible result and the primary execution venues (counterparties) RPS will use when executing orders.

2 Scope

This policy applies to orders that RPS executes on behalf of its Professional Clients, and in relation to financial instruments (as defined below). However, it is RPS' intention to exercise consistent standards and operate the same processes across all markets, clients and financial instruments in which it operates.

3 Definitions

Client order means an instruction given by a client to RPS to execute an order in financial instruments, whether they are executed direct in the market or transmitted to another firm to execute on RPS' behalf, that are carried out on behalf of a client.

Financial instruments under MiFID II are products to which the Best Execution rules apply, including stocks, bonds, exchange traded funds, futures, options, foreign exchange forwards (including rolling FX spot), foreign echange options, contracts for difference, certificates, warrants and mutual funds.

Execution venue refers to regulated markets, multilateral trading facilities, organised trading facilities and other entities that perform a similar function.

Multilateral Trading Facility (MTF) means a trading system that facilitates the exchange of financial instruments between multiple parties.

Organised Trading Facility (OTF) means any facility or system designed to bring together buying and selling interests or orders related to financial instruments.

Regulated Market is a multilateral system that is operated or managed by a market operator and that brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments within the system.

4 Policy Purpose

The purpose of this policy is to:

- set out RPS' approach to order handling;
- provide clients with information relating to the execution arrangements RPS has in place in order to comply with its obligations under MiFID II; and
- explain how RPS will achieve the best possible result for its clients.

5 Types of orders

RPS accepts primarily the following types of orders:

a) **Market order:** A market order is a request by a client to buy or sell a security promptly at the best available price in the current market. It is widely considered the fastest and most reliable way to enter or exit a trade and provides the most likely method of getting in or out of a trade quickly. Market orders are used when certainty of execution is a priority over the price of execution.

b) **Limit order:** With a limit order, the client sets the maximum purchase or the minimum sale price, at which the trade is to be executed. As a limit order may be entered away from the current market price, it may not be executed immediately. A client who places a limit order gives up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future.

In relation to the type of orders above, the following validity periods are possible:

a) **Day order:** A day order is an order to buy or sell a security that automatically expires if not executed on the day the order was placed (usually, 9pm GMT). In the event that the trader does not execute the order on the day it was placed, the order gets cancelled.
b) **Good-till-cancelled order (GTC order):** A GTC order will remain in force until executed, cancelled by the client or cancelled by RPS, whichever comes first. RPS typically contacts the client after 30 days to confirm if they still wish to proceed with the order.
c) **Good-till-date order (GTD order):** A GTD order remains active until a date the client specifies, unless it's been filled or cancelled.

6 Transmission of orders

RPS' clients can submit their orders in the following ways:

- By phone, in which case, the client must be verified prior to transmitting the order;
- Via secure message in RPS' system;
- By email, in which case the order must be transmitted from the email address registered in the client's trading account with RPS.

7 Acceptance of orders

The following order details must be made available to RPS:

- Date of giving the order;
- Time of receipt of the order;
- Client name or reference;
- Client account number;
- Order direction (buy or sell);
- Unique identification code for the financial instrument; and
- Order type (i.e. limit price, term of validity, etc)

Orders are accepted by RPS for execution during market hours.

Prior to accepting an order to purchase financial instruments, the traders review the respective client account to make sure that the client has a sufficient amount of funds in the currency of the order in the account intended for the purchase of the financial instruments and for the payment of the relevant fees to RPS. If the client's balance in the currency of the order is insufficient, but the client has balances in other currencies, the trader can propose to the client to make a foreign exchange transaction to cover the gap in the currency of the order.

Prior to accepting an order to sell financial instruments, the trader has to make sure that the client has a sufficient number of units of the financial instrument in his account.

7.1 Cancellation of orders

Clients can cancel any order at any time by notifying RPS unless and until the order has been executed in whole or in part. If an order has been executed in whole or in part, it will not be possible to cancel the order to the extent that it has been executed. Cancellation notifications are accepted by RPS in the following ways:

- via secure message or email;
- by phone; or
- in person - provided the relevant trader takes notes in accordance with the internal procedures set out in RPS' Telephone conversation and Electronic communications recording policy.

8 Client order handling

RPS is required to implement procedures and arrangements which provide for the prompt, fair and expeditious execution of orders, relative to other orders.

RPS executes orders promptly and fairly. Comparable orders are executed sequentially in accordance with the time of their reception, unless otherwise instructed by the clients, or the characteristics of an order or the prevailing market conditions make this impossible or impractical. Orders will not be treated as comparable if they are received by different media and it is not practicable for them to be treated sequentially.

9 Aggregation and allocation of client orders

In accordance with Article 68 of the MiFID Org Regulation and COBS 11.3.7, RPS will aggregate client orders only when the following conditions are met:

- it is unlikely that the aggregation of orders will work overall to the disadvantage of any client whose order is to be aggregated;
- it has been disclosed to each client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order; and
- it is in compliance with RPS' Best Execution policy and order handling procedures.

RPS does not aggregate client orders with orders on its own account. RPS has an allocation procedure in place to ensure fair treatment is given to all client orders in such instances.

9.1 Allocation procedures

The allocation procedures set out below are designed to ensure that, when RPS aggregates a client order with another client's order and subsequently allocates the executed orders, it does so consistently and in accordance with the FCA rules covering:

(a) ***Timely allocation***: allocation will be carried out promptly and by RPS when relevant.

(b) ***Fair allocation***: all clients will receive the same executed price or a volume weighted average where there is a series of orders.

(c) ***Re-allocation***: any errors in allocation will be promptly corrected so as to not benefit any one client over another.

9.2 Filled aggregated orders

Where RPS is able to fulfil the whole of an aggregated order on a single business day, it will allocate equally the average price of the executions to all clients whose orders were executed through the aggregated orders. Aggregated orders dealt on a single business day will be allocated to clients on that day.

RPS will retain records of all deals in aggregated orders and of their allocation for a period of at least five years.

9.2.1 Partially filled aggregated orders

In the event that an aggregated order can only be partially filled, RPS will allocate the partially fulfilled orders according to the time by which the orders were received. If the partially filled aggregated order was a day order, the remaining part of the order will get cancelled. If the partially filled aggregated order was a GTC order, the remaining part of the order will remain open until filled or cancelled.

9.2.2 Client Sub-Accounts

If a client gives an order which is to be split among various sub-accounts, RPS will use reasonable efforts to determine the sub-account names and the basis for the allocation

when the order is first obtained. The order should then be allocated in accordance with the client's instructions.

In the absence of client instructions as to the basis of the allocation, the allocation should be made either:

a) on a pro-rata basis among the sub-accounts as the order is filled; or
b) on such other basis agreed with Compliance.

9.2.3 Re-allocation

Re-allocation is permitted only if:

(a) RPS has made an error and is able to re-allocate within one business day of the date of the error; or
(b) the order is only partially executed, resulting in an uneconomic allocation to one or more clients. In this situation, RPS will take reasonable steps to ensure that re-allocation is in the best interests of the relevant clients.

9.2.4 Records

RPS is required to make a record of the intended basis of allocation when aggregating the orders of several clients. Once the allocation is made RPS will record the actual basis of allocation. Should the actual basis of allocation be changed, a record of the details of, and the rationale for, the re-allocation will be made. When executing aggregated orders, RPS will record:

a) the date and time of allocation;
b) the details of the relevant security;
c) the identity of each client involved; and
d) the amount allocated to each client.

10 Order execution

When executing client orders, RPS will generally act as an agent to its clients which means it must look after its clients' best interests, which involves attempting to fill client orders at the best price and in the fastest way possible. In circumstances, RPS may act as a riskless principal. In this scenario, RPS will act as a facilitating counterparty to both sides of a matching trade, interposing itself between the buyer and seller to the transaction in such a way that it is never exposed to market risk throughout the execution of the transaction, with both sides being executed simultaneously.

Upon receipt of an order, the traders will determine whether to place the order manually or FIX subject to the type of financial instrument. RPS will prioritise “not held”orders over “held”orders. “Not held” orders are orders which are placed directly with RPS’ counterparties from the client entry on RPS’ trading system while “held” orders require manual intervention from the traders, i.e. the order needs to be manually entered or the trader needs to contact a counterparty outside of the system.

Where there is a lapse of time between RPS' first quote and the client's acceptance which causes delay or in the eventuality that the market conditions have changed, RPS will still be within its rights to execute the order provided the quote is not manifestly out of date and that, withholding this contention, it would have met the Best Execution requirements.

10.1 Direct and Indirect Execution

The nature of the Best Execution obligations differs depending on whether RPS is executing orders directly, or whether these orders are being transmitted to third parties (i.e. counterparties) for execution.

For the execution of orders, RPS operates through a network of counterparties, which means all orders are executed indirectly. Indirect execution refers to the practice of transmitting orders to counterparties, for which the counterparty is then responsible for execution. These orders may be transmitted to the counterparty by a variety of methods, including by telephone, Bloomberg chat, email and electronic order entry and transmission systems (e.g. FIX).

10.2 What is Best Execution?

Best Execution is the obligation to take all sufficient steps to systematically obtain the best possible result for the client when either directly executing orders on clients' behalf on one or more Execution venue(s) or transmitting client orders to counterparties for execution.

10.3 When does Best Execution not apply?

The Best Execution obligation does not apply to:

- orders from eligible counterparties in accordance with Article 30 of MiFID II; and
- where a client provides RPS with a specific instruction relating to the execution of a client order, Best Execution will be applied in accordance with section 10.6.

10.4 Best Execution factors

In the absence of specific client instructions, in order to achieve the best possible result for clients when executing an order, RPS will take into account the following execution factors:

- **Price:** This is the price the financial instrument is executed at (excluding external costs and RPS' fees and charges)
- **Execution costs:** This includes any costs related to the execution of the order (i.e. any external costs charged by third parties which are related to the execution of the order and which are directly passed on to the client, such as, execution venue fees, clearing and settlement fees and any explicit internal fees, such as commission or spread).
- **Speed:** This is the potential time it takes to execute a client order, including settlement.
- **Probability of execution and settlement:** This is the likelihood that RPS will be able to complete an order.

- **Size:** This is the size of the order executed for the client and RPS may may take this into account as to how this affects the price of execution.
- **Nature of the order**; and
- **Any other relevant considerations to the order**, such as characteristics of execution venues or market impact.

The general market understanding is that the best possible results for a client would be determined by the price and/or the liquidity of the market. However, RPS may decide, in its absolute discretion, that in certain circumstances, other factors are more important in determining the best possible results. This may depend on the type of the order, the financial instrument or the market involved.

RPS will determine the importance of the execution factors for each financial instrument as set out in Appendix 2.

10.5 Execution criteria

When executing client orders, RPS will take into account the following criteria for determining the relative importance of the execution factors set out above:

- the characteristics of the client (i.e the client categorisation);
- the characteristics of the client order (i.e the size of the order in relation to market liquidity);
- the financial instrument that is the subject of that order; and
- the execution venue to which that order can be directed.

10.6 Specific client instructions

Where the client provides RPS with a specific instruction in relation to an order, or any particular aspect of an order, for example a preferred execution venue, RPS will follow that instruction when executing the order. Therefore, where a client gives RPS a specific instruction, this instruction overrides the Best Execution obligation for the scope of the particular instruction, as any specific client instruction may prevent RPS from taking the steps that have been designed and implemented in this policy.
Where a client's instructions relate to only part of the order, the remaining element of the order not covered by the client's specific instruction will remain subject to Best Execution requirements.

10.7 Execution venues

In order to give effect to this policy, RPS is required to select the Execution Venues which, on a consistent basis, allow it to obtain the best possible results for the execution of client orders. RPS may use one or more of the following venue types when executing client orders:

- Regulated Markets;
- Multilateral Trading Facilities (MTFs);
- Third-party investment firms and/or affiliates acting as a Market Maker or other liquidity providers;

- Non - EU entities performing similar functions

As RPS executes client orders only indirectly, it will generally transmit the order received from the client to one of its counterparties for execution. In doing so, RPS must act in the client's best interest and choose the counterparty that it considers to be the most appropriate to meet its Best Execution obligation on a consistent basis. However, RPS' commitment to provide its clients with Best Execution does not mean that it owes them any fiduciary responsibility over and above the specific regulatory obligations placed upon RPS or as may be otherwise contracted between RPS and its clients. Where RPS transmits client orders to a third party for execution, RPS is not required to duplicate efforts and will rely on the third party to provide Best Execution. A non exhaustive list of the counterparties on which RPS places significant reliance in meeting its Best Execution obligation for the execution of its client orders can be found in Appendix 1.

RPS considers a number of factors when selecting counterparties to execute its orders. These factors include: accessibility to the relevant market; experience in the relevant market; settlement performance; and quality of order execution services.

10.8 Executing orders outside a regulated market

RPS may execute all or part of a client order outside regulated markets or MTF, i.e. where the instrument is an OTC instrument or where it is in the best interests of the client to execute the order outside of a trading venue. Where this is the case, RPS will consider the best interests of its clients when selecting counterparties. 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.

In some circumstances, trading off venue can lead to certain risks arising, such as counterparty risk. This will occur particularly in the case of instruments which are not settled by delivery versus payment; in which case the counterparty fails to pay for the delivered financial instruments.

In accordance with the regulatory equirements in COBS 11.2A.24 in the FCA Handbook and Article 27 of MiFID, RPS has requested clients' explicit consent to execute such orders in this manner. The request to provide such consent is included in the application form which has been provided to the client and which must be agreed upon between RPS and the client.

10.9 Client Limit Orders

The FCA rules require that unexecuted client limit orders on a regulated market are made public immediately unless the client expressly instructs otherwise. By consenting to this policy each client expressly confirms that unless the client specifies otherwise, RPS shall not be obliged to make public any limit orders placed by the client in respect of shares admitted to trading on a regulated market which are not immediately executed under prevailing market conditions.

10.10 Trade confirmations

In accordance with Article 59 of the MiFID Org Regulation which has been implemented in COBS 16.A3 in the FCA Handbook, RPS is obliged to provide its clients in a durable medium, with the essential information concerning the execution of that order as soon as possible and no later than the first business day following execution. It is RPS' policy to provide such trade confirmations electronically.

10.11 Demonstrating Best Execution to clients and the FCA

In line with COBS 11.2A.32 and Article 27 of MiFID, RPS is obliged to be able to demonstrate to its clients and to the FCA, upon request, that all trades have been executed in accordance with this policy and that Best Execution has been achieved.

RPS considers that its records will constitute conclusive evidence to demonstrate that RPS has taken all sufficient steps to provide Best Execution to its clients and that this has been delivered on a consistent basis.

10.12 Disclosure of Top 5 Execution venues

In accordance with the requirements in MiFID II, RPS is required to summarise and make public on an annual basis, a list of the top 5 execution venues it executes client orders to for each relevant financial instrument class. Where firms execute trades indirectly by transmitting orders to brokers (counterparties), an equivalent disclosure of the top 5 brokers is required under COBS 11.2A.34 EU (6). Where both direct and indirect execution takes place, these reports must be made separately.

The top 5 execution venues are chosen on the basis of trading volumes in the preceding calendar year. This report will also include information on the quality of execution obtained on these venues. This information will be published on RPS' website by the end of April each year.

10.13 Fees, commissions and mark-ups

When executing an order on behalf of a client, RPS may charge an additional fee, commission or mark-up for providing the execution. In relation to fixed income or foreign exchange trades, RPS will charge a spread between where it may buy a financial instrument and where it may sell the same instrument. RPS will ensure that mark-ups and spreads charged on trades where Best Execution is owed are reasonable, not excessive and within a range that it considers reasonable for the type and size of the trade. This does not mean that commissions and mark-ups will be exactly the same for all clients. However, any fee, commission, or mark-up charged will:

- be disclosed to the client ahead of the placement of the order; and
- not be set in such a way that it inherently compromises the underlying process of obtaining Best Execution.

RPS will not receive any incentives (remuneration, discount or non-monetary benefit) for routing client orders to a particular venue if they will result in RPS failing to meet its best

outcome obligations or result in contravening requirements on conflicts of interest or inducements.

10.14 Monitoring and Review

RPS will monitor the effectiveness of the order execution arrangements to identify and, where appropriate, correct any deficiencies. RPS will assess, on a regular basis, whether the counterparties consistently provide the best possible result for the client or whether changes are required to its execution arrangements.

RPS will review its order execution arrangements and this policy at least annually. Whenever a material change occurs, that affects its ability to obtain the best possible result for the execution of client orders on a consistent basis, it will adjust them accordingly.
RPS will notify its clients of any material changes or updates to these execution arrangements or this policy.

11 Consent

Under MiFID II, RPS is required to obtain the client's consent to its Best Execution Policy and Order Handling Prodecure and expressly consent to execute client orders outside a regulated market or MTF. Each client will be deemed to consent to this policy when they give RPS an order to execute a trade. By signing RPS' account application form, each client explicitly consents to RPS executing orders on their behalf outside of a regulated market or MTF.

12 Appendix 1

Below is a non-exhaustive list of the counterparties which RPS has assessed as enabling it to obtain Best Execution on a consistent basis. RPS will review and update the list from time to time in accordance with its Best Execution Policy and Order Handling Procedure. RPS may use other counterparties, and it may add or remove counterparties, where appropriate, in order to obtain the best possible result for the client.

12.1 Equities

Canaccord
Haywood
ITG Canada Corp
Jones Trading
TD Securities

12.2 Fixed Income

AIS Financial Group
Exotix
IlliquidX Securities Limited
Invex
SC Lowy Financial

12.3 Derivatives

NatWest

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13 Appendix 2 – Best Execution factors by financial instrument

13.1 Equities

RPS must take into account the Best Execution factors when submitting an order to a counterparty for execution. When handling an equity order, RPS will generally prioritise the Best Execution factors as follows, although these will be assessed on a case by case basis and subject to any specific instructions:

1. Price
2. Execution Costs
3. Speed
4. Probability of execution and settlement
5. Size
6. Any other relevant consideration

13.2 Fixed Income

RPS must take into account the Best Execution factors when submitting an order to a counterparty for execution. When handling a fixed income order, RPS will generally prioritise the Best Execution factors as follows, although these will be assessed on a case by case basis and subject to any specific instructions:

1. Size
2. Price
3. Speed
4. Probability of execution
5. Execution costs
6. Any other relevant considerations

13.3 Derivatives

Exchange Traded

RPS must take into account the Best Execution factors when submitting an order to a counterparty for execution. When handling an exchange traded derivative order, RPS will generally prioritise the Best Execution factors as follows, although these will be assessed on a case by case basis and subject to any specific instructions:

1. Price
2. Size
3. Execution Costs
4. Speed
5. Probability of execution and settlement
6. Any other relevant consideration

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OTC Derivatives

RPS must take into account the Best Execution factors when submitting an order to a counterparty for execution. When handling an OTC derivative order, RPS will generally prioritise the Best Execution factors as follows, although these will be assessed on a case by case basis and subject to any specific instructions:

1. Price
2. Size
3. Execution Costs
4. Speed
5. Probability of execution and settlement
6. Any other relevant consideration