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## Order Execution Policy

January 2019

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Document Version Control

| Version Number | Date Updated  | Update Owner | Update Details  |
|----------------|---------------|--------------|---|
| 2.0            | December 2017 | Alex Skrine  | Full Review of MiFID II Obligations<br>Complete document rewrite  |
| 2.1            | August 2018   | Alex Skrine  | Include new OTC section.<br>Separate Execute Venue lists for Equities vs Fixed Income   |
| 3.0            | January 2019  | Alex Skrine  | Annual review conducted in December: <ul style="list-style-type: none"> <li>- Moved paragraph from 'Execution Types' to 'Introduction' for extra clarity up front</li> <li>- 'Larger' orders now renamed 'Medium Sized' (can still complete in single fill)</li> <li>- 'Worked Orders' includes algorithmic trading strategies (dealer discretion)</li> <li>- Other minor text changes</li> </ul> |
|                |               |              |   |

This document, together with our standard Terms of Business (TOB) and other documents specifically referenced therein, forms the Agreement between us. All capitalised terms are as defined herein, or otherwise in the standard TOB, which can be found at [www.winterflood.com/documentation](http://www.winterflood.com/documentation)

## Order Execution Policy ('OEP')

### Introduction

The revised Markets in Financial Instruments Directive 2014/65/EU (MiFID) requires Wins to take all sufficient steps to obtain the best possible result for Clients on a consistent basis when executing Orders, "Best Execution". These MiFID requirements are implemented in the UK in the Conduct of Business Sourcebook ("COBS") contained in the Handbook of the Financial Conduct Authority (the "FCA").

We have designed this OEP, and established execution arrangements, to ensure the intended outcomes for Clients can be successfully achieved and demonstrated on an on-going basis. This does not necessarily mean that Wins will achieve the best possible result for Clients on every single occasion, rather we endeavour to ensure and verify that our arrangements work sufficiently well throughout the different stages of the execution process. We have strong front office accountability, and systems and controls, which help us ensure our detection capabilities are able to identify any potential deficiencies, which we may then address.

For the avoidance of doubt, Wins' commitment to providing Clients with Best Execution does not mean that Wins owes any fiduciary responsibilities over and above the specific regulatory obligations placed upon us.

**As a Market Maker, Wins will place significant reliance on own account when executing Client Orders in order to improve the speed, cost and likelihood of execution, and in such circumstances, will be trading in a principal capacity. For the avoidance of doubt, use of principal risk capital is entirely at our discretion, and is not guaranteed.**

Own account Transactions are bilateral in nature, between us and our Clients, but due to the requirements of MiFIR, the market maker registrations and commitments on Trading Venues, we have an obligation to maintain both pre-and post-trade transparency. Own account Transactions between us and our Clients are therefore reported to Trading Venues as 'Off-Book' but still 'On-Exchange' and are executed under the rules of any such Trading Venue. Any such Transactions will be deemed as having been conducted under an exchange's systems, not OTC, and hence will not be subject to a transparency waiver and thus do not contribute to the MiFIR double volume caps introduced on 3<sup>rd</sup> January 2018.

Where Client Orders require more liquidity than is available via Wins as sole Execution Venue, or where Clients are using Wins for Electronic Smart Order Routing (ESOR), Wins may also place significant reliance on other Execution Venue Types listed below, and in such circumstances Wins may be trading in both a principal and riskless principal capacity.

### Scope

This OEP applies to the execution of Orders in all Financial Instruments (as defined in Section C to Annex I of MiFID) admitted to trading on an EU Regulated Market or traded on a Trading Venue.

**Unless otherwise agreed, this OEP only applies to Professional Clients and not to Eligible Counterparties, as each are defined in the FCA Rules. You will have been notified of your classification when establishing a relationship with Wins. If you are unclear of your classification, then you must seek clarification with us prior to placing any Orders with Wins.**

## Application of Best Execution

Different levels of regulatory protection are given to Clients within each MiFID classification.

- **Retail Customers** (private clients) are afforded the greatest regulatory protection. Wins do not deal directly with private clients.
- **Professional Clients (PCs)** are considered to possess the experience, knowledge and expertise to make their own investment decisions and properly assess the risks that they incur. They are therefore afforded less regulatory protection than Retail Customers;
- **Eligible Counterparties (ECPs)** consist of regulated financial institutions and certain other undertakings. MiFID stipulates a light regulatory regime for Transactions between investment firms and Eligible Counterparties.

Unless otherwise specifically agreed in writing, this OEP only applies to those Clients who have been classified as PCs. More specifically, Best Execution only applies where Wins receives an Order from a PC to execute on their behalf, and hence the PC has placed **'legitimate reliance'** on Wins to protect their interests in relation to the pricing or other aspects of the Transaction that may be affected by how Wins execute the Order.

This will be the case when Wins, for example;

- (i) execute your Order by dealing as principal (Wins dealing on own account);
- (ii) execute your Order by dealing as riskless principal on your behalf;
- (iii) work an Order on your behalf, where you place an Order with us and we may execute it against our own account; or
- (iv) owe a contractual Best Execution obligation to you, (in the event of you normally being classified as ECP for example).

## Legitimate Reliance

Wins will determine if the Client has placed legitimate reliance on Wins, and hence whether Best Execution applies, by following a four-fold cumulative test.

- (i) How was the Transaction initiated? Is it clear from the way that the Transaction was initiated (e.g. RFQ) that you are not relying upon us with regards to the quality of execution?
- (ii) Is there a market practice/convention for you to "shop around"? If you are pitching us against other market makers, you are not relying on us with regards to pricing or execution.
- (iii) Is there a relative disparity on price transparency between us? If you have, for some reason, better access to pricing information than we do (for instance, because there is a prevailing market practice that you "shop around" – see above) then you are probably not relying on us with regards to pricing or execution.
- (iv) Have we agreed with you, or disclosed to you, that Best Execution may not apply? This OEP describes circumstances where we may not owe you a duty of Best Execution, and there may be other circumstances where we disclose this to you on an Order specific basis.

**For the sake of clarity, we will always assume you have placed legitimate reliance on Wins, and hence Best Execution will always apply to your Orders, unless we specifically inform you otherwise.**

## Our Capacity

On all occasions, the trade confirmation or contract note (where applicable) sent to a Client will state that Wins has acted as principal on the Transaction. This does not always mean that we have put ourselves at risk by adopting a long or short position to satisfy the Order. It means that Wins will buy/sell from/to a Client a number of shares in a Financial Instrument after it carries out one or more of the following:

- adopting a principal position whether long or short as market maker or otherwise;
- adjusting a previously-held principal position whether long or short as market maker or otherwise;
- buying from or selling to another Client or third party Broker;
- buying or selling directly on a Trading Venue by using an order book facility;

## Our Responsibilities

Where a Client places an Order, and Wins have discretion over certain aspects of the execution, then Wins will owe a duty of Best Execution on that Order.

When executing Orders on a Client's behalf, Wins are required to meet a number of Best Execution obligations:

- To establish, as part of its processes, an OEP which identifies the chosen Execution Venues and the factors involved in choosing them;
- To review the process for compliance;
- To monitor the effectiveness of the process;
- To disclose appropriate information to Clients about the process;
- To gain Clients consent to the OEP as well as other express consents;
- To notify Clients to material changes in its OEP; and
- Upon request, to demonstrate that it has executed Transactions in compliance with its OEP.

## Execution Criteria

Specifically, Wins will take account of the following execution criteria when determining the relative importance of the execution factors when executing the relevant Order:

| Execution Criteria                          | Detail  |
|---|---|
| Characteristics of the Client               | The nature of the Client, whether they are a regulated investment firm or less experienced investor, their classification, business model, and the general nature of their underlying client base for example.                |
| Characteristics of the Order                | The Order type (limit, market or RFQ for example), size of the Order, the types of instruments being traded, the settlement mechanics and any other characteristics relevant to determining how the Order should be executed. |
| Characteristics of the Financial Instrument | The degree of liquidity and the fact that different factors will be relevant to different Financial Instruments depending on their nature, characteristics and how they are traded or settled.                                |
| Market Impact                               | The obligation for Wins to take into account any impact that the Order may have on the relevant Market(s) which may be to the detriment of the price achievable for the Client Order and/or other market participants.        |

|   |   |
|---|---|
| Quality of Execution                      | Which includes aspects such as the speed and likelihood of execution and the availability and incidence of price improvement for example.   |
| Characteristics of the Execution Venue(s) | The price offered by the Execution Venue, the amount of any fees and any other charges that are passed through to the Client (if applicable), the ability of the Execution Venue to manage complex Orders, including the sophistication of its systems, the speed of execution, the creditworthiness of the Execution Venue, whether it has reliable settlement and clearing facilities, the quality of applicable regulation and any other Execution Venue characteristics relevant to the execution of the Order. |
| Client Instructions                       | Specific Client instructions will be followed and, to the extent of any conflict, may take precedence over certain elements of this OEP.  |

### Execution Factors

The following table shows the execution factors to be considered, and how these may be considered as part of the decision-making process in the context of the detail above.

| Execution Factor              | Detail   |
|-------------------------------|--|
| Price of Execution            | Price is the primary factor we will consider when executing your Order. We will seek to access the Execution Venue(s) offering the best price to satisfy your Order, which may include our own principal Market Making account. See list of Execution Venues in Annex I  |
| Nature of Order               | Consideration will need to be given to the Order type requested, as well as the liquidity of the Financial Instrument at the relevant time. Execution may be heavily influenced by the level of on/off order book trading patterns in the Financial Instrument. These factors, plus the size of the Order will determine the appropriate execution method - whether this is working an Order into the Market using an industry standard benchmark, or immediate execution by Wins making an outright bid/offer price, for example. |
| Size of Order                 | As per nature of the Order, the size of the Order in relation to the liquidity of the Financial Instrument <b>may have significant influence</b> on the Best Execution process.  |
| Speed of Execution            | The importance of speed of execution will vary. For example, to reduce the costs associated with market impact, and hence price, a large Client Order might be worked over a day or more.  |
| Cost of Execution             | Wins will incur trading, clearing and settlement fees and will not pass them on to the Client. Any relevant Commission rates will have been agreed with the Client in advance. Costs that are inherent to the Financial Instrument, such as Stamp Duty, PTM levy or Financial Transaction Taxes are not considered a cost of execution.  |
| Other Relevant Considerations | This may include Client specific instructions, certain corporate action events, technical trading situations, or natural client crossing opportunities for example.  |
| Likelihood of Settlement      | We measure the settlement performance of our counterparties, looking specifically at the failure rate. A shortage in the market (lack of liquidity) might also have a direct impact on price.  |
| Likelihood of Execution       | Likelihood of execution is improved due to the additional liquidity and improved pricing which Wins can provide as an additional Execution Venue.  |

## Relative Importance

In determining the relative importance of these factors, we will use our own experience, skill and judgement, having regard to market information, as well as taking into account all the Best Execution requirements. Their importance will vary depending on the characteristics of the Order received from the Client.

**When achieving Best Execution, unless otherwise specifically instructed, Wins will use price as the primary measure for achieving this result.** Price assumes a higher priority for Client Orders where the Transactions are low in size/value and have minimal market impact.

Ordinarily, price will merit a high relative importance in obtaining the best possible result for Client Orders. In our experience, the next most important factor after price is typically the liquidity of the Financial Instrument. However, in certain circumstances, for some Client Orders, Financial Instruments or Markets, we, in our absolute discretion, may decide that other factors may be more important in determining the best possible result in accordance with our OEP.

Order size will be a key determining factor in how to achieve Best Execution. Order size and market impact are directly correlated, subject to the relative liquidity of the Financial Instrument in question. Orders in larger size and/or less liquid Financial Instruments are likely to be worked over a longer period of time to reduce market impact. In normal circumstances, Orders in smaller size and in liquid Financial Instruments will be executed as promptly as possible after receipt. Speed of execution will be appropriate for the nature of the Order.

Wins will assess each and every Order individually, and whilst no two Orders are the same, here are some examples of how we may apply the different execution factors and criteria to your Orders:

| Sample Orders                       | Main Execution Factors or Execution Criteria   | Typical method of Order execution  | Typical Benchmark  |
|-------------------------------------|--|--|--|
| Small Order<br>(All asset classes)  | Price & Cost   | Low touch RFQ or market order, executed on risk in single fill                                     | Market reference price in Client Order size                          |
| Medium sized Order in liquid name   | Price, Liquidity, Market Impact & Speed  | Low touch RFQ, or medium touch care order, executed on risk in single fill                         | Depth price of lit order book, within set tolerances / price collars |
| Medium sized Order in illiquid name | Price, Liquidity, Market Impact, Likelihood of Execution, and Likelihood of Settlement | Medium touch care order, executed on risk in single fill   | Depth price of lit order book, or last traded price                  |
| Block Order in liquid name          | Liquidity, Market Impact, Price & Speed  | Block implies natural Client crossing opportunity. High touch Order.                               | Mid-price or touch price or as agreed                                |
| Block Order in illiquid name        | Liquidity, Market Impact, Price & Likelihood of Execution                              | High touch Order, accessing multiple sources of liquidity, including other Clients and own account | As above   |
| Large Fixed Income Order            | Price & Liquidity  | High touch, accessing OTFs and third party Brokers   | LSE and newly established OTFs (previously Inter-Dealer Brokers)     |
| Large ETF Order                     | Price & Liquidity  | High touch, accessing third party Brokers via MTF using RFQ  | Market reference price and/or Bloomberg MTF                          |



|            |                                |   |                               |
|------------|--------------------------------|---|-------------------------------|
| ESOR Order | Price, Liquidity, Cost & Speed | Low touch Smart Order Router, multiple fills across multiple Trading Venues | Depth price of lit order book |
|------------|--------------------------------|---|-------------------------------|

### Execution Venue Types

In meeting our obligation to take all sufficient steps to obtain on a consistent basis the best possible result for the execution of Client Orders we may use one or more of the following execution venue types when executing an Order on a Client’s behalf:

- Principal risk capital (Wins’ own account);
- Regulated Markets (RMs);
- Multilateral Trading Facilities (MTFs);
- Systematic Internalisers (SIs);
- Third party Brokers
- Organised Trading Facility (OTFs)

### Execution Venues

An ‘Execution Venue’ is a Regulated Market (“RM”), a Multilateral Trading Facility (“MTF”), Systematic Internaliser (SI), Organised Trading Facility (OTF) or other liquidity provider. A non-exhaustive list of Execution Venues that Wins places significant reliance on is shown in Annex I to this OEP.

Wins periodically, and at least on an annual basis as part of our OEP review, assess the Execution Venues we access, taking into account the factors listed below. Wins will also review Execution Venues to which we do not have access but which may help us achieve a better outcome for our Clients on a consistent basis. Considerations may include any Client demand and the different functionality of Execution Venues. Following such periodic review, the list of accessible Execution Venues may be updated as and when necessary.

Notification of any modifications to this list will not be sent directly to Clients. Instead, updates to this OEP will be published on our website at [www.winterflood.com/documentation](http://www.winterflood.com/documentation). Where it appears in a particular case that we are able to obtain better execution on an Execution Venue that we do not ordinarily use, Wins reserves the right to use that Execution Venue, in accordance with this OEP.

Other factors to be considered when evaluating existing or proposed Execution Venues may include:

- i. Cost of execution;
- ii. Level of liquidity available on consistent basis – market share;
- iii. General quality of pricing available – execution quality;
- iv. Cost, speed and reliability of connectivity; and
- v. Means and costs of clearing and settlement

### Third Party Brokers

Where Wins pass an Order to a third party Broker to execute, we will typically do so in order to execute on an Execution Venue that we are not able to access directly, for example, where Wins is not a member of a particular RM. When selecting another such third party Broker, Wins will take all sufficient steps to ensure that the Broker has the necessary arrangements in place to allow Wins to comply with its OEP, taking into account the aforementioned execution criteria and execution factors.

Wins will periodically review the third party Brokers that we use in line with the foregoing factors. Broker performance is monitored by the Best Execution Committee. Wins will also assess the credit worthiness and financial stability of all third party Brokers, as well as reviewing each Brokers' order handling procedures.

### **Market Conditions**

Exceptional Market conditions or trading periods may have an impact on Client outcomes, and our ability to deliver Best Execution. Here are some examples of conditions and periods which may influence our Order handling procedures:

1. Pre-Market  
Unless specifically instructed otherwise (in which case our house price will be used), we will not execute Client Orders until a reference price has been established during normal market hours of the relevant Execution Venue.
2. Auction periods  
Unless specifically instructed otherwise, or where we deem it to not be in the Clients' best interest, we may reference or interact with volume and prices available in auction periods, whether at the open or close, or during intra-day volatility auctions.
3. Fast Market  
During fast Market conditions when the reference price is volatile, electronic access may be suspended in favour of manual intervention. Whilst we will use reasonable endeavours to execute your Order(s), speed of execution may be impacted.
4. Risk controls  
Regulations dictate that Wins must have suitable pre-trade risk checks and tolerances in place. These checks are designed and implemented for the protection of Clients, but may have an impact on the speed of execution.
5. Technical constraints  
In the event of any technical outages, we may be restricted from accessing all possible Execution Venues.

### **Specific Instructions**

Where a Client provides a specific instruction with regards to the execution of an Order, Wins will be obliged to observe that specific instruction. Where the specific instruction conflicts with the general provisions of this OEP the specific instruction will overrule such provisions, and may result in a different execution outcome.

If you provide us with a specific instruction, this may prevent us from following some or all of the steps in our OEP that are designed to obtain the best possible result for the execution of your Orders. In following your specific instructions, we will be deemed to have taken all sufficient steps to provide the best possible result in respect of the Order or aspect of the Order covered by your specific instruction.

Therefore, if you require your Order to be executed in a particular manner and not in accordance with our OEP, you must clearly state your desired method of execution when you place your Order. To the extent that your specific instructions are not comprehensive, we will determine any non-specified components in accordance with our OEP.

### **Worked Orders**

When requested by Clients, or at our sole discretion, but in line with our OEP, and specifically regarding the execution criteria relating to market impact, Wins may work a Client Order over a longer time period. Worked Orders require the involvement of a trader to execute the Order, either on a principal basis (using our own account), riskless principal basis or a combination of both.

Wins dealing personnel apply discretion when determining the timing and structure of Order placement in the Market, with the aim of achieving the best result given the size of the Order, the liquidity available and the prevailing Market conditions. This includes, but is not limited to, broker selection, venue selection, and algorithmic trading strategy selection.

Except to the extent that a Client gives a specific instruction, Orders may be worked on Execution Venues including being traded on risk (own account) either in part or completely and/or crossed with other Client Orders, where applicable and where it is no less advantageous to the Client or Clients concerned.

Where a Client specifies additional Order parameters (e.g. percentage of Market volume), Wins will use reasonable endeavours, but will not guarantee, to execute the Order such that the overall execution is achieved within the parameters specified by the Client.

### **Multi-Fill and Multi-Day Orders**

Where you give us an Order and, in order to facilitate our execution of your Order we execute a series of individual fills on Trading Venues (including on our own account) or with third party Brokers, then, except where we expressly agree with you in writing that each fill will constitute a Transaction between us, in respect of Orders you give to us in general, and notwithstanding the individual fills we have executed, there will only be a single Transaction between us at the average price weighted by volume.

In respect of each such Transactions executed at the average price, we will send you a confirmation showing the single Transaction at the average price. Any information that we choose to send to you about the individual fills that we have executed to facilitate the execution of your Order will be sent to you for information purposes only and will not result in a corresponding individual Transaction between us.

### **All-Or-Nothing Orders**

An All-Or-Nothing ('AON') Order will be treated as a Client specific instruction, and may therefore have an influence on how Wins are able to follow the OEP. This is particularly true when combined with a limit price. Wins will accept AON Orders subject to the following terms:

An AON Order is a request from a Client to execute the Order in its entirety, and in a single fill, or else not at all. This places more significant risk on Wins, especially if the Order is of a size where an immediate risk price is not in the Client's best interest. For any such larger AON Order, Wins may seek to mitigate this risk during the life of the Order, by accessing liquidity and prices across alternative Trading Venues, or by interacting with other Clients and/or liquidity providers (in quote-driven instruments for example).

In order to satisfy a larger AON Order, Wins may therefore build a position on our principal trading account. Any such position will be purely for the purpose of Wins' risk management, and will not reflect any Client Transaction. You and we both acknowledge and agree that any information that we choose to send to you about our risk position whilst facilitating the execution of your AON Order will be sent to you for information purposes only and will not result in a corresponding individual Transaction between us.

**AON Orders will be accepted on a reasonable endeavours basis only. In periods of extreme volatility and unscheduled Market announcements, which may have a material effect on the price, execution of AON Orders cannot be guaranteed.**

If towards the end of the life of the AON Order, or end of the trading period, Wins are not able to complete the AON Order in its totality, Wins may give the Client an option to accept a partial execution, in which case the Client must change their specific instruction.

If a Client wishes to cancel or amend an AON Order whilst it remains unexecuted, they must notify Wins as soon as reasonably practicable, in order to allow Wins to complete the Order in its entirety or unwind any associated risk position. This may include the Client changing their specific instruction and accepting a partial execution of the original Order.

When in a position to satisfy the AON Order, which may have remained open for more than a single trading day, Wins will reflect a single risk price to the Client which may or may not reflect an underlying Market benchmark reference price at the time, including volume executed during the closing auction period.

## **Give-Up Instructions**

Where you make a request for an indicative price from Wins in relation to Financial Instruments for your use in separately negotiating a derivatives contract (a 'Give-Up' Instruction), Wins will be entitled to assume that you are placing a specific instruction requesting Wins to purchase or sell such Financial Instruments from a specified third-party Broker.

Wins will act on any such Give-Up Instruction with the intent and effect that you are merely identifying the Broker as a person interested in buying or selling the Financial Instruments on the date of your Give-Up Instruction. Any Transaction effected by Wins on your request in this regard, will be entirely for Wins' own account. Accordingly, in relation to such Give-Up Instructions, no contract note will be submitted to you, although we may inform you of an offer made to, or Transaction executed with, a third party Broker.

Whilst such a Transaction may be effected with a third-party Broker who we have classified as ECP, and hence where the terms of this OEP would not normally be applicable, if the Transaction is a result of a request for an indicative price from another Client of Wins who would be classified as PC, then the terms of this OEP will apply.

## **Order Handling**

Comparable Client Orders must be executed sequentially and promptly. For the avoidance of doubt, Orders placed via different channels, will not constitute comparable Orders, and hence may not be executed sequentially. For example, a low-touch electronic Order, and a high-touch phone Order in the same Financial Instrument.

Where Clients initially place an Order via a phone call, and then subsequently submit the exact same Order via electronic means in order to establish an electronic audit trail of the Order, we will deem the Instruction to have been placed on the initial phone call for the purposes of any reporting obligations, and also in terms of how we subsequently demonstrate our adherence to this OEP.

## **Aggregation of Orders**

In exceptional circumstances, it may be necessary to combine your Order with our own Orders, Orders of Affiliates and persons connected with us and Orders of other Clients. By combining your Orders with those of other Clients in this way we must reasonably believe that this is unlikely to disadvantage any Client and sufficient prior disclosure is therefore made in this OEP that the effect of aggregation may work on occasions to a Client's advantage or disadvantage.

Clients may request that Wins aggregate any comparable Orders from the same Client together (child orders), and treat them as a single Order (parent order). For the purposes of Best Execution, and due to the nature of the specific instruction, our OEP will only apply to the parent order, and not each of the underlying child orders.

## **Allocation of Orders**

Where we aggregate your Order with that of another Client, or our own, we will in the first instance attempt to complete the entire Order to ensure full allocation to all parties. Where we are unable to do so (e.g. where an Order is due to expire before the aggregated Order is completed) we will allocate the completed portion of the Order on a pro rata basis, as determined by the size of constituent Orders. Any balance will then continue to be executed based on the remaining aggregated Orders.

Where we have aggregated our own Order with yours we will, in most instances, allocate to client Orders in preference to our own. The sole exception to this is where we can demonstrate that the terms achieved in the execution of the aggregated Order are more

advantageous due to the presence our Order (e.g. where our combined Orders facilitate a cross trade at a more advantageous price or where our combined Orders facilitate access to venues with minimum Order sizes).

### **Electronic Smart Order Routing (ESOR)**

ESOR Orders are routed via Wins' Smart Order Router (SOR) to multiple Execution Venues, including our own principal account. The SOR aims to seek liquidity efficiently, and achieve Best Execution, by taking into consideration various factors including price, size, latency, likelihood of execution and costs.

Clients can choose to influence execution (e.g. by adapting the standard SOR strategy), in which case, this will be treated as a specific instruction. Different Client outcomes might stem from the way in which the SOR is calibrated for different Clients with different requirements.

All ESOR Orders will be intermediated by Wins, and will pass through our SOR and risk controls. Accordingly, we do not offer Direct Electronic Access (Direct Market Access or Sponsored Access) as defined by MiFID.

### **Request-For-Quote (RFQ)**

For the sake of clarity, in our opinion there are multiple channels for submitting an RFQ, and whilst there may be similarities, they can be used in significantly different ways.

1. Low touch electronic RFQ – typically for smaller retail sized orders where prices may be held for 15 seconds
2. Phone based RFQ – high touch enquiry for price and size, typically when Client is 'shopping around'
3. Bloomberg 'RFQE' – hybrid electronic lower touch, when dealing in blocks of ETFs via Bloomberg MTF

Where we receive a Request-For-Quote (RFQ) from a Client, we will be responding in a principal capacity acting as the Client's potential counterparty rather than on the Clients behalf.

Despite the obligations set out in the fourfold test above (see Legitimate Reliance), whereby the Client is not deemed to place legitimate reliance on Wins when requesting a price (RFQ), and is in fact 'shopping around' for competing prices, Wins will not carve out RFQs from this OEP. For the sake of clarity, this does not include requests coming from ECPs.

Whilst we may not have the same level of information as our Clients in these instances, Wins will take all sufficient steps to ensure we reflect indicative prices which we feel will satisfy our Best Execution obligations, and give Client the best possible outcome.

### **Trade Reporting**

The 'trading obligation' outlined in Article 23 of MiFIR, mandates that investment firms ensure that any Transactions in shares admitted to trading on a Trading Venue, take place on a Regulated Market, MTF, SI or other equivalent third-country Trading Venue.

### **Wins are not an SI, and we do not trade OTC in any shares admitted to trading on a Trading Venue.**

When Wins is the Execution Venue, having executed a Transaction acting in a principal capacity, where there may be an obligation for Wins to trade report, Wins will use the following Execution Venues for the following types of Financial Instrument. These Execution Venues have been selected on the basis that they provide the maximum pre-and post-trade transparency for our Clients:

| Instrument Type  | Trade Reporting Venue         |
|--|-------------------------------|
| UK Main Market Listed Financial Instruments                        | LSE Main Market and NEX Group |
| UK AIM Listed Financial Instruments                                | AIM MTF and NEX Group         |
| Other Financial Instruments admitted to trading on a Trading Venue | London Stock Exchange         |
| Financial Instruments NOT admitted to trading on a Trading Venue   | OTC (XOFF)                    |
| Other North American Financial Instruments                         | OTC (XOFF)                    |
| Other Fixed Income Instruments                                     | OTC (XOFF)                    |

Where applicable, and typically for all Transactions where Wins are the Execution Venue, Wins will submit a trade report to the relevant trade reporting Execution Venue in respect of any Transaction.

### Trading OTC

Where an instrument is a MiFID II security, and admitted to trading on an EEA Regulated Market, we will report to a Trade Reporting Venue as per the table above, so long as it is available.

If the instrument is not currently supported by a Trade Reporting Venue, then WINS will still submit a report to TradEcho as an OTC transaction with a MIC of XOFF. TradEcho is an Approved Publication Arrangement (APA) hosted and operated by the London Stock Exchange. WINS will then liaise with the Regulated Markets to ensure their instrument lists are updated accordingly.

If the instrument is not a MiFID II security, and is not admitted to trading on an EEA Regulated Market, then we will not have a Trade Reporting obligation, and hence no submission will be made.

We will only trade OTC where we feel this is in your best interests, where this reflects the best terms of trade or greatest liquidity or where OTC execution is central to the operation of the market in question.

When trading OTC it is likely that the trade will not be subject to central clearing. It may also be the case that the trade is not subject to the rules of a trading venue and hence may not be covered by their default rules and arrangements. These circumstances present an increased risk in terms of likelihood of settlement.

Winterflood has an efficient and experienced settlement team in place to mitigate these risks as far as possible. If you require further details of the risks presented in specific trading scenarios, please don't hesitate to contact us at [uksettlements@winterflood.com](mailto:uksettlements@winterflood.com)

### Governance, Monitoring and Review

We have an obligation to constantly review the effectiveness of our execution arrangements. We will review this OEP at least annually and whenever a material change occurs which may affect our ability to achieve the best possible result for our Clients.

We will notify Clients of any material changes to our OEP by posting updated versions of this document on our website at the following address: [www.winterflood.com/documentation](http://www.winterflood.com/documentation). This may include, but is not limited to, updates to our list of Execution Venues shown in Annex I.

To ensure we are able to undertake a comprehensive review of our execution arrangements, we have established a Best Execution Committee (BEC). The BEC was formed to review and challenge our execution quality, scrutinise the procedures we have in place, and make any recommendations to improve our order handling policies.

We review our performance daily, using automated reports supplied by an independent third party which helps us to monitor and assess our execution quality. The BEC meets monthly, and we undertake a full review of this OEP at least annually. This will include, but is not limited to, our benchmarking, our tolerances, our Broker selection and our list of accessible Execution Venues.

Exceptions are investigated by the BEC, and any systematic recommendations may subsequently be made which will then be incorporated into a revised and enhanced OEP. Furthermore, Compliance will also monitor our adherence to this OEP by undertaking ad hoc and independent sampling.

We take our Best Execution obligations very seriously, and hence there is not only board representation on the BEC, but also representation from business heads of all the different trading sectors, as well as senior representation from Compliance.

### **Costs and Charges**

When executing an Order on behalf of a Client, Wins may charge an additional spread (mark-up / mark-down) or commission which will be set to reflect the costs and risks to Wins of providing such execution services as defined herein.

Any such fees will be disclosed to Clients before any Order placement, either by prior general disclosure, or as negotiated between Wins and the Client on a per Order basis. Details of costs and charges are available on request.

Any commissions or fees which you pay to us are excluded for the purposes of assessing whether or not we have achieved Best Execution on your behalf.

Wins do not receive, nor do we support, any Payment For Order Flow (PFOF) or inducements from any Execution Venue.

### **Reports & Disclosures**

Under MiFID II, and the supporting regulatory technical standards (specifically RTS28), investment firms are required to publish information on the identity of their top five Execution Venues and on the overall quality of execution experienced. Wins will disclose on an annual basis, a report detailing the analysis drawn from the monitoring of our execution quality obtained during the previous year. It shall list the top five Execution Venues / Brokers on whom we place most reliance, split by each class of Financial Instrument, whether via 'Execution' or 'Transmission', for each Client category, and across different liquidity bands where applicable.

The reports will be published by the end of April each calendar year and will be available at [www.winterflood.com/documentation](http://www.winterflood.com/documentation)

Wins will also make use of the RTS28 Reports published by other firms, in particular the third party Brokers we use, and other Brokers or Execution Venues (RTS27 report) to which we do not have access to.

## ANNEX I – EXECUTION VENUES

### List of current Execution Venues, other markets, and third-party Brokers

#### EQUITES & ETFs

##### Direct Markets

AIM (Alternative Investment Market)  
 Bloomberg MTF  
 CBOE Europe  
 Equiduct  
 Euronext Belgium  
 Euronext France  
 Euronext Ireland  
 Euronext Netherlands  
 Euronext Portugal  
 London Stock Exchange  
 NASDAQ OMX Denmark  
 NASDAQ OMX Finland  
 NASDAQ OMX Sweden  
 NEX Exchange  
 The International Stock Exchange (TISE)  
 Turquoise  
 Winterflood Own Account  
 XETRA Frankfurt  
 XETRA Germany

##### Other Markets

Austria  
 Canada  
 Italy  
 Norway  
 South Africa  
 Spain  
 Switzerland  
 USA

##### Third Party Brokers\*

Banca IMI  
 Barclays Capital  
 Credit Suisse  
 Instinet Europe Limited  
 ITG Limited  
 Morgan Stanley  
 Susquehanna  
 UBS Limited  
 Virtu Financial

\*Please note this list is not exhaustive

#### FIXED INCOME

##### Direct Markets

Bloomberg MTF  
 London Stock Exchange  
 NEX Exchange  
 Winterflood Own Account  
 TradeWeb

##### Third Party Brokers\*

BGC  
 Dowgate  
 ICAP

\*Please note this list is not exhaustive  
 Brokers are acting as either MTF or OTF



**ANNEX 2 – CONSENT FORM**

Company/Client Name: \_\_\_\_\_

Please note that unless otherwise defined herein, any capitalised terms shall have the meaning contained either in the covering letter or in the Terms.

**1. Trading away from Trading Venue**

By signing this form, you consent to us effecting Transactions outside a Trading Venue, where we reasonably believe that it is necessary in order to achieve best execution (as set out in the FCA Rules), and obtain the best possible result. Without this consent, we may be restricted from obtaining the best price for you, as our execution venues may be limited.

**2. Non-publication of limit orders**

By signing this form, where you place a limit order with us in shares which are admitted to trading on a Regulated Market (as defined under MiFID II), or traded on a Trading Venue, and where that order is not immediately executable under prevailing market conditions, you expressly permit us not to immediately make the order public, and instead allow us to exercise our discretion in accordance with our Order Execution Policy and any specific instructions you might place with us.

**3. Acceptance of our Order Execution Policy**

By signing this form, you consent to the terms contained in our Order Execution Policy.

**4. Provision of information via website and email**

A. By signing this form, you hereby consent that Wins may provide information to you in a form not personally addressed to you by way of a durable medium via the Wins website at [www.winterflood.com/documentation](http://www.winterflood.com/documentation) or such other website(s) as may be notified by Wins to you in writing from time to time. Information notified to you in this way may include changes to our Order Execution Policy.

B. By signing this form, you hereby consent that Wins may also provide information to you (such as changes to our Order Execution Policy) by way of durable medium personally addressed to you, and confirm that the following email address should be used:

Please insert your email address here \_\_\_\_\_.

**By signing this Consent Form, you provide the above consents (as applicable) on behalf of the entity identified above, and you represent and warrant that the individual who signs this Consent Form has the authority to sign for and bind you to its terms.**

**Please sign, date, scan and return the Wins Consent Letter to [compliance@winterflood.com](mailto:compliance@winterflood.com).**

Name of authorised signatory .....

Signature .....

Title .....

Date .....