

## 2017 Best Execution Summary

The MiFID II regulations require Reyker to produce a report to detail the methodologies employed by Reyker for the execution of client orders. This report is broken down according to asset classes covering:

- Equities
- Exchange Traded Product
- Debt Securities
- Structured Finance Investments

Reyker processes a wide range of equity transactions and when deciding on the venue for execution the following factors are taken into consideration.

Asset Classes - As defined for reporting in MiFID II Regulations	Primary execution factors considered			
	1 Most	2	3	4 Least
<b>Equities - Shares &amp; Depository Receipts</b>				
Tick size liquidity bands 5 and 6 (from 2000 trades per day)	Price	Speed	Cost	Execution / Settlement
Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)	Price	Size	Speed	Execution / Settlement
Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)	Size	Price	Execution / Settlement	

*\*Please note that tick band data was not available until after the inception of the MiFID II on 3 Jan 2018 and therefore our analysis is based in this report on equity transactions in general*

Asset Classes - As defined for reporting in MiFID II Regulations	Primary execution factors considered			
	1 Most	2	3	4 Least
Exchange Traded Products	Price	Speed	Cost	Execution / Settlement

### Execution Counterparty or Venue Selection

To achieve the best possible result for orders, Reyker maintains several approved counterparty relationships. All execution counterparties used by Reyker are approved via a venue/counterparty approval processes. We continue to look for new counterparties to ensure a wide coverage of available execution venues.

Reyker does not normally search and compare all execution counterparties or venues for every trade, but we apply our professional judgement and collective experience when selecting which ones to use. Currently Reyker has connectivity to over 40 different execution venues for equity transactions

Reyker takes all sufficient steps to accomplish the best result for a client by following our Execution Policy.

Under MiFID II, our commitment to provide a client with the best possible result does not mean that we owe the client any special fiduciary responsibilities beyond the ones we may have agreed in our terms of business or those that MiFID II dictates.

## Execution Venue Reviews

Reyker regularly reviews the quality of execution and service provided by all its approved execution counterparties. Any concerns that arise with counterparties between reviews are reported immediately to senior management and are also considered in relevant counterparty meetings.

When executing equity transactions for clients, Reyker places transactions where possible via the Retail Service Provider (RSP) networks.

To ensure that the best possible result is obtained for clients, Reyker requests prices from all market makers and then executes trades at the best price if it is at or better than the price quoted on the exchange. If the electronic price quotes are unacceptable, we contact the market makers offering the best prices and volume to improve the outcome for orders.

On occasions where it is not possible to obtain an acceptable price via the RSP network or direct to market makers operating in Regulated Markets (RM). Reyker then explores executions via execution services that involve a nominal settlement fee execution. These services include access to Multilateral Trading Facilities (MTFs) (Dark-pools) or third-party connections to main exchange orderbooks where Reyker does not have direct market access.

Reyker does not favour any venue/counterparty over another and all charges have been pre-advised and accepted by clients within our terms and conditions of business. Reyker also does not accept any soft or monetary return commissions from any venue in its approved execution venue list.

## 2017 Review

Our analysis of our executions during 2017 shows that Reyker in respect of volume of transactions shows no reliance or favouritism towards any venue. When applicable we select the appropriate venue according to price and stock availability. There is a differential between volume and number of executions between venues which was influenced by an increase in retail flows during the year.

During 2017 Reyker placed large numbers of retail size trades via the RSP network provided by UK market makers. Our analysis shows that best execution in these size trades is provided by the most active RSP members and the price achieved is always at or better than the quoted prices on the LSE.

For non-retail shape orders our analysis shows a wider range of execution venues as orders have typically been limit orders with order parameters pre-agreed with professional/institutional clients. Although these orders were not always directed orders there was often a limited number of execution venues that could provide sufficient liquidity to fulfil the trade. In these transactions our assessment of best execution was based primarily on the nature of the transaction, size, and likelihood of execution and settlement before price.

We do note that within our execution analysis that we did process a substantial number of directed orders in the exchange traded products asset class, which shows an overall bias in this asset class to a single venue, without this directed business the spread venues in this asset class would have been like the equity venue breakdown.

Reyker has acted on a matched principal basis in several trades. When acting in this capacity all trades are executed at the middle price in respect of the quoted bid/offer spread on the assets RM. Reyker does not create liquidity in the instruments and acts as a facilitator in the transaction. These transactions are conducted on an Over the Counter (OTC) basis.

We are satisfied with the speed of the transmission to market of all equity orders processed during 2017. The Reyker dealing desk receive orders directly from clients or their nominated decision maker, enabling all

orders to be executed as soon as reasonably possible. We are also satisfied that we have achieved the best possible result for all clients on a consistent basis in this asset class in accordance with our dealing and order execution policies.

## Debt Instruments

### Execution Factors

Reyker takes all sufficient steps to achieve the best possible result for client orders. In deciding how to effect client orders Reyker will consider a range of execution factors. These factors will vary in importance depending on the market and instrument type being dealt. Therefore, Reyker considers these factors typically:

- The characteristics of the debt instrument
- The characteristics of the order
- If the financial instrument is subject to any specific regulatory requirements
- The characteristics of the counterparty or venue on which we may place the order

Asset Classes - As defined for reporting in MiFID II Regulations	Primary execution factors considered			
	1 Most	2	3	4 Least
Debt Instruments	Price	Size	Nature	Other

### Execution Venue Reviews

As with equities, Reyker maintains several counterparty relationships to enable it to deliver the best possible result to clients when executing trades in debt instruments. Reyker currently undertakes minimal trades in debt instruments incorporated outside of the UK. Any trades executed outside of the United Kingdom are dealt with a local market broker on directed instructions from our clients.

This analysis is therefore based on executions in UK incorporated debt instruments.

### 2017 Review

Reyker clients typically have a preference towards corporate debt over Government debt. We therefore, typically trade against market makers or the debt issuer's corporate broker as the counterparty venue. In many occasions the rationale for this decision was based solely that liquidity could only be provided by the trading counterparty.

The top 5 execution venues in respect of retail and professional clients for debt instruments show a clear reflection of this and although show bias to one venue, this is driven by the factors explained above. Where possible in instruments such as UK Gilts or major corporate debt with more than one possible, execution venue we have favoured price and size over other factors to deliver the best possible result to clients.

Reyker has acted on a matched principal basis in several trades. When acting in this capacity all trades are executed at the middle price in respect of the quoted bid/offer spread on the assets RM. Reyker does not create liquidity in the instruments and acts as a facilitator in the transaction. These transactions are conducted on an OTC basis.

We are satisfied with the speed of the execution of all debt instrument orders processed during 2017. The Reyker dealing desk receive orders directly from clients or their nominated decision maker enabling all orders to be executed as soon as reasonably possible.

We are also satisfied that we have achieved the best possible result for all clients on a consistent basis in this asset class in accordance with our dealing and order execution policies.

### Structured Finance Instruments

Asset Classes - As defined for reporting in MiFID II Regulations	Primary execution factors considered			
	1 Most	2	3	4 Least
Structured Finance Instruments	Nature	Other	Price	Execution/ Settlement

### Execution Factors

In this asset class Reyker acts only on directed instructions from clients and places orders with the counterparty bank or financial institution responsible for the issuance of the instrument.

Reyker maintains multiple counterparty relationships to provide clients with a wide range of instruments to choose from. Most trades are executed in the primary issuance of the instrument, therefore best possible result can be determined without further analysis.

Where Reyker is requested to undertake a secondary transaction purchase or redemption Reyker are restricted to being able to trade with the issuing party as there is no centralised secondary market. Price quotes are requested and checked with publicly available reference data. Any price deviations are checked with the trading counterparty and referred to the client for acceptance.

In this asset class we deem all secondary market trades conducted with the issuing party as delivering the best possible result to the client.

### 2018 Review

It is important to recognise that in this asset class the Top five venues are driven by client demand and as explained above Reyker is only able to trade with the issuing bank or other financial institution. Therefore, for the purposes of this analysis the nature of the instrument is the main determining factor for the choice of execution venue.

We are satisfied with the speed of the execution of all structured finance instrument orders processed during 2017. The Reyker dealing desk receive orders directly from clients or their nominated decision maker enabling all orders to be executed as soon as reasonably possible.

We are also satisfied that we have achieved the best possible result for all clients on a consistent basis in this asset class in accordance with our dealing and order execution policies.

### Other Instruments

This section of our report primarily references the trade execution of private company assets which includes Equity and Debt executions. Reyker acts on behalf of several professional institutional clients as settlement agent rather than execution broker in respect of these instruments.

For orders in Collective Investment Schemes ("CIS") Reyker has executed orders directly with the operator of the CIS. All deals where been submitted prior to the scheme operator's dealing cut off time and the order will be executed at the prevailing CIS Net Asset Value.

For reference Reyker does not provide execution services in any derivative instruments or other investment classes not covered in this report.

## Glossary

### Directed Order

An Order which includes instructions on which venue the trade is to be executed.

### Execution Factors

- Price - This is the price at which a financial instrument is executed.
- Costs - This includes implicit costs such as the possible market impact and explicit external costs e.g. exchange or clearing fees.
- Speed – The Time it takes to execute a transaction.
- Likelihood of execution and settlement - The likelihood that trade order will be able to be completed.
- Size - This is the size of the transaction executed for an order accounting for how this affects the price of execution.
- Nature of the transaction - Any other considerations (e.g. constraints on liquidity) which are relevant to the execution of the transaction and could affect how best execution is determined.

### Multilateral Trading Facility “MTF”

MiFID introduced the concept of Multilateral Trading Facilities (MTFs). An MTF is a system, or "venue", which brings together multiple third-party buying and selling interests in financial instruments in a way that results in a contract, MTFs can be operated by investment firms or market operators and are subject to broadly the same overarching regulatory requirements as Regulated Markets (e.g. fair and orderly trading) and the same detailed transparency requirements as regulated markets.

### Over the Counter “OTC”

Over the counter, or OTC, trading is a method of trading that does not take place on an organised venue such as a regulated market or an MTF.

### Placed Order

Order placed with broker or intermediary for Trade Execution with no specific instructions on where the trade is executed.

### Regulated Market “RM”

A Regulated Market is a multilateral system, defined by MiFID, which brings together, or facilitates the bringing together, of multiple third-party buying and selling interests in financial instruments in a way that results in a contract.

### Tick Size

ESMA sets tick size regimes for shares, depositary receipts. The tick size determination is based on a two-factor approach where the applicable tick size is derived from both the liquidity profile of the instrument traded and the price of the order submitted.

For Our Reference:

Reference: DD/AN/VM

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