

## 2018 Annual Best Execution Summary

The MiFID II regulations require Reyker as a regulated firm to produce an annual report identifying the execution venues and the quality of execution employed by Reyker Securities plc while executing client orders in the preceding year.

This report should be read in conjunction with our RTS 28 execution venue analysis, which provides details of the top five execution venues in terms of trading volumes which Reyker have used to execute instruments in each asset class. This can be found here: <https://www.reyker.com/regulatory-policies/>

Please also familiarise yourself with Reyker Dealing Policy, Order Execution Policy for Retail Clients and Order Execution Policy for Institutional Professional Clients which can be found on our website.

Reyker is required to complete the following execution analysis and publish the information for each class of financial instrument:

- Equities
- Exchange Traded Product (Including Exchange Traded Funds)
- Debt Securities
- Structured Finance Investments
- Other Instruments

### Equities and Exchange Traded Products

Reyker processed a wide range of equity transactions and when deciding on the venue for execution the following factors have been 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; Depositary 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	

For information purposes tick size/bands are generally explained as follows:

The most liquid instruments are band 5 and 6 and typically relate to instruments traded on the FTSE 100. Bands 3 and 4 relate to instruments traded on the FTSE 250 or All Share. Finally, bands 1 and 2 have generally less liquidity and will be stocks traded on the FTSE Small Cap index or AIM. Generally, equity instruments are classified according to their liquidity factor.

This example is based on the London markets, but similar methodology is adopted across all global markets.

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 ensure that we have taken all sufficient steps to obtain the best possible result for our clients, Reyker maintains several approved counterparty relationships. All execution counterparties used by Reyker are approved via a venue/counterparty approval process. We continue to look for new counterparties to ensure a wide coverage of available execution venues adding a further 11 during 2018.

Reyker does not 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 50 different execution venues for equity transactions

Reyker takes all sufficient steps to obtain the best possible result for client' orders by following our Order Execution Policy for Retail clients and Order Execution Policy for Institutional Professional Clients.

Under MiFID II, our commitment is to ensure that we have taken all sufficient steps to obtain the best result for our clients, it does not mean that we owe clients any special fiduciary duties beyond what is required under FCA regulations and or as set out in our general T&Cs. For further details, please check our General Terms and Conditions of Business which can be found on the Reyker website.

### Execution Venue Reviews

Reyker regularly reviewed the quality of execution and service provided by all its approved execution counterparties. This is done on an ongoing basis and reviewed as part of our internal monthly audit. 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 placed transactions where possible via the Retail Service Provider (RSP) networks. To ensure that we have taken all sufficient steps to obtain the best possible result for our clients, price requests are sent to all RSP and then executed at the best price if it is at or better than the price quoted on the exchange.

On occasions where it is was not possible to obtain an acceptable price via the RSP network or direct from market makers operating in Regulated Markets (RM). Reyker placed 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 did not favour any venue/counterparty over another, and all charges associated with executions were pre-advised and accepted by clients within our terms and conditions of business. Reyker did not accept any soft or monetary return commissions from any venue in its approved execution venue list.

### 2018 Review

Our analysis of the quality of our executions during 2018 shows that in respect of volume of transactions demonstrate no reliance or favouritism towards any venue. When applicable we selected

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 2018 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 was provided by the most active RSP members with prices achieved at or better than those quoted prices on the LSE.

For professional clients' orders our analysis shows a wider range of execution venues as orders were typically limited by specific instructions and parameters pre-agreed with professional/institutional clients. Although these orders were not always directed orders, there were often a limited number of execution venues that could provide enough liquidity to fulfil the trades as per instructions received from the professional client. While processing these trades, our assessment of best execution was based primarily on the nature of the transaction, size, and likelihood of execution and settlement costs before price.

We do note that within our execution analysis, we have processed a substantial number of directed orders in the exchange traded products asset classes, which shows an overall bias in this asset class to a single venue. Without these directed orders, the spread of venues for this asset class could have been like the equity venue breakdown.

Reyker acted on a matched principal basis in several trades. When acting in this capacity all trades were 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 were conducted on an over the counter (OTC) basis.

We are satisfied with the speed of the transmission to market participants of all equity orders processed during 2018. The Reyker dealing desk received orders directly from clients or their nominated decision maker, enabling all orders to be executed as soon as reasonably possible. We have taken all sufficient steps to obtain the best possible result for all clients on a consistent basis when trading in this asset class and acted in accordance with our dealing and order execution policies.

## Debt Instruments

### Execution Factors

In deciding how to place client orders, Reyker considered a range of execution factors. These factors vary depending on the market and instrument type being dealt. These factors include:

- 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 its clients when executing trades in debt instruments. Reyker undertook minimal trades in debt instruments incorporated outside of the UK. Any trades executed outside of the United Kingdom were dealt with a local market broker on directed instructions from clients.

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

## 2018 Review

Reyker' clients typically had a preference towards corporate debt over government debt. This therefore creates a bias towards market makers or the debt issuer's corporate broker as the counterparty venue. In many occasions the rationale for this decision was based solely on the factor that liquidity could only be provided by the trading counterparty.

The top 5 execution venues used for trading retail and professional client's debt instruments show a clear reflection of this and although demonstrates certain bias towards one venue, this is driven by the factors explained above. Where possible when trading 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 our clients.

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

We are satisfied with the speed of execution for all debt instrument orders processed during 2018. The Reyker dealing desk received orders directly from clients or their nominated decision maker enabling all orders to be executed as soon as reasonably possible.

We have taken all sufficient steps to obtain the best possible result for all clients on a consistent basis when trading in this asset class and acted 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 placed 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 were executed in the primary issuance of the instrument, therefore best possible result can be determined without further analysis.

Where Reyker was requested to undertake a secondary transaction purchase or redemption Reyker was 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 were 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 was 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 for all structured finance instrument orders processed during 2018. The Reyker dealing desk received orders directly from clients or their nominated decision maker enabling all orders to be executed as soon as reasonably possible.

We have taken all sufficient steps to obtain the best possible result for all clients on a consistent basis when trading in this asset class and acted in accordance with our dealing and order execution policies.

## Other Instruments

This section of our report primarily refers to trade execution of private company assets which includes equity and debt executions. Reyker acts on behalf of several professional institutional clients as a settlement agent rather than an execution broker in respect of these instruments.

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

For clarity, 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 specific 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** - Other considerations (e.g. Liquidity constraints) 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.