

# ORDER EXECUTION POLICY

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Scottish Widows Platform

# CONTENTS

1. Introduction and Approach	03
1.1 Introduction	03
1.2 Scope	03
1.3 Best Execution	03
1.4 Specific Instructions	04
1.5 Policy Consent	04
1.6 Conflicts of Interest and Inducements	04
2. Trading Arrangements for Different Types of Investment	05
2.1 Mutual Funds (OEICs/Unit Trusts)	05
2.2 UK Equities	05
2.3 International Orders	05
2.4 Fixed Income	05
2.5 General	05
3. Order Types	06
3.1 Request for Quote (RFQ)	06
3.2 Market Orders	06
4. General	06
4.1 Aggregation of Orders	06
4.2 Order Execution Timeliness	06
4.3 Order Priority	06
4.4 Trade Reporting	06
4.5 Monitoring of Best Execution Effectiveness	06
4.6 Best Execution Policy Review	07

# 1

## INTRODUCTION AND APPROACH

### 1.1 Introduction

This Policy is to let you know how Embark Investment Services Limited (EISL), trading as Scottish Widows Platform will execute investment transactions on your Account. You will be classified either as a retail client or a professional client depending on your client classification. The following information is aimed at providing you with a general understanding of our typical dealing arrangements. These arrangements may vary for different categories of investments as described below.

### 1.2 Scope

This Policy applies to all Trade Instructions received from and executed on behalf of clients. Orders are routed electronically through our dealing service but, on occasion, these may be routed by phone.

This Policy describes the steps we take when transmitting an instruction to trade with the relevant fund provider/operator (for mutual funds) or transmitting trades to our nominated broker (for exchange-traded instruments) who will execute the instruction.

### 1.3 Best Execution

When executing orders, Scottish Widows Platform will take all sufficient steps to obtain the best possible results for you when executing orders on your behalf. This is known as 'Best Execution'. To ensure Best Execution is achieved Embark are required to:

- establish, as part of the process, an Execution Policy which identifies the chosen venues and the factors involved in choosing them;
- review the process for compliance;
- monitor the effectiveness of the process;
- disclose appropriate information to clients about the process;
- gain client consent to the Policy, for example if executing outside of a regulated market or venue this would require express consent;
- notify clients of material changes in its policy; and
- upon request, demonstrate that we have executed transactions in compliance with our Execution Policy.

In consideration of how we might achieve the best possible result and deliver Best Execution of the order, we will take a number of execution factors into account which are described below:

- **Price.** Price will be determined with reference to the execution venues to which we connect and on which the security is traded. We will use automated execution technology which will source the best price from a range of retail service providers and market makers.
- **Cost.** Including transaction costs and exchange trading fees.
- **Likelihood of Execution and Settlement.** Likelihood of execution is very high due to the liquidity we obtain through the market. Flexible settlement via CREST.
- **Size.** The size of the trade in relation to the liquidity of the stock may have significant influence on the Best Execution process.
- **Nature of the Order.** This includes the size of the order, the type of instrument being traded, the settlement mechanics, and any other order characteristics relevant to determining how the order should be executed. All orders will be executed on a prompt, fair and expeditious basis. Consideration will need to be given to the liquidity of the stock on the order book at the relevant time. Execution may be heavily influenced by the level of 'on vs. off' order book trading patterns in the stock. These factors plus the size of the order will determine the appropriate execution method, whether this is the working of an order into the market place using Volume Weighted Average Price as the benchmark or immediate execution on an outright bid/offer price, for example.
- **Instruments.** This includes the degree of liquidity and the fact that different factors will be relevant to different instruments depending on their nature, characteristics and how they are traded.
- **Market Impact.** This means the obligation for Scottish Widows Platform to take into account any impact that the order may have on the relevant market(s). The size of the trade in relation to the liquidity of the stock may also have significant influence on the Best Execution process.
- **Quality of Execution.** This includes aspects such as the speed and likelihood of execution, as well as the availability and incidence of price improvement. The importance of speed of transaction will vary. For example to reduce the costs associated with market impact an order might be worked over a day or more.
- **Venue.** This means the price offered by the venue, the amount of any commissions and any other charges that are passed through to the client, the ability of the venue to manage complex orders, including the sophistication of its systems, the speed of execution, the creditworthiness of the venue, whether it has

reliable settlement and clearing facilities; the quality of applicable regulation and any other venue characteristics relevant to the execution of the order.

- **Client Instructions.** This means the obligation is specifically subject to the nature and specificity of orders (i.e. specific instructions will be followed) and will take precedence over this Execution Policy.
- **Other Relevant Considerations.** Considerations may include the impact of size of order execution on market share price or market conditions and liquidity at the time of execution.

We will use our own commercial experience and judgement in determining the relative importance of these factors, and in general, we will regard price as the most important of these factors for obtaining the best possible result. However, we recognise that there may from time to time be circumstances for some customers, particular instruments, or markets where other factors may be deemed to have a higher priority.

## 1.4 Specific Instructions

Where the client gives us a specific instruction as to the execution of an order, we will execute the order in accordance with those specific instructions. The client should be aware that doing so may prevent us from applying this Policy.

Where the client specific instructions relate to part of the order only, we will continue to apply our Best Execution to those aspects of the order not covered by those instructions.

## 1.5 Policy Consent

Where a client executes a trade through us subsequent to receiving a copy of this policy, that trading will constitute consent to the content of this Best Execution policy.

Whilst it is our intention to always trade on an exchange, in certain circumstances it may be in the client's best interests to trade away from a regulated market or Multilateral Trading Facility. To allow this to happen we require the client's express consent to trade in this way. A consent statement is included as part of the general Client Terms & Conditions, a copy of which is available on request.

Should you trade in financial instruments that are outside of a regulated market, you must be prepared to accept increased credit risk should the market counterparty that we trade with on your behalf fail.

Consent provided in relation to either of the above two paragraphs will be a specific consent and will cover all trading going forward between us and the client.

## 1.6 Conflicts of Interest and Inducements

In recognition of potential conflicts of interest which could arise where dealing arrangements include reliance on the use of a connected party, we ensure that such arrangements do not undermine our obligations under the order execution policy. We do not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular trading or execution venue.

# 2

## TRADING ARRANGEMENTS FOR DIFFERENT TYPES OF INVESTMENT

### 2.1 Mutual Funds (OEICs/Unit Trusts)

Client orders will be routed to the respective fund provider/operator and may be routed either electronically or manually. For orders routed electronically we use automated systems to send orders to the relevant fund provider/operator who will place the orders for the next available valuation point.

Manually placed orders may be routed either by telephone or by fax for the next available valuation point. Fund providers/operators to whom orders are routed will deal with the order in line with their own best execution arrangements.

### 2.2 UK Equities

EISL has outsourced its UK Equity trading to Winterflood Business Services (WBS) who act as EISL's broker. WBS process orders passed from EISL to Retail Service Providers ("RSP") who are market makers who receive order flow from our Order Management System to enable electronic trading in UK listed securities. The RSP model consolidates price data from the market data feeds of the Regulated Markets and MTFs in order to build a consolidated best bid/offer across those venues.

UK equity includes, but is not limited to:

- Shares
- Exchange-traded funds
- Investment Trusts

For smaller orders we are able to use automatic execution technology which will source the best bid and offer from a range of retail service providers and market makers.

Where there is sufficient depth on the relevant exchanges and/or the market maker's quote sizes in the relative market is sufficient, we will either reference the price of the security available on the London Stock Exchange (LSE) and where possible the European venues at the time.

In a quote driven market we will reference the order's price and size to the LSE or ICAP Securities and Derivatives Exchange (ISDX).

Where orders involve elements of non-standard settlement, these will be reflected accordingly.

For orders above the stated sizes, we will use due skill and care to execute the order in the best interests of the client.

### 2.3 International Orders

For orders in respect of international equities, we will reference the price to the home market price. Where orders involve elements such as home market or nonstandard settlement, and/or foreign exchange, these elements will be reflected accordingly.

### 2.4 Fixed Income

For smaller orders, we are able to use automatic execution technology which will source the best bid and offer from a range of bond dealers. For larger orders, we may have to deal manually in order to identify current traders in the security concerned.

If liquidity is available and a price comparison made for the size of trade concerned, we will execute the order with the counterparty which provides the most competitive overall pricing.

### 2.5 General

Trades in the investment types noted in sections 2.2 - 2.4 (UK equities, International Orders and Fixed Income) are executed by our nominated stockbroker:

Winterflood Securities Limited (a subsidiary of Close Brothers Group plc), providing services through its division known as, Winterflood Business Services, registered company number: 2242204.

Registered office: The Atrium Building, Cannon Bridge, 25 Dowgate Hill, London EC4R 2GA.

Where we transmit your adviser's or any investment adviser's trading instruction to our nominated stockbroker, we are responsible for ensuring that the execution arrangements of that third party enable us to comply with our obligations to act in your best interests and to take all sufficient steps to obtain the best possible result for you whenever we receive and transmit orders.

# 3

## ORDER TYPES

### 3.1 Request For Quote (RFQ)

For the majority of our orders, we will offer the ability to RFQ which will hold open the price of that transaction for a small amount of time (normally 15 seconds) allowing you or your financial adviser to consider the price before dealing. This service will only be available during business hours of the LSE and when the platform is available.

It may not be possible to get a RFQ for large orders or orders in illiquid transactions, and neither of these conditions will be known in advance. If you are unable to execute a RFQ you can use the 'At Best' service as an alternative.

Using the 'At Best' order type will mean the deal is immediately available, thereby the deal is then instantly executed at the best available price for that size of order based on the execution venues available.

### 3.2 Market Orders

A "market order" is an unpriced client instruction to execute a trade of a certain size. We are required to execute market orders without regard to price changes. Therefore, if the market price moves significantly during the time it takes to fill an order, the order will most likely be exposed to the risk of execution at different price from the price when the order was entered.

If we receive an order when the relevant market is closed on a particular day, we will execute the order on the next day that the market is open at the prevailing market price.

# 4

## GENERAL

### 4.1 Aggregation of Orders

We may aggregate an order from a client with that of other clients. We will aggregate orders only where we feel this is unlikely to disadvantage our clients as a whole, however we acknowledge that, on some occasions, this may result in a client receiving more favourable terms or less favourable terms than if an order was executed separately. Where orders are aggregated we will attempt to fill the order as a whole, however where this is not possible allocations will be made on a prorata basis, in these circumstances the firm follows a documented order allocation process.

This we will disclose orally or in writing to each client concerned, either specifically or in the Terms & Conditions.

### 4.2 Order Execution Timelines

We will execute the client order as soon as reasonably practical in order to achieve timely execution. We may postpone the execution of the order if we have taken reasonable steps to prove that the delayed execution is in the client's best interests.

### 4.3 Order Priority

Client orders will normally be executed in the same sequence as they are received, except where there are special conditions or limited liquidity, where such conditions might require extra time to ensure we achieve Best Execution.

### 4.4 Trade Reporting

All transactions, except those in Unit Trusts, Unlisted Fixed Income, other Over-the-Counter (OTC) instruments, Open-Ended Investment Companies (OEICs) and some International Securities, will be carried out and reported to either ISDX or LSE ('on-market') and will be subject to the rules and regulations of that market.

In the event that the client transaction cannot be conducted on-market; we will endeavour to execute the transaction off-market subject to receipt of your express consent.

### 4.5 Monitoring of Best Execution Effectiveness

We will monitor the effectiveness of this Policy by comparing our execution quality against relevant markets and exchanges by using a third party information provider. Formal reports can be provided on request.

#### 4.6 Best Execution Policy Review

This policy is reviewed at least annually or more frequently as required. We will notify you of any material change to our execution arrangements or our Policy by updating our website and notifying you.



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