



# Order Execution Policy

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February 2025

### Version Control

Version	Author(s)	Date	Remarks
1.0	Sheena Kelman, Front Office COO	May 2022	Annual review
2.0	Sheena Kelman, Front Office COO	May 2023	Annual review & updated for FCA's consumer duty
3.0	Sheena Kelman, Front Office COO	May 2024	Annual review
4.0	Stephen Hoy, R&C Monitoring Kirsty Whiteside, Programme Delivery	Feb 2025	Annual review and updates following material change

### Review and Approval

Version	Committee	Date
1.0	Dealing committee (DC)	23 May 2022
2.0	Dealing committee (DC)	3 May 2023
3.0	Dealing Committee (DC)	8 May 2024
4.0	Dealing Committee (DC)	19 Feb 2025

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## **1 Introduction**

### **1.1 Purpose**

In accordance with the Financial Conduct Authority's ("FCA's") Handbook of rules and guidance including COBS 11.2 Best execution, when executing orders Artemis is required to take all sufficient steps to obtain, on a consistent basis, the best possible outcome for its clients, taking into account relevant execution factors and any specific client instructions.

This document outlines adherence to the set of requirements stated in the FCA Handbook in relation to best execution policy and execution arrangements.

### **1.2 Scope**

The disclosures set out in this document are made by Artemis Investment Management LLP ("AIM") and Artemis Fund Managers Limited ("AFM"), (a wholly owned subsidiary of AIM), in accordance with the requirements under Markets in Financial Instruments Directive II (MiFID II). Together, AIM and AFM are referred to as 'Artemis', as AIM undertakes all investment management activities on behalf of AFM clients. AIM provides investment management services to its professional clients in segregated mandates and, on a delegated basis, to the UCITS, NURS and AIFs managed by AFM.

All Artemis' clients are classified as professional clients.

### **1.3 Policy Compliance**

The Risk & Compliance Monitoring team monitors compliance with the requirements of the policy and escalates any issues of non-compliance to the Head of Portfolio Services (for equities) and the Head of Fixed Income dealing (for fixed income), and to the Dealing Committee if required.

### **1.4 Policy Governance**

This policy is reviewed on at least an annual basis or more frequently if required. Any amendments or enhancements identified as part of the review will be recommended to the Dealing Committee for review and approval before any changes are implemented.

The Dealing Committee reviews, monitors and challenges that the execution factors, as described in the Order Execution Policy, remain relevant and that outcomes align to the execution factors described within the Order Execution Policy.

## 2 Policy Details

This policy describes Artemis' approach to best execution when trading in normal market conditions. When markets are trading in a disrupted manner or become illiquid and/or volatile, Artemis' will exercise its discretion and expertise to achieve the best outcomes for clients.

If Artemis is provided with a specific client instruction in relation to an order (in whole or in part), including selection of a broker or venue, it will execute that order in accordance with those instructions. In such circumstances, Artemis may not achieve best execution as outlined in this policy.

Failure to adhere to this policy could result in significant detriment to Artemis' clients as well as reputational and regulatory risk for Artemis as a business. Neither the management committee of AIM nor the board of directors of AFM have any appetite for activities that could undermine the trust of Artemis' clients, internal and external stakeholders, or regulators. Artemis is therefore committed to ensuring that all necessary arrangements are in place to mitigate those risks.

Artemis has outsourced trade execution for equities and equity derivatives to Northern Trust Securities LLP ("Northern Trust"). For further details see section 4.

Trades in Fixed Income securities, including debt, interest rate derivatives and ad hoc foreign exchange, are executed by Artemis' Fixed Income Dealing Desk.

### 3 Execution factors

When placing or executing orders on behalf of Clients, Artemis must act in the Client's best interests and is required to take all sufficient steps to achieve the best possible result for its Clients, taking into account the execution factors. This is what is meant by "best execution".

To determine the manner in which orders will be executed, the following execution factors will be taken into account:

- price
- cost
- speed
- likelihood of execution and settlement
- size
- nature of order
- any other consideration relevant to the execution of an order, such as:
  - volatility
  - market information
  - order instruction
  - counterparty risk

To determine the relative importance of these execution factors when placing or executing a client order, Artemis takes into account various criteria, including (but not limited to) these characteristics:

- the characteristics of the client, including its categorisation as a professional client;
- the characteristics of the client order;
- the characteristics of the financial instruments that are the subject of that order; and
- the characteristics of execution venues to which that order can be directed.

Using the execution criteria set out above, Artemis will determine the relative importance of each factor for each class of financial instrument.

The best possible outcome for clients will be determined in terms of the 'total consideration', representing the price of the financial instrument as well as the costs related to execution. This includes all explicit costs (such as execution commission, clearing and settlement fees) incurred by the client that are directly related to the execution of the order. Other factors such as: speed; likelihood of execution and settlement; the size and nature of the order; market impact; and any other implicit transaction costs will be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of 'total consideration'. There may, however, be circumstances in which Artemis will determine that factors other than the immediate price and cost will be more important for clients in achieving the best possible execution result.

## **4 Order execution arrangements**

### **4.1 Relationship with Northern Trust**

Artemis has outsourced trade execution for equities and equity like instruments, as well as exchange traded derivatives where the underlying is an equity or equity index, to Northern Trust Securities LLP ("Northern Trust").

Northern Trust is a leading provider of execution services with in-depth expertise of trade execution across global equity markets. Northern Trust was selected to undertake this function on behalf of Artemis following detailed due diligence and analysis of their execution capabilities, expertise, systems and controls. The outsourced trading arrangement provides Artemis with comprehensive dealing desk functions which operate globally and facilitate access to all relevant brokers and execution venues. Northern Trust acts solely in an agency capacity on behalf of Artemis.

Northern Trust is required to take all sufficient steps to achieve the best possible result for Artemis on a consistent basis by taking into account the execution factors and the relative importance of those execution factors as agreed with Artemis. There are detailed trading protocols which Northern Trust adheres to when providing these dealing services on behalf of Artemis.

Northern Trust provides Artemis with detailed execution data and analysis in relation to each trade undertaken.

Artemis believes that the arrangement with Northern Trust ensures that the Firm obtains the best possible results in relation to the execution of trades.

### **4.2 Artemis Fixed Income Dealing Desk**

The Artemis Fixed Income Dealing Desk is responsible for the execution of all fixed income instruments, including fixed income derivatives and ad hoc foreign exchange. The Fixed Income Dealing Desk has wide ranging experience in these asset types and has a substantial network of brokers through whom they execute transactions.

## 5 Execution approach by asset class

### 5.1 Equity and equity like transactions

When executing orders in equities and equity-like instruments on behalf of Artemis, Northern Trust considers the execution factors and the execution criteria set out above in section 3 and determines the most appropriate approach to the execution of that order with a view to achieving the best possible result for Artemis.

For most liquid equity investments, market price and costs of execution (both explicit and implicit) will generally be the overriding factor in attaining best execution; however, there will be situations when this is not the priority, such as:

- For smaller capitalised equities and less liquid stocks, the likelihood of execution and provision of liquidity may be more important than price;
- When raising cash to fund redemptions, speed may take priority over price;
- When executing a large order (size), preserving client confidentiality and minimising market impact, may achieve the lowest total costs (and the best net price); and
- Price volatility may make speed of execution a greater priority.

Northern Trust executes trades through a wide range of brokers, trading platforms and venues including regulated markets, multilateral trading facilities, systematic internalisers and other venues. Northern Trust has access to multiple trading platforms and venues through which it can assess market depth and liquidity. Northern Trust uses its expertise and judgement to assess the characteristics of the order and the market conditions to decide upon the most appropriate execution strategy. Execution factors are considered a fundamental part of the process to determine the counterparty or execution venue which will best serve the Artemis' interests.

When evaluating different counterparties Northern Trust considers multiple criteria including market share, tenure in the market and breadth of market coverage, the ability to manage complex orders, recent performance on other orders, any specialisations, the speed of execution, responsiveness and credit worthiness.

Unless instructed otherwise, Northern Trust will select the execution venues through which it executes Artemis' orders, this enables it to obtain on a consistent basis the best possible result for Artemis. Northern Trust will utilise its expertise and judgment to seek prices from available counterparties (including connected parties) which Artemis considers will best serve the Artemis' interest.

In certain markets Northern Trust is required to "step-out" or transmit the client order for execution and/or settlement purposes in a full, and in disclosed manner to a local broker who will then execute the trade in market and become the client's counterparty. All such brokers will have been determined as being capable of assisting Northern Trust in achieving the best possible result on a consistent basis for the execution its client's orders.

### 5.2 Fixed Income transactions

When executing orders in fixed income instruments, Artemis' Fixed Income Dealing Desk considers the execution factors and the execution criteria set out above in section 3 and determines the most appropriate approach to the execution of that order with a view to achieving the best possible result for clients.



In relation to transactions in fixed income and debt, Artemis generally considers price and likelihood of execution (based on available liquidity for the instrument) to be the most important factors. Nevertheless, the relative importance of secondary factors such as the overall costs, order size, and the nature of the order are also often considered on a trade-by-trade basis.

The Fixed Income Dealing Desk utilises a wide range of brokers and trading platforms and venues such as MTFs and OTFs to execute orders, seeking multiple competing quotations where they are available. The size, liquidity and complexity of the individual instrument will dictate the broker, trading platform and strategy selected.

The quote-driven nature of the corporate bond market makes price discovery more challenging. Therefore, the Fixed Income Dealing Desk relies heavily on 'runs' and 'axes' received electronically from the brokers. A 'run' is a broker informing Artemis of where they see a particular bond trading, whereas an 'axe' is the price where the broker, or a client of theirs, wants to do business.

In addition, the Fixed Income Dealing Desk may directly contact those brokers deemed closest to the bond issue i.e. the brokers involved in placing the bond or other bonds from the same issue, and either leave the order with them or request a firm price to be provided.

Likelihood of execution will have a higher prioritisation when dealing in high yield markets where the liquidity is often low and concentrated.

In many situations, where there is limited pre-or post-trade transparency available publicly, and to limit any potential information leakage, it may only be possible to deal with a single counterparty. Where this happens the rationale for not having competing quotes will be documented within the Order Management System ("OMS").

Market impact is a significant consideration when executing corporate bond orders. To ensure a comprehensive assessment of the market prior to trading, having several two-way conversations is normally the optimal approach in more liquid situations. In the high yield market, however, this can sometimes be counterproductive. The correct approach is assessed on an order-by-order basis, subject to market conditions.

### **5.3 Exchange traded derivative ("ETD") transactions**

Artemis has outsourced the execution of all equity ETDs to Northern Trust. The Artemis' Fixed Income Dealing Desk is responsible for the execution of fixed income futures.

Due to the nature of these instruments and the requirement to have a central counterparty in place for clearing, both Artemis and Northern Trust have a limited number of preferred brokers available for execution. In relation to ETDs, Artemis generally considers that price and speed are the most important factors.

Orders in ETDs are executed mainly for the purposes of efficient portfolio management ("EPM"). This may involve:

- Trading index futures to mirror a fund cash flow (with a view to trading the constituents of the fund later) or to adjust net exposures;
- Options to hedge positions (or to increase income); or
- Trading fixed income futures to adjust the duration of bond portfolios.

To reduce costs, futures are traded electronically where possible. The futures traded tend to be the most liquid contracts (e.g. S&P500), enabling Artemis to execute at the prevailing bid/offer price the vast majority of the time.

The execution method for options is highly dependent upon order size. Relatively small orders can be traded at prevailing market rates. But if the order is large the method will be determined depending on the urgency of the order, as indicated by the fund manager.

All ETDs are centrally cleared, this means that counterparty risk is reduced to one counterparty with whom bilateral collateral movements take place. JP Morgan Securities PLC is the ETD clearer for all Artemis funds.

#### **5.4 Over-the-counter (“OTC”) derivatives (including cleared)**

OTC derivatives, such as credit default swaps and interest rate swaps, are executed by Artemis’ Fixed Income Dealing Desk. OTC transactions are normally cleared, but can be bilateral, depending on the security type and issuer.

Whether trading OTC cleared or bilaterally, we are restricted to a limited number of counterparties depending on the legal paperwork in place. Due to the nature of these instruments and limited number of counterparties available for execution, Artemis generally considers that price and nature of order are the most important factors.

Price discovery for OTC derivatives is carried out in a similar way to any other asset, using data platforms such as Bloomberg to ascertain prevailing market rates, with the use of curves, two-way prices and trade information displayed by various counterparties.

Bilateral OTC derivatives exhibit high exposure to counterparty risk as Artemis’ clients are directly exposed to the executing counterparty. Where market structure allows it, Artemis clears these OTC derivatives through a central clearing counterparty. This considerably reduces the counterparty risk to which our clients are exposed.

Contracts for Difference (“CFDs”) also known as Equity Swaps: are traded in the same way as ordinary equities. The regulatory restriction placed on market participants by local regulators means that US or Asian equity swap orders can only be placed with a prime broker (“PB”). In these non give-up markets, Northern Trust routes the orders on behalf of Artemis and Artemis retain the direct relationship with the executing prime brokers. CFDs outside of these regions can be executed wherever the NT trading desk deems appropriate for best execution, with the resulting execution given up by the executing broker to the PB. The equity execution is the PB’s fully funded hedge. What we receive is not the underlying equity position, but a derivative contract that affords us a similar economic exposure. As with all OTC derivatives, CFDs carry additional counterparty risk.

Stock borrowing: Where Artemis wishes to take a short position in a company, we will do so through use of CFDs (noted above). We do this by borrowing stock to satisfy the settlement of the swap transaction.

To borrow the stock, we must pay the holder of an underlying stock an annual fee (pro-rated). We endeavour to do this at the lowest possible rate through one of our PBs. Whilst this is an annual rate, the lender can ‘call’ the borrow at any time. This is more likely during periods of increased volatility in either the underlying stock or the overall market. When called, we may be forced to cover the short position to return the stock to the lender. This would result in us having to close the position in the market.

#### **5.5 Foreign Exchange (“FX”) (including currency derivatives for swaps and forwards)**

Spot FX transactions are executed through a request for quote (“RFQ”) platform, using a request for stream (“RFS”) pricing across a panel of brokers. Artemis generally considers that price is the most important factor for FX spot transactions. Where possible we will always aim to get competing quotes on a RFQ basis and execute on the best quote. There may be situations where we are limited in the number of counterparties that we can quote with due to the trade size and complexity, for certain orders this can be limited to a single counterparty. In these scenarios, size and nature of order are also considerations.

Forward FX transactions can only be executed with counterparties with whom Artemis, or our clients, have an international swaps and derivatives association (“ISDA”) agreement in place. ISDAs determine what happens to an open position in the event of the default of either counterparty. Spot and forward transactions may be executed at the same time to roll forward exposures on their expiry.

Forward points i.e. the financing cost and interest-rate differential between the two currencies over the forward period are a primary consideration when trading forwards. While spot FX transactions can rely purely on the best rate available, forward FX transactions are made on the best ‘all in’ basis (spot rate + forward points). In these scenarios, price, size and nature of order are the primary considerations. All FX forwards, for the Artemis funds, settle through Continuous Linked Settlement (“CLS”).

Where clients restrict Artemis to a single counterparty for FX transactions, Artemis’ best execution policy will not apply.

FX transactions executed by Northern Trust in its role as custodian for Artemis funds are subject to a separate service level agreement. Northern Trust also provides share class hedging and portfolio overlay services for Artemis funds. These services are subject to a separate legal agreement which is managed operationally by Artemis’ Operations, Oversight and Control team, with oversight of the execution of outsourced FX dealing conducted by the Dealing Committee.

## 6 Brokers

In line with section 4.1, Northern Trust Securities LLP, as the outsourced trade execution provider, is the primary broker for equities, equity like instruments and exchange traded derivatives where the underlying is an equity or equity index.

Artemis has relationships with a substantial number of global and local brokers, executing transactions on both a principal and agency basis. Brokers provide access to their corporate and institutional client network (to match business) and access to their capital (to facilitate execution). Artemis does not share any close links or common ownership with any of its brokers.

Artemis has a standardised process for approving new brokers. Requests for new brokers are directed to Artemis' Head of Portfolio Services along with a rationale for on-boarding a new counterparty. New brokers are subject to a due diligence process in which the terms of business and execution policy are reviewed as required to ensure Artemis complies with its obligation to take all sufficient steps to provide the best possible result for its clients when executing or placing orders. Artemis' dealing committee (DC) provides final authorisation for adding a broker to the approved broker list.

Artemis' approved broker list is coded into the order management system (OMS) and maintained by the operations, oversight and control team.

Full details of the broker approval and monitoring process are available on request.

## **7 Commission**

Artemis has negotiated fixed commission rates on a per country basis by instrument and transaction type. All commission rates are reviewed on an annual basis by the Dealing Committee to ensure that they remain competitive. In accordance with COBS 2.3B 'Inducements and research', Artemis pays for investment research services directly with the research providers, clients are not charged for investment research through any commissions or fees that are incurred when executing client orders.

## 8 Order Handling

Artemis has established procedures to ensure that all orders executed on behalf of clients are promptly and accurately recorded and allocated; and that comparable orders are carried out sequentially and promptly, unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise.

### 8.1 Aggregation of orders

Artemis, acting as Investment Manager for many clients, will frequently be in the position of buying or selling the same security for more than one client at the same time. Artemis recognises that aggregating client orders for the purposes of execution may work to the advantage or disadvantage of the client. Artemis will take all reasonable steps to prevent any clients being disadvantaged as a result of order aggregation.

Each of Artemis' strategies are run independently of each other, however, there may be times when orders are sent to trading for the same underlying instrument and in the same direction. If an open order exists when a new order is received, and the two orders share identical instructions, then any executions already completed on the original order will be allocated pro-rata and booked out to the original client(s). The two orders will then be merged, and traded as a single order, subject to the order instructions remaining the same. If instructions (e.g. price limits) are different the two orders can be traded separately, provided it is determined that one order will not unduly impact the other.

### 8.2 Order Allocation

Artemis' policy is to allocate all aggregated orders on a pro-rata basis amongst all clients participating in the order in proportion to the original size of the orders placed for each client. Partially executed orders are also allocated on a pro-rata basis, with each client receiving the same average price.

The only times that Artemis will deviate from this policy is when there is a justifiable reason for doing so. For example, where there is an odd lot (equity), minimum lot size (fixed income) or it is required for an ID market i.e. Korea, Taiwan. Such adjustments are generally made using the automatic functionality within the order management system; Charles River, and an override reason is not required. An explanatory rationale is required for all other instances where orders are allocated on a non-pro rata basis.

Artemis has internal controls in place to ensure consistency of approach in regard to the aggregation and allocation of client orders.

### 8.3 Cross trades

There may be circumstances where a cross trade opportunity can arise, these are orders that are received in the same security, but in opposing directions (*i.e.* purchase vs. sale). On these occasions, if it is deemed appropriate and in the best interest of all clients, the dealing desk may execute a cross trade. There are advantages to crossing between clients i.e. minimising market impact, cheaper administrative fees or commission and potential spread capture. We recognise that there are potential conflicts of interest and so all cross trades are subject to an internal review to ensure that appropriate evidence exists to support that the cross is in the best interest of all clients involved.

The price achieved must support the case that the clients involved were treated fairly, in most cases this will be the market mid-point price for the security at the time of execution. All Inter-strategy crosses i.e. cross trades between clients that are managed within the same investment strategy require pre-trade approval.

Because we believe it can be in our clients' best interest to do so, we retain the ability to cross stock unless a client specifically instructs us not to.

#### **8.4 Specific Client Instructions**

A client may decide to give Artemis specific trade instructions i.e. to use a certain broker, to not use a certain broker, to raise cash by a certain date or to execute at a certain time e.g. "trade into the close". Wherever possible, Artemis will ensure that the order is executed in accordance with those instructions. In such circumstances Artemis cannot guarantee best execution. A client instruction will not override our policies on order aggregation or order priority.

## 9 Best execution: monitoring, oversight and governance

Artemis has a formal framework for monitoring the effectiveness of its execution arrangements in delivering best execution for client orders. The Dealing Committee is the principal body responsible for providing oversight and governance for the policies, procedures and practices around the order execution process. The Dealing Committee reports to the Executive Committee. It is chaired by our Chief Operating Officer and has representation from Dealing, Operations, Risk and Compliance, Portfolio Services and the Investment team. The Dealing Committee meets quarterly.

- Artemis continually monitors the effectiveness of its execution arrangements to ensure they remain relevant, robust and deliver the best possible outcome for our clients.
- Monitoring and review of execution quality is conducted using third-party transaction cost analysis (“TCA”). Trading outcomes are assessed against a defined set of benchmarks and tolerance thresholds to identify trade outliers that merit further analysis and investigation. The benchmarks and tolerance thresholds have been agreed by the Dealing Committee and any trades outside of these tolerances are raised as exception alerts to be investigated by the relevant trading desk and the Risk & Compliance Monitoring team. Unsatisfactory outcomes are escalated to the Dealing Committee.
- A monthly meeting is held with Northern Trust to review execution quality, this includes outlier monitoring, including trends and root cause analysis.

Artemis continuously monitors the effectiveness of its order execution policy and underlying order execution arrangements to identify and, where appropriate, enhance its execution process.



## **10 Disclosure and reporting to clients**

Our order execution policy is available on our website. It is reviewed at least annually or whenever a material change occurs. Clients will be notified should any material changes be made.

Further information about this policy can be provided to clients upon request.

All clients have the right to request Artemis to demonstrate its adherence to this order execution policy in relation to their account. Should you wish to do this, please write to Risk & Compliance, Artemis Investment Management LLP, 6<sup>th</sup> floor, Exchange Plaza, 50 Lothian Road, Edinburgh EH3 9BY.

## Appendix 1: Execution brokers by asset class

### Equity (and equity-like) execution brokers

Northern Trust Securities LLP

### Prime brokers and swap providers

Goldman Sachs  
JP Morgan Securities PLC

Morgan Stanley & Co International PLC  
UBS AG

### Fixed income: brokers

ANZ Banking Limited (July 2024)  
Aurel (a division of BGC Brokers LP)  
Bank America Merrill Lynch  
Banco Santander SA  
Barclays Capital Securities Limited  
BNP Paribas  
Bank of Montreal  
Bloomberg Bridge – March 2024  
Cantor Fitzgerald Europe  
Citadel Securities (Europe) Limited  
Citigroup Global Markets  
Credit Agricole CIB  
Danske Bank A/S  
Deutsche Bank  
DNB Bank ASA  
Flow Traders B.V.  
Goldman Sachs  
HSBC Bank PLC  
Investec Bank PLC  
Jane Street Financial Limited  
Jefferies  
JP Morgan Securities PLC  
Kepler

Liquidnet Europe Limited  
Lloyds Bank Corporate Markets  
MarketAxess Capital Limited  
Mitsubishi UFG Securities EMEA  
Mizuho  
Morgan Stanley & Co International PLC  
National Australia Bank Limited  
Nomura International PLC  
Pareto Securities (Aug 2024)  
Peel Hunt LLP  
RBS  
RBC Europe Limited  
Seaport  
SMBC Bank International PLC  
Société Générale  
Stifel Nicolaus Europe Limited  
TD Bank Europe Limited  
Tradeweb Europe Limited  
Tradition Securities & Futures  
UBS AG  
UniCredit Bank AG  
Wells Fargo Securities  
Westpac Banking Corporation

### Fixed income: multilateral trading facilities

Bloomberg  
MarketAxess Capital Limited

Tradeweb Europe Limited

### Exchange-traded derivatives: clearing

JP Morgan Securities PLC

### Exchange-traded derivatives: execution

JP Morgan Securities PLC  
Northern Trust Securities LLP

Morgan Stanley & Co International PLC

## **Stock borrowing**

Goldman Sachs  
JP Morgan Securities PLC

Morgan Stanley & Co International PLC  
UBS AG

## **FX: multilateral trading facilities**

FX Connect

## **FX: brokers**

Goldman Sachs  
JP Morgan Securities PLC  
Northern Trust Company

Lloyds Bank Corporate Markets  
UBS AG

## **Outsourced FX execution broker**

Northern Trust Company

## Appendix 2: Glossary of terms

Algorithmic trading	A means of executing client orders via a broker's smart order router. Using advanced mathematical tools, it expedites decision-making in many order-driven markets.
CFDs – also known as equity swaps	A contract between an investor and an investment bank as a substitute for a direct transaction in a stock. No consideration is paid when opening the position. The two parties make a series of financing payments to each other, then one final payment when closing the transaction, determined by the underlying stock return. The buyer receives/ pays the difference in price movements of the underlying stock along with the dividends.
Continuous linked settlement	Is a cross border payment system for the settlement of foreign exchange trades that eliminates settlement risk through a payment versus payment mechanism. The CLS system is run by CLS Bank International, which is solely dedicated to settling foreign exchange trades.
Execution venue	Either a regulated market, a multilateral trading facility (MTF), an organised trading facility (OTF), a systematic internaliser, a market maker or other liquidity provider <i>or</i> an entity in a third country that performs similar functions to those performed by any of the foregoing.
Explicit cost	Costs that are clearly known before execution takes place (such as commission and taxes)
Financial instruments	These are defined under MiFID II (see below) or by the relevant laws and regulations in the US (or other relevant trading venue).
FIX	The Financial Information eXchange (FIX) protocol is an electronic communications protocol initiated in 1992 for international real-time exchange of information related to the securities transactions and markets.
High-touch orders	Orders placed through a dedicated person (known as a sales trader or salesperson) at a broker who will assist in execution by providing liquidity (either from other clients' or bank capital) or work an order on an agency basis in more esoteric markets.
Implicit cost	Inferred or embedded cost such as market impact, spread and opportunity cost.
'Lit' and 'dark' venues	A 'lit' venue is a venue where the trading opportunity is visible for all participants to see and potentially interact with. A 'dark' venue is one where the trading opportunity is not necessarily visible at the point of execution.
MiFID II	The Markets in Financial Instruments Directive 2004/39/EC 2014/65/EU is a European Union directive intended to enhance the single market for investment services and financial markets in all European Economic Area jurisdictions.

Multilateral trading facility (MTF)	A multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments - in the system and in accordance with non-discretionary rules - in a way that results in a contract.
Organised trading facility (OTF)	A multilateral system, which is not a regulated market or MTF and in which multiple third party buying and selling interests in bonds, structured finance products, emissions allowances or derivatives are able to interact in the system in a way which results in a contract.
Over-the-counter (OTC)	Over-the-counter (OTC) or off-exchange trading is done directly between two parties, without the supervision of an exchange. It contrasts with exchange trading. A stock exchange has the benefit of facilitating liquidity, providing transparency, and maintaining the current market price. In an OTC trade, however, the price is not necessarily published for the public, nor does it necessarily settle versus payment, which adds a counterparty risk exposure to the process
Participatory notes (P-Notes)	Participatory notes, commonly known as P-Notes or PNs, are instruments issued by registered foreign institutional investors (FII) to overseas investors who wish to invest in markets without registering themselves with the local market regulator. This is a derivative contract that gives most of the economic benefit of owning the underlying security but with the added counterparty risk that it is fully unwritten by the FII and not the company themselves.
Programme trade	A group of multiple orders placed through a broker, with a single instruction, often at a reduced commission rate.
Regulated market (RM)	A multilateral system operated and/or managed by a market operator. It brings together or facilitates multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems. It is authorised and functions regularly and in accordance with the provisions of MiFID II.
Systematic internaliser (SI)	An investment firm which, on an organised, frequent and systematic basis, deals on its own account by executing client orders outside a regulated market, OTF or MTF.
Trading venue	A regulated market, an MTF or an OTF
Transaction cost analysis (TCA)	A method for determining the effectiveness of executions, by measuring implicit costs to ensure adherence to our commitment of best execution to our clients.

## Lists of relevant MiFID II financial instruments

Equity and equity-like instrument classes	Equities – shares and depositary receipts
	Exchange-traded products (funds, notes and commodities)
	Contracts for difference
	P-Notes
Fixed income instrument classes	Debt instruments – bonds
	Debt instruments – money market
Derivative instrument classes	Interest-rate derivatives – futures and options admitted to trading on a trading venue
	Interest-rate derivatives - swaps, forwards and other interest-rate derivatives
	Credit derivatives – futures and options admitted to trading on a trading venue
	Credit derivatives – other credit derivatives
	Currency derivatives – futures and options admitted to trading on a trading venue
	Currency derivatives – swaps, forwards and other currency derivatives
	Equity derivatives – options and futures admitted to trading on a trading venue
	Equity derivatives – CFDs (also known as equity swaps) and other equity derivatives