

# Order Execution Policy

---

## RIA Capital Markets Ltd (“RIA”)

August 2023

### 1. General Information

RIA has established this Policy, along with other arrangements, to meet its overarching obligation to take all sufficient steps to obtain the best possible result for its clients when either executing client orders, arranging for a third party to execute a client order on our behalf or dealing on a Request for Quote (“RFQ”) basis. For the avoidance of doubt, this Policy does not apply to those clients who have been categorised as eligible counterparties.

RIA has an obligation to provide its clients with appropriate information on this Policy. In order to comply with this obligation, the firm will make this Policy available to clients upon written request and prior to the provision of services where a client agreement is signed.

RIA will always obtain prior consent to this Policy from its clients, which is done by way of our terms of business or separate agreement where appropriate. This Policy will be applied to each client order executed and we must be able to demonstrate compliance with this Policy upon a client’s written request.

There are occasions when RIA may choose to execute orders with third parties outside of a Regulated Market, a Multilateral Trading Facility, an Organised Trading Facility or an SI collectively “trading venues”). In line with its obligations, the firm will always ensure that it has obtained prior express consent from its client(s) before doing so. This is achieved through the firm’s categorisation letters to clients.

RIA will explain the consequences to the client(s) of dealing outside of a trading venue.

When RIA makes a decision to trade, it may carry out the trade in one (or more) of the following ways:

- By executing on venue on behalf of its client (acting as agent); or
- By placing the order with a third party entity for execution on behalf of its client (acting as agent); or
- By filling the order from its own book (acting as principal); or
- By executing the order directly with a counterparty in the market (acting either as principal or matched principal).

When a client makes reasonable and proportionate request for information about policies or arrangements and how they are reviewed, RIA will answer clearly and within a reasonable time period.

## **2. RIA's Best Execution Obligations**

Subject to Sections 3 and 4 below, RIA will take all sufficient steps to obtain the best possible result for its clients, taking into account the execution factors.

The execution factors are:

- price;
- costs;
- speed;
- likelihood of execution and settlement;
- size;
- nature, and
- any other consideration relevant to the order.

The relative importance of these factors must be determined by reference to the "execution criteria". The execution criteria are the characteristics of the:

- (i) client including its categorisation;
- (ii) client order;
- (iii) financial instrument that is the subject of that order;
- (iv) execution venues to which that order can be directed.

## **3. Specific Instructions**

In the event that RIA receives specific instructions from a client, the firm will be deemed to have satisfied its obligation to take all sufficient steps to obtain the best possible result for that client, but only in respect of the part or aspect of the order to which the client instructions relate. The firm will still have a duty of best execution in respect of the part or aspect that is not covered by the instructions, however, the client should be aware that providing us with specific order instructions may encumber the ability of the firm to obtain the best overall result.

## **4. Legitimate Reliance**

Proprietary transactions may be subject to best execution requirements if they are being executed on a client's behalf. The key consideration is whether the client legitimately relies on the firm to protect their interests in relation to the pricing and other elements of the transaction – such as speed or likelihood of execution and settlement – that may be affected by the choices made by the firm when executing the order.

When RIA provides quotes or negotiates a price with a client who is categorised as a Professional Client, RIA will take into consideration the nature of the instruction with respect to the four-fold cumulative test as set out by the European Commission.

In determining whether it is able to deal on an RFQ basis, RIA will consider the nature of the instruction with respect to the four-fold cumulative test. The distinction between a client's reliance on RIA to achieve best execution and an RFQ is:

- (i) where the client is legitimately relying on RIA to achieve the best execution outcome i.e. for RIA to act on the client's behalf in protecting their interests (an order); and
- (ii) where the client merely requests or takes a price (an RFQ).

The four-fold cumulative test considers the following factors:

- (i) **which party initiates the transaction** - where we approach the client and suggest that they should enter into a transaction, it is more likely that they will be placing reliance on us. Where the client initiates the transaction, it is less likely that they will be placing reliance on us;
- (ii) **questions of market practice and the existence of the convention to 'shop around'** - In the wholesale OTC derivatives and bond markets, buyers tend to "shop around" by approaching several dealers for a quote, and in these circumstances there is less likelihood that the client will be placing reliance on us;
- (iii) **the relative levels of price transparency within a market** - if we have ready access to prices in the market in which we operate, whereas the client does not, it is more likely that the client will be placing reliance on us, whereas if our access to pricing transparency is equal or similar to the client, it is less likely that they will be placing reliance on us; and
- (iv) **the information provided by RIA and any agreement reached** - where our arrangements and agreements with the client do not indicate or suggest a relationship of reliance, it is less likely that they will be placing reliance on us.

Where the consideration of all the above factors concludes that the client is not legitimately relying on RIA, then best execution will not apply for that particular transaction.

## 5. RIA's Strategy

### 5.1 Fixed Income

Where RIA's Fixed Income team operates on a RFQ basis, we will start from the position that most clients are not legitimately relying on RIA in relation to the execution of transactions on the basis that the nature of the market is that a client will generally request quotes from a number of different dealers from which the client will have transparency and choice of the prices at which transactions can be effected in the market.

However, where a client is relying on RIA to work a specific order, RIA will, subject to specific instructions from the client, provide a quote that meets RIA's obligation to take all sufficient steps to obtain the best possible result for its client.

For execution purposes only, RIA considers preference shares as fixed income rather than equities.

## **Execution Venues**

RIA may execute orders on behalf of clients directly on Multilateral Trading Facilities, on Organised Trading Facilities or with Systematic Internalisers in the financial instrument (on a “trading venue”). RIA may in addition choose to execute orders with third parties outside of a “trading venue”.

When choosing which venue to execute the transaction, RIA will take into account:

- Price
- Size
- Speed
- Cost
- Settlement
- Likelihood of execution
- Likelihood of settlement
- Nature of the order.

It is likely that the most important factors will be price, size and speed of execution, but this will not be the case for every transaction. Prioritisation will be subject to any specific instructions RIA receives from the client.

In particular, in illiquid markets RIA will prioritise the key execution factors in the following order:

- Likelihood of execution
- Price
- Speed
- Size
- Cost
- any other relevant factors

RIA will select execution venues based on their trade records of achieving the best result in terms of the execution factors taking into account, in particular, the geographic and market coverage of the relevant Execution Venue.

## **Trade Pricing**

For non-commission based trades, specific factors in determining the price passed to clients will include:

- Market Liquidity
- Size of Trade
- Settlement Costs
- Time to execute
- Settlement length

## **Over-The-Counter (“OTC”) Trades**

When executing orders over-the-counter, RIA will make reasonable attempts to check that the price quoted is fair by taking into account market data, including comparing the price with similar instruments (where available).

## **5.2 Equities**

RIA trades equities on behalf of clients on a number of global exchanges either under the rules of the Exchange with Market Makers or through members of the relevant exchanges. These are well regulated exchanges which trade either on an electronic order-driven market or on a market making quoted exchange.

With the exception of Preference shares (which RIA executes in line with fixed income instruments), RIA does not hold positions for its own account in equities. RIA acts purely as an agent.

### **Execution Venue**

In selecting an Execution Venue, RIA will take into account a number of factors such as the size of the trade, liquidity, market structure and settlement.

### **Chain of Execution**

RIA may utilise the stock exchange memberships of other brokers to execute trades. In choosing these brokers, RIA takes care to select those brokers that, in RIA’s view, consistently provide a high quality execution service, taking account of the relevant execution factors for the relevant Instrument class. RIA will enter into arrangements with brokers based upon cost, their ability to execute independently, their market reputation, their technology and their competitive positioning.

RIA will determine whether to place an order with a broker or to execute an order directly on an Execution Venue according to the nature of the order and the market in which the relevant order is to be executed. In determining whether to place an order with a Broker or to execute directly, RIA will have regard to the relative importance of the execution factors. In certain markets, it will only be possible to execute client orders by placing them with a broker in the relevant market.

### **Relative importance of execution factors for Equities**

Each order is reviewed by a sales manager who will assess the order in the context of the execution factors, and trade directly with a Market Maker under the rules of an Exchange or provide specific trading instructions to a broker in the relevant Market.

RIA will take into account a range of execution factors. The usual order of priority will be as follows:

- Price

- Size
- Speed
- Cost
- Settlement
- Likelihood of execution
- Likelihood of settlement
- Nature of the order.

It is likely that the most important factors will be price, size and speed of execution, but this will not be the case for every transaction. Prioritisation will be subject to any specific instructions RIA receives from the client.

In particular, in illiquid markets RIA will prioritise the key execution factors in the following order:

- Likelihood of execution
- Price
- Speed
- Size
- Cost
- any other relevant factors

### **Trade Pricing**

Commission levels are pre-agreed with RIA's clients based on competitive market levels.

### **5.3 ETF Trading**

RIA will transact all ETF business with Brokers on an MTF platform or with Market Makers and members of the relevant exchanges under the rules of the Exchange bringing all trades on venue.

RIA does not hold positions for its own account in ETFs. RIA acts purely as an agent ensuring clients interests and our own interests are aligned.

### **Execution Venue**

In selecting an Execution Venue, RIA will take into account a number of factors such as the size of the trade, liquidity, market structure and settlement.

### **Chain of Execution**

In choosing these brokers, RIA takes care to select those brokers that, in RIA's view, consistently provide a high-quality execution service, taking account of the relevant execution factors for the relevant Instrument class. RIA will enter into arrangements with brokers based upon cost, their ability to execute independently, their market reputation, their technology and their competitive positioning.

## Relative importance of execution factors for ETFs

RIA will take into account a range of execution factors. The usual order of priority will be as follows:

- Price
- Size
- Speed
- Cost
- Settlement
- Likelihood of execution
- Likelihood of settlement
- Nature of the order.

It is likely that the most important factors will be price, size and speed of execution, but this will not be the case for every transaction. Prioritisation will be subject to any specific instructions RIA receives from the client.

In particular, in illiquid markets RIA will prioritise the key execution factors in the following order:

- Likelihood of execution
- Price
- Speed
- Size
- Cost
- any other relevant factors

## Trade Pricing

Commission levels are pre-agreed with RIA's clients based on competitive market levels.

## 5.4 Execution Strategies

In Fixed Income, Equities or ETFs, the sales manager may consult the client to discuss the trade execution strategy which may involve discussing various execution factors. Information provided by the client may impact the execution strategy RIA uses. RIA's strategy may include executing orders immediately, or working orders over a period of time. These considerations are part of all sufficient steps RIA takes to obtain the best possible execution result on a consistent basis. When possible, when executing on an MTF RIA will poll a few market makers to execute at the best price at time of trading.

## **6. Execution Venues and Brokers**

RIA has set out at Appendix A, in respect of each class of financial instrument (as defined in Appendix B), information on the different execution venues where we execute client orders (and the factors affecting the choice of execution venue which helps RIA to obtain on a consistent basis the best possible result for its clients.

RIA will comply with its MiFID II requirements by releasing an annual publication of its top five execution venues in terms of trading volumes of executed orders per class of financial instrument. In addition to the quantitative criteria, RIA will provide a summary of the analysis and conclusions drawn from the detailed monitoring of execution obtained on the venues where RIA has executed all client orders in the previous year.

## **7. Monitoring and Review**

This Policy and the arrangements will be reviewed annually or whenever a material change occurs that affects the firm's ability to continue to obtain the best possible result for our clients.

On a regular and ongoing basis, RIA shall monitor the effectiveness of this Policy and assess the quality of the entities listed at Appendix A to ensure they are providing the best possible result for RIA's clients. Any deficiencies in any arrangements or within this Policy will be corrected and clients will be notified of any material changes.

Notification of changes to the policy will be published at the following link:  
<http://www.ria.co.uk/compliance.php>



## Appendix A - List of Execution Venues

Name of entity	Financial Instrument	Factors considered In selecting entity
Bloomberg MTF	Bonds  ETFs	<ul style="list-style-type: none"> <li>• Price</li> <li>• Size</li> <li>• Speed</li> <li>• Likelihood of execution</li> </ul>
Tradeweb	Bonds	<ul style="list-style-type: none"> <li>• Price</li> <li>• Size</li> <li>• Speed</li> <li>• Likelihood of execution</li> </ul>
Various SIs	Bonds	<ul style="list-style-type: none"> <li>• Price</li> <li>• Size</li> <li>• Speed</li> <li>• Likelihood of execution</li> </ul>
London Stock Exchange via Market makers	Equities	<ul style="list-style-type: none"> <li>• Price</li> <li>• Size</li> <li>• Speed</li> <li>• Likelihood of execution</li> </ul> <p>And market to which relevant order relates</p>
Overseas Equity Markets via Direct Market Access systems	Equities	
Overseas Equity Markets via Brokers- Dealing Agency	Equities	

## Appendix B - Classes of Financial Instruments

### Equities — Shares & Depositary Receipts

- Tick size liquidity bands 5 and 6 (from 2 000 trades per day)
- Tick size liquidity bands 3 and 4 (from 80 to 1 999 trades per day)
- Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)

### Debt instruments

- Bonds
- Money markets instruments

### Interest rates derivatives

- Futures and options admitted to trading on a trading venue
- Swaps, forwards, and other interest rates derivatives

### Credit derivatives

- Futures and options admitted to trading on a trading venue
- Other credit derivatives delete

### Currency derivatives

- Futures and options admitted to trading on a trading venue
- Swaps, forwards, and other currency derivatives

### Structured finance instruments

### Equity Derivatives

- Options and Futures admitted to trading on a trading venue
- Swaps and other equity derivatives

### Securitized Derivatives

- Warrants and Certificate Derivatives
- Other securitized derivatives

### Commodities derivatives and emission allowances Derivatives

- Options and Futures admitted to trading on a trading venue
- Other commodities derivatives and emission allowances derivatives

### Contracts for difference

Exchange traded products (exchange traded funds, exchange traded notes and exchange traded commodities)

Emission allowances

Other instruments