



# James Brearley

Investment Managers & Stockbrokers  
Established 1919

## Order Execution Policy

# James Brearley

## Order Execution Policy

Our Order Execution Policy applies when we execute orders in financial instruments on your behalf. It specifies

- Our strategy for obtaining the best possible outcome for the execution of your orders.
- The importance we place on the execution factors and how they affect our choice of execution venue.
- The execution venues we use.

The first and each subsequent time you, or your appointed intermediary firm where appropriate, instruct us to buy or sell investments or complete and sign our application form or letter (as applicable to you), we will consider this as your acceptance of the terms set out in our Order Execution Policy.

The Order Execution Policy is provided to you prior to the commencement of the service and upon any significant changes. The latest copy of the policy is available on our website [www.jbrearley.co.uk](http://www.jbrearley.co.uk).

### 1. The basis on which we will act for you

- 1.1 When acting for you, or your appointed intermediary firm where appropriate, we will usually act as your agent. This means that we will act on your behalf, executing your instructions to buy or sell investments by dealing for you with a third party. For example, when we are acting as your agent to buy shares, James Brearley does not own the shares you are buying.

### 2. Some Risk Factors

#### All investments

James Brearley believes that all investments carry a degree of risk which could result in you receiving back less than you expected either as income or when you sell.

#### Less liquid investments

It may sometimes be difficult or impossible to sell some investments at an advantageous price (or in some circumstances at any price). Such less liquid investments may include shares listed on the Alternative Investment Market (AIM) and other quoted smaller companies. You should not invest in these unless you have carefully thought about whether it is right for you.

#### Investments subject to stabilisation

James Brearley or someone acting for us may carry out transactions where the price of share or investment may have been influenced by measures taken to stabilise it. Stabilisation is a process where the market price of a share or investment is maintained artificially during the period when it is first made available to the general public. The purpose of this process is to slow down a decline in price. The process of stabilisation creates the impression that there is a demand for a share or investment at a particular price or at various prices and as such can affect not only the price of the newly listed investment but others which are related to it.

#### Foreign currency based investments

Investments which are in foreign currencies are subject to fluctuations in exchange rates which may have an adverse effect on the value, price or income of the investment. Dealing in these investments may incorporate additional costs, for example, foreign exchange fees and delivery charges, which will be passed on to you. Overseas markets' business hours are not the same as those in the UK and there may be delays in executing your instruction to buy or sell foreign currency based investments. We will not be responsible for any losses or loss of opportunity that may result.

### 3. Key Investor Information

- 3.1 Except where you have opted for our Investment Management Service, or we receive an instruction from your appointed intermediary firm where appropriate, where we arrange for you to invest in Packaged Retail and Insurance-based Investment Products, we will provide you with the Key Investor Information Document or Key Information Document relating to the product or the Simplified Prospectus.
- 3.2 Wherever possible we will provide this information to you by e-mail. However, if we have to provide the information to you by post, we may not be able to deal for you until you have received the documents.

### 4. Dealing instructions

- 4.1 When you, or your appointed intermediary firm where appropriate, give us an instruction to buy or sell investments, there are two main ways in which we can deal for you in terms of the price: At Best or At Limit.
- 4.2 An instruction to buy or sell At Best means that we will deal at the best price available to us. Market prices can change quickly and therefore when you give us an At Best instruction you accept that the price may change in the time it takes for us to deal. If you are concerned about this, you should consider the use of a Limit order.
- 4.3 An instruction to buy or sell At Limit is one where you set a specific price at which you will buy or sell shares. We will agree with you how long the limit should apply if it is not immediately achievable (for example, one day, one week or one month). We will use reasonable endeavours to execute your instruction to buy or sell At Limit. However, we do not guarantee to execute your instruction even if the price reaches your limit. Circumstances leading to instructions to buy or sell at a limit not being executed could include, the size and nature of each order, the loss of our supporting real-time price feed, market conditions at the time (such as a “fast market” where prices are purely indicative), backwardation (where the selling price is higher than the buying price), other clients have placed a similar instruction to buy or sell at a limit before your own (so we may carry out their instruction before yours) and other factors that are outside of our control.
- 4.4 If you, or your appointed intermediary firm where appropriate, place a limit order and it is not fulfilled immediately, you agree that we need not disclose or publish details of your unfulfilled limit order.
- 4.5 All limits are placed at your own risk. In all circumstances, irrespective of the cause, we do not accept liability for any instructions to buy or sell at a limit which are not executed because your limit price cannot be met or exceeded or are unsuccessful.
- 4.6 Please note that additional terms apply to instructions to buy or sell at a limit submitted via our Online dealing facility.

### 5. Best execution

- 5.1 When executing or carrying out instructions to buy or sell investments on your behalf in relation to investments such as shares and open-ended funds, we will take all sufficient steps to achieve the best possible results on a consistent basis. This is called ‘best execution’ and in order to achieve it we will take into account a range of execution factors, including:
- Price and associated costs (total consideration).
  - Speed of execution.
  - Likelihood of execution and settlement.
  - Size of the order.
  - The nature of the order and any other relevant considerations.

In determining the relative importance of these factors, we will use our judgement and experience with due consideration given to the following criteria:

- Your regulatory client classification as a retail client.
- The characteristics of the financial instrument your order relates to.
- The characteristics of your order.
- The characteristics of the execution venue on which the deal can be executed.

## Price and associated costs (total consideration)

For most transactions, we will regard the market price and costs as the principal factor in obtaining the best possible outcomes when executing orders. Specifically, we will determine the best execution on the basis of 'total consideration' representing the price of the financial instrument and the costs related to execution, including expenses incurred by you that are directly linked to the execution of your order, including execution venue charges, clearing and settlement fees. For example, for shares traded on a regulated market, we will take into account the net cost (or net proceeds) and will consider the execution venues that consistently provide the best possible outcome in terms of the total consideration.

We may however, from time to time determine that for some clients, other investments or markets execution factors, i.e. speed, likelihood of execution and settlement, the size and nature of your order, market impact or other implicit costs resulting from how your order is executed may take precedence over the price and costs factors in delivering the best possible result in terms of total consideration.

## Speed of execution

The speed of execution could be a high priority for some types of order. For example, an order in a liquid equity in a fast-moving market.

## Likelihood of execution and settlement

In some cases, the ability to execute and settle the order will be the main factor to consider. This may be the case when the stock is illiquid, or the size of the order is prohibitive. In such instances, it may be the case that this takes precedent over other factors.

## Size of the order

It may be the case that the size of the order is outside of the quoted size in the market. In such instances, we will source the best available terms for executing the order by comparing the prices of a number of market participants.

## Nature of the order and any other relevant considerations

We will take into account any other factors that we feel warrant consideration in determining how an order should be executed. For example, this could be whether the order is a buy or sell or whether the stock is listed on several markets.

- 5.2 In the absence of express instructions from you, or your appointed intermediary where appropriate, we will use our own judgment in determining the factors we need to take into account for the purpose of providing you with "best execution".
- 5.3 Occasionally and particularly for non-UK companies, the stock market may be located outside the UK and will not be subject to the rules of the Financial Conduct Authority (FCA).
- 5.4 If you, or your appointed intermediary firm where appropriate, provide us with specific instructions to deal, we will follow these instructions however doing so may prevent us from taking the steps that we have designed and implemented in our execution policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions. We will however take all sufficient steps in order to achieve the best results in respect of the other aspects of your order, not covered by your specific instructions.
- 5.5 Client instructions will normally be executed in the order in which they are received. Exceptions to this rule may include instructions with special conditions such as price limits or where there is limited liquidity in the underlying investment, which may require extra time to achieve 'best execution'.

## 6. Our processes for delivering 'best execution'

- 6.1 Our aim is to process all client instructions to buy or sell investments on a timely and efficient basis with the aim of consistently obtaining the best possible result for each client. Upon receiving your instruction we will make contact with a market counterparty (i.e. another party that will participate in the financial transaction), the process of which will vary dependent on the nature of the financial instrument being traded.

The financial instruments we offer include

- Securities (e.g. equities, warrants, fixed interest investments and exchange traded funds).
- Collective Investment Schemes (open-ended and close-ended).
- Structured products (structured investments and structured deposits).

## **UK Equities (including warrants)**

An electronic connection to the Iress central trading hub links us to several of the City of London's largest financial institutions. Upon receipt of an instruction to buy or sell UK shares, we will submit details to the trading hub which, in a matter of seconds is communicated to all parties making buying and selling prices via the trading hub. Each returned quote is scrutinised by the system and again within seconds, the best possible price for the trade is conveyed back for acceptance. Quotes will be received based on prices prevailing on the London Stock Exchange. The price quoted is available for up to fifteen seconds during which time it may be accepted. A confirmation of execution is received within seconds of accepting the quote.

If the system fails to provide a quote and the order is with or has been forwarded to our dealers, they will review their pricing systems, identify the appropriate financial institution offering the best price and telephone them with a view to executing the instruction to buy or sell the investment with them.

We consider timely execution to have occurred if the order is executed within 60 minutes of receiving the instruction. In certain instances, where the instruction is to buy or sell an amount which is larger than the normal size of trades typically executed in the share in question, it may be necessary for us to speak to a number of financial institutions and possibly leave an instruction with one of them to try and find interest in satisfying it. In such circumstances, it may not be possible to execute your instruction to buy or sell the investment within a 60-minute period.

## **Overseas Equities**

We have established relationships with financial institutions that specialise in executing instructions to buy or sell investments in overseas shares. Upon receipt of an instruction from you, or your appointed intermediary firm where appropriate, in either a US, Canadian or European shares, our dealers will contact the appropriate institution and wherever possible obtain a price from them in both the local currency and sterling. The local price is compared with that displayed on our pricing systems wherever possible. The currency exchange rate is compared with the current spot rate displayed on our pricing systems. For transactions within normal market size we consider timely execution to have occurred if the order is executed within 60 minutes of receiving the instruction.

In the case of Australian and some other shares, which because of time zone reasons are not tradable during our normal business hours, it is possible to leave an instruction with a financial institution for them to try and execute overnight.

In some instances, it may be possible to execute an overseas order with a financial institution outside of their market trading hours. In such instances, the financial institution may reduce their price quote in order to compensate for the additional risk of price fluctuations and exchange rate movements between the time of execution and their ability to actually trade on the local market.

Please note that if you wish us to buy or hold certain US investments, you will be required to complete additional forms in order to satisfy US tax regulations. There is a minimum transaction size for dealing in overseas stock which may vary at our discretion.

Your Account Executive will be able to provide you with the most up to date transaction size limits.

## **Fixed Interest investments (i.e. bonds and gilts)**

Upon receipt of an instruction to buy or sell a fixed interest investment, we will attempt to execute the instruction via our electronic link to the Iress central trading hub, which links us to a number of financial institutions that trade in fixed interest investments. If it is not possible to obtain an electronic quote and the order is with or has been forwarded to our dealers, they will review their pricing systems to determine whether the stock is covered. If so, we will deal with the financial institution offering the best price for the stock. If the stock is not covered by our pricing systems, where possible we will contact at least two financial institutions and deal with the one offering the best price. In certain illiquid stocks (those which are rarely bought or sold), a price may only be available from one financial institution. For transactions within normal market size we consider timely execution to have occurred if the order is executed within 60 minutes of receiving the instruction.

## Units in open-ended funds

All instructions to buy or sell open-ended funds must be placed with the dealing team of the particular fund group concerned. As a consequence, our main objective is to ensure the instruction is communicated to the fund provider's dealing team on a timely basis.

Most open-ended funds are priced once a day, however not all funds are priced at the same point. Any instructions to buy or sell open-ended funds received within two hours of a fund's pricing point may not achieve that day's price. The instruction will be conveyed to the fund group by means of an electronic link, fax or telephone. Typically, within 48 hours of placing the trade we will receive a confirmation note from the fund group.

Transactions in Open-ended Funds can only be executed in one place and at one price; the firm therefore has no discretion over execution venue or price.

## Structured Products

All instructions to buy or sell Structured Products are executed with the product provider. As such the product provider is the sole execution venue for the product and we therefore have no discretion over execution venue or price.

## 7. Allocation, Aggregating or combining instructions

- 7.1 When carrying out client orders we will carry out otherwise comparable client orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise.
- 7.2 We may aggregate your instruction to buy or sell investments with our own and those of other clients. It is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated. However, on occasion our decision to aggregate may result in you obtaining a less favourable price.
- 7.3 In the instance where instructions from a number of clients are combined as one larger instruction but this is then only partially completed, we will usually allocate to clients on a pro-rata basis. This means that you will receive a share of the completed transaction in proportion with the amount you intended to invest. We may choose another allocation method should this result in a client being allocated an uneconomic holding (for example, a very small number of shares for which the costs of holding or selling would be significant relative to the value of the shares).

## 8. Execution venues

- 8.1 We have set out below, information on the criteria and the process for selection of execution venues on which we may execute your instruction to buy or sell investments, along with execution strategies employed, the process used to analyse the quality of execution obtained and how we monitor and verify that the best possible outcomes were obtained for our clients.

We have identified those venues on which we will most regularly seek to execute such instructions and which we believe offer the best prospects for affording you best execution. Our commission charging structure is not designed in a way that would discriminate unfairly between the execution venues. Specifically, any difference in commission structure reflects the differences in our costs of executing your order on different execution venues. We do not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular trading venue or execution venue. Following the execution of a transaction we will issue a contract note which will detail where the order was executed.

- 8.2 In selecting the most appropriate venues for the purpose of executing your instructions to buy or sell investments, we will take into account the relevant factors required to deliver the best possible results on a consistent basis. We consider the price as being the most important factor. Other factors include:

- Available liquidity and cost.
- Availability and market reputation of execution venues.
- Comparability.
- Consolidation of data related to execution quality by various execution venues.
- Such other factors as may be appropriate, including the ability of the venue to manage complicated instructions to buy or sell investments, the speed of execution and the quality of any related clearing and settlement facilities.



- 8.3 Our policy, in providing you with best execution is, so far as is possible, subject to the processes set out in section 6, to exercise the same standards and operate the same processes across all the different markets and investments on which we execute your instructions to buy or sell investments. However, the diversity in execution venues and investments and the kind of instructions that you may give us means that different factors will have to be taken into account when we assess the nature of our execution policy in the context of different investments and execution venues.
- 8.4 A list of execution venues is provided below in respect of each type of instrument. The list shows those venues on which the firm places significant reliance in meeting its obligation to take all sufficient steps to obtain on a consistent basis, the best possible result for the execution of instructions to buy or sell investments. We may also choose to execute your instructions to buy or sell investments on alternative venues. We will take into consideration on our own commissions and costs of execution when comparing and evaluating the results that we would achieve for you by executing your order on each of these execution venues.

Type of Investment	Execution Venue
UK shares, Warrants and Exchange Traded Funds as listed on the London Stock Exchange (Official List and AIM)	London Stock Exchange and their member firms Winterflood Securities Ltd, Peel Hunt LLP, Shore Capital Stock Brokers, Investec Bank PLC, Jefferies International Ltd, Numis Securities Ltd, Singer Capital Markets Ltd, Stifel, Jane Street.
Overseas shares	Winterflood Securities Ltd, Peel Hunt LLP.
Fixed interest investments (Government and Corporate Bonds)	London Stock Exchange and their member firms Winterflood Securities Ltd, JP Morgan Securities PLC, Investec Bank PLC, Peel Hunt LLP, Canaccord Genuity Ltd, UBS AG.
Units in Open-ended Funds (Unit Trust/OEIC)	Individual Unit Trust/OEIC fund groups.
Structured Products	Individual Structured Product provider.

## 9. Execution of orders outside Trading Venues

- 9.1 There may be occasions where we need to execute your order outside of a Trading Venue (comprising of Regulated Markets, Multilateral Trading Facilities and Organised Trading Facilities, each as defined in UK MiFID) regulated market or Multilateral Trading Facility. By agreeing to our Order Execution Policy, you are providing us with consent to do so. Please note that when trading outside of a Trading Venue you may face more counterparty risk than when trading on a Trading Venue. Further information on the risks of trading outside of a Trading Venue is available on request.

## 10. Monitoring and review

- 10.1 Each year our policy for ensuring 'best execution' will be formally reviewed to ensure it remains effective in terms of achieving 'best execution' for our clients and also that it is being correctly implemented across the firm. We will let you know about any significant changes to our order execution policy.
- 10.2 We will also monitor our effectiveness in achieving 'best execution' on a regular basis in order to identify and where necessary correct any deficiencies. This will include monitoring the execution venues to determine whether they provide the best possible result in terms of price on a consistent basis. Upon request, we will produce for you the monitoring analysis we undertake for any transactions executed by us on your behalf on an execution venue.

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