

Under Level 1, Article 21 of The Markets in Financial Instruments Directive (“MiFID”) and the rules of The Financial Services Authority (FSA) we are required to establish and implement an order execution policy imposing on us the duty to obtain the best possible result for both retail and professional clients when executing their orders, or receiving and transmitting orders for execution where such orders relate to securities which are “financial instruments” for the purpose of The MiFID. The purpose of this document, known as our “Best Execution Policy Document”, is to provide clients with information on our execution policy and to obtain consent to the policy.

Definition of order

“Order” means an instruction to buy or sell a financial instrument which is accepted by us for execution or transmission to a third party and which gives rise to contractual or agency obligations to you. Implicit in the instruction received will be the understanding that you are relying on us to protect your interests in relation to the pricing or other aspects of the transaction that may be affected by how we or the entity to which we transmit the order executes the order. This includes where a trade is not immediately executable, where we are given discretion as to the manner of execution and exact terms of the transaction and where the trade can be executed and booked to your account without the need for further reference to you, or where we execute an order as agent or riskless principal on your behalf.

Part One:

The quality of execution

When executing orders on your behalf in relation to financial instruments, we will take all reasonable steps to achieve what is called “best execution” of your orders. This means that we will have in place a policy and procedures which are designed to obtain the best possible execution result, subject to and taking into account the nature of your orders, the priorities you place upon us in filling those orders and the market in question and which provides, in our view, the best balance across a range of sometimes conflicting factors.

In absence of specific client instructions, Fyshe Horton Finney Ltd will take into account a combination of the following execution factors for the purpose of providing you with “best execution”:

- (i) Price;
- (ii) Costs in providing the total execution;
- (iii) Timely execution;
- (iv) Likelihood of execution and settlement;
- (v) Size of the order (including nature and type);
- (vi) Market impact.

Fyshe Horton Finney Ltd will consider the relative importance of these execution factors when weighed against the following criteria:

- (i) Characteristics of the client;
- (ii) Characteristics of the order;
- (iii) Prevailing market conditions;
- (iv) Financial instrument and its suitability for the client, and
- (v) Characteristics of the execution venues to which the order can be directed.

Our commitment to provide you with “best execution” does not mean that we owe you any fiduciary responsibilities over and above the specific regulatory obligations placed upon us or as may be otherwise contracted between us.

Part Two:

Order Execution Policy

We have set out in Part Three below information on the criteria which determines how we select the different venues on which we may execute your order and have identified those venues (which may include your dealings with us on principal to principal basis) on which we will most regularly seek to execute your order and which we believe offer the best prospects for affording your best execution. We will also assess, on a regular basis, the quality of execution afforded by those venues on which we execute your orders (and that includes the quality of execution offered by us when you are dealing directly with us on a principal to principal basis) and whether we need to change our execution arrangements.

In selecting the most appropriate venues for the purpose of executing your orders, we will take into full account the factors relevant to the order, including those set out in Part One above;

- (i) what we reasonably assess to be your best interest in terms of executing your orders; and
- (ii) Such other factors as may be appropriate, including the ability of the venue to manage complex orders, the speed of execution, the creditworthiness of the venues and the quality of any related clearing settlement facilities.

If you are a Retail Client, we will also provide you with additional details in Part Three regarding;

- (i) the importance that we intend to place on the various factors affecting best execution (such as price, costs, speed, likelihood of execution and settlement, size nature or any other relative consideration) and the process by which we determine the importance of those factors; and
- (ii) A list of the execution venues on which we rely in meeting our obligation to take all reasonable steps to obtain the best results for the execution of your orders.

While we will take all reasonable steps based on those resources available to us to satisfy ourselves that we have processes in place that can reasonably be expected to lead to the delivery of best execution of your orders, we cannot guarantee that we will always be able to provide best execution of every order executed on your behalf.

Where we are, in effect, ourselves the execution venue i.e. where we deal directly with you on a principal-to-principal basis, we will review the quality of our own execution as if we were an execution venue, and disclose the criteria used by us to judge the quality of the execution offered by us to you (and of any model used by us for this purpose). However, you should note that, as a regulated market will charge exchange fees which reflect the quality of its execution facilities, we have to price the cost of our own business model and the utilisation of our capital to support our dealings with you (including carrying the risk of those dealings e.g. credit risk) as part of our assessment of the quality of execution offered to you.

Our policy, in providing you with best execution, is, so far as possible and subject to the processes set out in Part Three, to exercise the same standards and operate the same processes across all the different markets and financial instruments on which we execute your order. However, the diversity in those markets and instruments and the kind of orders that you may place with us mean that different factors will have to be taken into account when we assess the nature of our execution policy in the context of different instruments and different markets. For example, there is no formalised market or settlement infrastructure for over-the-counter transactions. In some markets, price volatility may mean that the timeliness of execution is a priority, whereas, in other markets that have low liquidity, the fact of execution may itself constitute best execution. In other cases, our choice of venue may be limited (even to the fact that there may only be one platform/market upon which we can execute your orders) because of the nature of your order or of your requirements.

Part Three:

Processes for delivering best execution and selection of execution venues

On receipt of an order from you we will take into account the following factors, as appropriate, to determine the manner in which your orders will be executed:- price, speed, likelihood of execution and settlement, size of the order, costs, nature of the order and any other consideration relevant to the efficient execution of the order. For UK equities, we will normally use on-line dealing systems where the order is for standard settlement, or non-standard settlement where the venue is offering to deal. Where the order is for non-standard settlement and it is not possible to deal on-line, we will execute the order by telephone, which may result in a delay in completing the order. Where the size of the order is higher than the normal market size and we are unable to deal on-line we will then revert to telephone dealing systems in order to achieve the best possible result. In the event of any downtime in our electronic systems, or in extreme volume and volatility situations, automated trading solutions and/or electronic routing may be suspended in favour of manual execution. We will use our best endeavours, under those conditions to execute your order as quickly as is possible.

Where you give us specific instructions when placing the order (e.g. price limit), then this 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.

Venues used for:-

UK Equities / Fixed Interest Securities for standard and non-standard settlement transactions.

Regulated Markets and Exchanges

Multilateral Trading Facility (MTFs)

Systematic Internalisers (SIs)

Market Makers/Retail Service Providers (RSPs) or any other EEA approved liquidity providers

Internal sources of liquidity (matching client orders)

Foreign Equities/Instruments

Wherever possible we will use a UK based entity quoting and dealing securities in Sterling (GBP) as speed of execution may be more advantageous than price. Where, however, a better overall result would ensue under best execution we will use an approved and regulated foreign entity for the execution of orders.

Derivatives

For Traded Option business, we use the services of Members of The Stock Exchange to transact orders. All orders are transmitted by telephone and therefore there may be delays in completing orders. EuronextLiffe and Eurex are used as the platforms for both UK and International traded options business. The venue used for Covered Warrants is SG Securities using the London Stock Exchange SETS system for on-line dealing.

Contracts for Difference (CFDs)

To ensure best execution for CFDs, Foreign Exchange and Futures we will ordinarily use:

Market Makers or any other EEA approved liquidity providers.

Monitoring and Review

Fyshe Horton Finney Ltd will monitor the quality of its Best Execution Policy annually prior to the 1st November each year, as well as our order execution arrangements. Any deficiencies to our policy will be identified and where appropriate, corrected. In addition, a review will also be carried out if a material change occurs that affects our ability to continue to obtain the best possible result for client orders on a consistent basis using the venues listed above. Any changes to the policy as the result of a material change will be notified to you and the updated Policy will be effective within 1 month following completion of the review.

Client Consent Requirements

Client Limit Orders

We are required under MiFID to publish limit orders given by you should we not be able to execute your order immediately. In exercising our judgement in the matter of publishing the Limit Orders we require your express consent.

Executing Orders Outside a Regulated Market

We are also required to obtain your express consent before we execute an order outside of a Regulated Market or multilateral trading facility ("MTF") in an instrument admitted to trading on a Regulated Market or MTF. We request that you consent to this because we are more likely to be able to achieve the best possible result when executing your order for you if we have this flexibility.

In completing and signing an application form to open an account with Fyshe Horton Finney Ltd you are providing express consent to these requirements.