



ARBUTHNOT LATHAM  
*Private Bankers*  
 Since 1833

## Top Five Execution Venues and Assessment of Execution Quality Report

This report provides information on the top five execution venues where we executed or transmitted client orders during 2017 for each class of financial instruments and an assessment of execution quality obtained on all execution venues used by us.

### Top Five Execution Venues

The information on the tables below refer to the execution of orders on behalf of retail clients.

Class of Financial Instrument	Equities – Shares & Depository Receipts				
Notification if <1 average trade per business day in previous year	N				
Top five execution venues ranked in terms of trading volumes (descending orders)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders <sup>1</sup>	Percentage of aggressive orders <sup>2</sup>	Percentage of direct orders <sup>3</sup>
WINTERFLOOD SECURITIES LIMITED 8BRUP6V1DX3PIG2R0745	69.33	59.76	0	0	0
NUMIS SECURITIES LIMITED 213800P3F4RT97WDSX47	7.62	3.09	0	0	0
CANACCORD GENUITY WEALTH LIMITED 213800LJU4K7L7CBFN57	6.69	5.72	0	0	0
CENKOS SECURITIES PLC 213800ALVRC52VN3I821	5.17	2.19	0	0	0
FIDANTE PARTNERS EUROPE LIMITED  254900DLB2UXBKZI5Z08	5.11	4.03	0	0	0

1 'Passive order' means an order entered into the order book that provided liquidity;

2 'Aggressive order' means an order entered into the order book that took liquidity;

3 'Directed order' means an order where a specific execution venue was specified by the client prior to the execution of the order.

Class of Financial Instrument	Debt Instruments, Money Market Instruments				
Notification if <1 average trade per business day in previous year	Y				
Top five execution venues ranked in terms of trading volumes (descending orders)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of direct orders
KING & SHAXSON LIMITED 213800ARTVZQSADRZ559	100	100	0	0	0

Class of Financial Instrument	Debt Instruments, Bonds				
Notification if <1 average trade per business day in previous year	Y				
Top five execution venues ranked in terms of trading volumes (descending orders)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of direct orders
WINTERFLOOD GILTS LIMITED 213800BD519H2YV9R748	62.31	74.51	0	0	0
KING & SHAXSON LIMITED 213800ARTVZQSADRZ559	23.69	1.96	0	0	0
ARGENTUM CREEK 549300VNDKW3BP820U96	8.63	1.96	0	0	0
WINTERFLOOD SECURITIES LIMITED 8BRUP6V1DX3PIG2R0745	5.34	5.88	0	0	0
SOCIETE GENERALE INVESTMENTS (U.K.) LIMITED 549300C9XEU1GRJCOQ81	0.03	15.69	0	0	0

Class of Financial Instrument	Currency Derivatives, Swaps, Forwards, and Other Currency Derivatives				
Notification if <1 average trade per business day in previous year	Y				
Top five execution venues ranked in terms of trading volumes (descending orders)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of direct orders
ARBUTHNOT LATHAM & CO., LIMITED	100	100	0	0	0

Class of Financial Instrument	Exchange Traded Products (Exchange traded funds, exchange traded notes and exchange traded commodities)				
Notification if <1 average trade per business day in previous year	N				
Top five execution venues ranked in terms of trading volumes (descending orders)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of direct orders
WINTERFLOOD SECURITIES LIMITED 8BRUP6V1DX3PIG2R0745	71.63	76.10	0	0	0
PEEL HUNT LLP 5493007DWN0R4YBM4C84	18.54	15.56	0	0	0
WINTERFLOOD GILTS LIMITED 213800BD519H2YV9R748	4.81	6.66	0	0	0
COMMERZBANK Aktiengesellschaft 851WYGNUQLFZBSYGB56	4.4	0.19	0	0	0
MIRSEC PARTNERS LLP 213800JJOWD9ZACAB696	0.49	0.12	0	0	0

Class of Financial Instrument	Other Instruments				
Notification if <1 average trade per business day in previous year	N				
Top five execution venues ranked in terms of trading volumes (descending orders)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of direct orders
CREDIT SUISSE AG ANGGYXNXOJLX3X63JN86	58.45	10.08	0	0	0
WINTERFLOOD SECURITIES LIMITED 8BRUP6V1DX3PIG2R0745	24.48	74.11	0	0	0
J.P MORGAN SECURITIES PLC K6Q0W1PS1L104IQL9C32	16.84	0.31	0	0	0
PEEL HUNT LLP 5493007DWN0R4YBM4C84	0.13	5.43	0	0	0
SHORE CAPITAL STOCKBROKERS LIMITED 2138009KZO3MK7TV6372	0.06	9.61	0	0	0

Class of Financial Instrument	Structured Finance Instruments				
Notification if <1 average trade per business day in previous year	Y				
Top five execution venues ranked in terms of trading volumes (descending orders)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of direct orders
WINTERFLOOD SECURITIES LIMITED 8BRUP6V1DX3PIG2R0745	100	100	0	0	0

# Assessment of Execution Quality

## Quality of Execution

Quality of execution has been in line with expectations for all asset classes. This is monitored using Liquid Metrix analysis software, results are provided to dealing, and compliance teams to review on a regular basis, exceptions are escalated for review at the Execution Review Committee, which meets quarterly.

Arbuthnot Latham & Co., Limited frequently engage with our counterparties on a Request for Quote (RFQ) basis. This means that when we look to execute an order in an equity or fixed income product we request a price from a number of counterparties simultaneously and execute at the best price available at the time assuming the dealing desk have chosen price as the most important execution factor for the trade. Evidence to support the selection of a counterparty as a result of an RFQ is held on a trade-by-trade basis and analysed by a team separate to the dealing team to ensure no unfair precedence is given to any one counterparty.

## Relative Execution Factor Importance

The execution factors are shown below in descending order;

- Price
- Speed of execution
- Size of the order and available market liquidity;
- Execution costs, such as exchange execution and clearing fees;
- Likelihood of execution and settlement;
- Nature of the order; and
- Any other consideration relevant to the execution of the order, such as potential market impact.

In determining the relative importance of the execution factors, we use our commercial judgment and experience in light of the market information available and take into account the characteristics of the client, the order type, the financial instruments that are subject of the order and the execution venues to which the order can be directed.

For most liquid securities, price and cost tend to be the dominant factors, however, there are occasions where we will change the priorities given to the execution factors and other factors will take precedent to achieve the best possible outcome for the client. For example, in times of severe market disruption or in the event of a system outage, speed and certainty of execution and settlement may be prioritised. In such circumstances, we will follow the processes and procedures in place and will consider whether or not our ability to continue trading has been materially affected by such disruptions.

## Execution Venues – Closed Links, Conflicts of Interest and Common Ownerships

Arbuthnot Latham & Co., have no closed links, conflicts of interest or common ownerships to declare. However in the reporting period Arbuthnot Latham & Co., executed all trades in Currency Derivatives, Swaps, Forwards, and Other Currency Derivatives with our internal treasury desk. This arrangement is reviewed quarterly by the Execution Review Committee to ensure it continues to provide best execution to our clients

## Execution Venues – Payments

Arbuthnot Latham & Co., Limited have no arrangements with execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.

## **Execution Venues – Changes**

Arbuthnot Latham & Co., Execution Review Committee (ERC) meet once per quarter to evaluate and assess quality of execution and to agree any changes to the Best execution policy/approved counterparty panel.

At the meeting in September 2017, 3 new counterparties were approved to add greater access to liquidity in the ETF space. These counterparties were Mirabaud Securities (Mirsec Partners LLP), Commerzbank and Flow Traders. These counterparties are monitored on an ongoing basis and have so far performed as expected.

These counterparties were not set up for trading until mid-December and therefore do not heavily feature in 2017 reporting but we expect them to play a major part in our ETF execution in 2018.

No other changes to our execution venues were made in 2017.

## **Client Categorisation**

Arbuthnot Latham categorises all its clients as retail clients. Our Best Execution Policy therefore applies to the execution of orders on behalf of all our clients.

## **Execution Analysis Tools**

Arbuthnot Latham uses software provided by Liquid Metrix and internal procedures to monitor and review the continued effectiveness of its execution arrangements. Execution quality analysis is carried out both periodically and on an ad-hoc basis to assess and determine where best execution has or has not been achieved.

The data quality assessment performed for 2017 did not consider any relevant data from the execution venues on the quality of execution transactions as execution venues were still to begin the publication of such reports. As the execution venues begin publishing the reports; this data will be considered into our quality of execution process.

## **Consolidated Tape Provider (CTP) Usage**

At the time of this report there is no consolidated tape showing a comprehensive list of transactions across all venues, as a result of this Arbuthnot Latham & Co., Limited did not make use of any consolidated tape providers.