



## **ORDER EXECUTION POLICY**

**EFFECTIVE DATE: 3 JANUARY 2018**

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**Head office : 130 Wood Street - London EC2V 6DL - United Kingdom**

Louis Capital Markets UK LLP: Authorised and regulated in the United Kingdom by the FCA with Firm Reference Number 225544  
Louis Capital Markets UK LLP - Paris branch: Authorised and regulated in France as a Succursale

## **I. Outline**

Under the rules set down by the Financial Conduct Authority (“FCA”) Louis Capital Markets UK, LLP (“LCM”, “We”, “US”, “Our”) is required to put in place an Order Execution Policy (“this Policy”). The aim of this document is to set out in sufficient detail and in an easy to understand way how we will handle the execution of our clients’ orders. This Policy should be considered alongside our Client Agreement and our Terms and Conditions which are available on our website or on request LCM.

## **II. Introduction**

The content of this document, prepared in accordance with the requirements of Article 27 of the Markets in Financial Instruments Directive 2 2014/65/EU (“MiFID 2”) and FCA Conduct of Business rules, and is a formalised statement of our existing approach to execution, reflecting our everyday practice when dealing with clients.

Our intention is, so far as possible, to exercise consistent standards and operate appropriate processes across all markets in which we operate. We also intend to provide our clients and other market participants with access to, where possible, tradable prices on a non- discriminatory basis. However, the diversity in those markets and instruments, what we know of our clients trading intentions and the kind of orders that may be placed, mean that different factors will have to be considered in relation to any transaction.

It is our policy to:

1. Establish and maintain execution arrangements and execution policies
2. Disclose our execution policies to our clients
3. Monitor the effectiveness of execution arrangements and execution policies
4. Conduct reviews at least annually
5. Demonstrate to clients that we execute orders in accordance with our execution policies

## **III. Scope**

We do not engage in regulated business with Retail customers

This policy is applicable to all orders received from and executed on behalf of our Professional clients and Eligible Counterparties (ECP) regarding Financial Instruments as described by Markets in Financial Instruments Directive 2014/65/EU (MiFID 2) Annex 1 Section C by LCM.

We understand “a client order” to be an instruction from a client to buy or sell a financial instrument. There must be for that order to be considered as such:

1. An up to date client agreement with the client and acknowledgement of client category.
2. The client’s acknowledgement and agreement of our “Order Execution Policy”.
3. It must be transmitted in a proper manner, as set out in the “Client Agreement” but at the least in a recordable medium accepted by us.
4. Be transmitted to an authorised member of our trading staff by an authorised member of the client’s staff.
5. The order must be acknowledged and accepted.

## **IV. Business Model**

LCM offers investment services of:

1. Reception and transmission of orders in relation to one or more financial instruments (Arranging, receiving and transmitting orders)
2. Execution of orders on behalf of clients (Dealing as Agent)
3. Dealing on own account (only as matched principal)

## **V. Client Category**

LCM is obligated by the regulator to categorise each of our clients. This will be reflected in our “Client Agreement” with you. We do not transact business with retail customers and therefore only transact business with those counterparties that fulfil the criteria of Professional Client (“PC”) or Eligible counterparty (“ECP”). We will not treat clients that have “opted up” from Retail Client status as an Eligible counterparty. In line with recital 104 MiFID 2, Article 30 (2) and Annex 2 we will treat Public bodies that manage public debt at national or regional level as professional clients. Otherwise, such entities should be treated as retail clients and therefore will be precluded from transacting business with us.

We recognise that the obligation with respect to best execution differs between the categories of clients which is reflected in this policy.

Once a client is classified as an Eligible Counterparty for the purposes of a particular instrument, that client may not then elect to be re-classified for the purposes of one transaction of a type it customarily undertakes. Exceptional circumstances may be considered at the time but we may decline to provide a service should a re-classification be requested.

## **VI. Best Execution**

It is a fundamental principle of our business that we will take all sufficient steps to obtain, when executing orders, the best possible result for our clients considering:

1. Price.
2. Costs.
3. Speed.
4. Likelihood of execution and settlement.
5. Size.
6. Nature or any other consideration relevant to the execution of the order.

We will also consider when executing orders and when choosing venues, the explicit external cost of a transaction which include;

1. Commissions passed on by intermediaries.
2. Fees.
3. Taxes.
4. Exchange fees.
5. Clearing and settlement cost.

When providing brokerage services to clients in relation to financial instruments we will take sufficient steps to achieve the best overall trading result. This means that we will aim to provide best execution subject to and considering the nature of your order, the prices available in the market, the nature of the market in question

and a reasonable assessment of the sometimes overlapping and conflicting execution factors. This may conclude in some cases that price may be less important than size in illiquid situations. We will as a matter of course check and monitor the fairness of prices proposed as well as gather the market data used in the process of estimation of prices.

We will, where there is a specific instruction from the client, execute the order following that specific instruction. This may prevent us from implementing our execution policy and lead to best execution not being achieved. We may choose not to follow a specific instruction where it is clear that it will not lead to the best possible result for the client.

## **VII. Execution Factors**

We will consider several additional factors when seeking to deliver best execution:

1. The characteristics of the client.
2. The characteristics of the client order.
3. The characteristics of the execution venues to which that order can be directed.
4. The characteristics of the financial instruments that are subject of that order.
5. Price and cost of execution.
6. When executing orders or taking decisions to deal in bespoke products the investment firm shall check the fairness of the price proposed to the client by gathering market data used in the estimation of the price.

## **VIII. Exemption from the provision of Best Execution**

We will within our client agreement state to all our clients in which client category they are classified. We do not deal with clients categorised as Retail Customers. Each client will agree with us in which client category they fall before any business can be transacted. If you are classified as ECP we will require you to submit to us a declaration that you wish to be treated as such. We will always treat our customers fairly in whatever client category they fall, but we will not owe clients best execution in certain circumstances, we will in these cases always manage any Conflicts of Interest appropriately and we will take all steps to prevent conflicts from adversely affecting the interests of our clients;

1. If you are classified by us as an ECP.
2. Where we supply or respond to a “request for quote” and unavoidable conflicts of interest arise, for example where we have received a quote from a counterparty on a restricted basis. In these cases, we will take all appropriate steps to identify and manage those conflicts.
3. We have an obligation to provide best execution where we receive a firm and clear order from a Professional Client to buy or sell a financial instrument. However, we have no such obligation where we merely provide prices to a client at which a counterparty is willing to buy or sell or where the client contacts us in an unsolicited way and asks us to provide a quote for a particular financial instrument.
4. In the wholesale derivatives and bond markets (and for the avoidance of doubt this would include derivatives in Equities, Energy and Commodities) in which we operate on a “request for quote” basis, it is normal market practice for buyers and sellers to “shop around” by approaching several brokers/dealers for a quote. In these circumstances we are under no obligation to provide the buyer/seller with a comparison of its prices with those of its competitors and there is no expectation between the parties that the broker/dealer chosen will owe a best execution obligation. As a sophisticated participant in the wholesale markets, unless you advise us to the contrary, we will assume that this is your normal trading behaviour.

5. Where you provide instructions or where we provide either “an indication of interest” or a “request for quote” that you accept by executing a transaction, we will not in general be executing your order. In these circumstances, we will take your best interests into account but will not be deemed to be acting on your behalf and the best execution responsibilities will not apply.
6. Brokers acting in a name passing capacity are receivers and transmitters of orders but in carrying out their activities they do not receive and transmit orders for execution. Where orders are not transmitted for execution, the requirement to provide best execution will not apply.
7. Where we are required to unwind a client position (for example, where a client is in default under a contractual obligation) we will not owe that client a duty of best execution in relation to the trades undertaken to unwind the position.
8. Where we Provide Direct Market Access (“DMA”) and you self-direct all or part of your order directly to a regulated market or an MTF, we will not be subject to and therefore will not offer best execution for that order or any part thereof.
9. When you give an offer, take a bid or place an order on a multilateral trading facility (MTF), the best execution provisions will not apply to the operator of the MTF and these obligations will fall on the user of the system.
10. Where any of the other exemptions mentioned in the Policy apply.

## **IX. Venues**

We may transact trades on your behalf on any of the execution venues detailed in Annexes below. The list is not exhaustive but consists of those on which we place most reliance. We reserve the right to use other execution venues where it is deemed appropriate to comply with the best execution requirements. Where we invite you to choose the execution venue or entity, the information given to you will be fair, clear, not misleading and sufficient for you to make an informed choice.

As part of our business model we will always set out to cover as many venues as is practically possible. In general, we will pursue the venues that offer us the best chances of achieving the best possible result for the customer on a consistent and regular basis. These considerations include:

1. Volume.
2. Price spreads.
3. Financial instruments traded.
4. Technology.
5. Location.
6. Trading hours.
7. Explicit external costs including fees.
8. Total consideration of transaction.
9. Visibility.
10. Quality of data.
11. Reliability of fills and clearing.
12. Counterparty risk.
13. Access.

We will summarise and make public annually, the first publication will be no later than April 2018, the top five venues for each class of financial instrument in terms of:

1. Trading volumes where we execute client's orders.
2. Information of the quality of execution obtained.

We will further disclose for the top five venues:

1. Venue name.
2. Class of financial instrument.
3. Number and volume of client orders executed on that venue measured against total executed orders.
4. Percentage of passive and aggressive orders and if they were directed or not.
5. Confirmation of whether we have executed an average of less than one trade per business day in the last 12 months.

We will summarise the analysis and conclusions taken from the monitoring of the quality of execution obtained on the execution venues. This will include:

1. The relative importance we place on execution factors of price, cost, speed etc.
2. A disclosure of any specific arrangements we have with trading venues regarding discounts, payments or rebates etc.
3. Explanation of how factors outside already stated considerations were instrumental in delivering Best Execution.
4. Explanation of how we use data collected from or monitoring processes.
5. Disclosure of close links, conflicts of interest or common ownership of execution venue.
6. Description of factors leading to the use of or the ceasing of using a specific venue. We undertake to disclose any material change to the firm or execution factors or venues.
7. Where we use the output of a consolidated tape.

We further undertake to disclose any material change to the firm or execution factors or venues. When fees applied by us differ from venue to venue we will provide clients with information in an easy to understand way so you may understand the advantages and disadvantages of one venue over another. Where we invite you to choose the execution venue or entity, the information given to you will be fair, clear, not misleading and sufficient for you to make an informed choice.

## **X. Execution on the LCM OTF**

If we have decided to execute a transaction on the LCM OTF, we will use our discretion to match that order with other orders on the LCM OTF in light of our duties to the clients involved.

Once LCM receives an order and decides to add it to the OTF, LCM will use its knowledge of its clients' investment strategies to decide which OTF clients it should contact with regard to the order. LCM would only contact a client if LCM had a reasonable expectation that the client would be interested in the order.

## **XI. Order Routing, Third Party Payments**

We will habitually route orders to different venues depending on where the best possible overall result for the client can be achieved. We understand that different venues have different pricing structures, which we will consider when executing orders. We will not accept or receive any remuneration, discount or nonmonetary benefit from a venue that does not comply with our obligations to the regulator and if such a benefit were to be received it will be disclosed to the client.

On occasions, to act in your best interests, we may execute orders using a Direct Market Access ("DMA") mechanism or route an order through a third party for execution. In these circumstances whilst the deal will be with a third party, we retain execution control and will assess whether the third-party broker is achieving the best results in the relevant markets.

We can transact trades on your behalf in any of the execution venues listed. The venues have been selected either on the basis that they are the only venue available for the relevant product or because we consider they enable us to obtain on a consistent basis the best possible result for the execution of each relevant client order.

Where we use automated systems to route and execute client orders, it will be routed to the best execution venue as determined by the criteria above. Certain large orders that require specialist handling (for example to minimise market impact or price distortion) will be managed by our execution staff.

As a general guideline, price will merit a high relative importance in obtaining the best possible result for our clients. However, illiquid and negotiated financial instruments, price is likely to be more closely inter-related with, and dependent on, the size of the order and the available liquidity.

## Annexe 1 – Execution Venues

### Exchanges

Vienna Stock Exchange	Austria
Euronext (Brussels)	Belgium
Sarajevo Stock Exchange	Bosnia
Bulgarian Stock Exchange	Bulgaria
Prague Stock Exchange	Czech Republic
Copenhagen Stock Exchange	Denmark
Nasdaq OMX Baltic (Tallinn, Riga, Vilnius)	Estonia, Latvia, Lithuania
Helsinki Stock Exchange	Finland
Euronext (Paris)	France
Frankfurt Stock Exchange	Germany
Athens Stock Exchange	Greece
Budapest Stock Exchange	Hungary
Irish Stock Exchange	Ireland
Tel-Aviv Stock Exchange (TASE)	Israel
Milan Stock Exchange	Italy
Bourse de Luxembourg	Luxemburg
Euronext (Amsterdam)	Netherlands
Oslo Stock Exchange	Norway
Warsaw Stock Exchange	Poland
Euronext (Lisbon)	Portugal
Bucharest Stock Exchange	Romania
Johannesburg Stock Exchange	South Africa
Madrid Stock Exchange	Spain
Stockholm Stock Exchange	Sweden
SIX Swiss Exchange	Switzerland
Istanbul Stock Exchange	Turkey
London Stock Exchange	United Kingdom

### MTFs

BM&F BOVESPA	Brazil
NASDAQ Stock Market	Canada
Bolsa de Comercio de Santiago	Chile
Bolsa Mexicana de Valores, BMV	Mexico
Bourse de Casablanca	Morocco
NYSE Arca Europe -	Netherlands
Nasdaq OMX exchanges	Nordic and Baltic countries
Moscow Exchange	Russia
Ljubijanska Stock Exchange	Slovenia
Bourse de Tunis	Tunisia
BATS CHI-X Europe	United Kingdom
Turquoise	United Kingdom
New York Stock Exchange	United States

### OTFS

LCM OTF	United Kingdom
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