

1. Introduction

This policy applies to all clients and users of the **Wrap platform** and should be read in conjunction with the Wrap Services Client Terms and Conditions or Wrap Services Customer Terms and Conditions (as applicable). **We** refer to them as Terms and Conditions in this policy and they are available from your **financial adviser** or by contacting **us** (our contact details are set out in section 16). Words in bold in this policy have the same meaning as attributed to them in the Glossary section of the Terms and Conditions. If **you** do not have and never had a **financial adviser** appointed in relation to your **wrap account**, the sections relating to **listed securities**, **insured funds** and **discretionary investment managers** are not relevant to **you** as these options are not available to non-advised customers.

This policy provides **you**, and if applicable, your **financial adviser** with **information** about our 'Order Execution Policy' as required by the Markets in Financial Instruments Directive II ('MiFID II') and the Financial Conduct Authority ('FCA'). As a 'retail client' for the purposes of the FCA's client categorisation rules, **you** are afforded the maximum protection under the **FCA rules**. Please see section 7 in relation to instructions placed by a **discretionary investment manager**. This policy provides **you**, and if applicable, your **financial adviser** with an explanation of how **we** take all sufficient steps to obtain the best possible result or outcome for **you** when receiving and transmitting orders for execution using the **wrap platform** ('Best Execution').

Our **execution-only stockbrokers** are HSBC Bank PLC ('HSBC') and Winterflood Securities Limited ('WINS'). **We** consider our **execution-only stockbrokers** to be our execution venues for the purposes of MiFID II.

2. Types of financial instrument

Currently, the types of financial instruments that **we** may accept **dealing instructions** for are:

- **mutual funds** such as unit trusts and open-ended investment companies (OEICs)
- **insured funds**
- equities, including exchange traded funds and investment trusts
- fixed interest securities, including corporate bonds and gilts
- any other **investments** that **we** might make available from time to time.

Not all instruments are available to all clients. Please refer to your relevant **product terms and conditions** or **policy provisions**.

3. Currency of transactions

Transactions placed through the **wrap platform** are executed in pound sterling ('GBP'). If an instrument is available that transacts in a currency other than GBP, the order will only be placed on the understanding that **you** and the respective **fund manager** or **execution-only stockbroker** will bear the cost and risk of the currency conversion. This applies to settling the trade and also to any agreement to pay future distributions/dividends and to eventually redeeming/selling the holding in GBP. For any international orders that are placed via an **execution-only stockbroker** that require currency conversion, a charge of 0.5% of the order value will be applied by them.

4. Best Execution

4.1 The **execution-only stockbrokers** will take sufficient steps to achieve the best possible result for your order. They have procedures in place to monitor execution quality. As a retail client, the price of the financial instrument and the costs related to execution will generally be considered the most important factors in achieving the best possible outcome. Other execution factors may also be considered depending on the nature of the order. These factors are speed, likelihood of execution and settlement, the size and nature of the order or any other consideration deemed relevant. Where an instrument is illiquid (rarely traded) or the size of the order is unusually large compared to normal trading volumes, the ability of our **execution-only stockbrokers** to successfully execute the order may take precedence over other execution factors.

4.2 **We** also monitor the **services** carried out by our **execution-only stockbrokers**.

4.3 **Dealing instructions** for **mutual funds** are always undertaken directly with the respective Authorised Fund Manager ('AFM') or Authorised Corporate Director ('ACD') and not via exchange trading. In these circumstances, the application of Best Execution is largely limited to the timely and accurate placement of trades. This is due to the nature of pricing of these **investments**, in line with fixed valuation points, as opposed to the pricing of **listed securities** which is not fixed and tends to be more variable. Please see section 10 for further **information** on **mutual funds**.



4.4 **Dealing instructions** for **insured fund** are always placed directly with the company which operates and manages the fund and not via exchange trading. In these circumstances, the application of Best Execution is largely limited to the timely and accurate placement of trades. This is due to the more simple nature of pricing of these **investments**, in line with fixed valuation points, as opposed to the pricing of **listed securities** which is not fixed and will tend to be more variable. Please see section 9 for further **information** on **insured funds**.

5. Listed Securities

5.1 Execution of **dealing instructions** for **listed securities** is undertaken for **us** by our **execution-only stockbrokers** who are members of the London Stock Exchange ('LSE') and trade predominantly in non-complex exchange-traded instruments.

5.2 The following list sets out different types of **listed securities** and the corresponding execution venues which are considered when 'market' orders are submitted for these **listed securities**.

Instrument Type	Execution Venue	Selection Rationale
UK Equities, including exchange-traded funds and investment trusts	HSBC, WINS	Our primary venue is HSBC. All orders will initially be routed electronically to HSBC. If an electronic quote isn't provided by HSBC, the order will then be automatically re-routed electronically to WINS. If no quote is provided electronically, a manual order to WINS will be made.
Fixed interest securities including corporate bonds and gilts	WINS	All orders for fixed interest securities will be routed to WINS.
International and non-GBP securities	WINS	All orders for international and non-GBP instruments will be routed electronically to WINS. If a quote isn't provided electronically, a manual order to WINS will be made.
Any other listed security	HSBC, WINS	Our primary venue is HSBC. All orders will initially be routed electronically to HSBC. If an electronic quote isn't provided by HSBC, the order will then be automatically re-routed electronically to WINS. If no quote is provided electronically, a manual order to WINS will be made.

5.3 All Limit Orders will be routed to WINS.

5.4 All Advanced Orders will be routed to HSBC.

5.5 **We** consider our **execution-only stockbrokers** to be our execution venues. **You** can obtain a copy of our **execution-only stockbrokers'** order execution policy from their website, which outline how they handle orders **we** place with them.

6. Order Types – Listed Securities

6.1 **We** generally accept three types of orders from **you** or your **financial adviser**.

- Market Order – Orders to carry out a **dealing instruction** immediately at the best available price. If **you** are concerned about the price **you** may obtain, particularly in relation to larger orders in less liquid instruments, **you** may wish to consider a limit or advanced order. Market Orders will remain in place until the **UK** market closes. If our **execution-only stockbroker** is unable to fill the order at this time, the order will be cancelled.
- Limit Order – Orders to carry out **dealing instructions** at, or better than, a specified price.
- Advanced Order – Orders executed at a known price if a quote is available during **UK** market hours and is subsequently accepted. Please note, advanced orders will only be possible for **UK** equities, including exchange-traded funds and investment trusts, and not any other instrument types.

6.2 Due to system limitations, **dealing instructions** other than Market, Limit, or Advanced Orders may make it impossible to apply our Order Execution Policy to obtain the best possible outcomes (please see section 11 for more **information** on how specific instructions from **you** or your **financial adviser** may affect our implementation of this policy).

7. Listed securities dealing on our investment management functionality

7.1 Where **we** make our separate investment management functionality available to your **financial adviser**, **dealing instructions** for **listed securities** from the **discretionary investment manager** or your **financial adviser** using this functionality will be grouped together with **dealing instructions** of other clients of that **discretionary investment manager** or **financial adviser** who are trading in the same security in the same **wrap product**. **We** reasonably believe that such aggregation will work to your advantage, however, **you** should be aware that on some occasions it's possible that aggregation may work to your disadvantage.

7.2 **Dealing instructions** for **listed securities** directed from our investment management functionality are pooled once a day on each **business day** at around 2pm and sent to our **execution-only stockbroker** as a Market Order for completion. Your order will be grouped together with other client orders within the same **dealing instruction** and passed to the **execution-only stockbroker** to trade in a single transaction at the best possible price in accordance with this policy. Orders of the same type, for the same **listed security** and in the same **wrap product** will be aggregated.

7.3 **We** will disaggregate the shares purchased or cash generated upon confirmation of the price received and completion of the pooled order and allocate to **you** the maximum number of shares or maximum cash amount your individual order could have purchased or received respectively.

7.4 Any additional shares from the grouped order will be allocated to clients based on the value of their individual order until all residual shares are allocated. One additional share will be allocated to clients with the highest individual order until all residual shares are allocated. Left-over cash from the value of your order that was not used to purchase shares will be credited to your **portfolio cash account**.

7.5 **We** will treat **dealing instructions** placed by a **discretionary investment manager** as an instruction submitted by a professional client. The price of the financial instrument is generally the most important execution factor in obtaining the best possible result, however, speed and likelihood of execution may take precedence where an instrument is illiquid or where the size of the order is unusually large compared to normal trading volumes.

8. Order Execution – Listed Securities

8.1 For orders placed directly on the **wrap platform**, our **execution-only stockbrokers** are connected electronically to a wide range of Retail Service Providers ('RSP') who are market makers and liquidity providers in a range of instrument types. When **we** receive a **dealing instruction**, our **execution-only stockbrokers** system will request a quote from all RSPs offering a price in the requested instrument and will select the best quote returned and complete the order.

If an order cannot be executed electronically, it will be routed to a dealer who will place the order manually with a counterparty with reference to any currently available electronically-displayed prices. Where such manual dealing is required, our **execution only stockbrokers** will use their judgment to ensure best execution, taking into account all of the execution factors.

8.2 **We** regularly monitor the execution performance of our execution-only stockbrokers and the routing of orders placed on the **wrap platform** to assess that they continue to provide the best possible result for our clients, are not unduly delayed and are executed within the timescales set out in the Terms and Conditions and the relevant **product terms and conditions** or **policy provisions**.

8.3 Any new execution venues added to our Wrap platform would be subject to a rigorous selection criteria in line with established governance mechanisms.

9. Insured Funds

We have procedures in place to ensure that your **transactions** are not unduly delayed and that they are executed successfully at the correct price and within the timescales set out in the Terms and Conditions and the relevant **product terms and conditions** or **policy provisions**.

10. Mutual Funds

We operate an aggregated dealing process, meaning your order will be grouped together with similar orders from clients for the same **mutual fund** and executed as a single transaction.

We will disaggregate the proceeds of all **transactions** and allocate to **you** the appropriate units or cash in line with your order. If there are any residual units or cash from this process, **you** may lose or gain fractional values as a result.

We are required to oversee these procedures to ensure that your **transactions** are not unduly delayed, are executed successfully at the correct price and within the timescales set out in the Terms and Conditions and the relevant **product terms and conditions** or **policy provisions**.

11. Specific instruction

Please note that it is not our standard practice to accept specific instructions from **you** or your **financial adviser** in relation to how **you** would like your order to be executed. However, where **we** do accept specific instructions, **we** must execute your order in accordance with these instructions. This means that **we** may not be able to apply some, or any, of the steps designed to ensure the best possible outcome for **you** under this policy. **We** may also be unable to execute trades outside our stated trading venues.

12. Governance

There is a governance structure in place which gives senior management sufficient oversight to ensure that **we** are achieving best execution on a consistent basis and where exceptions to this are identified these can be addressed.

13. Suspension, delay and refusal of dealing instructions

We may suspend, temporarily delay or refuse the transmission of a **dealing instruction** to a third party.

We may do this for the reasons set out in the Terms and Conditions.

Our **execution only stockbrokers** may also suspend their services or refuse to execute a dealing instruction as set out in their order execution policy.

In certain circumstances **we** may have to cancel your **dealing instructions** meaning that the associated payment will be held as cash.

14. Your consent

In accordance with your acceptance of the Terms and Conditions, if **you** or your **financial adviser** gives a **dealing instruction**, **you** will be deemed to have consented to your orders being executed in accordance with this policy.

15. Policy review

We will review this policy at least annually or at any other time when there is a material change to our arrangements or procedures as covered by this policy. **We** will notify **you** of any material changes to this policy by publishing an updated version of this policy on our website referred to in the '**Dealing Services**' section of the Terms and Conditions or providing **you**, or if applicable, your **financial adviser**, with an updated version of this policy.

16. Contact us

If **you** wish to discuss this policy, please contact us by calling 0345 279 1001 (calls and written communications may be recorded or monitored for training and quality purposes; call charges will vary) or writing to us at:

Aberdeen Client Servicing
Sunderland
SR43 4EE

For more information visit aberdeenadviser.com

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