

HENDERSON ROWE

# Best Execution Policy

Date: January 2017

[www.hendersonrowe.com](http://www.hendersonrowe.com)  
25 Grosvenor Street London W1K 4QN  
0207 907 2200

Henderson Rowe Limited is authorised and regulated by the Financial Conduct Authority  
Henderson Rowe Limited is registered in England and Wales, company number 4379340

## 1 BACKGROUND

---

- 1.1. Due to regulatory restrictions imposed by the Financial Conduct Authority (“FCA”), Henderson Rowe (“the Firm”) is licensed to control client assets but cannot hold them. As such, all client assets are held by the Firm’s custodians.
- 1.2. Investment services businesses executing client orders are under a duty to ensure the best execution possible for their clients’ orders. The Firm is subject to obligations laid out in the FCA’s Conduct of Business Sourcebook (“COBS”) at 11.2, which provides that the Firm must establish and implement effective arrangements for complying with the obligation to take all reasonable steps to obtain the best possible result for its clients in relation to all types of financial instruments.
- 1.3. The Firm must act in accordance with the best interests of its clients when placing orders with other entities, such as the Firm’s custodian, for execution of transactions made at the discretion of the Firm or one of its investment managers. This applies additionally when transmitting orders to the Firm’s custodian for execution on behalf of Execution Only clients.

## 2 COVERAGE

---

- 2.1. This policy covers all individuals working at all levels and grades throughout the Firm, including Directors, Officers, investment managers, analysts, traders, assistants, employees, consultants, contractors, trainees, homeworkers, part-time and fixed-term employees, casual employees and any agency staff (collectively referred to as ‘staff’ throughout this policy).

## 3 SCOPE

---

- 3.1. All staff are required to comply with the spirit of this policy at all times, in order to protect the interests of the Firm, its clients and its service providers (including but not limited to the Firm’s custodians, introducers and other third party providers).

## 4 GENERAL PRINCIPLES

---

- 4.1. When executing orders on behalf of clients, the Firm must take reasonable steps to achieve best execution. On a practical level, the Firm is dependent on its custodians for this as the Firm does not hold client assets at any point. In each case, the Firm has signed up to the respective custodian’s terms of business and is subject to their individual order execution policies.
- 4.2. Platform Securities, IG Markets and Credit Suisse have put in place procedures designed to obtain the best execution possible given client characteristics, transactional characteristics, the Execution Venue and the financial instruments that are the subject of the order concerned.

Accordingly, transactions run through these third parties will be subject to the policies of that particular third party.

## 5 DELIVERING BEST EXECUTION

---

- 5.1. In the case of execution only transactions, staff should carry out an order in accordance with the concerned client's instruction. In this scenario, the Firm will be deemed to have complied with any best execution requirement to the extent of carrying out that instruction.
- 5.2. In the case of discretionary and advisory clients, the Firm notes that the following factors are important considerations that will allow delivery of the best possible result to its clients:
  - Price;
  - Cost of the transaction;
  - Speed of the transaction;
  - Likelihood of execution and settlement;
  - Size and complexity of the order; and
  - Characteristics and nature of the order.
- 5.3. The Firm also recognises the following criteria are important to determine the relative importance of the factors in paragraph 5.2 above:
  - The characteristics of the client (including whether they are a retail or professional client);
  - The characteristics of the order; and
  - The execution venue.
- 5.4. Regarding the Firm's other areas of business (i.e. contracts for difference ("CFD") and institutional trading), the following factors will apply:
  - Cost of the transaction;
  - Size and complexity of the order;
  - Characteristics and nature of the order;
  - The liquidity of the market;
  - The speed of execution and settlement; and
  - The likelihood of execution and settlement.
- 5.5. Where an instruction to enter into a transaction from an Execution Only client is received outside of a market's trading hours, the Firm will carry out the instruction (subject to any limits stipulated by the client) at the first available opportunity on the next trading day. If the instruction cannot be carried out, or the market conditions no longer meet the requirements stipulated by the client, the Firm will not be responsible for executing the instruction and will return any deposited funds to the client within five working days (if applicable) with an explanation why the instruction could not be carried out. A note of the outcome must be left on ACT.

- 5.6. Where an instruction to enter into a transaction from an Execution Only client is received shortly before the respective market's trading hours end and it is not practicable for the relevant investment manager to fulfil the instruction, the investment manager should alert the Execution Only client to obtain further instructions.
- 5.7. Staff are reminded that the factors in paragraphs 5.2-5.4 above are largely out of the Firm's control. The Firm is dependent on its third parties to ensure that these factors are effectively managed and taken into account when dealing on behalf of clients.

## **6 RETAIL ACCOUNT BEST EXECUTION TESTING**

---

- 6.1. On a weekly basis, the Head of Compliance will select a number of random trades from Figaro to test for best execution; the number of trades selected will depend on the number of trades included in the daily pool and remains at the discretion of the Head of Compliance.
- 6.2. Using an Excel spreadsheet devised by the Head of Index Funds, a party who does not deal with retail clients, the Head of Compliance will analyse the selected trades in conjunction with the lowest, highest and last recorded price on Bloomberg.
- 6.3. The purpose of this testing is to confirm that trades executed by Investment Managers on behalf of discretionary and advisory (both managed and non-managed) clients achieved best price. Best price takes into account costs associated with trading, such as FX charges, compliance charges and commissions.
- 6.4. If testing demonstrates that a trade or trades did not achieve best price, the Head of Compliance will investigate further. She will, at her discretion, seek a reasonable explanation from the Investment Manager concerned or the Head of Sales.
- 6.5. If in-house investigations do not provide satisfactory explanation, or if no errors have occurred in-house, the Head of Compliance will seek further information and explanations from Platform Securities.

## **7 CFD BEST EXECUTION TESTING**

---

- 7.1. On a weekly basis, staff who are involved in CFD trading will forward details of a number of random trades from the IG platform to the Head of Compliance. These will be supported by screenshots from IG demonstrating the price range from the day on which those respective trades took place. These trades will be tested for best execution by the Head of Compliance.
- 7.2. Using an Excel spreadsheet, the Head of Compliance will analyse the selected trades in conjunction with the lowest, highest and last recorded price on IG as provided by the respective Investment Manager.

- 7.3. The purpose of this testing is to confirm that contracts executed on behalf of CFD clients achieved best price. Best price takes into account costs associated with trading, such as commissions.
- 7.4. If testing demonstrates that a trade or trades did not achieve best price, the Head of Compliance will investigate further. She will, at her discretion, seek a reasonable explanation from the Investment Manager concerned or the Head of Sales.
- 7.5. If in-house investigations do not provide satisfactory explanation, or if no errors have occurred in-house, the Head of Compliance will seek further information and explanations from IG.

## **8 INSTITUTIONAL BEST EXECUTION MONITORING**

---

- 8.1. The Firm currently runs an institutional index fund which is ring fenced from the retail side of the business. All trading related to the index business is currently dealt on regulated exchanges and trading volume is very low compared to the overall level of liquidity in the market.
- 8.2. Trade orders are placed as program trades with an institutional program trading desk and instructed to be dealt, on market, in line with volume. Since the method of execution is consistent, and stocks are executed at or within the market bid-offer spread, the Head of Compliance has deemed the current method of trading meets best execution criteria.
- 8.3. This policy will be reviewed annually by the Head of Compliance, or by the Head of Compliance and Head of Index Funds if the execution method is changed.

## **9 POLICY REVIEW**

---

- 9.1. The Head of Compliance and the Head of Index Funds will be responsible for reviewing this policy annually (or at the request of the CEO or another member of the Board) to ensure that it continues to meet legal requirements and that it reflects best business practice.