



**Dowgate Capital**

# **Order Execution Policy**

**April 2024**

## 1 Introduction

The purpose of this document is to provide clients of Dowgate Capital Ltd “Dowgate” with the arrangements that Dowgate has in place to meet its order execution obligations to its clients as set out in Chapter 11.2A of the Financial Conduct Authority’s (FCA’s) Conduct of Business Sourcebook (COBS) which applies the Markets in Financial Instruments Directive (MiFID) II in addition to our Policy. Our Order Execution Policy is available online.

## 2 Products in Scope

Products in scope of this policy are any financial instrument as defined within MiFID II and covers shares, bonds, unit trusts, structured products, as well as financial contracts, including derivatives, regardless of whether they are listed publicly or not. (see Annex 1 Section C Financial Instrument of MiFID II for full details) Best Execution applies to all financial instruments within MiFID II regardless of whether they are traded on an exchange or not.

## 3 Application of Best Execution - Client Classifications

### Retail Clients

Dowgate will always provide best execution to clients which have been categorised as Retail Clients, as such clients are deemed to be relying on Dowgate to protect their interests. Therefore, best execution obligations will apply whenever Dowgate executes orders for Retail Clients, except where a specific instruction has been provided (See section 7).

### Professional Clients

Dowgate owes best execution obligations where a Professional Client is legitimately relying on Dowgate to protect their interest. We would consider that our Professional Clients will generally be relying on us for this purpose, but this will be assessed based on each specific transaction. Examples of reliance on Dowgate would be:

- Accepts an order executed on an order book of an Exchange; or
- Fulfils an order directly against its own trading book without recourse to an external party.

Examples of orders where a client cannot rely on Dowgate to protect their interests may include, where it is market practice for the client to request numerous quotes from a number of dealers prior to executing a transaction. Additionally, where we follow a ‘Specific Instruction’ this will be regarded as fulfilling best execution requirements.

## 4 Order Execution Factors

When executing orders on client’s behalf Dowgate will take into consideration:

- The client characteristics.
- The financial instruments that form the order.
- The execution venues where the order is directed.

In addition, once the above has been assessed the following execution factors will then be considered:

- Price and size of the order.
- Speed and likelihood of execution.

- Likelihood and speed of settlement.
- Costs.
- Any other factors relevant to the order.

The priority of the execution factors may vary depending on the client's classification and will be judged on an order by order basis.

## **Price and Size**

For most liquid instruments, the market price will be the main factor in delivering best execution. This will be the case for most orders for Retail clients, where size of order does not restrict Dowgate's choice of trading venue.

However, the price will be affected by the size of the intended bargain, as the best market price may not be available in the order size required by the client. Some of the business executed by Dowgate is in amounts above the displayed size and accordingly there may be a differential between a price attaching to a displayed size and the price at which a larger order can be executed. In such circumstances Dowgate will use reasonable judgement in securing the best execution based on a specific size of order.

## **Speed and Likelihood of Execution**

Speed and Likelihood will have an impact on the price and in some situations, this may be given priority over the price. For example, if a client wants a prompt execution, it may not be possible to meet their price expectations, as opposed to the client being prepared to wait, in which case it may be easier to obtain the required price.

Additionally, a client will require the order to be executed on a staggered basis, to limit the market impact of a large trade, but in other cases the client may want a large trade to be executed in a single order. In such scenarios Dowgate will discuss this with the client to understand the importance between price and speed.

## **Likelihood of settlement**

Dowgate's business is mainly in shares that are quoted on recognised exchanges on a global basis which are subject to centralised clearing and settlement procedures and as such does not regard likelihood of settlement as a critical factor in its best execution obligations.

## **Cost**

Where explicit costs (such as exchange fees or settlement/custody cost) would make the overall consideration of the execution prohibitive, this cost as an execution factor may become the most important. The Dealing Desk will consider cost for transactions in overseas securities in the same way when dealing UK securities.

Certain instruments such as Unit Trusts will only have one price and one venue. In some circumstances the remaining factors would be given precedence over the price, but only when they are instrumental in delivering the best possible result in terms of total consideration.

## **5 Execution Venues**

Dowgate selects a set of execution venues which include market counterparties on which it places significant reliance in enabling us to obtain, on a consistent basis, the best possible result for the execution of client orders. The types of venues we use are as follows:

- Markets having regulated market (“RM”) status under MiFID II such the London Stock Exchange.
- Multilateral Trading Facilities (“MTF”) and Organised Trading Facilities OTF’S.
- Market Makers, Systematic Internalisers and other Liquidity providers.
- Third Party investment firms and brokers.

There will be instances when Dowgate passes an order to a counterparty (i.e. a broker) for execution. In these circumstances, Dowgate remains under an obligation to monitor the counterparty’s performance, and this does not remove Dowgate’s obligation to obtain the best possible result for its client.

Our selection criteria considers the following:

- The historic performance, including the quality of executions obtained over a time period.
- The extent of services that may be provided to enable us to meet our obligations to our clients.
- Market reputation and any matters arising from our due diligence process.

We consider several factors to determine the appropriate venue or market counterparty for each asset class and instrument type. The factors include the asset coverage and liquidity provided by these venues / market counterparties in addition to the various costs, exchange fees and any other ancillary charges.

We regularly assess the execution venues available and may add or delete venues in accordance with our obligation to provide you with the best possible execution result on a consistent basis. We will notify you of material changes, which would impact our Order Execution Policy. A current list of Execution venues for which Dowgate places reliance on to meet best execution requirements is shown below:

- London Stock Exchange and AIM.
- Retail Service Providers.
- Market Makers and Brokers (Investec, Stifel, Winterfloods, Peel Hunt, Singers, Cenkos, Numis, Panmure).
- Instinet (via GPP).
- Multilateral Trading Facilities (Aquis Exchange, Turquoise, CHID, JPSI, BATD).
- Systematic Internalisers (Virtu Financial).
- Dark Pools OTC (ITG, Liquidnet, Turquoise Plato Dark).
- Order book for Retail Bonds.
- NCL Capital Markets (for OTC Bonds).
- European brokers ( Baader, MW Warburg, Carnegie, Equita).

As noted above, we may deem it appropriate or advantageous to execute your order outside a RM or MTF even where the investment (“financial instrument”) concerned is trading on a RM or MTF.

Dowgate is required to obtain your consent before executing orders outside an RM or an MTF. By agreeing to the Order Execution Policy and our Terms of Business, you are giving your express consent to this requirement.

Having assessed the relevant criteria and any specific instructions provided by you, we will select the most appropriate venue(s) from those available and execute your order accordingly.

## 6 Valuation of Unlisted Securities

There will be circumstances where private unlisted securities are held occasionally prior to potential listings. In these scenarios pricing such securities is carried out generally on a prior transaction method. This means where a manager participates in a placing of a private company the placing price will be used as the fair value price for these securities. Any changes to this price whilst the company remains unlisted will be based on any further fund raises and the final price on that fund raise.

The other general scenario of an unlisted security is where a stock becomes delisted, which can be for various reasons. In such circumstances a fair value price (FVP) will be arrived at based on known public information on that company at the time of the delisting. A summary of the FVP will be provided by the Investment Managers who hold stock. Compliance will then review the price and either approve the price or revert with their rationale for not approving the price. Only once Compliance have approved the price can the price then be amended.

Unlisted securities will be reviewed on a quarterly basis to ensure the price being used is deemed appropriate as an FVP.

## 7 Specific Instructions

If you provide us with a specific instruction to deal for you, it may prevent us from following some or all the steps outlined in the Order Execution Policy which is designed to obtain the best possible results for you on a consistent basis. When you give us a specific instruction, we will take all sufficient steps to get the best results for you, but there is a risk we cannot achieve best execution, in respect of that aspect covered by your specific instruction.

## 8 Publishing Limit Orders

If you give us an investment instruction at a specified price limit or better and for a specified size (a limit order), then it may not always be possible to execute that order under the prevailing market conditions. We would be required to make your order public (i.e. show the order to the market) in such a case unless you agree that we need not do so. We believe it is in your best interests if we exercise our discretion as to whether we make your order public. By agreeing to the Order Execution Policy, you agree that we will not make your order public unless we consider this to be in your best interest to do so.

## 9 Dealing Arrangements

All dealing is managed by a centralised dealing desk, which consists of a main dealing desk in London, with support provided by dealers in our regional office. Orders are passed from the portfolio managers to the trading desk via our electronic routing system. The Trading desk then has the responsibility for managing the execution of the order and conduct them in accordance with this policy. Further information on how deals are executed depending on the type of order are as follows:

Type of Investment	Dealing Procedures
UK Equities and warrants, ICAP Securities & Derivatives Exchange (ISDX) and AIM and UK Exchange Traded Funds and UK Warrants.	Deals in these investments are usually passed through our electronic order routing system.  This system automatically obtains quotes and then places your deal with the venue providing the best price. Orders that cannot be transacted through the electronic order routing system will be dealt manually through the market by our dealers.
UK Government Bonds; Corporate Bonds and Eurobonds.	Orders that cannot be transacted through our electronic routing system will be dealt manually through the market by our dealers. This may involve dealing outside of a RM where trades may not be reported to the LSE. Should this be necessary, we will gain your express consent before executing the order.
Unit Trusts / OEICs / Unlisted Collective Investment Funds.	We place all deals directly with the fund managers of the unit trust / OEICs, or via the Allfunds platform.

Overseas equities, Overseas listed exchange traded funds, foreign binds.	Overseas orders will be dealt manually through the markets by our dealers.
IPO'S primary and secondary issues	<p>Dowgate manages primary issues such as IPO's and secondary offerings fairly between its clients.</p> <p>Generally, information on these issues are known in advance and distributed internally to interested parties. Where an interested party has a dealing interest this is collected centrally and aggregated.</p> <p>Client orders are then sent as a single instruction to the execution venue. Where any scaleback of the resulting allocation is advised, clients allocations are scaleback pro rata. If the scaleback leaves too small an amount to provide best execution to all clients based on the resulting costs, this will be referred to compliance to determine a fair method of allocation.</p>

## 10 Aggregation and Allocation

Dowgate will usually execute comparable orders sequentially and promptly unless the type of order or market conditions do not allow this.

On certain occasions Dowgate may combine (or 'aggregate') an order for our clients with orders of other clients, when it believes it is in the client's best interest to do so. However, the effect of aggregation may on some occasions work to the client's disadvantage and may on occasions result in our clients obtaining a worse price than if their order was executed separately.

When allocating an aggregated transaction which includes one or more client orders, Dowgate will allocate the order on a pro rata basis, which is deemed the fairest possible outcome.

## 11 Monitoring and Reviewing

The Compliance department will monitor order execution to ensure ongoing compliance and our order execution arrangements and policy will be reviewed on a regular basis. We will also monitor any material change that may impact our ability to continue to obtain the best possible result for our clients.

Any material changes will be posted on our website: [www.dowgatecapital.co.uk](http://www.dowgatecapital.co.uk).

Dowgate is required to demonstrate, at the request of a client, that it has executed the client's orders in accordance with this Order Execution Policy. Upon request, Dowgate will produce the necessary analysis detailing the executions for a client for the requested period, to satisfy the client's request and our regulatory obligations.

## 12 Client Declaration

Dowgate operates on the basis that all Customers would be relying on Dowgate to deliver best execution for all transactions, regardless of how they arise.

By agreeing to our Terms and Conditions and the declaration in the account opening form, you (or your authorised intermediary) consent to our Order Execution Policy including those sections that require your prior express consent.

Please note that if you do not provide your consent to our Order Execution Policy you may be limiting our ability to execute your orders on the most advantageous terms for you. Accordingly, if you do not consent to this Order Execution Policy, we may be unable to open an account for you.

Should you require further information or assistance in relation to the Order Execution Policy or would like Dowgate to demonstrate how best execution has been achieved on any order executed for you, please contact your Broker, who will be able to assist you with your queries.