

# OUR APPROACH TO ORDER EXECUTION

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We review our performance internally on a regular basis to ensure we continue to obtain the best price for you. We also meet with counterparties to discuss trading and how we can improve outcomes. We report our results every year, including the top five counterparties we have traded with, and explain any material changes.

Halifax Share Dealing Limited is required to provide annual reports providing information on the top five execution venues for different types of financial instruments, together with analysis of execution performance.

## Obtaining Best Execution

We aim to obtain the best price possible for you on a consistent basis in line with the processes set out within our Order Execution Policy. For UK equity, UK Exchange Traded Products and UK fixed income trades we achieve this by requesting prices for you from as many counterparties as possible on each instrument using a process known as “price-polling”.

Where a real time price is available, we have agreements and controls in place that mean you won't receive a worse price than that available on the London Stock Exchange for the size of your trade.

Where a real time price isn't available, your order is routed to a team of dealers. A dealer will review your order, and decide on the best possible strategy to trade. This may involve contacting one or more market counterparties to negotiate a price, with each order considered individually on its own merits. In most cases we will achieve a price equal to or better than that available on the London Stock Exchange or, where a customer has specified a limit according to their instructions. We would only accept a price outside of these circumstances when the size of the trade is outside the quote size in a quote-driven security.

For international equities and international Exchange Traded Products we place all trades with a single market counterparty. They place trades on our behalf and we validate prices achieved to ensure they trade at the price available or better on the Exchange or Trading Facility where they are executed.

In order to ensure we are achieving consistent outcomes we regularly perform checks after a trade is executed. We provide trades to an independent third party. They check whether the price achieved met our standards. Where we find trades that didn't meet those standards we correct this; which could be by changing the price or by giving you money to reflect the difference. If this does occur we will get in touch with you to explain what has happened and how we have corrected this.

## How did we do?

For UK Equities, UK Exchange Traded Products, and Fixed Income Trading 100% of trades were checked. Six trades identified by post execution monitoring where the price achieved was not in line with our standards were amended. All six trades were amended for a total correction value of £165.

The remaining trades checked achieved the best price available for the size of the trade, or were executed according to client specific instructions.

There were no issues identified with any other orders.



**LLOYDS BANK**

100% of international equity and international Exchange Traded Product trades were checked to ensure they achieved the best price available on the exchange of execution at the time they were placed. A total of sixty fills were found not to meet our standards. They all occurred on the same date, and were corrected for a total correction value of \$1,299 (prior to Sterling conversion).

During 2020 there have been no material changes to our Order Execution Arrangements. From time to time our list of counterparties has changed, and the amount and value of trades executed with those counterparties fluctuated; however we do not consider any of these changes as material. Excluding trades in international equity and international Exchange Traded Products we traded with twenty-five market counterparties, whilst in 2019 this was twenty-seven market counterparties.

Approximately 96% of trades are executed electronically without any dealer involvement. From time to time this fluctuates in line with supply and demand. Depending on demand, market volatility and other factors we may change our parameters on the prices we accept from market counterparties in order to maintain balance between price and speed of execution. We do not consider this as material, however for completeness these parameters were amended twice in 2020, firstly on 13th March and again on 23rd March.

The number of directed orders was negligible and is insufficient to register within the tables.

For the purposes of this report we exclude fund trades. As explained in our Order Execution Policy all funds are sent for execution with the underlying fund manager via a third party. Trades in funds result in the redemption or creation of units by the fund manager only.

## Execution Venues

We do not have any close links or conflicts of interests with any execution venues or market counterparties.

We executed seven trades with Lloyds Bank Capital Markets in a single debt instrument.

## Customer Classification

We treat all customers as Retail Customers, which affords the highest level of protection. The reporting rules state performance tables must be produced separately for different customer classifications; as we only have a single classification only 1 set of tables is required.

## Information on the Tables

The financial instruments and reporting formats are defined by regulations. As an example the information in “Equities (Shares and Depository Receipts)” includes UK and international equities, and is split into three tables as follows;

Liquidity Band 1 and 2 – where the instruments in question average between 0 and 79 trades per day across all venues;

Liquidity Band 3 and 4 – where the instruments in question average between 80 and 1,999 trades per day across all venues;

Liquidity Band 5, 6 and 7 – where the instruments in question average over 2,000 trades per day across all venues.

The Liquidity Bands are also defined by regulations. It is possible different shares can move from Band to Band from year to year however not during the year.

The tables can be found below.

## Equities – Shares & Depository Receipts (T56)

Client type	Interaction	Class of Instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Retail	Execution	Equities – Shares & Depository Receipts (T56)	01/01/2020	31/12/2020	N
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Winterflood Securities Ltd – 8BRUP6V1DX3PIG2R0745	40.46	40.99	0	100	0
Peel Hunt LLP – 5493007DWN0R4YBM4C84	37.02	29.63	0	100	0
Shore Capital Stockbrokers Limited – 2138009KZ03MK7TV6372	9.02	6.2	0	100	0
Banca IMI S.p.A – QV4QOGJ70A6PA8SCM14	4.9	5.6	0	100	0
Investec Bank Plc – 84S0VF8TSMH0T6D4K848	3.05	6.26	0	100	0

## Equities – Shares & Depositary Receipts (T34)

Client type	Interaction	Class of Instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Retail	Execution	Equities – Shares & Depositary Receipts (T34)	01/01/2020	31/12/2020	N
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Peel Hunt LLP – 5493007DWN0R4YBM4C84	38.29	34.14	0	100	0
Winterflood Securities Ltd – 8BRUP6V1DX3PIG2R0745	37.39	39.37	0	100	0
Shore Capital Stockbrokers Limited – 2138009KZO3MK7TV6372	5.92	7.23	0	100	0
Investec Bank Plc – 84S0VF8TSMH0T6D4K848	4.2	3.4	0	100	0
Joh. Berenberg, Gossler & Co. KG – 529900UC20D71I24Z667	2.51	2.53	0	100	0

## Equities – Shares & Depositary Receipts (T12)

Client type	Interaction	Class of Instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Retail	Execution	Equities – Shares & Depositary Receipts (T12)	01/01/2020	31/12/2020	N
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Winterflood Securities Ltd – 8BRUP6V1DX3PIG2R0745	31.5	34.17	0	100	0
Peel Hunt LLP – 5493007DWN0R4YBM4C84	24.27	20.17	0	100	0
Joh. Berenberg, Gossler & Co. KG – 529900UC20D71I24Z667	9.62	8.65	0	100	0
Shore Capital Stockbrokers Limited – 2138009KZO3MK7TV6372	8.06	10.76	0	100	0
Nplus1 Singer Capital Markets Limited – 213800ITO7QMNQ9SFG53	7.52	8.61	0	100	0

## Debt Instruments – Bonds

Client type	Interaction	Class of Instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Retail	Execution	Debt instruments, Bonds	01/01/2020	31/12/2020	N
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Peel Hunt LLP – 5493007DWN0R4YBM4C84	44.61	44.7	0	100	0
Winterflood Securities Ltd – 8BRUP6V1DX3PIG2R0745 (Gilts)	43.97	40.97	0	100	0
Canaccord Genuity Limited – ZBU7VVFV5NIMN4ILRFC23	9.63	11.17	0	100	0
Lloyds Bank plc – H7FNTJ4851HG0EXQ1Z70	1.41	2.01	0	100	0
Winterflood Securities Ltd – 8BRUP6V1DX3PIG2R0745	0.38	0.57	0	100	0

## Securitized Derivatives – Warrants & Certificate Derivatives

Client type	Interaction	Class of Instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Retail	Execution	Securitized Derivatives, Warrants and Certificate Derivatives	01/01/2020	31/12/2020	Y
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Banca IMI S.p.A – QV4QOGJ70A6PA8SCM14	100	100	0	100	0

## Securitized Derivatives – Other Securitized Derivatives

Client type	Interaction	Class of Instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Retail	Execution	Securitized Derivatives, Other securitized derivatives	01/01/2020	31/12/2020	N
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Winterflood Securities Ltd – 8BRUP6V1DX3PIG2R0745	88.47	92.84	0	100	0
Cantor Fitzgerald Europe – 549300KM6VUHPKQLQX53	7.7	2.78	0	100	0
Peel Hunt LLP – 5493007DWN0R4YBM4C84	2.7	0.07	0	100	0
Investec Bank Plc – 84S0VF8TSMH0T6D4K848	1.13	4.31	0	100	0

## Exchange Traded Products

Client type	Interaction	Class of Instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Retail	Execution	Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)	01/01/2020	31/12/2020	N
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Peel Hunt LLP – 5493007DWN0R4YBM4C84	47.98	31.21	0	100	0
Winterflood Securities Ltd – 8BRUP6V1DX3PIG2R0745	31.43	52.33	0	100	0
Investec Bank Plc – 84S0VF8TSMH0T6D4K848	9.05	8.57	0	100	0
Flow Traders B.V. – 549300CLJ19XDH12XV51	5.23	2.68	0	100	0
Winterflood Securities Ltd – 8BRUP6V1DX3PIG2R0745 (Gilts)	4.47	3.88	0	100	0

## Other Instruments

Client type	Interaction	Class of Instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Retail	Execution	Other instruments	01/01/2020	31/12/2020	N
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Winterflood Securities Ltd – 8BRUP6V1DX3PIG2R0745	33.55	44.03	0	100	0
Banca IMI S.p.A – QV4QOGJ70A6PA8SCM14	16.67	8.3	0	100	0
Peel Hunt LLP – 5493007DWN0R4YBM4C84	15.8	11.82	0	100	0
Winterflood Securities Ltd – 8BRUP6V1DX3PIG2R0745 (Gilts)	9.71	0.75	0	100	0
Joh. Berenberg, Gossler & Co. KG – 529900UC20D71I24Z667	6.97	10.94	0	100	0

## Structured Finance Instruments

Client type	Interaction	Class of Instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Retail	Execution	Structured finance instruments	01/01/2020	31/12/2020	N
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Peel Hunt LLP – 5493007DWN0R4YBM4C84	52.94	24.97	0	100	0
Winterflood Securities Ltd – 8BRUP6V1DX3PIG2R0745	42.52	45.2	0	100	0
Flow Traders B.V. – 549300CLJI9XDH12XV51	4.32	1.03	0	100	0
Banca IMI S.p.A – QV4QOGJ70A6PA8SCM14	0.22	28.8	0	100	0

### Counterparties HSDL have executed trades with during 2020:

Arden Partners Plc	Peel Hunt LLP
Banca IMI S.p.A	Liberum Capital Ltd
Joh. Berenberg, Gossler & Co. KG	Lloyds Bank plc
BMO Capital Markets Limited	Numis Securities Ltd
Canaccord Genuity Limited	Shore Capital Stockbrokers Ltd
Cantor Fitzgerald Europe	Nplus1 Singer Capital Markets Ltd
Cenkos Securities Plc	Stifel Nicolaus Europe Ltd
FinnCap Ltd	Virtu Financial Ireland Limited
Flow Traders B.V.	W H Ireland Ltd
Goodbody Stockbrokers UC	Westhouse
Investec Bank Plc	Panmure Gordon (UK) Limited
J & E Davy	Winterflood Securities Ltd
J.P.Morgan Securities plc	Jefferies International Ltd

### Important information

The Lloyds Bank Direct Investments Service is operated by Halifax Share Dealing Limited. Registered Office: Trinity Road, Halifax, West Yorkshire HX1 2RG. Registered in England and Wales No. 3195646. Halifax Share Dealing Limited is authorised and regulated by the Financial Conduct Authority under Registration number 183332. A Member of the London Stock Exchange and an HM Revenue & Customs Approved ISA Manager.