

OUR 2018 APPROACH TO ORDER EXECUTION

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.

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.

Obtaining Best Execution

We aim to obtain the best price possible for you on a consistent basis. 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. In 2018 we traded with thirty different market counterparties. Where a real time price is available for the size of your trade, we have agreements and controls in place that mean you won't receive a worse price than that available on the London Stock Exchange.

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 places 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 the client's instructions. We would only accept a price outside of these circumstances when the size of the trade is outside the quote size for the stock.

For international equities and international Exchange Traded Products we place all trades with a single market counterparty.

In order to ensure we are achieving consistent outcomes we perform checks the day after a trade is executed. We provide all of our trades to an independent third party. They check whether the price you received met the standards we set out to achieve. 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 98.51% of trades achieved the London Stock Exchange price or better at the time of execution.

The remaining 1.49% of trades achieved the best price available for the size of the trade, or where executed accordingly to client specific instructions.

100% of international equity and international Exchange Traded Product trades achieved the best price available on the exchange of execution at the time they were placed. All international trades are sent to a third party, who execute the trades on our behalf and in line with both the agreement we have in place and their Order Execution Policy.

Our post execution monitoring identified 11 UK equity trades where the price achieved was not in line with expectations. All 11 trades were corrected, with a total correction value of £559.63. There were no issues identified with any other orders.



LLOYDS BANK

During 2018 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.

We have found the price and speed of execution consistent throughout the year. Approximately 96% of all trades are executed electronically without any dealer involvement. From time to time this fluctuates however we do not consider this as material. Both price and speed of execution were in line with expectations.

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 23 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)	01/01/2018	31/12/2018	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 – 8BRUP6V1DX3PIG2R0745	42.4	36.53	0	100	0
Peel Hunt LLP – 5493007DWN0R4YBM4C84	25.62	22.93	0	100	0
Investec Bank Plc – 84S0VF8TSMH0T6D4K848	6.95	5.73	0	100	0
Virtu Financial Ireland Limited – 549300XG5LFGN1IGYC71*	6.33	10.5	0	100	0
Knight Securities International – 549300346EFUPFCXJT79*	6.04	8.09	0	100	0

* Virtu financial was the parent company of Knight Securities and they re-branded the UK trading division under the Virtu name during 2018

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)	01/01/2018	31/12/2018	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 – 8BRUP6V1DX3PIG2R0745	34.76	40.16	0	100	0
Peel Hunt LLP – 5493007DWN0R4YBM4C84	32.23	28.48	0	100	0
Investec Bank Plc – 84S0VF8TSMH0T6D4K848	5.64	2.66	0	100	0
Virtu Financial Ireland Limited – 549300XG5LFGN1IGYC71*	5.6	7.07	0	100	0
Knight Securities International – 549300346EFUPFCXJT79*	4.29	2.95	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)	01/01/2018	31/12/2018	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 – 8BRUP6V1DX3PIG2R0745	34.53	37.16	0	100	0
Peel Hunt LLP – 5493007DWN0R4YBM4C84	20.47	19.22	0	100	0
Cantor Fitzgerald – 549300KM6VUHPKQLQX53	13.42	12.95	0	100	0
Shore Capital Stockbrokers Limited – 2138009KZO3MK7TV6372	8.14	11.14	0	100	0
Nplus1 Singer Capital Markets Limited – 213800IT07QMNQ9SFG53	6.21	6.47	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	01/01/2018	31/12/2018	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
Winterfloods Gilts – 8BRUP6V1DX3PIG2R0745	28.36	17.02	0	100	0
Winterflood Securities – 8BRUP6V1DX3PIG2R0745	26.99	36.65	0	100	0
Peel Hunt LLP – 5493007DWN0R4YBM4C84	23.34	27.42	0	100	0
Cantor Fitzgerald – 549300KM6VUHPKQLQX53	8.86	4.35	0	100	0
Canaccord Genuity Limited – ZBU7V5NIMN4ILRFC23	6.17	4.81	0	100	0

Debt Instruments – Money Markets 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	Debt instruments, Money markets instruments	01/01/2018	31/12/2018	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
Peel Hunt LLP – 5493007DWN0R4YBM4C84	56.76	50	0	100	0
Cantor Fitzgerald – 549300KM6VUHPKQLQX53	43.24	50	0	100	0

Securitised 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	01/01/2018	31/12/2018	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 – QV4Q8OGJ70A6PA8SCM14	85.74	85.71	100	0	0
Canaccord Genuity Limited – ZBU7V5NIMN4ILRFC23	14.26	14.29	0	100	0

Securitised Derivatives – Other Securitised 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	01/01/2018	31/12/2018	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
Winterflood Securities – 8BRUP6V1DX3PIG2R0745	94.74	97.93	0	100	0
Peel Hunt LLP – 5493007DWN0R4YBM4C84	5.26	2.07	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)	01/01/2018	31/12/2018	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	37.52	22.63	0	100	0
Winterflood Securities – 8BRUP6V1DX3PIG2R0745	33.95	51.65	0	100	0
Flow Traders B.V. – 549300CLJ19XDH12XV51	11.3	2.84	0	100	0
Stifel Nicolaus Europe Limited – 213800BVEFNZ8UYPKL03	9.98	10.33	0	100	0
Winterfloods Gilts – 8BRUP6V1DX3PIG2R0745	3.84	5.11	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	01/01/2018	31/12/2018	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 – 8BRUP6V1DX3PIG2R0745	48.98	47.16	0	100	0
Peel Hunt LLP – 5493007DWN0R4YBM4C84	20.04	16.75	0	100	0
Shore Capital Stockbrokers Limited – 2138009KZO3MK7TV6372	6.16	9.21	0	100	0
J & E Davy – 63540061DPCBNMCGRY22	5.82	6.78	0	100	0
Cenkos Securities Plc – 213800ALVRC52VN3I821	4.71	4.34	0	100	0

Counterparties HSDL have executed trades with during 2018:

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

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.