



Butterfield

P.O. Box 25, Regency Court, Glatigny Esplanade, St. Peter Port, GY1 3AP

www.butterfieldgroup.com

BEST EXECUTION POLICY

Butterfield Bank (Guernsey) Limited

Approved by: The Board of Butterfield Bank (Guernsey) Limited

Policy Sponsor: Richard Saunders

C.4.1 Background

It is a requirement under The Licensees (Conduct of Business) Rules 2014 (“The Licensees Rules”) that reasonable steps are taken, in the execution of client orders, to effect timely, fair and best efforts in the delivery of such orders. The responsibility to forge these steps extends to third party relationships which act on our behalf.

The Investment Business Policy and its related Standards and Guidelines have been designed to clarify key responsibility and procedures expected by all employees in order to be compliant with the governing laws, regulations and the industry’s best practice. The consistent application of this Standard will ensure our compliance as well as providing meaningful information to the business.

The Standard describes the requirements and responsibility necessary to be in force to ensure the Bank provides the maximum service delivery within the parameters of regulatory requirements.

C.4.2 Guiding Principles

- a. The Bank will take reasonable steps to obtain the best possible result in the execution of a client’s order, taking into account a number of factors as prescribed in Standard C4.6.1.
- b. Where the Bank is provided with a specific instruction in relation to an execution of an order, the Bank will act in accordance with that instruction wherever possible.
- c. In the absence of any specific instructions the Bank may consider a number of appropriate factors, as laid out in section C4.6.1 of this document, to determine the manner in which the order will be executed.

C4.3 Rule

The Licensees Rules, section 5.3 Dealing, managing and advising, 5.3.2 Best Execution

C 4.4 Definitions –

See Local Policy 4.0 Investment Business

C4.5 Responsibility - Mandatory

See Local Policy 4.0 Investment Business



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C4.6 Standard

C4.6.1 Best Execution Instructions

STANDARD Where a specific instruction is received to execute an order the Bank will take reasonable steps to act in accordance with that instruction wherever possible. Where the Bank acts under such an instruction the client must be made aware that the Bank may not be able to follow the steps outlined in the Best Execution Policy to achieve the best result for the client. In following the instructions provided the Bank will be deemed to have taken all reasonable steps to provide the best possible result.

The absence of specific instructions - consideration shall be given to determine the manner in which the order will be executed, that will include but not limit to:

- Price
- Cost
- Likelihood of execution
- Speed
- Size of Order
- Nature of the order
- Market impact
- Any other consideration relevant to the efficient execution of the order

Best Execution Criteria – consideration shall be given when determining the relative importance of the range of execution factors and how they apply to the client order, in such cases the following criteria may be used:

- The characteristics of the client including the categorization of the client as retail or professional
- The characteristics of the client order
- The characteristics of the financial instrument that are the subject of that order
- The characteristics of the execution venues to which the order can be directed

The Role of Price - For the purposes of ensuring that the best possible result is obtained for the client when executing an order and in the absence of specific client instructions, the firm should take into consideration all factors that will allow it to deliver the best possible result in terms of the total consideration, representing the price of the financial instrument and the costs related to execution. Speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the retail client.

Aggregation – Where the Bank aggregates client orders it will only do so if;

- It is unlikely to disadvantage the client whose order is being aggregated.
- Execution costs will be allocated on pro-rata basis relevant to the size of each aggregated order.
- Partial execution of an aggregated order will be allocated on a pro-rata basis relevant to the size of each aggregated order



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A firm is not permitted to carry out a client order or a transaction for own account in aggregation with another client order unless the following conditions are met:

(1) it must be unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated;

(2) it must be disclosed to each client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order;

(3) an order allocation policy must be established and effectively implemented, providing in sufficiently precise terms for the fair allocation of aggregated orders and transactions, including how the volume and price of orders determines allocations and the treatment of partial executions.

C4.6.3 Execution Venues

STANDARD Where the Bank provides execution only services to existing clients for non-collective investment holdings such as, but not limited to; equities, corporate bonds and government debt, the Bank will normally pass the order to another firm that is subject to regulation by an equivalent regulator to the one in its national jurisdiction. These shall include, but not limited to:

- Brooks MacDonald Group Plc
- City & Continental Securities LLP
- Sanford C. Bernstein Ltd
- Royal Bank of Canada Europe Ltd
- Perth Mint Depository Services
- TD Securities
- Oppenheimer EU Ltd
- Instinet Inc
- Canaccord Genuity Group Inc
- Barclays Capital

Where the Bank act as the execution venue, all sources of reasonably available information shall be used in order to ensure best execution is achieved.

The Bank, in order to achieve best execution, may also execute an order outside a regulated market or on an MTF.

C4.6.4 Counterparty Relationships

STANDARD Where the Bank engage the services of Execution Venues to fulfill best execution, they shall establish effective procedures and controls in order to ensure they meet the minimum control objectives assigned to the Management of Executive Venues outlined in the Group Control Framework. This shall include, but is not limited to:

- A review of the agreement is conducted and approved by the appropriate authority levels
- An annual review to determine whether the agreement remains fit for purpose and continues to meet regulatory requirements



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C4.6.5 Compliance Monitoring

STANDARD Compliance Services shall establish a periodic review, but at least annually, of its execution arrangements and execution policy to ensure their ongoing effectiveness and to identify and correct any potential deficiencies. This will cover;

- A suitable sample of orders to ensure they are executed in accordance with the Best Execution Policy.
- A review of the Best Execution Policy for current relevance and suitability.
- To be satisfied that the execution venues provide the best possible outcome for the clients
- To be satisfied that the bank could demonstrate to its clients, at their request, that it has executed their orders in accordance with its execution policy

The Bank will notify its clients of any material changes to the execution arrangements and/or execution policy.

Please note this is an extract from the full Butterfield Bank (Guernsey) Limited policy.