

Octopus Investments Limited Annual best execution disclosure - 2019

April 2020

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A brighter way

Introduction

On an annual basis Octopus Investment (OI) is required to provide additional disclosures around the top five execution venues utilised for each asset class and information on the quality of execution in line with the requirements of Regulatory Technical Standard 28 of the MiFID II Regulation and as transposed into UK regulatory requirements by the Financial Conduct Authority (FCA).

This Disclosure provides separate analysis per sub-asset class of financial instrument as defined in the Regulation, for client orders transmitted to counterparties for execution. Where analysis is not provided in this Disclosure for any class of financial instrument, OI would not have traded in this class of financial instruments during the year ended 31 December 2019.

OI does not guarantee the correctness or completeness of the information in this Disclosure and shall not be responsible for or have any liability whatsoever for any loss or damage caused by errors, inaccuracies or omissions in connection with use or reliance on this information.



Summary analysis

When assessing the relative importance OI gave to the execution factors of price, cost, speed, likelihood of execution, OI took into account the following criteria:

- Size and nature of the order, meaning transaction size and nature of the order affecting the execution price
- Likelihood of settlement, meaning likelihood of the completion of the transaction
- Client characteristics and regulatory classification of the client
- Characteristics of the transaction
- Characteristics of the respective financial instruments subject to that order
- Characteristics of the execution venues where orders might be directed

There were no close links or conflicts of interest with any counterparty that Octopus Investments used during the year in respect of any class of financial instrument in scope of this Disclosure when placing orders.

Some execution venues may offer differing fee plans depending on the volume and nature of a trading activity on the venue as well as fee discounts depending on average volume of trading undertaken. Our decision to route orders to a particular venue for execution is determined by whether execution on such venues allows us to satisfy our best execution obligations and is not influenced by any such fee structures or volume discounts.

Octopus may receive minor non-monetary benefits from its counterparties and these are only accepted after due and careful consideration has been made by OI in line with our regulatory obligations, including confirmation that such minor non-monetary benefits are deemed capable of enhancing the quality of services provided by OI to its clients and do not impair compliance with our duty to act in the best interests of our clients.

Octopus maintains internal procedures for the selection of Brokers and other execution venues, both at the stage of onboarding and throughout the relationship, in order to satisfy ourselves that those sections enable us to obtain best execution on a consistent basis. These procedures include undertaking due diligence and regular assessments of execution quality.

1. Annual top-five counterparty reporting for activity of placing and transmitting of client orders in Equities

Equities - Shares & Depository Receipts (Tick size liquidity bands 1 and 2)

Class of instrument	Equities - Shares & Depository Receipts (Tick size liquidity bands 1 and 2) – Retail Clients				
Notification if <1 average trade per business day in the previous year	No				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume traded as % of total in that class	Proportion of orders executed as % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
Winterflood Securities Ltd	21.41%	66.08%	-	-	-
Investec	19.90%	9.12%	-	-	-
Numis Securities Ltd	12.39%	6.72%	-	-	-
Nplus1 Singer Capital Markets Limited	8.28%	5.34%	-	-	-
Panmure Gordon & Co	7.37%	1.32%	-	-	-

Class of instrument	Equities - Shares & Depository Receipts (Tick size liquidity bands 1 and 2) – Professional Clients				
Notification if <1 average trade per business day in the previous year	No				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume traded as % of total in that class	Proportion of orders executed as % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
Centos Securities Limited	14.03%	9.68%	-	-	-
Numis Securities Ltd	12.28%	14.34%	-	-	-
Winterflood Securities Ltd	10.38%	16.49%	-	-	-
Shore Capital Stockbrokers Ltd	8.38%	3.94%	-	-	-
Nplus1 Singer Capital Markets Limited	7.51%	10.39%	-	-	-

In addition to the factors mentioned in the Summary we have prioritised other execution factors if there was insufficient immediate liquidity to execute the relevant order in full. In such cases Octopus acted within a degree of discretion to deliver the best possible result to the client.

1. Annual top-five counterparty reporting for activity of placing and transmitting of client orders in Equities

Equities - Shares & Depository Receipts (Tick size liquidity bands 3 and 4)

Class of instrument	Equities - Shares & Depository Receipts (Tick size liquidity bands 3 and 4) – Retail Clients				
Notification if <1 average trade per business day in the previous year	No				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume traded as % of total in that class	Proportion of orders executed as % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
Numis Securities Ltd	33.33%	16.57%	-	-	-
Investec	28.38%	8.11%	-	-	-
Winterflood Securities Ltd	14.74%	64.63%	-	-	-
Peel Hunt LLP	10.31%	3.96%	-	-	-
Zeus Capital Limited	2.67%	1.02%	-	-	-

Class of instrument	Equities - Shares & Depository Receipts (Tick size liquidity bands 3 and 4) – Professional Clients				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume traded as % of total in that class	Proportion of orders executed as % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
Numis Securities Ltd	36.41%	29.55%	-	-	-
Winterflood Securities Ltd	14.03%	15.91%	-	-	-
Nplus1 Singer Capital Markets Limited	10.06%	8.33%	-	-	-
Liquidnet	9.20%	3.79%	-	-	-
Northern Trust Securities LLP	8.83%	12.12%	-	-	-

1. Annual top-five counterparty reporting for activity of placing and transmitting of client orders in Equities

Equities - Shares & Depository Receipts (Tick size liquidity bands 5 and 6)

Class of instrument	Equities - Shares & Depository Receipts (Tick size liquidity bands 5 and 6) – Retail Clients				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume traded as % of total in that class	Proportion of orders executed as % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
Winterflood Securities Ltd	100.00%	100.00%	-	-	-
N/A	N/A	N/A			
N/A	N/A	N/A			
N/A	N/A	N/A			
N/A	N/A	N/A			

Class of instrument	Equities - Shares & Depository Receipts (Tick size liquidity bands 5 and 6) – Professional Clients				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume traded as % of total in that class	Proportion of orders executed as % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
RBC Capital Markets	58.46%	60.38%	-	-	-
Winterflood Securities Ltd	20.30%	22.64%	-	-	-
Liquidnet	10.49%	9.43%	-	-	-
Numis Securities Ltd	3.97%	3.77%	-	-	-
Northern Trust Securities LLP	3.93%	1.89%	-	-	-

2. Annual top-five counterparty reporting for activity of placing and transmitting of client orders in Exchange Traded Products

Class of instrument	Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities) - Retail Clients				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume traded as % of total in that class	Proportion of orders executed as % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
N/A	N/A	N/A	-	-	-
N/A	N/A	N/A	-	-	-
N/A	N/A	N/A	-	-	-
N/A	N/A	N/A	-	-	-
N/A	N/A	N/A	-	-	-

Class of instrument	Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities) - Professional Clients				
Notification if <1 average trade per business day in the previous year	No				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume traded as % of total in that class	Proportion of orders executed as % of total in that class	% of passive orders	% of aggressive orders	% of directed orders
Jane Street	53.94%	29.13%	-	-	-
Flow Traders B.V.	26.12%	26.40%	-	-	-
Northern Trust Securities LLP	17.48%	32.52%	-	-	-
Morgan Stanley	2.04%	11.18%	-	-	-
Credit Suisse	0.29%	0.59%	-	-	-



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