

Order execution policy disclosure statement for clients

Introduction

As a result of the introduction of MiFID (Markets in Financial Instruments Directive), which aims to introduce common standard of investor protection throughout the European Union, Fairbairn Private Bank has established the following execution policy, to meet the new regulatory requirements.

This order execution policy (the "Policy") has been documented to provide clients with appropriate information on Fairbairn Private Bank's order execution arrangements.

Scope

This Policy sets forth our execution methodology which aims to meet the regulatory obligation to execute orders on terms most favourable to the client and to ensure that arrangements of counterparties with whom we place orders are sufficient to achieve best execution.

The execution factors that will be taken into account when Fairbairn Private Bank decides to use a particular broker are:

- Price
- Costs (eg, execution venue fees and clearing and settlement fees)
- Speed
- Size of trade
- Likelihood of execution and settlement size and nature of the order
- Market impact
- Any other relevant consideration (eg, stock liquidity)

Part one: the quality of execution

Fairbairn Private Bank does not itself execute client orders, but will transmit all orders to one of a number of brokers, on behalf of its clients.

When executing orders on your behalf in relation to financial instruments (equities, bonds, fixed interest securities and derivatives), we will take all reasonable steps to achieve what is called "best execution" of your orders. This means that we will have in place a policy and procedures which are designed to obtain the best possible execution result, subject to and taking into account the nature of your orders, the priorities you place upon us in filling those orders and the market in question and which provides, in our view, the best balance across a range of sometimes conflicting factors.

We will take into consideration a range of different factors which include not just price, but which may also include the cost of the transaction, the need for timely execution, the liquidity of the market (which may make it difficult to even execute an order), the size of the order and the nature of the financial transaction including whether it is executed on a regulated market or over-the-counter.

For 'execution only' clients, we will also take into account the nature of the dealing service you require of us and the specific and general instructions given to us by you which may prioritise how we are to fill your orders.

In the absence of express instructions from you, and subject to the provisions of the rules of the Financial Services Authority (FSA) as set out in the FSA Handbook of Rules and Guidance from time to time, we will exercise our own discretion in determining the factors that we need to take into account for the purpose of providing you with "best execution".

Our commitment to provide you with "best execution" does not mean that we owe you any fiduciary responsibilities over and above the specific regulatory obligations placed upon us or as may be otherwise contracted between us.

Part two: order execution only

We have set out in Part three, below, information on the criteria which determines how we select a venue with which we may execute your order and have identified those venues (which may include your dealings with us on a principal-to-principal basis) on which we will most regularly seek to execute your orders and which we believe offer the best prospects for affording you best execution. We will also assess, on a regular basis, the quality of execution offered by those venues on which we execute your orders to determine whether we need to change our execution arrangements.

In the absence of specific instructions from you, we will select the most appropriate venues for the purpose of executing your orders taking into full account:

- (a) the execution factors relevant to the order, including those set out in Part one above;
- (b) what we reasonably assess to be your best interests in terms of executing your orders; and
- (c) such other factors as may be appropriate, including the ability of the venue to manage complex orders, the speed of execution, the creditworthiness of the venue and the quality of any related clearing and settlement facilities.

If you are a Retail Client, please also refer to 'Our firm's processes for delivering best execution', detailed in Part three below.

While we will take all reasonable steps based on the resources available to us to satisfy ourselves that we have processes in place that can reasonably be expected to lead to the delivery of best execution of your orders, we cannot guarantee that we will always be able to provide best execution of every order executed on your behalf.

Our policy, in providing you with best execution, is, so far as possible and subject to the processes set out in Part three, to exercise the same standards and operate the same processes across all the different markets and financial instruments on which we execute your orders.

However, the diversity in those markets and instruments and the kind of orders that you may place with us mean that different factors will have to be taken into account when we assess the nature of our execution policy in the context of different instruments and different markets. In some markets, price volatility may mean that the timelines of execution is a priority, whereas, in other markets that have low liquidity, the fact of execution may itself constitute best execution. In other cases, our choice of venue may be limited (even to the fact that there may only be one platform/market upon which we can execute your orders) because of the nature of your order or of your requirements.

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Part two: order execution only (continued)

Transactions on collective investment schemes are executed directly with the authorised manager / Authorised Corporate Director of the scheme, or through FundSettle, a Euroclear electronic platform.

Orders for fixed interest securities will be drawn from the list set out in Part three below.

The trading venues used for derivatives will be drawn from the list set out in Part three below, and will be determined largely by the nature and type of the derivative product.

Part three: our firm's processes for delivering best execution (retail clients)

In determining the venues chosen for executing investment orders on behalf of clients, we place importance on specific client instructions, price, costs, speed and likelihood of execution and settlement, geographical market specialised in, reputation and service. We will also take into account the characteristics of the client order, the characteristics of the financial instrument that is the subject of the order and the characteristics of the execution venues to which that order can be directed. Different brokers cover different categories of investments and different markets.

The following is a list of execution venues on which we place significant reliance in meeting our obligation to take all reasonable steps to obtain, on a consistent basis, the best possible result for the execution of client orders:

- Commerzbank AG
- MF Global UK Ltd
- Collins Stewart (CI) Limited
- Financial & General Securities Limited

The list of execution venues is not exhaustive and execution may occur on alternative venues from time to time provided those venues are consistent with our Policy.

Specific client instructions

When specific instructions are received from a client in respect of an order, or any aspect of an order, we will execute the order or that aspect of the order, following the client's specific instruction.

Any specific instructions from a client may prevent us from taking the steps that we have designed and implemented in our Policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

Monitoring and review

We will monitor the effectiveness of our order execution arrangements and Policy in order to ensure that it continues to achieve the best result for our clients. In particular we will assess, on a regular basis, the execution venues we access to determine whether they continue to provide for the best possible result for you, and consider whether to amend or add additional execution venues to the list or to make changes to our execution arrangements.

When we are made aware that a material change has occurred with an execution venue that, in our opinion, impacts on our ability to continue to provide execution services in accordance with this Policy, we may change the execution venues accordingly. In addition tests will be conducted by our Compliance department to ensure best execution (amongst other requirements such as timely execution and timely allocation) has been achieved.

Where this monitoring reveals that the firm has fallen short of obtaining the best possible result, Fairbairn Private Bank will consider whether this is because it has failed to follow its Policy or perhaps the Policy itself is not sufficient and therefore needs to be amended.

Demonstration of execution of orders in accordance with execution policy

Upon request, we will demonstrate to you that we have executed orders in accordance with this Policy.

Amending execution policy

Fairbairn Private Bank will conduct an annual review of the Policy and the order execution arrangements and will notify you of any material changes to our Policy or execution arrangements by posting an updated version of this document on our website www.fairbairnnpb.com. A change is material where its disclosure is necessary to enable you to make a properly informed decision about whether to continue utilising Fairbairn Private Bank's services.

General

CONSENT

This Policy forms part of our Focus Account Terms and Conditions. In agreeing to these Terms and Conditions, by signing the Focus Account Application Form, you acknowledge that you have read and accept the nature, policy and processes which Fairbairn Private Bank has in place for providing best execution as defined in Part one and that, in the absence of any express instructions Fairbairn Private Bank shall have full discretion to choose a relevant venue from its current list of venues for executing any order or orders, but in doing so shall assess and balance a range of all relevant factors, including those set out in this disclosure statement which, in its reasonable determination, Fairbairn Private Bank considers relevant to achieving the best result.

Fairbairn Private Bank is a registered trade name of Fairbairn Private Bank (IOM) Limited and Fairbairn Private Bank Limited.

Fairbairn Private Bank (IOM) Limited is licensed by the Isle of Man Financial Supervision Commission. Registered office: St Mary's Court 20 Hill Street Douglas Isle of Man.

The London office is authorised and regulated in the UK by the Financial Services Authority.

Fairbairn Private Bank Limited is regulated by the Jersey Financial Services Commission. Registered office: Fairbairn House 31 The Esplanade St Helier Jersey. Latest audited accounts are available on request.

Authorised and regulated in the UK by the Financial Services Authority in respect of regulated mortgage contracts only.

UK Financial Services Authority registration numbers:

Fairbairn Private Bank (IOM) Limited 313189

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South African representative office established in terms of Section 34 of the Bank's Act 94 of 1990. 07/10 C53