



Top 5 Broker & Execution Quality Report for 2017

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Introduction

The purpose of this report is to provide a summary of how Coutts & Co (Coutts) has met its Best Execution requirements in 2017, in accordance with the relevant regulation and its' [Client Order Execution Policy](#) (OEP).

The report provides an overview of the key factors and points which enhance the order execution process, and of the control and oversight mechanisms in place to ensure the effectiveness of the OEP.

The Coutts Best Execution Review Forum (BERF) has reviewed, acknowledged and ratified this report after rigorous assessment of execution data held internally. The BERF convenes monthly for regular analysis and challenge of client best execution results for all relevant asset classes under the OEP. The BERF approves and monitors execution venues used by Coutts and also approves the client order execution policies and specifically the associated best execution parameters and factors.

Equities – Shares & Depositary receipts – all tick sizes

Price and Liquidity have been identified as execution factors of primary importance. It is on this basis we select execution venues to execute client orders. These factors allow us to consider the best route to market by performing pre-trade and post-trade analysis, which includes:

- an assessment of what we believe to be the best outcome for clients in terms of the total consideration of the transaction;
- the liquidity available in the market for the relevant instrument;
- such other factors as may be appropriate, including the ability of an execution venue to manage complex orders, the speed of execution, the creditworthiness of the venue and the quality of any clearing and settlement facilities.

Applying this methodology resulted in the brokers listed below receiving the reported percentages of trade volume from client orders.

Coutts has no close links, conflicts of interest or common ownership with any of our equity execution venues. Conflicts of interest are governed by our [Conflicts of Interest Policy](#).

Coutts' arrangements with execution venues are structured in a way that there is no monetary incentive to favour any particular execution venue over another. Coutts has agreed with all of its execution venues to charge a common brokerage charge for equity products and this is a condition of being on Coutts' Execution Venue list. These charges are benchmarked with the market place for firms of a similar size to Coutts and reviewed annually. This process is supported by externally sourced independent market research.

Coutts does not receive any rebates or material non-monetary benefits from any execution venue.

One execution venue for equity products was deleted from the Execution Venue list in early 2017 as this broker was unable to technically support our systematic best-execution monitoring process; albeit there was no evidence this broker was failing to meet our best execution requirements.

The overall performance of all execution venues was reviewed in October 2017 as part of a semi-annual broker performance review process. None of the existing broker relationships was deemed to be materially underperforming versus other competitor brokers who are not on our [Execution Venue list](#).

All Coutts clients are classified as retail clients.

To fulfil certain client orders – for example large size orders – particular attention may need to be paid to liquidity, i.e. the ability to execute the order in a way that limits as far as possible any negative impact on the total consideration. Where this approach has been applied our monitoring has concluded that all results have met our best execution requirements.

Coutts uses a Transaction Cost Analysis Tool (TCAT) to monitor and evaluate the best-execution results for all client orders. The use of TCAT allows us to monitor and benchmark each single client order from placement to execution. TCAT provides results that allow us to categorise the results and identify executions that did not achieve prices inside set parameters. Executions outside these parameters are reviewed and challenged by an internal team independent of the execution team. Identified executions are further investigated and remediated if necessary.

Both Coutts and the TCAT use consolidated tape provider data (consolidated market price, volume and liquidity information) for the pre- and post-trade execution performance analysis for all exchange traded instruments.

Equities - Shares and Depositary Receipts: Tick size liquidity bands 1 & 2 *

Notification if <1 average trade per business day in the previous year	No	
Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
Oppenheimer 213800CH6IZ9J98PIS59	41.71%	19.28%
Winterflood 8BRUP6V1DX3PIG2R0745	25.86%	30.13%
Barclays Capital Securities Ltd. K9WDOH4D2PYBSLSOB484	7.07%	0.48%
UBS AG 549300WOIFUSNYH0FL22	5.96%	30.02%
CLSA 213800VZMAGVIU2IJA72	5.86%	0.81%

* data includes rights and subscription rights

Equities - Shares and Depositary Receipts: Tick size liquidity bands 3 & 4 *

Notification if <1 average trade per business day in the previous year	No	
Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
Winterflood 8BRUP6V1DX3PIG2R0745	27.74%	32.87%
Oppenheimer 213800CH6IZ9J98PIS59	17.58%	3.84%
Numis Securities Ltd. 213800P3F4RT97WDSX47	15.08%	7.99%
Canaccord Genuity ZBU7VVFV5NIMN4ILRFC23	8.06%	9.41%
Merril Lynch Intl. GGDZP1UYGU9STUHRDP48	6.84%	1.89%

* data includes rights and subscription rights

Equities - Shares and Depositary Receipts: Tick size liquidity bands 5 & 6 *

Notification if <1 average trade per business day in the previous year	No	
Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
Winterflood 8BRUP6V1DX3PIG2R0745	21.69%	15.15%
Merril Lynch Intl. GGDZP1UYGU9STUHRDP48	21.57%	3.25%
UBS AG 549300WOIFUSNYH0FL22	17.29%	66.50%
Barclays Capital Securities Ltd. K9WDOH4D2PYBSLSOB484	14.56%	3.97%
Peel Hunt LLP 5493007DWN0R4YBM4C84	10.94%	4.78%

* data includes rights and subscription rights

A mandatory “tick size” regime has been introduced under MiFID II, creating a tick size table with associated liquidity bands/price ranges published by the European Securities and Markets Association. The aim of the tick size regime is to ensure the orderly functioning of the market, and is intended to create a level playing field between the different trading venues. The tables above illustrate how our equities trading are split into the three prescribed categories.

Exchange Traded Products

Price and Liquidity have been identified as execution factors of primary importance. It is on this basis we select execution venues to execute client orders. These factors allow us to consider the best route to market by performing pre-trade and post-trade analysis, which includes:

- an assessment of what we believe to be the best outcome for clients in terms of the total consideration of the transaction;
- the liquidity available in the market for the relevant instrument;
- such other factors as may be appropriate, including the ability of an execution venue to manage complex orders, the speed of execution, the creditworthiness of the venue and the quality of any clearing and settlement facilities.

Applying this methodology resulted in the brokers listed below receiving the reported percentages of trade volume from client orders.

Coutts has no close links, conflicts of interest or common ownership with any of our exchange traded product execution venues. Conflicts of interest are governed by our [Conflicts of Interest Policy](#).

Coutts' arrangements with execution venues are structured in a way that there is no monetary incentive to favour any particular execution venue over another. Coutts has agreed with all of its execution venues to charge a common brokerage charge for exchange traded products and this is a condition of being on Coutts' Execution Venue list. These charges are benchmarked with the market place for firms of a similar size to Coutts and reviewed annually. This process is supported by externally sourced independent market research.

Coutts does not receive any rebates or material non-monetary benefits from any execution venue.

Two new brokers were added to the execution venue list during 2017. As exchange-traded product specialists these venues provide additional price making and liquidity capacity to our panel thereby supporting our best-execution achievements. Both counterparties are ranked in the Top 5 broker report.

The overall performance of all execution venues was reviewed in October 2017 as part of a semi-annual broker performance review process. None of the existing broker relationships was deemed to be materially underperforming versus other competitor brokers who are not on our [Execution Venue list](#).

N.B. the execution venues for Exchange Traded Products are reflected under "Equity Products" in the Execution Venue list.

All Coutts clients are classified as retail clients.

To fulfil certain client orders – for example large size orders – particular attention may need to be paid to liquidity, i.e. the ability to execute the order in a way that limits as far as possible any negative impact on the total consideration. Where this approach has been applied our monitoring has concluded that all results have met our best execution requirements.

Coutts uses a Transaction Cost Analysis Tool (TCAT) to monitor and evaluate the best-execution results for all client orders. The use of TCAT allows us to monitor and benchmark each single client order from placement to execution. TCAT provides results that allow us to categorise the results and identify executions that did not achieve prices inside set parameters. Executions outside these parameters are reviewed and challenged by an internal team independent of the execution team. Identified executions are further investigated and remediated if necessary.

Both Coutts and the TCAT use consolidated tape provider data (consolidated market price, volume and liquidity information) for the pre- and post-trade execution performance analysis for all exchange traded instruments.

Exchange Traded Products

Notification if <1 average trade per business day in the previous year	No	
Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
Barclays Capital Securities Ltd. K9WDOH4D2PYBSLSOB484	20.94%	6.65%
Winterflood Securities 8BRUP6V1DX3PIG2R0745	14.05%	25.04%
Credit Suisse Securities (Europe) Ltd. DL6FFRRLF74S01HE2M14	13.98%	6.84%
Flow Traders B.V. 549300CLJI9XDH12XV51	13.52%	0.51%
Jane Street Financial Ltd. 549300ZHEHX8M31RP142	12.79%	0.48%

Debt Instruments

Price and Liquidity have been identified as execution factors of primary importance. It is on this basis we select execution venues to execute client orders. These factors allow us to consider the best route to market by performing pre-trade and post-trade analysis, which includes:

- an assessment of what we believe to be the best outcome for clients in terms of the total consideration of the transaction;
- the liquidity available in the market for the relevant instrument;
- such other factors as may be appropriate, including the ability of an execution venue to manage complex orders, the speed of execution, the creditworthiness of the venue and the quality of any clearing and settlement facilities.

Applying this methodology resulted in the brokers listed below receiving the reported percentages of trade volume and client orders.

Coutts executes client orders with NatWest Markets Plc (formerly known as The Royal Bank of Scotland plc) as one of the approved brokers as per our [Execution Venue list](#). Coutts and NatWest Markets Plc are firms ultimately owned by the Royal Bank of Scotland Group plc; therefore have a close link and common ownership. The selection of the executing broker for each trade is at arm's length, and no preference is given to NatWest Markets Plc.

Coutts has no other close links, conflicts of interest or common ownership with any other of our fixed income venues. Conflicts of interest are governed by our [Conflicts of Interest Policy](#).

Coutts' arrangements with execution venues are structured in a way that there is no monetary incentive to favour any particular execution venue over another. Coutts does not receive any rebates or material non-monetary benefits from any execution venue.

The execution venue list was not changed during 2017. The overall performance of all execution venues was reviewed in October 2017 as part of the semi-annual performance review process. None of the existing broker relationships was deemed to be materially underperforming versus other competitor brokers who are not on our [Execution Venue list](#).

All Coutts clients are classified as retail clients.

To fulfil certain client orders – for example large size orders – particular attention may need to be paid to liquidity, i.e. the ability to execute the order in a way that limits as far as possible any negative impact on the total consideration. Where this approach has been applied our monitoring has concluded that all results have met our best execution requirements.

Coutts uses a Transaction Cost Analysis Tool (TCAT) to monitor and evaluate the best-execution results for all client orders. The use of TCAT allows us to monitor and benchmark each single client order from placement to execution. TCAT provides results that allow us to categorise the results and identify executions that did not achieve prices inside set parameters. Executions outside these parameters are reviewed and challenged by an internal team independent of the execution team. Identified executions are further investigated and remediated if necessary.

Both Coutts and the TCAT use available market data such as market price, volume and liquidity information for the pre- and post-trade execution performance analysis. Consolidated tape provider data (consolidated market price, volume and liquidity information) is used for exchange traded instruments but is not yet available for the majority of fixed income instruments as they are traded over-the-counter (OTC). Additional

market data information was made available in 2017 which was built into the monitoring process to further enhance our best-execution analysis.

Debt Instruments: Bonds and Money Market Instruments*

Notification if <1 average trade per business day in the previous year	No	
Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
NatWest Markets RR3QWICWWIPCS8A4S074	19.43%	26.93%
Morgan Stanley 4PQUHN3JPF GFNF3BB653	16.01%	28.35%
Barclays Capital Securities Ltd. K9WDOH4D2PYBSLSOB484	14.41%	11.91%
Deutsche Bank AG 7LTWFZYICNSX8D621K86	11.04%	5.35%
JP Morgan K6Q0W1PS1L1O4IQL9C32	6.99%	3.26%

* data includes Money Market instruments - to be reported separately in 2018

Equity Derivatives – Options and Futures admitted to trading on a trading venue

Timely execution and Liquidity, and, subject to these, the fairness of price have been identified as execution factors of importance.

Coutts has selected Morgan Stanley as the single execution venue to offer equity derivatives traded on exchange in a cost effective way.

In order to ensure that we consistently achieve best-execution we have established a two part approach. Morgan Stanley has classified Coutts as a “Professional Counterparty” under MiFID and thereby owe Coutts a duty of Best-Execution on all equity derivative transactions traded over exchange. This is our primary control. To supplement this, we monitor all orders by benchmarking timeliness in our own best execution monitoring process.

Coutts has no close links, conflicts of interest or common ownership with Morgan Stanley as execution venue for equity derivatives traded over an execution venue. Conflicts of interest are governed by our [Conflicts of Interest Policy](#).

Coutts does not receive any rebates or material non-monetary benefits from any execution venue.

Morgan Stanley remained our sole execution venue for equities derivatives traded on exchange throughout 2017. The overall performance of all execution venues was reviewed in October 2017 as part of a semi-annual broker performance review process. Morgan Stanley was deemed to be performing materially in line with other competitor brokers who are not on our [Execution Venue list](#).

All Coutts clients are classified as retail clients.

To fulfil certain client orders – for example large size orders – particular attention may need to be paid to liquidity, i.e. the ability to execute the order in a way that limits as far as possible any negative impact on the total consideration. Where this approach has been applied our monitoring has concluded that all results have met our best execution requirements.

Coutts uses market data and trade capture to monitor and evaluate the best-execution results for all client equity derivative orders traded on exchange. This approach allows us to benchmark the execution outcome of each single client order. This approach will highlight executions that were not achieving prices expected inside a set timeframe following order capture. Executions occurring outside this timeframe are reviewed and challenged by an internal team independent of the execution team. Identified executions are further investigated and remediated if necessary.

Both Coutts and the TCAT use consolidated tape provider data (consolidated market price, volume and liquidity information) for the pre- and post-trade execution performance analysis for all exchange traded instruments.

Equity Derivatives – Options and Futures admitted to trading on a trading venue

Notification if <1 average trade per business day in the previous year	Yes	
Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
Morgan Stanley 4PQUHN3JPF GFNF3BB653	100.00%	100.00%

Interest Rate Derivatives: Futures and options admitted to trading on a trading venue

Timely execution and Liquidity, and, subject to these, the fairness of price have been identified as execution factors of importance.

Coutts has selected Morgan Stanley as the single execution venue to offer interest rate derivatives traded on exchange in a cost effective way.

In order to ensure that we consistently achieve best-execution we have established a two part approach. Morgan Stanley has classified Coutts as a “Professional Counterparty” under MiFID and thereby owe Coutts a duty of Best-Execution on all interest rate derivative transactions traded over exchange. This is our primary control. To supplement this, we monitor all orders by benchmarking timeliness in our own best execution monitoring process.

Coutts has no close links, conflicts of interest or common ownership with Morgan Stanley as sole execution venue for interest rate derivatives traded on exchange. Conflicts of interest are governed by our [Conflicts of Interest Policy](#).

Coutts does not receive any rebates or material non-monetary benefits from any execution venue.

Morgan Stanley remained our sole execution venue for interest rate derivatives traded on exchange throughout 2017. The overall performance of all execution venues was reviewed in October 2017 as part of a semi-annual broker performance review process. Morgan Stanley was deemed to be performing materially in line with other competitor brokers who are not on our [Execution Venue list](#).

All Coutts clients are classified as retail clients.

To fulfil certain client orders – for example large size orders – particular attention may need to be paid to liquidity, i.e. the ability to execute the order in a way that limits as far as possible any negative impact on the total consideration. Where this approach has been applied our monitoring has concluded that all results have met our best execution requirements.

Coutts uses market data and trade capture to monitor and evaluate the best-execution results for all client interest rate derivative orders traded on exchange. This approach allows us to benchmark the execution outcome of each single client order. This approach will highlight executions that were not achieving prices expected inside a set timeframe following order capture. Executions occurring outside this timeframe are reviewed and challenged by an internal team independent of the execution team. Identified executions are further investigated and remediated if necessary.

Both Coutts and the TCAT use consolidated tape provider data (consolidated market price, volume and liquidity information) for the pre- and post-trade execution performance analysis for all exchange traded instruments.

Interest Rate Derivatives: Futures and options admitted to trading on a trading venue

Notification if <1 average trade per business day in the previous year		Yes
Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
Morgan Stanley 4PQUHN3JPPGFNF3BB653	100.00%	100.00%

Interest Rate Derivatives: Swaps, forwards and other interest rate derivatives

Timely execution and Liquidity, and, subject to these, the fairness of price have been identified as execution factors of importance.

Coutts has selected NatWest Markets Plc (formerly known as The Royal Bank of Scotland plc) as the single execution venue to offer interest rate derivatives traded over-the-counter (OTC) in a cost effective way.

In order to ensure that we consistently achieve Best Execution we have established a two part approach. NatWest Markets Plc has classified Coutts as a “Professional Counterparty” under MiFID and thereby owes Coutts Best Execution on all transactions. This is our primary control. To supplement this, we monitor all orders by benchmarking timeliness in our own best execution monitoring process.

Coutts executes client orders in interest rate derivatives traded OTC with NatWest Markets Plc as the sole approved broker as per our [Execution Venue list](#).

Coutts and NatWest Markets Plc are firms ultimately owned by The Royal Bank of Scotland Group plc; therefore have a close link and common ownership. Conflicts of interest are governed by our [Conflicts of Interest Policy](#).

When transacting in OTC interest rate derivatives Coutts and NatWest Markets Plc operate under a Joint Venture agreement. NatWest Markets Plc provides risk management systems and infrastructure to Coutts so that we enable clients to access these products and Coutts is enabled to price and manage interest rate derivative orders and inherent risks. The joint Venture agreement governs how NatWest Markets Plc is reimbursed, and this is typically no more than 50% of Coutts fee for each transaction.

Coutts does not receive any rebates or material non-monetary benefits from any execution venue.

NatWest Markets PLC remained our sole execution venue for interest rate derivatives throughout 2017. The overall performance of all execution venues was reviewed in October 2017 as part of a semi-annual broker performance review process. NatWest Markets Plc was deemed to be performing materially in line with other competitor brokers who are not on our [Execution Venue list](#).

All Coutts clients are classified as retail clients.

To fulfil certain client orders – for example large size orders – particular attention may need to be paid to liquidity, i.e. the ability to execute the order in a way that limits as far as possible any negative impact on the interest rate derivative terms. Where this approach has been applied our monitoring has concluded that all results have met our best execution requirements.

Coutts uses market data and trade capture to monitor and evaluate the best-execution results for all client interest rate derivative orders. This approach allows us to benchmark the execution outcome of each single client order. This approach will highlight executions that were not achieving prices inside set parameters. Executions outside these parameters are reviewed and challenged by an internal team independent of the execution team. Identified executions are further investigated and remediated if necessary.

Coutts use available market data for trade execution analysis, rather than any consolidated tape provider. Consolidated tape provider data (consolidated market price, volume and liquidity information) is used for exchange traded instruments but is not yet available for currency derivatives traded OTC.

Interest Rate Derivatives: Swaps, forwards and other interest rate derivatives

Notification if <1 average trade per business day in the previous year		Yes
Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
NatWest Markets RR3QWICWWIPCS8A4S074	100.00%	100.00%

Currency Derivatives – Swaps, forwards and other currency derivatives – Coutts acting as agent / or principal

Timely execution and Liquidity, and, subject to these, the fairness of price have been identified as execution factors of importance.

Coutts executes client orders as either agent or principal. Coutts will route specific client orders in currency derivatives traded over-the-counter (OTC) to Bank of New York Mellon as agent for specific clients with specific settlement needs. This is driven solely by client request. Other client orders in currency derivatives traded OTC are executed as principal with NatWest Markets Plc (formerly known as The Royal Bank of Scotland plc).

This model allows us to offer OTC derivatives in a cost effective way. In order to ensure that we consistently achieve best-execution we have established a two part approach. Both execution venues have classified Coutts as a “Professional Counterparty” under MiFID and thereby owe Coutts a duty of Best-Execution on all OTC derivative transactions. This is our primary control. To supplement this, we monitor all orders by benchmarking timeliness in our own best execution monitoring process.

Coutts executes client orders with NatWest Markets Plc as one of the approved brokers as per our [Execution Venue list](#). Coutts and NatWest Markets Plc are firms ultimately owned by The Royal Bank of Scotland plc; therefore have a close link and common ownership..

Coutts has no close links, conflicts of interest or common ownership with Bank of New York Mellon. Conflicts of interest are governed by our [Conflicts of Interest Policy](#).

Coutts does not receive any rebates or non-monetary benefits from any execution venue.

The execution venue list was not changed during 2017. The overall performance of all execution venues was reviewed in October 2017 as part of the semi-annual performance review process. None of the existing broker relationships was deemed to be materially underperforming versus other competitor brokers who are not on our [Execution Venue list](#).

All Coutts clients are classified as retail clients.

To fulfil certain client orders – for example large size orders – particular attention may need to be paid to liquidity, i.e. the ability to execute the order in a way that limits as far as possible any negative impact on the currency derivative terms. Where this approach has been applied our monitoring has concluded that all results have met our best execution requirements.

Coutts uses market data and trade capture to monitor and evaluate the best-execution results for all client derivative orders. This approach allows us to benchmark the execution outcome of each single client order. This approach will highlight executions that were not achieving prices inside set parameters. Executions outside these parameters are reviewed and challenged by an internal team independent of the execution team. Identified executions are further investigated and remediated if necessary.

Coutts use available market data for trade execution analysis, rather than any consolidated tape provider. Consolidated tape provider data (consolidated market price, volume and liquidity information) is used for exchange traded instruments but is not yet available for currency derivatives traded OTC.

**Currency Derivatives – Swaps, forwards and other currency derivatives –
Coutts acting as principal**

Notification if <1 average trade per business day in the previous year	No	
Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
NatWest Markets RR3QWICWWIPCS8A4S074	100.00%	100.00%

**Currency Derivatives – Swaps, forwards and other currency derivatives –
Coutts acting as agent**

Notification if <1 average trade per business day in the previous year	No	
Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
Bank of New York Mellon HPFHU0OQ28E4N0NFVK49	100.00%	100.00%

Other Instruments – Dual Currency Investments

Timely execution and Liquidity, and, subject to these, the fairness of price have been identified as execution factors of importance.

Coutts has selected NatWest Markets Plc (formerly known as The Royal Bank of Scotland plc) as the single execution venue to offer dual currency investments traded over-the-counter (OTC) in the most cost effective way.

In order to ensure that we consistently achieve Best Execution we have established a two part approach. NatWest Markets Plc has classified Coutts as a “Professional Counterparty” under MiFID and thereby owes Coutts a duty of Best Execution on all DCI transactions. This is our primary control. To supplement this, we monitor all orders by benchmarking timeliness in our own best execution monitoring process.

Coutts executes client orders with NatWest Markets Plc as the sole approved broker as per our [Execution Venue list](#). Coutts and NatWest Markets Plc are firms ultimately owned by The Royal Bank of Scotland Group plc; therefore have a close link and common ownership. Conflicts of interest are governed by our [Conflicts of Interest Policy](#).

When transacting in OTC Dual Currency Investments (DCI) Coutts and NatWest Markets Plc operate under a Joint Venture agreement. NatWest Markets Plc provides risk management systems and infrastructure to Coutts so that we enable clients to access these products and Coutts is enabled to price and manage DCI orders and inherent risks. The joint Venture agreement governs how NatWest Markets Plc is reimbursed, and this is typically no more than 50% of Coutts fee for each transaction.

Coutts does not receive any rebates or material non-monetary benefits from any execution venue.

NatWest Markets PLC remained our sole execution venue for dual currency investments throughout 2017. The overall performance of all execution venues was reviewed in October 2017 as part of a semi-annual broker performance review process. NatWest Markets Plc was deemed to be performing materially in line with other competitor brokers who are not on our [Execution Venue list](#).

All Coutts clients are classified as retail clients.

To fulfil certain client orders – for example large size orders – particular attention may need to be paid to liquidity, i.e. the ability to execute the order in a way that limits as far as possible any negative impact on the DCI terms. Where this approach has been applied our monitoring has concluded that all results have met our best execution requirements.

Coutts uses market data and trade capture to monitor and evaluate the best-execution results for all client DCI orders. This approach allows us to benchmark the execution outcome of each single client order. This approach will highlight executions that were not achieving prices inside set parameters. Executions outside these parameters are reviewed and challenged by an internal team independent of the execution team. Identified executions are further investigated and remediated if necessary.

Coutts use available market data for trade execution analysis, rather than any consolidated tape provider. Consolidated tape provider data (consolidated market price, volume and liquidity information) is used for exchange traded instruments but is not yet available for instruments traded OTC, such as DCI.

Other Instruments – Dual Currency Investments

Notification if <1 average trade per business day in the previous year		Yes
Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
NatWest Markets RR3QWICWWIPCS8A4S074	100.00%	100.00%

Other Instruments – Structured Products

Timely execution and Liquidity, and, subject to these, the fairness of price have been identified as execution factors of importance. These factors allow us to consider the best route to market by performing pre-trade and post-trade analysis, which will include:

- an assessment of what we believe to be the best outcome for clients in terms of the total consideration of the transaction;
- the liquidity available in the market for the relevant instrument;
- such other factors as may be appropriate, including the ability of an execution venue to manage complex orders, the speed of execution, other factors considered are Creditworthiness of the venue and the quality of any clearing and settlement facilities, both are regularly assessed and reviewed.

Coutts will execute structured products over the counter (OTC) and solely with the selected market-maker of the relevant product. The availability of a secondary market in these products will be subject to the selected market-maker providing liquidity.

Applying this methodology resulted in the brokers listed below receiving the reported percentages of trade volume from client orders.

Coutts has no close links, conflicts of interest or common ownership with any of our Structured Products execution venues. Conflicts of interest are governed by our [Conflicts of Interest Policy](#) and monitored internally, specifically through BERF.

Coutts' arrangements with execution venues are structured in a way that there is no monetary incentive to favour any particular execution venue over another. Coutts have agreed with all of its execution venues to charge a common brokerage charge and it is a condition of being on Coutts Execution Venue list. These charges are benchmarked with the market place for firms of a similar size to Coutts and reviewed annually (last review took place in July 2017). This process is supported by externally sourced independent market research.

Coutts does not receive any rebates or non-monetary benefits from any execution venue.

The execution venue list was not changed during 2017. The overall performance of all execution venues was reviewed in October 2017 as part of the semi-annual performance review process. None of the existing broker relationships was deemed to be materially underperforming versus other competitor brokers who are not on our [Execution Venue list](#).

All Coutts clients are classified as retail clients thereby we ensure that all of our clients receive the best outcome in terms of best-execution.

To fulfil certain client orders – for example large size orders – particular attention may need to be paid to liquidity, i.e. the ability to execute the order in a way that limits as far as possible any negative impact on the total consideration. Where this approach has been applied our monitoring has concluded that all results have met our best execution requirements.

Coutts uses a Transaction Cost Analysis Tool (TCAT) to monitor and evaluate the best-execution results for all client orders. The use of TCAT allows us to monitor and benchmark each single client order from placement to execution. TCAT provides results that allow us to categorise the results and it will report executions that were not achieving prices inside set parameters. Executions outside these parameters are reviewed and challenged by an internal team independent of the execution team. Identified executions are further investigated and remediated if necessary.

Both Coutts and the TCAT use available market data such as market price, volume and liquidity information for the pre- and post-trade execution performance analysis. Consolidated tape provider data (consolidated market price, volume and liquidity information) is used for exchange traded instruments but is not yet available for instruments traded over the counter (OTC).

Other Instruments – Structured Products

Notification if <1 average trade per business day in the previous year	No	
Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
Societe Generale S.A. O2RNE8IBXP4R0TD8PU41	49.67%	51.68%
UBS AG 549300WOIFUSNYH0FL22	44.16%	46.31%
Goldman Sachs 549300CNTHYQ5LDNJT39	6.84%	0.52%
JP Morgan K6Q0W1PS1L1O4IQL9C32	5.11%	0.60%
HSBC MP6I5ZYZBEU3UXPYFY54	1.86%	0.57%