

BARCLAYS WEALTH: HOW WE EXECUTE CLIENT ORDERS & THE EXECUTION VENUES THAT WE USE

INTRODUCTION

Before we undertake any deals in investments for you, it is important that you understand how Barclays Wealth will execute such transactions. The following information is designed to provide you with a general understanding of our typical dealing arrangements for different investment types (Part 1) and the execution venues that we use (Part 2). Please note that this information should not be seen as a prescriptive statement of how a particular order must be dealt.

PART 1: OUR TYPICAL DEALING ARRANGEMENTS FOR DIFFERENT TYPES OF INVESTMENT:

Equities

For standard UK market orders, and in normal market conditions, Barclays Wealth will poll a variety of different execution venues, using automatic execution technology to identify the best terms available to it at the point of trading for the equity concerned. Other orders, including those relating to international equities, that cannot be executed automatically will be dealt manually with another regulated firm or via an MTF. This involves a manual search for reference trading prices via market data feeds or by comparing prices offered by other market participants. When an appropriate counterparty is identified, the price is negotiated manually and executed on the best terms identified for the order in question. This may occur off-exchange.

Debt Securities (aka “bonds”)

The debt market in some locations is not centrally organised, and for many non-government issues, is not a liquid market. In these circumstances the majority of debt issues or “bonds” must be dealt manually in order to identify current traders in the security concerned. If liquidity is available and a price comparison made for the size of trade concerned, Barclays Wealth will route its order to the counterparty which provides the most competitive overall pricing. For some smaller orders, Barclays Wealth is able to use automatic execution technology which will source the best bid and offer from a range of bond dealers.

Collective Investment Schemes

Barclays Wealth will usually trade either directly with the Fund Manager on negotiated terms not generally available to individual clients.

Over-The-Counter Products

Over-the-counter products are dealt either directly between Barclays Wealth and its client, or may be sourced via a third party. The order routing process will depend both on the execution factors, and on the following:

- i) A request for a price or quotation on any over-the-counter product will be traded by Barclays Wealth as principal at the price agreed. For such deals the onus is on a client to be comfortable with the dealing terms offered.
- ii) For bespoke, highly negotiated transactions or for those which may be highly original trading ideas or for which Barclays Wealth has a duty of confidentiality to the originating firm, it will route such orders exclusively to the originating firm since there will be no other available market liquidity available within a reasonable timeframe.
- iii) For some more standardised products, Barclays Wealth will usually select and price poll from a shortlist of dealing counterparties identified by it to be among the most competitive in the field concerned.

PART 2: THE EXECUTION VENUES THAT WE USE:

Regulated Markets

Regulated Markets are subject to strict operating rules governed by the relevant regulatory body in each jurisdiction in which they operate. Execution via a regulated market occurs in line with the rules of each exchange which are designed to protect market participants.

Barclays Wealth uses many Regulated Markets to execute client orders, however it places significant reliance on the following Regulated Markets when it executes deals on behalf of its clients.

- i) London Stock Exchange – All markets
- ii) The PLUS Market
- ii) New York Stock Exchange
- iii) NASDAQ
- iv) Euronext

Multilateral Trading Facilities (“MTFs”)

MTFs are privately operated order matching systems which act in a similar way to an order driven market. Similar to regulated markets, these execution venues are subject to regulatory standards determined and governed by the requirements of the EU Markets in Financial Instruments Directive which is effective from 1st November 2007.

Despite being a relatively new type of execution venue, the use of MTFs is expected to increase, both generally and in terms of Barclays Wealth’s reliance upon them.

Off Exchange Trading with Regulated Firms

Off Exchange trading is the least regulated form of deal execution. While trading occurs outside of the regulations of the Regulated Markets or MTF’s, we believe that executing off-exchange can result in enhanced terms for some deals. When dealing off-exchange on behalf of its clients, Barclays Wealth takes reasonable care to deal with reputable firms with which it has generally maintained an ongoing dealing relationship.

Significant reliance is placed by Barclays Wealth on the following forms of Off Exchange Trading when relevant to the service provided to its client:

- i) Systematic Internalisers, being firms who routinely offer prices on listed investments outside of a Regulated Market or MTF
 - ii) Operators of Collective Investment Schemes
 - iii) Other authorised Firms which trade in Debt Securities, and Over-The-Counter Derivatives
- Off Exchange Trading may be conducted (among other firms) with another member of the Barclays Group