

Monitoring Trading Tools Provided to Clients

Examples of Good Practices:

- In compliance with the Code of Conduct, the Broker's algorithms and trading tools were regularly and robustly tested to ensure they operated as intended. Some Brokers provided training and support to clients to ensure they understood the use and objectives of the algorithms.
- Some Brokers had Smart Order Routing in place which helped achieve better execution by allowing access to several venues and automated searches for better execution prices.
- In determining whether best execution had been achieved, one Broker conducted daily reviews to compare the algorithm's performance against benchmarks and also periodically collected client feedback on the algorithm's effectiveness and efficiency.
- A range of bespoke TCA reports were calibrated by various brokers based on their clients' trading strategies and requirements. A number of brokers with more sophisticated international operations made use of TCA reports, benchmarks and other systematic and automated tools to monitor execution. Some brokers used TCA reports to detect abnormal trends and fine-tune their execution strategy to achieve better results for clients.

Example of Poor Practice:

One Broker indicated that it did not owe any best execution obligations to clients who placed orders via the trading tools it provided, as the orders were placed without the Broker's intervention. This Broker did not monitor the execution outcomes of orders placed via its trading tools.