



Form ADV Part 2A

Record Currency Management Limited (Record)

Brochure



ITEM 1. COVER PAGE

Record Currency Management Limited
Morgan House
Madeira Walk
Windsor
England
SL4 1EP

This brochure provides information about the qualifications and business practices of Record. If you have any questions about the contents of this brochure, please contact us at +44 (0) 1753 852 222. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Record is also available on the SEC's website at www.adviserinfo.sec.gov.



ITEM 2. SUMMARY OF MATERIAL CHANGES

1. Item 4 - updated corporate structure to reflect new Swiss Representative Office opened 13 June 2017
2. Item 4 - updated strategy description and AUME table to mirror service breakdown structure in Record plc Annual Report
3. Item 6 - updated Conflicts of Interest to reflect June 2017 policy
4. Item 12 - updated Broker Selection / Credit Risk Policy to reflect June 2017 policy



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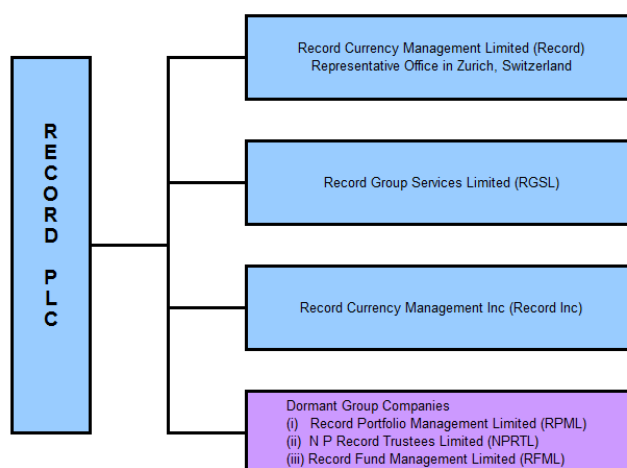


ITEM 4. ADVISORY BUSINESS

At Record, our principal focus is on currency management. All currency management activities are carried out from a single head office in Windsor, UK with a Swiss Representative Office (for marketing and client servicing activities) and Record Currency Management (US) Inc. ("Record Inc.") operates from New York. Directors and staff have a majority interest in the firm and we are a long established, stable team.

Record was founded in 1983 by Neil Record and is a regulated provider of currency management services. Both Record and Record Inc. are 100% owned by their parent holding company Record plc. Record plc is listed on the London Stock Exchange.

Our corporate and regulatory structure is shown on the following diagrams.



Record plc	HOLDING COMPANY
Record Currency Management Limited (Record)	FCA, SEC & CFTC registered trading company with contractual relationships with all clients & client servicing representative office in Switzerland.
Record Group Services Limited (RGSL)	Group service company, provides employees and owns all group assets
Record Currency Management Inc (Record Inc)	US CFTC & SEC registered company (providing limited advice to specific US clients of RCML)
Record Portfolio Management Limited	Ceased trading January 2007 (previously FSA registered providing management advice to the group pension fund)
N P Record Trustees Limited	Trust Company for the Group Long Term Incentive Plan (LTIP) – dormant company
Record Fund Management Limited	Dormant company

Record plc's ownership structure as at 31 March 2017 is as follows:

Shareholder group	% shares owned
Record plc directors	45%
Other Record Group employees	10%
Other investors	45%



Strategies

Record provides investment advisory and implementation services to its clients. The specific services provided by Record to a particular client depend upon the investment objectives and guidelines agreed with the client, as set forth in the documents governing Record's agreement with the client.

Record provides investment advice and implementation to managed accounts for institutional type accounts (including without limitation banks, pension funds, endowments, foundations and family offices) and funds and vehicles organized in the United States or under the laws of a country outside of the United States.

The investments of funds are advised in accordance with the investment objectives and guidelines applicable to each such fund and are not tailored to any particular investor in a fund (an "Investor"). Record does not provide individualized investment advice to Investors within a fund; therefore Investors should consider whether a particular fund meets their investment requirements including without limitation their investment objectives, risk tolerance, and financial situation.

Record operates various types of currency mandates for clients:

(a) Passive currency hedging

In respect of passive hedging mandates Record seeks to reduce the currency risk for a proportion of the Client's international investment portfolio according to the Client's Investment Guidelines. Record also offers certain individual component parts of its passive hedging offering on their own or in combination to achieve the Client's specific objectives as set out in the investment management agreement.

(b) Dynamic currency hedging

For dynamic hedging mandates Record seeks to protect the Client's international investment portfolio from adverse currency movements, whilst allowing it to benefit from positive movements, in accordance with the investment strategy of the mandate. The benchmark is the performance of the passive currency hedging benchmark identified by the Client.

(c) Signal currency hedging

Record currently offers its Signal Hedging strategy either as a segregated mandate or as the provision of signals for the Client to trade (or have traded) on their own or their clients' accounts. The objective of signal hedging is to outperform a passive hedge over a full



currency cycle by targeting hedges that are expected to be profitable using three signals: Interest Rate Differential, Value and Momentum.

(d) Currency for return

In respect of currency for return mandates Record seeks to add excess return over the agreed benchmark within acceptable levels of risk, in accordance with the investment strategy of the mandate. Record currently has a suite of four Currency for Return strategies being Carry, Emerging Markets, Value and Momentum. Additionally, Record is able to offer combinations of these strategies under a Multi-Strategy approach that seeks to vary the allocation to these strategies either on a fixed basis or according to market conditions. Record is able to offer many of these strategies in either a segregated or pooled fund offering.

(e) Ancillary services

- (i) Certain Clients with one of the above services (a-d) have in place either cash management services and/or equitisation services relating to the cash put aside to support the currency program. This service is also offered on a standalone basis to Clients to enable them to achieve specific objectives as set out in the Client's investment management agreement.
- (ii) Currency Execution – Record offers unconflicted fiduciary currency execution services in currency spot and forward transactions.
- (iii) Currency Audit – we examine and analyze the foreign exchange deals done for a Client by its third-party providers and compare that performance against our in-house and / or third-party databases of historical currency rates to see whether excess costs have been incurred in the past, and give advice on how to avoid them in the future.
- (iv) Collateral management – where employed to perform collateral management services for our Clients, we manage and monitor daily FX margin requirements and collateral, either due to a regulatory requirement or the Client's choice of collateralized bank lines. Our offering includes a full spectrum of services, including margin determination, processing and movement as well as helping in any operational interaction with counterparty banks (e.g. CSA negotiation) and/or an FX prime broker.



AUME

As a currency manager Record manages only the impact of foreign exchange and not the underlying assets, therefore its "assets under management" are notional rather than tangible. To distinguish this from the AUM of conventional asset managers, Record uses the concept of Assets under Management Equivalents ("AUME") and by convention this is quoted in US dollars.

AUME composition by strategy (US Dollars)	31 March 17		31 Mar 16	
	US \$bn	%	US \$bn	%
Dynamic Hedging	6.3	11%	6.1	12%
Passive Hedging	48.2	83%	43.4	82%
Currency for Return	1.0	2%	0.6	1%
Multi-product	2.5	4%	2.6	5%
Cash	0.2	%	0.2	%
Total	58.2	100%	52.9	100%



ITEM 5. FEES AND COMPENSATION

Passive hedging fees are calculated by applying percentages to the gross value of currency positions managed. There are no standard fees as all exposures have their own unique characteristics.

Currency for return and dynamic hedging fees consist of either a management fee based on the gross value of currency positions managed or a lower management fee on the same terms with an additional performance fee charged on returns above an agreed benchmark.

Fees may vary according to complexity (non-standard implementation), mandate size, gearing and return target offered. In addition, clients who have seeded strategies or who have been early participants in strategies may have received preferable rates. Average fee rates are available in the annual and semi-annual report and accounts.

Record typically invoices clients quarterly in arrears for fees due.

Clients may also be subject to additional fees in relation to services provided by Record but these fees are not controlled or influenced by Record. Typical types of additional fees that clients may face and consider are custodian fees and prime broker fees where applicable.

Record has never received any soft commission and although Record has third party introducer arrangements in place, there are currently no third party introducer arrangements in place which would have any effect on US accounts. For the avoidance of doubt, Record's current third party introducer arrangements are based solely on non-US clients introduced through specific firms and the nature of the arrangement would be disclosed to any prospective client. Should this change for US clients, then it is Record's policy to provide any client impacted with full disclosure of the details.

Record compensates its affiliate, Record Inc. via a management fee agreement. Record's US sales executive receives a salary and participates in group profit share schemes.

Our only income, hard or soft, from currency management activity, is the fees paid to us by our clients. As a result, our execution of client trades is entirely price-driven i.e. to achieve the best possible outcome for our clients, with no other criteria (except for any agreed credit criteria) applied.



ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Record has a fiduciary duty to the clients on whose behalf it manages assets. This duty is appropriate in all cases where Record has discretion over the investment process. A brief summary of Record's commitment to this duty is demonstrated by the following:

- Record is regulated by the UK Financial Conduct Authority and as such has to adhere to the FCA's Principles for Business which includes items such as the need to act with integrity and to treat customers fairly.
- Record manages all its clients' accounts in accordance with contractually agreed investment guidelines.
- Any breach of these guidelines will be reported to the client in a timely manner.
- Record's main trade execution objective is to achieve the best possible outcome for its clients. This is done in accordance with our documented Best Execution and Order Allocation policies.
- Record's standard process is to set up a panel of banks with whom to trade on the client's behalf and this is done via netting agreements. This ensures diversification across a number of counterparties in order to reduce credit risk. Record has a documented Credit Risk Policy which makes this process clear.
- Record has Conflicts of Interest and Code of Ethics policies in place.

As per Item 5 above, currency for return and dynamic hedging fees consist of either a management fee based on the gross value of currency positions managed or a lower management fee on the same terms with an additional performance fee charged on returns above an agreed benchmark.

The above combination means that Record operates "side-by-side management" of accounts in that we manage a variety of accounts which may in some instances be the same strategy for a different fee structure. This gives rise to potential conflicts of interests and we discuss below how these potential conflicts are dealt with.

Record manages all client accounts in the utmost good faith and our primary aim is to ensure we achieve the best results for our clients. Our dealing policies make our processes clear and



adherence to these policies is ensured by management oversight, compliance oversight and both internal and external audit functions.

Conflicts of interest relating to performance based fees when engaging in side-by-side management

As of the date of this brochure, Record has no US clients who pay a performance fee but because this may change in the future, we have detailed below how we manage the potential conflict of side-by-side management.

Record manages accounts that are charged a management fee based on the gross value of currency positions managed or a lower management fee on the same terms with an additional performance fee charged on returns above an agreed benchmark. Record therefore could have a financial incentive to favor accounts with performance based fees.

It is Record's standard practice to set performance fee scales for clients at a modest premium to a management-only fee structure when viewed over a full cycle, such that Record is compensated for the additional volatility in revenues from performance fees. In other words, Record is indifferent to a management fee only or a management fee plus performance fee because in a full cycle of investment performance, both fee options would, broadly speaking, contribute similarly to shareholder value. This is a deliberate design characteristic to avoid any conflict between different fee structures. Where discretionary override is permitted, the decision making processes involve more than one individual and record keeping rules require full documentation of reasons for the decision taking account of individual client objectives (where the decision is specific to an account rather than across all accounts), base currency, exposure and market conditions at the time.

Client dealing

The majority of Record's services are predominantly systematic and the nature of the systematic investment process and the instruments that are traded mean few conflict issues arise.

Client orders may be aggregated with those of other clients or disaggregated. This is done to the extent required to achieve normal market size transactions that will be likely to result in the best price. Trades are generally executed in total and the client will receive their full allocation at point of execution.

Should a trade for a number of clients be executed in tranches, the system ensures that each client participates in each tranche pro rata the initial order and hence achieves the same average price.



Where discretionary decisions are made (either within parameters of systematic strategy manuals or for bespoke discretionary currency management services), each decision takes account of any potential conflict and where this would not be in the client's best interest, the decision would not be taken.

Netting buyers and sellers

Client orders may be aggregated during the execution process for forward foreign exchange transactions. When this occurs, as with any netted trade, each client will receive the same price. In the example where the net trade is a purchase, the client(s) on the sale side of the trade will benefit by receiving the purchase side of the price, and will have thus crossed the spread. The client(s) on the purchase side of the trade will also receive the purchase price. The client(s) on the purchase side is therefore not disadvantaged by the process of netting the trades; however, the client(s) may benefit from receiving an improved price due to the net size of the trade being smaller.

Conflicts of interest relating to Record own account trading

Transactions where Record plc is involved

The primary consideration for all Record plc seeded strategies where they trade the same securities as other clients is that there should be no detriment to the clients as a result of this trade. Record plc seeded strategies are small compared to the market volume such that they could not influence the price.

Record Group Dealing

Record Group Services Limited (RGSL), a subsidiary of Record plc and service company to the other entities within the Record group, seeks from time to time to convert non-Sterling receivables into Sterling. The direction of the trade is always the same. The order is placed by the Finance department, who are independent of the trading and portfolio management teams, and is passed to the traders for execution. Any such order is executed by the traders and is executed after the trading runs for clients are completed.

Record plc and Record Currency Management Limited

As previously stated, the Boards of Record plc and Record Currency Management Limited are identical. Should any situation occur when a conflict of interest arose between the interests of the client of Record Currency Management Limited against the interests of the shareholders of Record plc then such matters must be escalated to, and any decisions ratified by, the Audit and Risk Committee.



The revenue stream of Record plc is derived from dividends sourced from Record Currency Management Limited fees, both management and performance based. The financial success of Record plc therefore rises and falls with investor returns and AuME. In addition, the success of Record plc depends on maintaining strong long term relationships with clients and a strong reputation in the market to attract new clients. Given the alignment of interests and the long term nature of the business model, a conflict between Record plc and Record Currency Management Limited would be considered to be a rare occurrence.

Certain Executive Directors are also significant shareholders of Record plc and their financial interests are therefore significantly aligned to the development of the share price. A conflict could arise if management decisions were taken that favored the short term share price performance (prior to a large sale of shares) over long term share price considerations. Given the systematic implementation of the strategies and the long term nature of the underlying client relationships there is little opportunity for such a conflict to arise. Where a management action is likely to affect the short term share price performance the Board has the obligation and the power to manage that process, and where necessary, may limit the ability of the individuals, particularly those Persons Discharging Management Responsibility or Investment Committee members recommending the measures, to trade for a period of time.



ITEM 7. TYPES OF CLIENTS

In addition to investment funds, corporations, charitable organizations and pension plans, Record also works for quasi-governmental organizations and a very small number of individuals who must be deemed elective professional clients under the FCA rules.

Record imposes a minimum account size because of the necessity of dealing in the interbank foreign exchange market. The minimum account size varies by strategy and is typically \$25 million for passive and dynamic hedging and segregated currency for return mandates. Minimum investment amounts for Record's pooled funds are typically €100,000.

Pooled funds are not currently marketed to US investors.



ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Record typically uses statistical approaches to the measurement of currency risk, which is incorporated in its proprietary trading model.

The principal information sources used by Record in managing the currency exposures are live data feeds such as Reuters and Bloomberg. For historical analysis Record uses its own database of currency information built up from public sources. The information is fed into our proprietary system to provide buy/sell instructions, for spot transaction and forward exchange contracts.

Record's core strategies are passive hedging, active hedging (encompassing both dynamic hedging and signal hedging) and currency for return mandates.

Passive Hedging

The passive hedging strategy is non-discretionary hedging of a proportion of the client's international assets. Passive hedging involves the symmetrical elimination of currency volatility, whether beneficial or adverse.

Record's passive hedging programs are designed to minimize transaction costs and to make the resultant cash flows easier to manage.

Signal Hedging

The signal hedging strategy uses rule-based methods (based on interest rate differentials, momentum and value) that seek greater exposure to hedges that are expected to be profitable, and reduced exposure to hedges that are expected to be loss-making.

The quantitative signals are used to determine the hedge ratios on each exposure currency on a periodic basis.

Dynamic Hedging

The dynamic hedging strategy allows discretion around the extent of hedging in place and is systematically applied to remove foreign currency exposure during periods where those currencies are observed to be weakening against the base currency.

Dynamic Hedging imposes a systematic process to seek to protect clients from adverse currency movements, whilst allowing clients to benefit from positive movements. This is therefore an asymmetric process, which provides downside protection.



Currency for Return

The currency for return strategies use largely-systematically applied proprietary investment approaches to seek to add excess return over an agreed benchmark.

Record has a range of currency return-seeking strategies. These take advantage of key return opportunities in the currency markets, in particular the Forward Rate Bias, or FRB, and Emerging Markets.

Forward Rate Bias

The Forward Rate Bias is the observation that higher interest rate currencies tend to outperform lower interest rate currencies. At Record we regard the Forward Rate Bias as a fundamental and independent risk premium, or 'beta' in investment language. As such we have a range of strategies that exploit the Forward Rate Bias.

Returns vary according to the risk budget applied. Programs can be structured to meet a wide variety of risk/return objectives.

FRB Index

One of Record's medium to long-term aims is to develop currency as an asset class in its own right. The 'asset class project', which started in 2009, saw the launch of a currency index, the FTSE Currency FRB10 Index, in December 2010. Record launched a pooled fund, the Record Currency FTSE FRB10 Index Fund to track this FTSE index and invested £1m in December 2010. Pooled funds are not currently marketed to US investors.

Emerging Markets

We have a range of strategies that are intended to exploit the long-term appreciation potential of emerging market currencies and Record offers both passive and active strategies through either pooled fund structures (pooled funds are not currently marketed to US investors) or segregated accounts. Opportunities also exist for optimizing existing emerging market currency exposure in underlying equity and bond portfolios.

Currency Momentum

Momentum in currency is the tendency of the spot rate to appreciate after a prior appreciation, and to depreciate after a prior depreciation. This market inefficiency has persisted across different currency pairs and is present in other asset classes, such as



equities. Currency is commonly thought of as trending and a momentum strategy would seek to make a return from this phenomenon.

Currency Value

Record's research suggests that purchasing power parity (PPP) valuation models have been relatively good predictors of the long-term direction of spot movements. For example, if a currency deviates too much from its equilibrium value (as indicated by PPP), then this deviation will be corrected. The more significant the deviation, the more pressure on the exchange rate to revert to fair value and, consequently, the more rapid the reversion. Currency value strategies exploit this insight, buying currencies that are undervalued relative to PPP and selling currencies that appear overvalued.

Multi Strategy

Record's Multi-Strategy combines some or all of the four strands of FRB ('Carry'), Emerging Markets (EM), Currency Momentum and Currency Value to create balanced, well-diversified portfolio. Allocations to these four strands can be varied on a judgmental basis, taking into account a number of forward-looking risk metrics. The first two, Carry and EM, are currency 'beta' strategies that tend to perform well in risk-on environments, while the Momentum and Value strands exploit inefficiencies which exhibit low or negative correlation with the former two.

Counterparty exposure

Due to the primary use of over-the-counter (OTC) instruments, clients have exposure to different counterparties. Record is conscious of this exposure and has in place a Credit Risk Policy designed to mitigate this risk (amongst others). This policy is overseen by the Risk Management Committee and counterparties credit ratings are reviewed daily. Additionally, variation margin may also be used or in some cases prescribed by regulation to mitigate and reduce counterparty exposure.

A copy of Record's Credit Risk Policy is available on request.



ITEM 9. DISCIPLINARY INFORMATION

Record has no legal or disciplinary events to report.



ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Record is Investment Manager to Record Inc. clients as well as the Record Umbrella Fund, a Dublin based Qualifying Investor Alternative Investment Fund. Pooled funds are not currently marketed to US investors.

Record Currency Management (US) Inc. (Record Inc.) is a 100% owned subsidiary of Record plc. The company was established as a service company to employ US staff and is registered as an Investment Adviser with the SEC and as a Commodity Trading Adviser with the CFTC. Record Inc. provides services to Record in the form of marketing, promoting Record's strategies and services and advises a sub-set of Record's US clients.



ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Record has adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940 ("Advisers Act"). Record is required by Rule 204A-1 to adopt a code of ethics which, among other things, sets forth the standards of business conduct required of its Supervised Persons (as such term is defined in the Code of Ethics) and requires those Supervised Persons to comply with U.S. federal securities laws.

A strict dealing policy is in place and employee compliance is reviewed regularly. Shares in Record plc or any derivative or currency for profit transaction must be pre-cleared. Employees must obtain pre-clearance before directly or indirectly acquiring Beneficial Interest in any security in an Initial Public Offering or a Limited Offering. Other transactions must be declared on a quarterly basis.

For itself, the only financial market transactions that Record undertakes are spot and forward foreign exchange contracts as well as cash management activities. The sole reason for this is to ensure the foreign exchange receivables are fixed in Sterling terms i.e. a transaction hedge and efficient cash management.

A copy of Record's Code of Ethics is available on request.



ITEM 12. BROKERAGE PRACTICES

As a currency manager, Record as the client's agent undertakes currency spot and forward transactions with major banks. A panel of banks is agreed with each client or the client agrees to use Record's internally approved bank panel. It is Record policy that:

- All counterparties on the Approved Counterparty List must have long-term ratings from at least two of the following rating agencies: Moody's; Standard & Poor's; and Fitch;
- Where ratings differ between agencies, the lower rating will apply; where ratings are placed on watch for a downgrade, the lower rating (i.e. after the potential downgrade) will apply;
- A counterparty with a long-term rating at or above the minimum threshold set out below is included on the Approved Counterparty List;
- The minimum threshold for a counterparty to be included on the Approved Counterparty List is a long-term rating of A+/A1 for uncollateralised trading and a long-term rating of BBB/Baa2 for collateralised trading;
- Notwithstanding a long-term credit rating at or above the minimum threshold set out above, the Risk Management Committee may still decide not to include a counterparty on the Approved Counterparty List. A variety of factors will be taken into account including, but not limited to credit rating history, both long and short term, credit default swap daily price movement, and the regulatory regime covering the counterparty;
- Counterparties with a long-term credit rating of BBB/Baa2 and above may be included on the Approved Counterparty List, at the discretion of the Risk Management Committee, after careful consideration of factors including, but not limited to credit rating, credit default swap levels, the regulatory regime covering the counterparty and their capital adequacy rules, size and standing of the counterparty in the particular region and the status of any government backing;
- Any downgrades require the Risk Management Committee to re-affirm the inclusion of the counterparty on the Approved Counterparty List;
- The removal of a counterparty from the Approved Counterparty List will result in: (i) no new transactions, except to reduce risk; and (ii) run-off of existing transactions. In some circumstances, the Risk Management Committee may instruct outstanding positions to be



closed and realized in a prudent, but timely manner, as approved under Section 5 Discretionary Decisions.

Collateralization

In order to mitigate credit risk, Record will look at various options that may include collateralization. In some jurisdictions, this may be driven by regulatory obligations. As there are various types of collateralized arrangements on offer, which may include an external party providing the collateralization services, each solution will be assessed on its merits. It is acknowledged that collateralization does not remove all credit risk. There is a risk that the collateral received from a counterparty does not cover the valuation of the position, for example where there is a minimum transfer amount, while any haircuts have an element of credit risk by their nature.

Best Execution Policy

This Policy describes how Record achieves best execution for its clients. At the outset the following factors should be borne in mind when reading this policy:

1. The Foreign Exchange Market (where the vast majority of Record trading takes place) is one of the most liquid and sizeable markets in the world with many competing market makers and with prices moving within milliseconds. As soon as a trade is struck the price will have moved.
2. Record does not earn commission on its trades and there are no conflicting entities within the Record Group.

Summary of the trading process and how best execution is achieved

This summary covers the majority of the trades carried out at Record, namely foreign exchange ("FX") transactions. Dealing in futures, options and execution only trades are covered separately in this Policy.

Order execution by Traders

- Organize at least two market price feeds showing current market prices / quotes currently available in the market.



- Examine the trade to be carried out bearing in mind the following factors – size of trade, indicative price, the “state” of the market (volatility, activity, current news, etc.).
- Decide whether the trade is best carried out aggregated with other orders or disaggregated into several smaller orders to ensure a “market size” trade is executed; i.e. a trade of a size that can be absorbed by the market under prevailing conditions.
- Execute order either via an electronic FX platform (with competing market makers) or via Voice (a telephone order with a single market maker or in competition).
- Execute against any agreed benchmark.

Execution venue decision process by Traders

- Traders achieve a balanced approach with respect to e-trading and voice. Given that both have clear advantages and disadvantages, the general consensus is that diversifying across these methods provides Record's clients with access to the benefits of both. The various factors considered when selecting an execution venue are discussed below.

Verification of policy / process

- On a quarterly basis, the traders review executed orders completed via the electronic platform to monitor prices achieved.
- On a quarterly basis, the traders carry out an audit of the Voice transactions to see how the market maker has performed against the indicative price at the time of dealing. Poor performance is taken up with the counterparty with a request for an improvement.
- Best Execution is covered by Compliance monitoring and reported to the Risk Management Committee.
- On a monthly basis, the traders carry out analysis of a sample of trading to ensure compliance with the Best Execution policy and report to the Risk Management Committee.
- On a monthly basis, order allocation is covered by Compliance monitoring and reported to the Risk Management Committee.
- On a monthly basis, timely execution is covered by Compliance monitoring and reported to the Risk Management Committee.



- On a monthly basis, order aggregation is covered by Compliance monitoring and reported to the Risk Management Committee.

Techniques employed in executing a trade

1. Aggregating and disaggregating transactions

Transactions may be aggregated or disaggregated in order to:

- a) change the overall size of a transaction to bring it in line with an appropriate “market size” for execution; or
- b) offer the opportunity for better price realization where transactions can be netted.

The policy for aggregating transactions is detailed in the separate Client Order Allocation policy.

2. Size and nature of transaction

Traders attempt to achieve a balanced approach with respect to e-trading and voice.

Below is a grid providing some background on the advantages and disadvantages of each:

Advantages of e-trading	Advantages of Voice
Tighter spreads for streamed pricing via the competitive process	Tighter spreads for larger tickets and more exotic currency pairs in size
Potential to take advantage of skewed position across banks	In times of market distress, the ability to negotiate better pricing may outperform streamed pricing from a platform
Allows smaller tickets to be processed	Maintains our contacts and relationships with our key counterparties
Disguises our participation in the market for streamed quotes	Improves and maintains positive relationships with banks. This in turn can improve all pricing, both voice and e-trading, as it raises Record's profile with the banks

3. Market Conditions

A key factor in determining when and how to trade will be the state of the market. Firstly the traders will see if the market is in range of the target price set by the relevant trading system, or specific instruction from the Investment Management Group (IMG) or individual client or Portfolio Manager. Timing of economic data releases (such as Bank of England minutes) will also be taken into account. Traders will also try and trade each currency during the currency's “time zone” and avoid local bank holidays if possible but liquidity will be the prevailing factor.



4 Execution Factors

❖ Speed / likelihood of execution

If a counterparty quotes a price, then the likelihood of execution depends only on whether the price provided is more competitive than any alternative quote obtained. Record expects its counterparties to be able to provide a quote immediately upon request, and Record will discuss the situation with any counterparty that consistently provides quotes slower than required.

❖ Likelihood of settlement

The likelihood of settlement is considered only in the context of risk reduction; i.e. if a transaction will reduce the net settlement with a particular counterparty, then the counterparty will be selected for execution in the event of competitive quotes being equivalent or may be called in the first instance in a single quote trade.

❖ Transactional fees

Transactions in the wholesale FX markets attract no direct fees – the bid/offer spread determines the price for participation. Spreads on quotes obtained are analyzed regularly and feedback provided to counterparties.

Trades executed via a prime brokerage arrangement attract direct fees for those trades executed with a counterparty other than the prime broker, but this fact does not impact the decision to trade on a particular quote.

Techniques used in Counterparty selection

The counterparties quoting on a particular transaction will be selected on the basis of the following factors:

❖ Authorized bank panel

Only counterparties that have confirmed a trading facility is available for a particular client will be called for a quote. This authority to trade is granted only once the counterparty's legal and credit departments have provided sign-off, and Standard Settlement Instructions (SSIs) have been exchanged.

Authority to trade on a prime brokerage facility is provided by the prime broker, and will apply to all clients trading within that infra-structure.



❖ Counterparty exposure limits

Current limits are reviewed prior to execution in order to ensure the resulting trade will not breach any limits specified in the Investment Guidelines. Counterparties may be selected on the basis that the resulting transaction will reduce, limit or manage the exposure to that counterparty either at the point of trade or over the life of the contract.

❖ Perceived competitiveness

Analysis of historic quotes obtained and day-to-day trading activity provides information about counterparties who are consistently or periodically providing competitive pricing. Such a counterparty may be approached for particular trades to take advantage of this.

❖ Specialist counterparties

Some counterparties claim to be specialists in certain currencies / currency pairs, or in large size transactions. These counterparties may be approached for relevant transactions to take advantage of this.

Execution Only Trading - Best Execution Policy

Certain clients simply instruct Record to carry out currency transactions on their behalf usually for a single flat fee per transaction or per quarter.

The traders will follow their standard process in carrying out any such transaction, bearing in mind any specific instructions from the Investment Management Group (IMG), or individual client or Portfolio Manager. Traders will consider the execution venue, market conditions, and other execution factors, as well as having consideration for any counterparty limits or restrictions.

Other Instruments (Deposits, Fixed Interest, Options, Interest Rate Derivatives, Repurchase agreements) Trading – Best Execution Policy

Record may occasionally deal in a variety of other instruments. The availability of online trading will vary for each instrument, as will the ability to execute trades on a competitive basis. Traders will make an assessment on a case by case basis, using their experience to select the most appropriate execution methods, and in selecting the most appropriate counterparty with whom to transact, in order that the best overall result for the client is achieved.



ITEM 13. REVIEW OF ACCOUNTS

Operational risk monitoring is embedded within the firm but can be summarized as follows:

- (i) Program parameters are determined by the coding of Record's proprietary trading system (ROMP). Static data is entered using a "four eyes" principle – i.e. two individuals review the data entered to ensure its accuracy.
- (ii) The Front Office Risk Department monitors client accounts daily to ensure they are running in line with expectations and agreed parameters.
- (iii) The Risk Management Committee has oversight of the day to day operational issues including credit risk monitoring, internal exposure limits as well as client specified exposure limits (where applicable).
- (iv) The Compliance department undertakes a risk based monitoring program.
- (v) Internal Audit undertakes the agreed audit plan.
- (vi) External control testing is carried out in accordance with AAF01/06 and SSAE16, reports of both of which are available on request.



ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Record has never received any soft commission and although Record has third party introducer arrangements in place, there are currently no third party introducer arrangements in place which would have any effect on US accounts. For the avoidance of doubt, Record's current third party introducer arrangements are based solely on non-US clients introduced through specific firms and the nature of the arrangement would be disclosed to any prospective client. Should this change for US clients, then it is Record's policy to provide any client impacted with full disclosure of the details. Record's affiliate, Record Inc. is compensated via a management fee and its employees receive salary and participate in group profit share schemes.



ITEM 15. CUSTODY

Neither Record nor its affiliate, Record Inc. holds client money or assets and therefore neither has custody of client assets for the purposes of custody rules.



ITEM 16. INVESTMENT DISCRETION

Record typically receives discretionary authority to act as agent for the client to enter into financial contracts as part of the contracted service(s). Details of this authority are always detailed in the Investment Management Agreement and Investment Guidelines agreed with every client.

Record is Investment Manager to Record Inc. clients as well as the Record Umbrella Fund, a Dublin based Qualifying Investor Alternative Investment Fund. The fund is managed in accordance with the investment objectives and restrictions documented in the fund prospectus. The pooled funds are currently not marketed to US investors.



ITEM 17. VOTING CLIENT SECURITIES

Due to the nature of the services Record provides and the instruments used in providing these services there are no voting rights attached and therefore this is not applicable.



ITEM 18. FINANCIAL INFORMATION

Not applicable.



ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.