



ASSESSMENT OF FAIR VALUE STOCKTRADE

REVIEW FINDINGS

The Stocktrade products were most recently assessed for fair value in April 2023. We have concluded that our pricing is in line with other B2B share dealing market providers and our products are distributed to our target market. We deliver fair value for all customers, including those who are vulnerable.

This view was formulated via outcome testing; reviews of our lapse and complaints data, distributor feedback and new and existing business monitoring across a variety of business metrics.

GENERAL INFORMATION

Product name:
Stocktrade Share Dealing Service

Manufacturer: Embark Investment Services Limited (Firm Reference Number: 737356)

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Date of next assessment: April 2024

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Stocktrade is a business-to-business (B2B) execution only self-serve share dealing service providing access in real time to UK and global stock markets (restricted to North American and European). Primarily trading in Exchange Traded Investments (ETIs) it also offers a wide range of Mutual funds.

Product types available through Stocktrade are Individual Savings Account (ISA), General Investment Account (GIA), and Third-Party Investment Account (TPIA) which is an account linked to a third party SIPP provider platform who may have a limited range of investments available on their own platform which generally do not include equities.

No junior or SIPP pension products are available.

Access available at customer, adviser and provider level both online and by telephone.

Distribution of ISA and GIA accounts through an agreed corporate partner or financial adviser only.

Multiple currency trading and settlement is available.

The annual account fee is not dependent on portfolio value but applied at a fixed rate. The fixed rate customers will pay is set out in the Rate Card. Transaction fees charged per trade for both funds and Exchange Traded Investments (ETIs).

All charges are detailed in the Rate Card which is issued at point of sale and available on request at any time. If any additional charges apply for a specific service, they are disclosed in the Rate Card. >>

All information required to make investment decisions is available prior to the transaction. Customers can trade, view, manage their investments and monitor their portfolio value online.

Our Platform is designed to meet the needs of a variety of customers, but is specifically aimed at individuals who:

- Want to invest in Shares, Investment trusts, Bonds or Exchange Traded Products (ETPs)
- Understand the risks and volatility of the investments they buy
- Are able to make their own investment decisions with or without the guidance of an adviser
- Can accept the risk of capital loss
- Trade investments that are not available through their pension provider or platform and understand that this is a supplementary service to be used as part of their overall investment strategy
- Have sufficient accessible money, in the short term, to cater for emergencies and unforeseen expenditure
- Have a risk profile consistent with investing in Unit Trusts, OEICs and ETIs and are willing to take and accept some investment risk
- Are looking to hold investments from an Employee Saving Plan
- Have access to a financial adviser if required to enable them to make initial investment decisions, and other decisions over their investing lifetime
- Can invest their money over the longer term

Stocktrade Share Dealing Service product range and details on the service provided are disclosed in the Key Features, Service Guides and Terms and Conditions documents that are available at stocktrade.co.uk.



Product Governance

Stocktrade Share Dealing Service has a product governance policy, procedures and processes in place which set out requirements for the design, approval, and review of each of its products. Specifically, these ensure:

- Senior Management is responsible for the approval of any new product developments and changes to existing products.
- Target markets & negative target markets are identified, validated, communicated, and reviewed for all products.
- New products and product changes are subject to approval and appropriate stress and scenario testing.
- MI/Data is monitored on an ongoing basis to ensure that products can meet the needs of customers in the target market and deliver fair value and good outcomes across the life of the product.
- Relevant risks, foreseeable harms and potential conflicts are identified, monitored and any appropriate mitigations are put in place.
- The distribution method and medium is appropriate, and the product can be distributed compliantly.
- The product can be managed/maintained in line with customer expectations and terms and conditions.
- The product complies with relevant regulation and legislation.
- Products are regularly reviewed to ensure they remain capable of meeting customers' needs and delivering fair value, and that the distribution method and medium remains appropriate.
- The investment universe available on the platform is monitored on an ongoing basis to ensure suitability for retail customers.
- Complex products are identified, and appropriateness is assessed for any customers buying complex investments.
- Any new investments being added to our investment universe are screening and assessed as per group policy.



Pricing

- The annual account fee is not dependent on portfolio value but applied at a fixed rate. The fixed rate customers will pay is set out in the Rate Card which is issued at point of sale and available on request at any time. If any additional charges apply for a specific service, they are disclosed in the Rate Card.
- Transaction fees are charged per trade for both funds and Exchange Traded Investments (ETIs). All charges are detailed in the Rate Card which is issued at point of sale and on request.
- Pricing distribution is reviewed annually via our Executive Customer Committee (ECC).
- The Product Oversight Group (POG), a delegated authority of the ECC, also monitors pricing and behavioural outliers and where present, agrees what further action could be taken to ensure customers receive optimal value from the product.
- The POG regularly reviews the product offering, taking into consideration factors such as cost to serve, competitor comparisons and the regulatory landscape.
- The POG also approves pricing assumptions on an annual basis; reviews and approves any pricing strategy initiatives as and when required, considering business performance & trading; reviews potential impact to pricing as a direct result of market changes. >>



Pricing (continued)

- The POG monitors customer behaviours through detailed analysis of Platform MI. We will also monitor customer outcomes from our complaints MI to drive continuous improvement activity and ensure that the product is managed and maintained in line with customer expectations and our policy provisions in terms and conditions.
- Customer research includes outcome testing and complaints analysis. Findings from monitoring, testing and research feed into continuous product management activity where any risks are identified, and where appropriate action plans are agreed and implemented.



Distribution strategy

- Stocktrade is distributed through financial advisers, SAYE providers and through 3rd party pension providers looking to supplement their product offering by offering global share dealing.
- Advisers can open an account for their customers looking for a self-serve GIA or ISA.
- Customers are referred to Stocktrade if they are looking for investments that are not available through their pension provider or platform and understand that this is a supplementary service to be used as part of their overall investment strategy.
- If a customer wishes to retain shares from a SAYE and not sell at maturity their SAYE provider will give them the option to hold investments from an Employee Saving Plan in a GIA through Stocktrade.



Target market

Who is it suitable for?		Who is it not suitable for?	
Customers who		Customers who	
✓	are looking for investments that are not available through their pension provider or platform and understand that this is a supplementary service to be used as part of their overall investment strategy	✗	want to buy investments that are available through their pension provider
✓	want to invest in Shares, Investment trusts, Bonds or Exchange Traded Products (ETPs)	✗	are primarily looking to invest in mutual funds
✓	understand the risks and volatility of the investments they buy	✗	do not understand the investments they are looking to invest in
✓	can accept the risk of capital loss	✗	can't accept any capital loss as there are no specific capital guarantees
✓	can make their own investments decisions without financial advice	✗	wish to invest in cash only
✓	want the ability to invest their savings in a wide range of asset types, not be restricted to a small choice typically available through a personal pension, bank or building society	✗	looking for a personal share dealing account not linked to an adviser or corporate partner
✓	are looking to hold investments from an Employee Saving Plan instead of selling immediately when receiving shares from a SAYE maturity		



Fair value

Our product governance framework and processes aim to assess whether there is a reasonable relationship between the price paid for a product or service and the overall benefit a customer receives from it. The delivery of fair value is supported by the development of a clear target market, appropriate distribution strategy, and servicing designed to support good outcomes.

The Customer Fair Value (CFV) assessment is carried out on an annual basis. The CFV framework has been designed to help us understand the value and outcomes our customers receive. This involves identifying any concerns about value and fairness through the pricing and operation of our products. If necessary, mitigating actions are carried out to address any concerns identified.

The framework also looks to:

- Ensure products are well designed and meet the needs of customers in the target market.
- Compare the costs and benefits (monetary and non-monetary) for customers of the products.
- Ensure customers receive communications and support at key points that help them to understand and use their products in the way intended throughout the time they have them.

Evidence is assessed across 5 key principles; Product Design, Point of Sale, Customer Lifecycle, Intermediaries and Pricing Practices.

Product design

The product design continues to meet the needs of the defined target market including vulnerable customers. Data such as complaints and trading behaviours are in place to monitor fair value.

The pricing structure has been designed to ensure fair value, with customers only being charged for the services and features they use. We monitor activity in the book that may result in the customer not receiving fair value and will contact the customers and/or their adviser in these instances. We also have processes in place to support vulnerable customers, with vulnerable customer training rolled out to all staff.

Point of sale

Customers derive fair value at point of sale. Professional financial advisers, SAYE providers and through third party pension providers looking to supplement their product offering by offering global share dealing.

Our communications and documentation issued to customers at the point of sale are in our view, clear and easy to understand and this is borne out by our analysis of complaints data.

Stocktrade documentation should be reviewed by the Customer Experience Committee alongside regular analysis of complaints and root cause.

Customer lifecycle

Throughout the customer lifecycle, customers holding the product continue to receive fair value. There are no barriers to exit within the product. Our servicing performance is regularly reviewed by our ECC. Key communications are issued to our customers and advisers at the relevant time.

Intermediaries

Customers receive fair value regardless of whether they are advised or make their own investment decisions. All charge details are fully disclosed and explained to customers in our pre and post-sale charges information for the duration of the product.

Pricing practices

Our pricing practices result in fair outcomes for our customers. We regularly review our pricing strategy and monitor pricing outcomes and other product specific considerations (e.g., fees and charges). Our charges are transparent and easy for the customer to understand.

Our pricing structure is designed not to penalise customer who have a higher portfolio value as the cost to serve is consistent across all account types regardless of value. Any cash held should be for the settlement of investment transactions or to pay fees and charges. No minimum cash requirements apply.

Stocktrade do not pay any interest on cash deposits held.