

MIFID II RTS 28 Report (Transmission of Orders) – Professional Clients

In respect of Equities – Shares & Depositary Receipts – Not subject to tick size regime

By: BNY MELLON CAPITAL MARKETS EMEA LIMITED (LEI: 21380005FBGOWU89LN14) (“CaML”)

For the Period: 1 January 2019 to 31 December 2019 inclusive (“2019 Calendar Year”)

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<u>A CSV file version of the table below is available from our website</u>							
Class of Instrument			Equities – Shares & Depositary Receipts – Not subject to tick size regime Annex I paragraph (a) of Commission Delegated Regulation (EU) 2017/576				
Notification if <1 average trade per business day in the previous year.			No				
Top five execution venues ranked in terms of trading volumes (descending order)			Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in the class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
	Name	LEI					
1	MORGAN STANLEY & CO. INTERNATIONAL PLC	4PQUHN3JPFQFN F3BB653	50.55%	34.80%	N/A	N/A	N/A
2	Pershing Securities Limited	549300NC3GURN 0AEZU06	35.59%	1.15%	N/A	N/A	N/A
3	BNY Mellon Capital Markets, LLC	VJW2DOOHGDT6 PROZRO63	11.25%	58.79%	N/A	N/A	N/A
4	CREDIT SUISSE SECURITIES (EUROPE) LIMITED	DL6FFRRL74S01 HE2M14	1.76%	4.22%	N/A	N/A	N/A
5	VIRTU ITG EUROPE LIMITED	213800EEC95PRU CEUP63	0.84%	1.04%	N/A	N/A	N/A
Total for top five execution venues:			100.00%	100.00%	N/A	N/A	N/A

<u>Notes to accompany the Report</u>	
<p>A. Basis of the Report:</p> <p>This report (“Report”) is published by CaML solely to comply with its obligations under Commission Delegated Regulation (EU) 2017/576, article 65(6) of Commission Delegated Regulation (EU) 2017/565 (where CaML transmitted orders for execution) and article 27(6) of Directive 2014/65/EU, as implemented in the Conduct of Business Rules of</p>	

the Financial Conduct Authority (collectively, “**MIFID II RTS 28**”). The terms “passive orders”, “aggressive orders” and “directed orders” shall have the meanings assigned to them under MIFID II RTS 28.

MIFID II RTS 28 requires investment firms which execute client orders (or transmit client orders to other entities for execution) to summarise and make public on an annual basis, for each class of financial instruments, the top five execution venues (or entities, in the case of transmission) in terms of trading volumes where they executed (or transmitted for execution) client orders in the preceding year and information on the quality of execution obtained in prescribed content and format.

This report is published by CaML in respect of its order transmission activities in Equities – Not subject to tick size regime, and accordingly details the top five entities to which CaML transmitted orders in such Equities for execution in the 2019 Calendar Year.

Nothing in this Report shall be construed or relied upon by any person as a recommendation by CaML or any of its affiliates of any execution venues or entities identified in the Report and CaML and its affiliates disclaim any and all liabilities and losses arising from any such reliance to the fullest extent permitted by law. . CaML has ceased trading from the close of business on 6th December 2019.

B. Summary of our Analysis and Conclusions on the Quality of Execution

Articles 3(a) to (h) of Commission Delegated Regulation (EU) 2017/576 require investment firms to publish for each class of financial instruments, a summary of the analysis and conclusions they draw from their detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year.

In respect of orders executed in the 2019 Calendar Year in respect of Equities - Shares & Depository Receipts - Not subject to tick size regime (“**Equities**”):

a. ***An explanation of the relative importance CaML gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution***

In taking all sufficient steps to obtain the best possible result for its clients, CaML took into account various execution factors in deciding how and where to transmit client orders for execution including price, costs, speed, likelihood of execution and settlement, size, nature of the order or any other considerations relevant to the execution of an order. To determine the relative importance and priority of these execution factors, CaML used its commercial judgement and experience taking into account criteria relevant to best execution such as the client’s status as a professional client, in addition to the size and nature of an order, the characteristics of the financial instruments to which the order relates, as well as the possible execution venues to which the order can be directed. CaML in general regarded price as the most important factor, but also adjusted the importance of the weightings of the remaining execution factors on a per trade basis, taking into account the nature of the order and the market at the time. In certain situations where the likelihood of execution was small (for example for an illiquid security) then CaML placed higher priority on other factors such as the likelihood of execution.

To achieve the best outcome, CaML would take into account the following matters (non-exhaustive) when determining its transmission strategy (timing and manner of transmission, including any specific instructions to its brokers or whether to engage in algorithmic executions through its broker):

- client specific instructions
- market conditions
- time in force
- issuer news including corporate actions
- market news

b. ***A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders***

	<p>CaML transmitted all client orders in Equities to another firm for execution. CaML identified a variety of brokers and liquidity providers that enabled them to obtain best execution on a consistent basis when executing orders through the 2019 Calendar Year.</p> <p>There is no direct ownership relationship between BNY Mellon Capital Markets EMEA Limited and Pershing Securities Limited (“PSL”) but each entity is an indirect wholly owned subsidiary of The Bank of New York Mellon Corporation. Any potential conflicts of interests between CaML, PSL and a client’s interests were managed in accordance with CaML’s conflict of interest policy.</p> <p>There is no direct ownership relationship between BNY Mellon Capital Markets EMEA Limited and BNY Mellon Capital Markets LLC (“LLC”) but each entity is an indirect wholly owned subsidiary of The Bank of New York Mellon Corporation. Any potential conflicts of interests between CaML, LLC and a client’s interests were managed in accordance with CaML’s conflict of interest policy.</p> <p>CaML transmitted some client orders for execution to both LLC and PSL through the 2019 Calendar Year. CaML only transmitted client orders to LLC or PSL for execution to realise potential benefits to clients, including but not limited to:</p> <ul style="list-style-type: none"> • price improvement through improved spread-capture when compared with an external venue; • cost control through the reduction of explicit external costs; and • implicit cost control by minimizing market impact through a reduction in information leakage. <p>When CaML transmitted a client order to LLC or PSL, it ensured that the same standards of pre and post trade monitoring were employed to review and assess the quality of execution secured for our clients as are used when evaluating and assessing third parties.</p>
	<p>c. <i>A description of any specific arrangements with execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received</i></p> <p>CaML did not receive payments, discount, rebates or non-monetary benefits from the brokers to whom it transmitted orders for execution during the 2019 Calendar Year reporting period. During the 2019 Calendar Year, brokerage charges were payable by CaML to the brokers with which it placed orders for execution, as compensation for the execution services they provided.</p>
	<p>d. <i>An explanation of the factors that led to a change in the list of execution venues used in CaML’s execution policy if such a change occurred</i></p> <p>CaML did not make material changes to the list of brokers for Equities in the 2019 Calendar Year.</p>
	<p>e. <i>An explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements</i></p> <p>CaML did not execute Equities orders for retail clients or transmit orders on their behalf during the 2019 Calendar Year. All professional clients to whom CaML determined best execution obligations were owed were treated consistently in terms of our order execution and/or transmission arrangements.</p>
	<p>f. <i>An explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client</i></p> <p>N/A – CaML did not execute Equities orders for retail clients or transmit orders on their behalf during the 2019 Calendar Year.</p>
	<p>g. <i>An explanation of how CaML has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575</i></p>

CAML equities desk executes or transmits client orders in equities and equity like instruments which encompass shares & depositary receipts, exchange traded products, securitised derivatives and structured finance instruments.

Post trade best execution monitoring for CaML's equities desk is conducted using the LiquidMetrix transaction cost analysis tool. The tolerances set within the LiquidMetrix tool were determined by CaML's Order Execution Forum ("OEF") and is subject to annual review by the OEF. Alerts are generated on a trading day (T)+1 basis and reviewed weekly by the control team (which is separate from the front office staff that handles client orders). The LiquidMetrix tool generates two types of reports:

-Execution Quality reports which benchmark the price achieved of a single fill versus the best market comparable price (irrespective of liquidity available) at the deal time of the fill in question.

-TCA reports which benchmark the average price achieved (VWAP, POV, TWAP, etc.) throughout the length of an order consisting of more than one fill versus the average market price over the same length.

Alerts are reviewed by the control function using relevant market data (e.g. exchange data, average prices, etc.) obtained through LiquidMetrix and Bloomberg and any trades that do not appear to have achieved best execution will be escalated to business (front office staff that handles client orders). Any issues that cannot be resolved will then be escalated to the OEF which is held monthly and attended by business, compliance (providing second line of defence oversight and challenge) and control function staff. Any procedural, tolerance or control changes to the best execution monitoring and delivering process must be approved by the OEF before being adopted.

In respect of quarterly data published by execution venues in the 2019 Calendar Year under Commission Delegated Regulation (EU) 2017/575 ("RTS 27"), CaML has found that the majority of execution venues had not published their RTS 27 data in a consistent or complete manner and this had created significant challenges in our ability to use the available data for meaningful comparisons between the performance execution venues. However, as referred to above, apart from RTS 27 data, the LiquidMetrix tool used by CaML for post execution monitoring provides market data which are used as benchmarks. Where a venue is recognised by CaML to consistently provide best execution but is not already on CaML's panel, CaML will review that venue with a view to include it on its panel, if appropriate.

In addition, CaML also uses a combination of smart order routers provided by its brokers to search for best price and liquidity (covering the majority of execution venues for the relevant instrument) as well as dealer indicative prices from various platforms.

h. *Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.*

There was no consolidated tape provider data available in the market in 2019 Calendar Year to provide comparative analysis of quality of execution obtained by CaML.