

Execution Quality Report

Period from	1 January 2019
Period to	31 December 2019
Division	River and Mercantile Derivatives, a division of River and Mercantile Investments Limited
Legal Entity Identifier	549300WD664MDCU7L584

1 Introduction

This report covers the activities of River and Mercantile Derivatives (“RMD”), which is a division of River and Mercantile Investments Limited, which is a subsidiary of River and Mercantile Group PLC. This report has been prepared for the purposes of Regulatory Technical Standard 28 (“RTS 28”) supplementing Directive 2014/65/EU (“MiFID II”) and covers the period between 1 January 2019 and 31 December 2019, inclusive (the “Relevant Period”).

This report sets out information on:

- (i) the identity of the top five execution venues and the counterparties of RMD for the Relevant Period per class of financial instrument,
- (ii) the quality of execution achieved for clients, and
- (iii) certain other matters which RMD is required to report on pursuant to RTS 28.

RMD only deals with professional clients, so no information regarding retail activities or retail venues is provided. RMD does not execute client orders, instead RMD manages client portfolios under discretionary IMAs.

2 Top 5 Execution Venues

The top 5 execution venues for each of the instrument classes traded by RMD in the Relevant Period are set out below. RMD only deals with professional clients, so all following tables relate to professional clients only.

Class of instrument				Credit derivatives (excludes CDS)		
Notification if < 1 average trade per business day				N		
Top 5 execution venues ranked in terms of trading volumes Credit derivatives are traded with Systematic Internalisers (SIs)		Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Barclays	G5GSEF7VJP517OUK5573	49%	59%	0%	100%	0%
Merrill Lynch	GGDZP1UYGU9STUHRDP48	16%	9%	0%	100%	0%
Lloyds	213800MBWEIJDM5CU638	14%	15%	0%	100%	0%
Credit Suisse	E58DKGMJYYYJLN8C3868	9%	9%	0%	100%	0%
HSBC	MP6I5ZYZBEU3UXPYFY54	6%	5%	0%	100%	0%

Class of instrument				Currency derivatives		
Notification if < 1 average trade per business day				Y		
Top 5 execution venues ranked in terms of trading volumes. Currency derivatives are traded on FX Connect MTF		Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
HSBC	MP6I5ZYZBEU3UXPYFY54	30%	4%	0%	100%	0%
Merrill Lynch	GGDZP1UYGU9STUHRDP48	21%	32%	0%	100%	0%
Goldman Sachs	W22LROWP2IHZNBB6K528	18%	32%	0%	100%	0%
Credit Suisse	E58DKGMJYYYJLN8C3868	13%	4%	0%	100%	0%
Barclays	G5GSEF7VJP517OUK5573	9%	12%	0%	100%	0%

Class of instrument					Debt instruments	
Notification if < 1 average trade per business day					N	
Top 5 execution venues ranked in terms of trading volumes Debt instruments are traded on Tradeweb MTF		Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Deutsche Bank	7LTFWZYICNSX8D621K86	26%	14%	0%	100%	0%
Barclays	G5GSEF7VJP517OUK5573	23%	15%	0%	100%	0%
RBS	RR3QWICWWIPCS8A4S074	11%	9%	0%	100%	0%
Citi	XKZZ2JZF41MRHTR1V493	8%	7%	0%	100%	0%
Merrill Lynch	GGDZP1UYGU9STUHRDP48	8%	10%	0%	100%	0%

Class of instrument					Equity derivatives	
Notification if < 1 average trade per business day					N	
Top 5 execution venues ranked in terms of trading volumes Equity Derivatives are traded with Systematic Internalisers (SIs)		Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Goldman Sachs	W22LROWP2IHZNBB6K528	28%	10%	0%	100%	0%
JP Morgan	K6QoW1PS1L1O4IQL9C32	27%	6%	0%	100%	0%
Barclays	G5GSEF7VJP517OUK5573	21%	44%	0%	100%	0%
RBC	ES7IP3U3RHIGC71XBU11	18%	8%	0%	100%	0%
HSBC	MP6I5ZYZBEU3UXPYFY54	4%	2%	0%	100%	0%

Class of instrument					Interest rate derivatives	
Notification if < 1 average trade per business day					N	
Top 5 execution venues ranked in terms of trading volumes		Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Interest rate derivatives are traded with Systematic Internalisers (SIs.)						
Barclays	G5GSEF7VJP5J7OUK5573	41%	45%	0%	100%	0%
JP Morgan	K6QoW1PS1L1O4lQL9C32	10%	4%	0%	100%	0%
Citi	XKZZ2JZF41MRHTR1V493	9%	9%	0%	100%	0%
Lloyds	213800MBWEIJD5CU638	9%	19%	0%	100%	0%
Merrill Lynch	GGDZP1UYGU9STUHRDP48	7%	4%	0%	100%	0%

3 Execution Quality for Derivatives

The section of the report covers the following instrument classes:

- Credit derivatives (excludes CDS)
- Currency derivatives
- Equity derivatives
- Interest rate derivatives

RTS Ref.	
3 (a)	RMD executed transactions directly with counterparties and did not use brokers. The likelihood of execution and price were given the most importance when executing transactions. The nature of RMD's trading activities during the period meant that there were no explicit transaction costs or material delays between order and execution. Other factors when executing transactions relate to counterparty selection, which include ISDA documentation, credit ratings of counterparties and the ability of the counterparty to settle and collateralise transactions.
3 (b)	RMD had no close links with, or common ownership of or by, any execution venue or counterparty in the Relevant Period. There were no conflicts of interest with venue or counterparties which impacted on RMD's ability to deliver best execution to its clients.
3 (c)	There were no specific arrangements with any execution venues regarding payments made or received, discounts or rebates received. Research produced by counterparties was paid for by

	RMD separately to the execution of any trades with these counterparties.
3 (d)	The list of counterparties has expanded since the prior year. The main reason for this expansion has been to provide RMD's clients with better pricing through an increase in competitive bidding.
3 (e) & (f)	RMD only deals with professional clients, hence, order execution does not differ across different client categories.
3 (g)	RMD uses quantitative and qualitative data generated from prospective and executed transactions and ongoing activities with counterparties to monitor the quality of its execution. RMD did not use data published under Commission Delegated Regulation (EU) 2017/575 (RTS 27) as comparable data was not available.
3 (h)	There were no consolidated tape providers (CTPs) in the Relevant Period.

4 Execution Quality for Securities

The section of the report covers the following instrument classes:

- Debt instruments

RTS Ref.	
3 (a)	RMD executed transactions in highly liquid government debt instruments directly on Tradeweb MTF. A large number of counterparties are active and make markets in such instruments on Tradeweb MTF. The price of the transaction was given the highest importance. Since the instruments in question are highly liquid, in most cases other execution factors such as speed, likelihood of execution were not relevant. In a handful of cases, particularly for transactions that were large in size, the likelihood of execution was given priority over price, to ensure the full trade could be implemented. This method of trading also meant that there were no explicit transaction costs.
3 (b)	RMD had no close links with, or common ownership of or by, any execution venue or counterparty in the Relevant Period. There were no conflicts of interest with venue or counterparties which impacted on RMD's ability to deliver best execution to its clients.
3 (c)	There are no specific arrangements with any execution venues regarding payments made or received, discounts or rebates

	received. Research produced by counterparties was paid for by RMD separately to the execution of any trades with these counterparties.
3 (d)	There were no changes in trading venues for securities.
3 (e) & (f)	RMD only deals with professional clients, hence, order execution does not differ across different client categories.
3 (g)	RMD uses quantitative and qualitative data generated from prospective and executed transactions and ongoing activities with counterparties to monitor the quality of its execution. RMD did not use data published under Commission Delegated Regulation (EU) 2017/575 (RTS 27) as comparable data was not available.
3 (h)	There were no consolidated tape providers (CTPs) in the Relevant Period.

5 Conclusion

The conclusions drawn from RMD's monitoring confirm that best execution was achieved for RMD's clients for the calendar year 2019.

IMPORTANT NOTICE

This document has been issued by River and Mercantile Derivatives. Please note that all material produced by River and Mercantile Derivatives is directed at, and intended for the consideration of, professional clients within the meaning of the FCA Handbook. Retail clients must not place any reliance upon the contents.

River and Mercantile Derivatives is a division of River and Mercantile Investments Limited which is authorised and regulated in the United Kingdom by the Financial Conduct Authority (FCA) and is part of the River and Mercantile Group PLC.

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