

Xconnect Trading Limited Best Execution Summary 2017

Introduction

Xconnect Trading Limited (the “Firm”) has assessed its approach to best execution in line with the guidance provided for in MiFID II and reviewed the quality of best execution it is providing to relevant clients. The Firm has adopted the approach outlined in RTS 28, including Article 3(3) to best assess how it is meeting these requirements.

The Firm is also required on an annual basis to provide best execution data on professional clients, in accordance with RTS 28 Annex II Table 2, relating to orders and executions, split by asset class. ESMA recognises however that as MiFID II has introduced wholesale changes to the types of data that a firm will be collating, it is unreasonable to expect a firm to provide all data required by RTS 28 for the first April 2018 assessment, as it relates to 2017 when the directive was not in force. As a minimum however, ESMA still expects however that firms should be able to provide a simplified set of data covering the top five execution venues split by high level asset class.

MiFID II would usually require the Firm to use RTS 28 Annex II Table 2 to provide the required best execution data, were it to be available, however as this is not the case for 2017, the Firm has opted to use a simplified version, relevant to the 2017 available data which meets the criteria set out in the ESMA guidance.

Assessments

RTS 28 Article 3(3)

Investment Firms shall 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. The information shall include:

- (a) an explanation of the relative importance the Firm 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;

The Firm seeks to obtain the best possible execution result, taking into account the price, liquidity, cost, speed of execution, likelihood of execution and settlement, size and nature of the client’s order and any other considerations relevant to the execution of the order, which it considers as execution factors.

The relative importance of the execution factors on each of the client’s orders will be influenced by the nature of the order, the financial products the order relates to, the client’s own priorities and the nature of the venue available for execution of the particular order.

Where there is more than one competing venue to execute an order for a financial instrument, in order to assess and compare the results that would be achieved for the client by executing the order on each of the execution venues listed in the Firm’s order execution policy that is capable of

executing that order, the investment Firm's own commissions and the costs for executing the order on each of the eligible execution venues shall be taken into account in that assessment.

- (b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;

No close links, conflicts of interests or common ownerships with respect to any execution venues used to execute orders exist for the Firm.

- (c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;

The Firm has no special arrangements concerning best execution in place with any venues and does not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular trading venue or execution venue which would infringe the requirements on conflicts of interest or inducements as set out in MiFID II.

- (d) an explanation of the factors that led to a change in the list of execution venues listed in the Firm's execution policy, if such a change occurred;

The Firm's execution venues include (without limitation) regulated markets, multilateral trading facilities, organised trading facilities, systematic internalisers and third-party liquidity providers, including market makers. No changes have been made to the Firm's execution policy in relation to the available execution venues.

- (e) 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;

The Firm only has professional clients to which it owes best execution and does not deal with retail clients as part of its business model.

- (f) 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;

The Firm does not deal with retail clients thus does not form part of any of its considerations concerning best execution.

- (g) An explanation of how the investment Firm has used any data or tools relating to the quality of execution, including any data published under RTS 27;

The Firm makes assessment of its best execution data through Bloomberg SSEOMS data and execution data supplied by Societe Generale, its DEA provider on equities markets. The Firm has not used any data published under RTS 27 for the purposes of this April 2018 best execution assessment.

- (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.

The Firm does not use output of a consolidated tape provider.

Top 5 Execution Venues data

The following table covers best execution data for the list of asset classes which the Firm traded in the period of 2017. It is worth noting that while the list of assets provided for in RTS 28 Annex I is wider, the Firm does not trade all such products.

Furthermore, RTS 28 requires data on instruments traded directly on venue, through the Firm's own membership. Through its various arrangements, including DEA access, the Firm does not always use its own memberships to trade certain common products. The table below highlights this for reference.

		Top five execution venues by trading volumes				
Class of Instrument	Less than 1 average trade per day?	1st	2nd	3rd	4th	5th
Equities - Shares & Depository Receipts	N	DEA Access only, provided by Societe Generale. Regulated Markets include LSE, BATS, Chi-X,				
Bonds	Y	None traded on venue				
Equity Derivatives	N	XEUR	IFLO	XAMS	XPAR	IFLL
Commodity Derivatives - Options/Futures	N	IFEU	XNYM	XCME	-	-