

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

### In respect of Debt Instruments: Money Market Instruments

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

For the Period: 1 January 2017 to 31 December 2017 inclusive (“2017 Calendar Year”)

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<b>A CSV file version of the table below is available from our website</b>							
Class of Instrument		Debt Instruments: Money Market Instruments Annex I paragraph (b) (ii) of Commission Delegated Regulation (EU) 2017/576					
Notification if <1 average trade per business day in the previous year.		Yes					
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			2017 data not available	2017 data not available		
1	The Toronto-Dominion Bank	PT3QB789TS UIDF371261	16.97%	28.81%	N/A	N/A	0%
2	Morgan Stanley & Co. International PLC	4PQUHN3JP FGFNF3BB65 3	15.80%	7.00%	N/A	N/A	0%
3	King & Shaxson Limited	213800ARTV ZQSADRZ55 9	11.41%	6.58%	N/A	N/A	0%
4	Deutsche Bank AG	7LTFWZYICN SX8D621K86	11.35%	17.28%	N/A	N/A	0%
5	ING Bank N.V.	3TK20IVIUJ8 J3ZU0QE75	8.14%	1.65%	N/A	N/A	0%
Total for top five execution venues:			63.67%	61.32%			
<b>Notes to accompany the Report</b>							
<p><b>A. Basis of the Report:</b></p> <p>This report (“<b>Report</b>”) is published by CaML solely to comply with its obligations under Commission Delegated Regulation (EU) 2017/576 and article 27(6) of Directive 2014/65/EU, as implemented in the Conduct of Business Rules of the Financial Conduct Authority (collectively, “<b>MIFID II RTS 28</b>”). The terms “passive orders”, “aggressive orders” and “directed orders” shall have the meanings assigned to them under MIFID II RTS 28 (however please note that apart from “directed orders” no data regarding these order types covering the 2017 Calendar Year is available to CaML).</p> <p>MIFID II RTS 28 requires investment firms which execute client orders to summarise and make public on an annual</p>							

basis, for each class of financial instruments, the top five execution venues in terms of trading volumes where they executed client orders in the preceding year and information on the quality of execution obtained in prescribed content and format.

This is CaML's first report under MIFID II RTS 28 since the obligation came into force on 3 January 2018. In line with ESMA's Questions and Answers on MIFID II and MIFIR investor protection and intermediaries topics (ESMA 35-43-349 – Best Execution – Answer to Question 6) ("**ESMA Guidance**"), whilst ESMA expects investment firms to publish their first MIFID II RTS 28 reports by 30 April 2018 covering the full 2017 Calendar Year period, ESMA recognises that for the first set of MIFID II RTS 28 reports, investment firms may not be able to fully report on information which is not available or applicable in relation to the preceding year e.g. where it is tied to new provisions stemming from MIFID II or MIFIR. Accordingly, in line with ESMA's Guidance, this Report has been prepared based on information available to CaML in the 2017 Calendar Year and based on its best execution obligations in force for that period under Directive 2004/39/EC, as implemented ("**MIFID I**").

This Report is published by CaML solely to comply with its regulatory obligations under MIFID II RTS 28. 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.

**Note:** This revised version replaced the previous version published on 30 April 2018 which had excluded treasury bills in error.

## **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.

As mentioned above, in line with ESMA's Guidance, this Report is prepared based on information available to CaML based on CaML's best execution obligations under MIFID I.

In respect of orders executed in the 2017 Calendar Year in respect of debt instruments – money market instruments ("**MMIs**"):

### **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 reasonable steps to obtain the best possible result for its clients, CaML took into account various execution factors in deciding how and where to execute client orders including price, costs, speed, likelihood of execution and settlement, size, nature of the order and 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 experience and judgement in addition to taking into account criteria relevant to best execution, such as the client's status as a professional client, the size and nature of the order, the characteristics of the financial instrument to which the order relates, as well as the possible execution venues to which that order can be directed.

CaML in general regarded price as the most important execution factor, but also adjusted the importance placed on the remaining execution factors on a per trade basis, taking into account the nature of the order and the market at the time. CaML also recognised the circumstances where other execution factors needed to be considered to have a higher priority, such as in situations where the likelihood of execution was small (for example for an illiquid security) then CaML placed higher priority on the other factors such as the likelihood of execution. CaML also took into account any specific requirements or instructions from the client which CaML accepted at the point of receiving an order in adjusting the relative importance of execution factors.

Certificates of deposits ("**CDs**") and commercial paper ("**CPs**") were executed through the dealership panel of a particular issuer. It is a primary market with limited secondary pricing. Depending upon the availability of the specific CDs and CPs, client specific requirement and size of the order, likelihood of execution was

	<p>sometimes given greater priority than price.</p>
	<p><b>b. A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders</b></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 executed some client orders with LLC in the 2017 Calendar Year. CaML only executed client orders with LLC to realise potential benefits to clients, including but not limited to:</p> <ul style="list-style-type: none"> <li>• price improvement through improved spread-capture when compared with an external (non-BNY Mellon) venue;</li> <li>• cost control through the reduction of explicit external costs; and</li> <li>• implicit cost control by minimizing market impact through a reduction in information leakage.</li> </ul> <p>Where CaML executed clients’ orders with LLC, it ensured that the same standards of pre and post trade monitoring were employed to review and assess the quality of execution secured for its clients as are used when evaluating and assessing unaffiliated execution venues.</p>
	<p><b>c. A description of any specific arrangements with execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received</b></p> <p>There was no such specific arrangement with any execution venue.</p>
	<p><b>d. 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</b></p> <p>CaML did not make material changes to the list of execution venues in the 2017 Calendar Year.</p>
	<p><b>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</b></p> <p>CaML did not execute MMI orders for retail clients (as defined under MIFID I) during the 2017 Calendar Year. All professional clients to whom CaML determined best execution obligations were owed were treated consistently in terms of our order execution arrangements.</p>
	<p><b>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</b></p> <p>N/A – CaML did not execute MMI orders for retail clients (as defined under MiFID I) during the 2017 Calendar Year.</p>
	<p><b>g. 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</b></p> <p>In the 2017 Calendar Year, CaML did not utilise transaction cost analysis tool to monitor its performance as an execution venue and the performance of other execution venues where CaML executed orders for MMIs. Instead, CaML relied on prices sourced from available liquidity providers for the specific MMIs for purposes of monitoring best execution on the particular MMI execution.</p>

	<p>Commission Delegated Regulation (EU) 2017/575 was not in force during the 2017 Calendar Year. Therefore, no data was available during the 2017 Calendar Year for analysis.</p>
	<p><b><i>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.</i></b></p> <p>N/A – the laws transposing Article 65 of Directive 2014/65/EU were not in force during the 2017 Calendar Year. Therefore, there was no use of consolidated tape provider data in 2017 Calendar Year to provide comparative analysis of quality of execution of MMIs obtained by CaML.</p>