

Blakeney LLP - Best Execution Qualitative Report

Reporting period: 1st January 2018 to 31st December 2018

<p>A summary of the analysis and conclusions the firm draws from its detailed monitoring of the quality of execution obtained on the execution venues where it executed all client orders in the previous year</p>	<p>(a) Equities - Shares & Depositary Receipts As part of Blakeney’s analysis of best execution in relation to equities, the Firm analyses the trades during the relevant period to determine whether any of the trades were greater than 100 bps from the Firm’s Volume Weighted Average Price (VWAP) tolerance benchmark.</p> <p>The monitoring undertaken for the period confirmed that best execution was obtained consistently on the approved execution venues throughout the year.</p> <p>(b) Debt instruments – (i) Bonds Please note we traded one corporate bond in 2018 on three separate occasions. These were direct executions made on terms that Blakeney believed were favourable to its clients.</p> <p>(h) Securitized Derivatives (i) – Warrants and Certificate Derivatives As part of Blakeney’s analysis of best execution in relation to equity-linked certificates such as Participatory Notes, the Firm analyses the trades during the relevant period to determine whether any of the trades were greater than 100 bps from the Firm’s Volume Weighted Average Price (VWAP) tolerance benchmark for the associated equity, as well as a consideration of the Counterparty access, liquidity and fees.</p> <p>The monitoring undertaken for the period confirmed that best execution was obtained consistently on the approved execution venues throughout the year.</p>
<p>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</p>	<p>Blakeney’s delivery of best execution is a key element in its commitment to act in the best interests of its clients, as well as being a regulatory requirement. The Firm ensures that all sufficient steps are taken to obtain the best possible result for its clients when it executes, places or transmits orders on their behalf. This means taking into account the ‘execution factors’ such as price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.</p>

	<p>The relative importance of the execution factors is judged on a trade by trade basis in line with the industry experience of the trading team and prevailing market conditions. In addition, common key factors for relevant asset classes have been identified as follows:</p> <p>(a) Equities - Shares & Depositary Receipts For normal size orders, the key relevant factors are generally liquidity, price, overall costs of a transaction including commissions and likelihood of execution. Additional factors considered include: reputation, ongoing reliability, block trading and block positioning capabilities.</p> <p>For larger orders, the Firm additionally takes into account minimising the impact on the market</p> <p>The impact of implicit costs is taken into account when considering the execution strategy of orders to ensure that they are managed and do not result in an undue impact to total costs.</p> <p>(b) Debt instruments – (i) Bonds Relevant key factors are generally price, brokers’ fees and likelihood of execution.</p> <p>(h) Securitized Derivatives (i) – Warrants and Certificate Derivatives Relevant factors typically considered are price, costs and likelihood of execution.</p>
<p>A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders</p>	<p>Applies across all classes of financial instruments traded.</p> <p>The Firm does not have any close links, conflicts of interests or common ownerships with respect to the execution venues it uses to execute orders.</p>
<p>A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received</p>	<p>Applies across all classes of financial instruments traded.</p> <p>Blakeney has not entered into any arrangements with its execution venues regarding payments made or received, discounts or non-monetary benefits that would compromise its ability to meet its obligations with regards to best execution, conflicts of interest or inducements.</p>

	<p>The Firm pays for research from its own resources and as such has arrangements in place to remunerate certain firms for the receipt of such research. Additionally Blakeney may on occasion receive or provide minor non-monetary benefits from execution venues. They must be received/provided in accordance with the Firm's Inducements policy.</p>
<p>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</p>	<p>Applies across all classes of financial instruments traded.</p> <p>During the period under review, Blakeney's list of execution venues changed. The Firm regularly reviews the effectiveness of its Best Execution Policy and its execution arrangements to identify and, where appropriate, incorporate any changes to enhance the quality of execution obtained. Following discussions with the front office and as part of the reviews carried out over the period it was determined that certain changes involving both the addition and removal of certain counterparties were required to ensure that the Firm continues to obtain the best possible result for its clients. Factors considered included price, access to the market, counterparty risk and market liquidity.</p>
<p>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</p>	<p>Applies across all classes of financial instruments traded.</p> <p>While Blakeney does take the characteristics of its clients into account when judging the relative importance of the execution factors, the Firm's clients are exclusively professional clients and so are treated with a consistent approach.</p>
<p>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</p>	<p>Applies across all classes of financial instruments traded.</p> <p>Not applicable. The Firm does not execute retail client orders.</p>

<p>An explanation of how the Firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575</p>	<p>Applies across all classes of financial instruments traded.</p> <p>Blakeney compares and analyses relevant data to obtain best execution for its clients, including execution quality data published by its counterparties. Where the Firm transmits orders to third parties, the Firm takes steps to check the fairness of the price on offer by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.</p> <p>As part of our best execution monitoring procedures we have considered the data published under Commission Delegated Regulation (EU) 2017/575 by those of our counterparties which operate as systematic internalisers, as well as a sample of reports published by other execution venues which we do not currently utilise by way of a comparator.</p>
<p>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.</p>	<p>Applies across all classes of financial instruments traded.</p> <p>Blakeney has not used the output of any Consolidated Tape Providers in its execution quality analysis. It is noted that there were not any authorised Consolidated Tape Providers in Europe during the period under review.</p>

26th March 2019