

## China Post Global (UK) Limited – MiFID II RTS, BEST EXECUTION REPORTING:

The following is a summary of the Best Execution Reporting as per MIFID II RTS 28 guidance. The information below provides typical dealing arrangements for instrument types and the execution venues that China Post Global (UK) Limited (“China post Global”) has used between the periods of 1 January 2018 to 31 December 2018.

### Trading Venue Summary

#### **1. Equity Derivatives: Instrument (g) as per Annex I of RTS 28**

Investment firms shall publish the top five execution venues in terms of trading volumes for all executed client orders per class of financial instruments referred to in Annex I. Information regarding retail clients shall be published in the format set out in Table 1 of Annex II and information regarding professional clients shall be published in the format set out in Table 2 of Annex II. The publication shall exclude orders in Securities Financing Transactions (SFTs) and shall contain the following information:

(Ranked in terms of trading volume)

(a) Class of Instrument: Equity Derivatives

(b) venue name;	(b) venue identifier (LEI)	(c) volume of client orders executed on that execution venue expressed as a percentage of total executed volume;	(d) number of client orders executed on that execution venue expressed as a percentage of total executed orders;	(e) percentage of the executed orders referred to in point (d) that were passive orders;	(e) percentage of the executed orders referred to in point (d) that were aggressive orders;	(f) percentage of orders referred to in point (d) that were directed orders;
OTC - Goldman Sachs International	W22LROWP2IHZNBB6K528	66%	58%	0%	0%	100%
OTC - Barclays Bank plc	G5GSEF7VJP5I7OUK5573	34%	42%	0%	0%	100%
OTC - J.P. Morgan Securities plc	K6Q0W1PS1L1O4IQL9C32	0%	0%	0%	0%	0%
<b>Totals</b>		<b>100%</b>	<b>100%</b>			

(g) confirmation of whether it has executed an average of less than one trade per business day in the previous year in that class of financial instruments:

**Yes, on average < 1 per day**

**2. Debt Instrument: (b) as per Annex I of RTS 28**

(Ranked in terms of trading volume)

(a) Class of Instrument: Bond

(b) venue name;	(b) venue identifier (LEI)	(c) volume of client orders executed on that execution venue expressed as a percentage of total executed volume;	(d) number of client orders executed on that execution venue expressed as a percentage of total executed orders;	(e) percentage of the executed orders referred to in point (d) that were passive orders;	(e) percentage of the executed orders referred to in point (d) that were aggressive orders;	(f) percentage of orders referred to in point (d) that were directed orders;
OTC – Essence International Products and Solutions Limited	549300TWUQSS4A7XKG96	100%	100%	0%	0%	100%
<b>Totals</b>		<b>100%</b>	<b>100%</b>			

(g) confirmation of whether it has executed an average of less than one trade per business day in the previous year in that class of financial instruments:

**Yes, on average < 1 per day**
**3. Equity: Instrument (a) as per Annex I of RTS 28**

(Ranked in terms of trading volume)

(a) Class of Instrument: Equity - Tick size liquidity bands 5 and 6

(b) venue name;	(b) venue identifier (LEI)	(c) volume of client orders executed on that execution venue expressed as a percentage of total executed volume;	(d) number of client orders executed on that execution venue expressed as a percentage of total executed orders;	(e) percentage of the executed orders referred to in point (d) that were passive orders;	(e) percentage of the executed orders referred to in point (d) that were aggressive orders;	(f) percentage of orders referred to in point (d) that were directed orders;
OTC - ICAP Securities Ltd	213800NMEZS3MD2IUP33	85.9%	37%	0%	0%	100%
OTC - China Securities (International) Brokerage	254900QBMAV62MO7FL87	9%	0%	0%	0%	100%

Company Limited						
OTC – SMBC Nikko Capital Markets Limited	G7WFA3G3MT5YHH8CHG81	3%	19%	0%	0%	100%
OTC - MUFG Securities EMEA PLC	U7M81AY481YLIOR75625	2%	21%	0%	0%	100%
OTC – CLSA (UK)	213800VZMAGVIU2IJA72	0.1%	23%	0%	0%	100%
<b>Totals</b>		<b>100%</b>	<b>100%</b>			

(g) confirmation of whether it has executed an average of less than one trade per business day in the previous year in that class of financial instruments:

**No**

**Trading Venue Summary (Securities Financing Transactions)**

Investment firms shall publish the top five execution venues in terms of trading volumes for all executed client orders in SFTs for class of financial instruments referred to in Annex I in the format set out in Table 3 of Annex II. The publication shall contain the following information:

(a) volume of client orders executed on that execution venue expressed as a percentage of total executed volume;

N/A

(b) number of client orders executed on that execution venue expressed as a percentage of total executed orders;

N/A

(c) confirmation of whether the investment firm has executed an average of less than one trade per business day in the previous year in that class of financial instruments.

N/A

**Summary of analysis/conclusions on the quality of execution**

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;

There are various factors that determine the broker/execution venue under best execution for China Post Global. The priorities for best execution differ for the type of financial instrument and the related fund structure.

Specific best execution criteria is outlined below:

**1. Best Execution; OTC Products, including Equity Derivatives (OTC Derivative Counterparties):**

Best Execution criteria for the selection of OTC products, and specifically derivative counterparties by China Post Global (acting in its capacity as Investment Manager to the fund companies listed below):

- **Market Access**
- **Market Access QIAIF ICAV**
- **Diversified Strategies QIAIF ICAV**

**Best Execution criteria – OTC Products:**

1. Price
2. Pricing transparency
3. Secondary market liquidity terms – frequency, minimum size, cost
4. Counterparty credit rating and CDS level
5. Collateral – terms, haircuts, efficiency
6. Documentation - timely and accurate documentation, upfront and subsequently
7. Efficient settlement
8. Valuations – frequency, accuracy, timeliness of delivery, responsiveness
9. EMIR reporting – provision of delegated reporting service
10. EMIR variation margin – ability to competently and promptly agree and settle variation margin from the applicable effective date onward

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

There are no close links, we do not trade equity derivatives with any affiliate companies and there is no conflict of interest

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

There are no special arrangements

(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

OTC Derivative counterparties are selected based on their ability to meet the best execution factors listed above.

OTC Derivative agreements are executed for a term period – therefore the list of venues to be used will be updated from time to time depending on:

1. The maturity of any derivative contracts
2. The ability of all existing and potential counterparties to meet the best execution criteria listed above and
3. The nature of any changes to the type of investments which China Post Global manages.

For the period year ending 31 December 2018, China Post Global used only the OTC Derivative counterparties listed in the relevant table above.

(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;

China Post Global provides investment management services to Professional Clients only. Unless there is a client specific request, China Post Global's order execution procedure does not differ.

(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;

N/A

(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 Commission Delegated Regulation (EU) .../...to be inserted before publication [RTS 27];

Due to the nature of the OTC Products traded, best execution is determined prior to trading. Derivative counterparties are selected based on the criteria above therefore there is no benefit of monitoring the quality of the Best Execution through the counterparties RTS 27 reports i.e. it is known in advance of trading, not post trading.

(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.

China Post Global does not collect data from a separate consolidated tape provider. Where relevant, data received directly from counterparties is used to carry out Best Execution analysis.

## **2. Best Execution; Securities:**

Best Execution criteria for the selection of Security broker by China Post Global acting in its capacity as Investment Manager to the fund companies listed below:

- **Market Access**
- **Market Access QIAIF ICAV**
- **Diversified Strategies QIAIF ICAV**

### **Best Execution criteria – summary**

1. Costs (execution fees)
2. Price
3. Size of order
4. Execution levels
5. Nature of transaction
6. Documentation - timely and accurate documentation, execution confirmation
7. Efficient settlement
8. Trade reporting (performed on execution venue if required)
9. Transaction reporting (documentation needed for reporting, if required)

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

There are no close links with Security brokers.

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

ICAP Securities Ltd brokerage fees are waived when we trade equities under three swap agreements with Barclays Bank plc. We have two venues where the cost per trade decreases when we hit a pre-arranged trading value on baskets of securities. This reduces execution costs by 2bps.

(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

Security brokers are selected based on their ability to meet the best execution factors listed above.

- Due to the launch of a new Chinese equity fund, we have added a new China equity broker, CLSA (UK).
- We also added an additional Japanese equity broker, SMBC Nikko Capital Markets Limited.
- Due to the launch of a new fund platform, Market Access QIAIF ICAV, we added a new broker, China Securities and a new counterparty, Essence International Products and Solutions Limited.

For the period year ending 31 December 2018, China Post Global used only the Security brokers/Counterparties listed in the relevant table above.

(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;

China Post Global provides investment management services to Professional Clients only. Unless there is a client specific request, China Post Global's order execution procedure does not differ.

(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;

N/A

(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 Commission Delegated Regulation (EU) .../...to be inserted before publication [RTS 27];

Due to the nature of some Securities traded, best execution is determined prior to trading. Therefore, in some instances there is no benefit of monitoring the quality of the Best Execution through the counterparties RTS 27 reports. In other Securities traded, best execution is determined partially through the counterparties reporting, by meeting specific trading criteria, such as trading at closing prices to replicate the trading process of an underlying index.

(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. China Post Global does not collect data from a separate consolidated tape provider. Where relevant, data received directly from counterparties is used to carry out Best Execution analysis.

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