



## Kirkoswald Capital Partners LLP

### RTS 28 Disclosure for the year ended 31 December 2018

#### Information on the Top Five Execution Venues: Trading Volumes and Quality Obtained

Kirkoswald Capital Partners LLP ('Kirkoswald' or 'Firm') is an investment manager providing portfolio management services, and reception and transmission services, for its clients. Under MIFID II, the Firm is required to adhere to a best execution policy, and in support of that policy, publish on its website the top five execution trading venues by trading volume, on an annual basis. As an Alternative Investment Fund Manager ('AIFM'), Kirkoswald is required to publish the top five execution trading venues only relating to the Firm's MIFID business activities.

Trading venues include regulated markets, Multilateral Trading Facilities ('MTFs'), Organised Trading Facilities ('OTFs'), Systematic Internalisers ('SI'), market makers, or other liquidity providers or entities that perform a similar function in a third country. MIFID II Article 3(1) sets out that firms must disclose the following, excluding securities financing transactions ('SFTs'):

- 1) Class of financial instruments (see *Appendix A* for the list of instruments);
- 2) Venue name and identifier;
- 3) Volume of client orders executed on that execution venue expressed as a percentage of total executed volume;
- 4) Number of client orders executed on that execution venue expressed as a percentage of total executed orders;
- 5) Percentage of the executed orders referred to in point 4) above that were passive and aggressive orders (see *Appendix B*);
- 6) Percentage of orders referred to in point 4) above that were directed orders (see *Appendix B*);
- 7) Confirmation of whether the Firm has executed an average of less than one trade per business day in the previous year in that class of financial instruments.

#### Required Format for Firms to Publish the Top Five Execution Venue Data

Kirkoswald will publish the top five execution venues on its public website, in a machine-readable format, as set out in the table below:

**Exhibit 1: Published format as required in Table 2 from MIFID II, RTS28 Annex II**

Class of Instrument	Equity Derivatives				
Notification if <1 average trade per business day in the previous year	No				
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 percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Merrill Lynch International (LEI: GGDZP1UYGU9STUHRDP48)	93.06%	95.81%	N/A	N/A	0%
Citigroup Global Markets Limited (LEI: XKZZ2JZF41MRHTR1V493)	6.05%	3.59%	N/A	N/A	0%
UBS AG (LEI: BFM8T61CT2L1QCCEMIK50)	0.89%	0.60%	N/A	N/A	0%
N/A	N/A	N/A	N/A	N/A	0%

Source: RTS28 Annex II

Class of Instrument	Exchange Traded Products				
Notification if <1 average trade per business day in the previous year	No				
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 percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Merrill Lynch International (LEI: GGDZP1UYGU9STUHRDP48)	100%	100%	N/A	N/A	0%
N/A	N/A	N/A	N/A	N/A	0%

Class of Instrument	Contract for Difference				
Notification if <1 average trade per business day in the previous year	No				
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 percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Goldman Sachs International (LEI: W22LROWP2IHZNBB6K528)	17.45%	13.01%	N/A	N/A	0%
J.P. Morgan Securities PLC (LEI: K6Q0W1PS1L1O4IQL9C32)	15.35%	18.7%	N/A	N/A	0%
Citigroup Global Markets Limited (LEI: XKZZ2JZF41MRHTR1V493)	11.38%	9.76%	N/A	N/A	0%
Morgan Stanley & Co. International Plc (LEI: 4PQUHN3JPGFNF3BB653)	11.03%	9.76%	N/A	N/A	0%
Exane (LEI: 969500UP76J52A9OXU27)	8.39%	7.32%	N/A	N/A	0%

Class of Instrument	Interest Derivatives				
Notification if <1 average trade per business day in the previous year	No				
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 percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Morgan Stanley & Co. International Plc (LEI: 4PQUHN3JPGFNF3BB653)	100%	100%	N/A	N/A	0%

Class of Instrument	Equities				
Notification if <1 average trade per business day in the previous year	No				
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 percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Goldman Sachs International (LEI: W22LROWP2IHZNBB6K528)	22.1%	62.7%	N/A	N/A	0%
Merrill Lynch International (LEI: GGDZP1UYGU9STUHRDP48)	16.2%	9.3%	N/A	N/A	0%
Citigroup Global Markets Limited (LEI: XKZZ2JZF41MRHTR1V493)	14.2%	4.7%	N/A	N/A	0%
Northern Trust Securities (LEI: 549300EF8AZLRG0UC208)	9.8%	5.2%	N/A	N/A	0%
Jefferies International Limited (LEI: S5THZMDUJCTQZBTRV198)	9.4%	2.1%	N/A	N/A	0%

Class of Instrument	Debt Instruments				
Notification if <1 average trade per business day in the previous year	No				
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 percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Northern Trust Securities LLP (LEI: 549300EF8AZLRG0UC208)	53.14%	50%	N/A	N/A	0%
Jonestrading International Limited (LEI: 213800DIYIKDWRCFOC55)	23.44%	25%	N/A	N/A	0%
J.P. Morgan Securities PLC (LEI: K6QOW1PS1L1O4IQL9C32)	23.43%	25%	N/A	N/A	0%
N/A	N/A	N/A	N/A	N/A	0%

Further, for each class of financial instrument, the Firm will also publish on its website, the relative importance it places on the following execution factors, which are listed in the Firm's Order Execution Policy:

- Price paid
- Likelihood of execution
- Size of order/access to that particular security
- Cost of execution
- Speed of execution
- Other considerations

Volume is not formally defined by the regulation, or the RTS – however, the Financial Conduct Authority ('FCA') informally provided guidance that it should mean the number of contracts multiplied by the price. Price should be taken as the notion value of the instrument or underlying instrument.

The Firm will also publish the analysis of the quality of execution achieved over the previous 12 months in a format that can be downloaded by the public. This should be available on the Firm's website, not hidden behind a password/login, or other virtual barrier and include information on:

- a) A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;
- b) A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received
- c) 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;
- d) 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;
- e) 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;
- f) 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); and
- g) 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.

For the **period 1 January 2018 to 31 December 2018 ('period')** Kirkoswald confirms that there are no material close links, common ownership or conflicts of interest between the Firm and the execution venues / brokers used by the Firm. Execution venues / brokers are paid on a pre-agreed cost per transaction.

During the period, price paid and cost of execution have been the most important execution factors considered by the Firm to determine if the best possible result was obtained for the Firm's clients (considering such execution factors).

Kirkoswald does not receive a discount on these services. Kirkoswald may, on occasion, receive short term market colour from their execution providers. All of the Firm's clients are categorised as professional clients, under Article 4 (1)(11) of Directive 2004/39/EC.

Kirkoswald may use broker Transaction Cost Analysis ('TCA') reports and internal analysis to monitor the quality of execution against the Firm's best execution criteria. The Firm conduct regular reviews of its chosen execution venues / brokers against the Firm's Order Execution Policy, and may at its discretion, remove those which Kirkoswald believe are no longer offering best execution to the Firm.

**Appendix A**  
**RTS28 Annex I Lists the Classes of financial instruments**

RTS28 Annex I Lists the Classes of financial instruments as:

**(a) Equities – Shares and Depositary Receipts**

- (i) Tick size liquidity bands 5 and 6 (from 2000 trades per day)
- (ii) Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)
- (iii) Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)

**(b) Debt instruments**

- (i) Bonds
- (ii) Money markets instruments

**(c) Interest rates derivatives**

- (i) Futures and options admitted to trading on a trading venue
- (ii) Swaps, forwards, and other interest rates derivatives

**(d) Credit derivatives**

- (i) Futures and options admitted to trading on a trading venue
- (ii) Other credit derivatives

**(e) Currency derivatives**

- (i) Futures and options admitted to trading on a trading venue
- (ii) Swaps, forwards, and other currency derivatives

**(f) Structured finance instruments**

**(g) Equity Derivatives**

- (i) Options and Futures admitted to trading on a trading venue
- (ii) Swaps and other equity derivatives

**(h) Securitized Derivatives**

- (i) Warrants and Certificate Derivatives
- (ii) Other securitized derivatives

**(i) Commodities derivatives and emission allowances Derivatives**

- (i) Options and Futures admitted to trading on a trading venue
- (ii) Other commodities derivatives and emission allowances derivatives

**(j) Contracts for difference**

**(k) Exchange traded products** (Exchange traded funds, exchange traded notes and exchange traded commodities)

**(l) Emission allowances**

**(m) Other instruments**

**Appendix B**  
**Passive and Aggressive Orders and Firms that use Direct Electronic Access (DEA) providers**

**1. Passive and Aggressive Orders**

Passive orders have provided the Firm with liquidity, aggressive orders have reduced liquidity and directed orders are where a specific execution venue was selected by the investment firm prior to the execution of the order. The Firm will state whether the execution of a trade was a passive or aggressive order in cases where the Firm has made a specific instruction to the executing broker that the trade will be either passive or aggressive.

If no specific instruction was made by the Firm to the broker, the nature of whether the trade was passive or aggressive does not need to be included within the published best execution information.

The exception to this rule is where the Firm is sending orders directly to execution venues, in which case the Firm should disclose whether these orders were passive or aggressive.

**2. Firms that use Direct Electronic Access (DEA) providers**

Algorithmic traders and systematic fund managers may use DEA providers to allow a firm to act as a market participant, or trading venue member. A firm chooses the venue that the DEA provider executes on. ESMA considers the DEA provider to be the executing entity and that a firm should list both the venue and the DEA that it uses as part of its best execution disclosure. In turn, the DEA provider classifies these trades as directed orders, as the venue chosen is specified by its client (which is the Firm). Therefore, a firm will disclose the names of its main venues via the DEA, as well as whether there are any close links or specific arrangements with those execution venues.

Kirkoswald does not transmit orders via DEA.