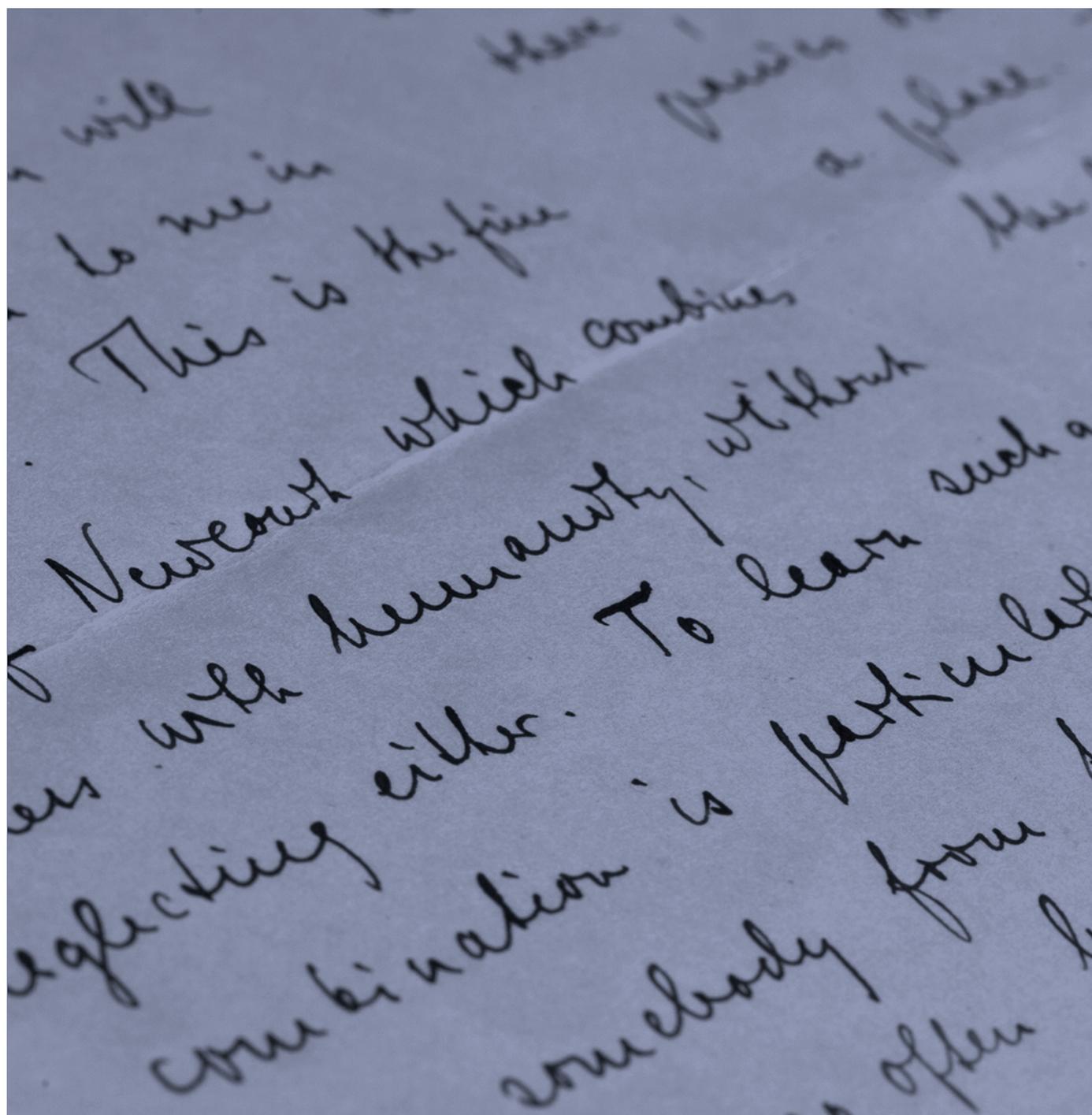
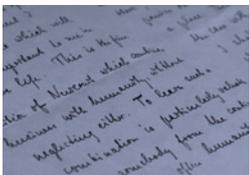




# Top 5 Execution Investment Firms and Venues by Volume and Quality of Execution Disclosures

April 2019





Cover image:  
Extract from 1926 letter from  
Sigmund Warburg to Lionel and  
Anthony de Rothschild, thanking  
them for teaching him about  
business and 'the fine tradition  
of New Court, which combines  
business with humanity without  
neglecting either.' Courtesy of  
The Rothschild Archive.

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# Introduction

MiFID II<sup>1</sup> requires investment firms, including Rothschild & Co (or, “the Firm”), who place for execution its clients’ orders with other investment firms, such as brokers, to publish annually the top five investment firms used in terms of trading volumes in the preceding year and information on the quality of execution obtained. Similarly, it requires investment firms who directly execute client orders to publish the same information in relation to the top five execution venues it used.

## Execution and the Importance of Execution Factors

In accordance with its Order Execution Policy, in 2018 Rothschild & Co usually assessed total consideration (price and costs of execution) as the most important execution factor. This is because almost all Rothschild & Co’s clients are retail clients, and so the best possible result for its clients is best total consideration.

However, in relation to a few large orders placed in 2018, we also had to take into account speed and likelihood of execution (liquidity) in achieving the best possible result for our clients. In these cases, we selected the broker/s we considered most likely to fulfil our clients’ orders and do so in a timely manner. Because of the higher level of involvement required from the broker/s to fulfil these orders, clients paid a higher rate of brokerage commission; the price achieved met best market price.

Where client orders have multiple fills and take time to complete, the best possible result for the client is determined by reference to the volume weighted average price over the period from the first fill to the last fill.

The rate of commission charged by brokers on the Firm’s Approved Brokers list depends on the extent of broker involvement (which we categorise as either ‘low touch’ or ‘high touch’) required to fulfil the order and/or whether the asset is specialist. We have agreed with all our approved brokers the same commission rates for orders which require low touch and high touch involvement. Similarly, we have agreed the same commission rates for orders in specialist assets. In this way, the brokerage costs clients incur are

the same regardless of which broker we select to execute the order. We consider the commission rates we have agreed to be consistent with market rates. We review all commission rates with our brokers annually.

In practice, Rothschild & Co treats retail and professional clients the same when executing clients’ orders and placing clients’ orders for execution.

## Close Links, Conflicts of Interest and Common Ownership

As disclosed in its Order Execution Policy and Conflicts of Interest Policy<sup>2</sup>, where agreed with the client, we will execute all foreign exchange forward orders with another entity in the Rothschild & Co Group. These execution arrangements give rise to a conflict of interest because the use of a single intra-group entity for execution may not result in the best execution of clients’ orders. However, we reasonably expect that this execution arrangement will enable us to obtain results for our clients that are at least as good as the results that could reasonably be expected from using an alternative and external entity for execution.

## Best Execution Monitoring

The Firm’s Compliance function regularly monitors the execution of its clients’ orders so that the Firm can assure itself on an on-going basis that it achieves the best possible result for its clients’ orders. The Compliance function reviews and analyses orders per financial instrument class outside certain thresholds agreed by the Firm’s Best Execution Committee. The results of the Compliance function’s monitoring is presented to the Firm’s Best Execution Committee for review on a quarterly basis so that the committee can promptly instruct action in the event Rothschild & Co is not obtaining, or may not obtain, the best possible result for its clients.

In 2018, the result of this monitoring concluded that Rothschild & Co placed its clients’ orders for execution or executed directly its clients’ orders across all financial instrument classes at best market price.

<sup>1</sup> Directive 2014/65/EU (commonly referred to as “MiFID II”) Article 27(6) and Commission Delegated Regulation (EU) 2015/2365 Article 65(6)

<sup>2</sup> <https://www.rothschildandco.com/en/legal-information/>

### **Changes to List of Approved Brokers**

Rothschild & Co reviews its list of Approved Brokers at least once annually to help ensure on an ongoing basis the Firm will be able to achieve the best possible result for its clients. The annual review we performed in 2018 did not result in any brokers being removed from the list. During 2018, we added additional brokers to the list. This was because the Firm wished to increase the brokers available to it for execution and placing of orders, in particular in relation to fixed income instruments and exchange traded funds.

# Top 5 Execution Investment Firms

Class of Instrument		Equity - Tick size liquidity bands 1 and 2				
Notification if <1 average trade per business day in the previous year		N				
Top five investment firms 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 that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders	
INSTINET EUROPE LTD	26.51%	28.71%	0.08%	28.63%	0.79%	
RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED	24.52%	32.79%	0.00%	0.00%	0.00%	
SANFORD C BERNSTEIN - LONDON	12.53%	13.36%	0.00%	0.08%	0.00%	
SANFORD BERNSTEIN - NEW YORK	10.30%	14.94%	0.00%	0.00%	0.00%	
LIBERUM CAPITAL LTD - LONDON	6.47%	0.02%	0.00%	0.02%	0.00%	

Class of Instrument		Equity - Tick size liquidity bands 3 and 4				
Notification if <1 average trade per business day in the previous year		N				
Top five investment firms 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 that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders	
INSTINET EUROPE LTD	77.41%	83.88%	1.02%	82.86%	13.66%	
CANACCORD GENUITY SECURITIES - LONDON	6.98%	0.19%	0.00%	0.19%	0.14%	
SANFORD BERNSTEIN - NEW YORK	6.32%	15.58%	0.00%	15.58%	0.00%	
INVESTEC BANK PLC - LONDON	5.73%	0.09%	0.00%	0.09%	0.09%	
NUMIS SECURITIES LTD - LONDON	1.11%	0.09%	0.00%	0.09%	0.08%	

Class of Instrument		Equity - Tick size liquidity bands 5 and 6				
Notification if <1 average trade per business day in the previous year		N				
Top five investment firms 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 that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders	
INSTINET EUROPE LTD	58.75%	57.81%	0.56%	57.25%	4.78%	
SANFORD C BERNSTEIN - LONDON	37.76%	9.45%	1.14%	8.31%	1.14%	
MERRILL LYNCH INTERNATIONAL - LONDON	2.96%	23.50%	0.00%	23.50%	0.00%	
MERRILL LYNCH NEW YORK	0.38%	8.27%	0.00%	8.27%	0.00%	
RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED	0.15%	0.97%	0.00%	0.96%	0.00%	

Class of Instrument		Debt Instrument - Bonds				
Notification if <1 average trade per business day in the previous year		N				
Top five investment firms 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 that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders	
CITIGROUP GLOBAL MARKETS LTD - LONDON	14.66%	12.54%	2.76%	9.78%	0.60%	
NATWEST MARKETS PLC LONDON	11.79%	7.09%	1.79%	5.30%	0.07%	
ROYAL BANK OF CANADA EUROPE LTD LONDON	10.50%	3.58%	3.28%	0.30%	0.00%	
THE TORONTO-DOMINION BANK - LONDON	8.38%	6.27%	2.01%	4.25%	0.00%	
HSBC TREASURY AND CAP. MKTS-LONDON	7.97%	9.33%	3.88%	5.45%	0.22%	

\* The Firm executes clients' bond orders through Bloomberg's Multilateral Trading Facility.

Class of Instrument		Debt Instrument - Money markets Instruments				
Notification if <1 average trade per business day in the previous year		Y				
Top five investment firms 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 that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders	
THE TORONTO-DOMINION BANK - LONDON	54.89%	51.71%	24.15%	27.56%	4.91%	
MORGAN STANLEY + CO INTL - LONDON	22.01%	4.27%	3.42%	0.85%	0.00%	
DANSKE BANK AKTIESELSKAB - COPENHAGEN	10.39%	17.09%	10.47%	6.62%	2.35%	
HSBC TREASURY AND CAP. MKTS-LONDON	4.40%	11.11%	4.06%	7.05%	0.85%	
J.P. MORGAN SECURITIES PLC	3.68%	7.69%	5.56%	2.14%	1.50%	

Class of Instrument		Currency Derivatives - FX Forwards				
Notification if <1 average trade per business day in the previous year		N				
Top five investment firms 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 that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders	
ROTHSCHILD & CO BANK AG	100.00%	100.00%	0.00%	100.00%	1.32%	

Class of Instrument		Securitised Derivatives - Warrants and Certificate Derivatives				
Notification if <1 average trade per business day in the previous year		Y				
Top five investment firms 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 that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders	
BNP PARIBAS ISSUANCE B.V.	76.75%	17.41%	0.50%	16.92%	0.50%	
CREDIT SUISSE - LONDON	19.16%	0.50%	0.50%	0.00%	0.00%	
RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED	2.47%	28.86%	0.00%	28.86%	28.86%	
INSTINET EUROPE LTD	1.22%	14.43%	0.00%	14.43%	14.43%	
GOLDMAN SACHS INTERNATIONAL	0.23%	19.40%	0.00%	19.40%	0.00%	

Price and cost will normally be the most significant factors. However, if there is a lack of counterparties offering the relevant financial instrument this may mean that the firm's investigation into price is not as varied as it might have been in other cases.

Class of Instrument		Exchange traded products				
Notification if <1 average trade per business day in the previous year		N				
Top five investment firms 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 that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders	
COMMERZBANK AG FRANKFURT	41.27%	3.66%	0.23%	3.42%	0.85%	
MERRILL LYNCH INTERNATIONAL - LONDON	19.09%	1.46%	0.08%	1.39%	0.27%	
INSTINET EUROPE LTD	18.36%	65.03%	4.31%	60.72%	37.59%	
DEUTSCHE BANK AG - LONDON	9.35%	0.35%	0.00%	0.35%	0.08%	
SUSQUEHANNA INTERNATIONAL SECURITIES LTD	8.22%	0.88%	0.04%	0.85%	0.12%	

Class of Instrument		Other instruments				
Notification if <1 average trade per business day in the previous year		N				
Top five investment firms 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 that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders	
JEFFERIES INTERNATIONAL LTD - LONDON	91.47%	16.78%	0.00%	16.78%	0.57%	
INSTINET EUROPE LTD	6.88%	81.71%	0.00%	81.71%	4.83%	
CANACCORD GENUITY SECURITIES - LONDON	0.67%	0.66%	0.00%	0.66%	0.09%	
FIDANTE CAPITAL	0.64%	0.66%	0.00%	0.66%	0.00%	
NUMIS SECURITIES LTD - LONDON	0.23%	0.09%	0.00%	0.09%	0.00%	

# Top 5 Execution Venues

Class of Instrument		Securitized Derivatives - Warrants and Certificate Derivatives				
Notification if <1 average trade per business day in the previous year		Y				
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 that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders	
BNP PARIBAS ISSUANCE B.V.	76.75%	17.41%	0.50%	16.92%	0.50%	
CREDIT SUISSE - LONDON	19.16%	0.50%	0.50%	0.00%	0.00%	
RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED	2.47%	28.86%	0.00%	28.86%	28.86%	
INSTINET EUROPE LTD	1.22%	14.43%	0.00%	14.43%	14.43%	
GOLDMAN SACHS INTERNATIONAL	0.23%	19.40%	0.00%	19.40%	0.00%	