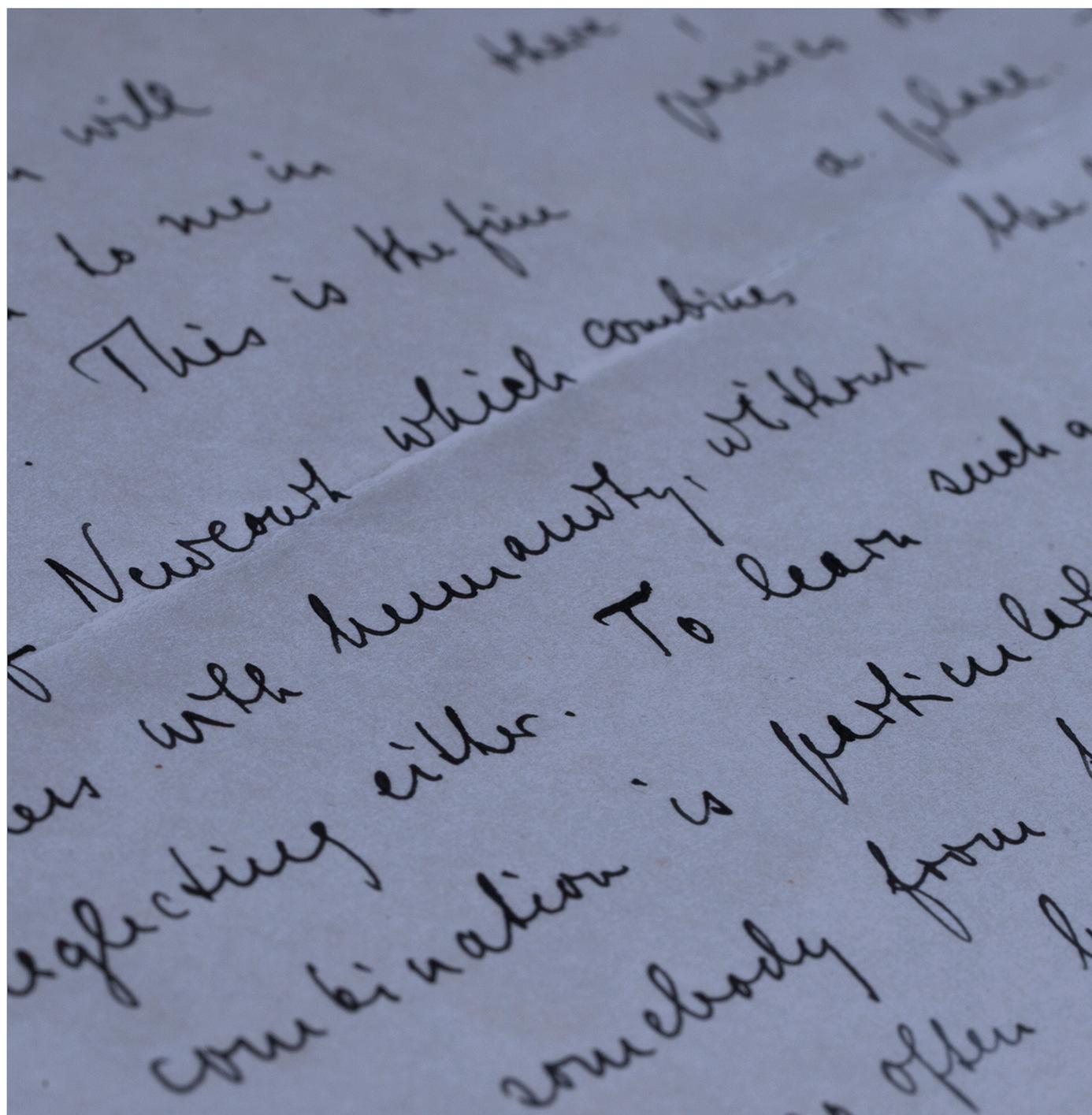




Top 5 Execution Investment Firms and Venues by Volume and Quality of Execution Disclosures

April 2020





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 II¹ 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 2019 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 2019, 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 and to achieve 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 Policy², 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 2019, 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.

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 2019 did not result in any brokers being removed from the list. During 2019, 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.

¹ Directive 2014/65/EU (commonly referred to as “MiFID II”) Article 27(6) and Commission Delegated Regulation (EU) 2015/2376 Article 65(6)

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

Top 5 Execution Venues Trading Volumes by Asset Class

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 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	
LIBERUM CAPITAL LTD - LONDON	54.27%	0.23%	0.04%	0.19%	0.05%	
INSTINET EUROPE LTD	14.12%	87.59%	0.20%	87.39%	1.81%	
WINTERFLOOD SECURITIES - LONDON	10.12%	0.31%	0.02%	0.29%	0.28%	
NUMIS SECURITIES LTD - LONDON	8.25%	0.07%	0.00%	0.08%	0.00%	
INVESTEC BANK PLC - LONDON	4.33%	0.04%	0.00%	0.04%	0.01%	

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 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	
INSTINET EUROPE LTD	28.54%	56.12%	0.22%	55.90%	3.75%	
MERRILL LYNCH NEW YORK	16.34%	18.31%	0.00%	18.31%	0.00%	
SANFORD C BERNSTEIN - LONDON	14.28%	4.89%	0.00%	4.89%	0.00%	
SANFORD BERNSTEIN - NEW YORK	12.37%	8.90%	0.00%	8.90%	0.00%	
INVESTEC BANK PLC - LONDON	6.36%	2.67%	0.16%	2.51%	0.16%	

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 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	
INSTINET EUROPE LTD	79.65%	57.19%	1.03%	56.15%	8.69%	
MERRILL LYNCH INTERNATIONAL - LONDON	20.25%	42.80%	0.00%	42.80%	0.00%	
JEFFERIES INTERNATIONAL LTD - LONDON	0.05%	0.00%	0.00%	0.00%	0.00%	
WINTERFLOOD SECURITIES - LONDON	0.04%	0.00%	0.00%	0.00%	0.00%	
NUMIS SECURITIES LTD - LONDON	0.01%	0.00%	0.00%	0.00%	0.00%	

Class of Instrument		Debt Instrument - Bonds				
Notification if <1 average trade per business day in the previous year		N				
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	
CITIGROUP GLOBAL MARKETS LTD - LONDON	17.18%	12.00%	2.37%	9.63%	0.30%	
MERRILL LYNCH INTERNATIONAL (FIXED INCOME)	10.57%	7.93%	1.63%	6.30%	0.15%	
HSBC TREASURY AND CAP. MKTS-LONDON	10.49%	9.33%	3.34%	6.00%	0.08%	
ROYAL BANK OF CANADA EUROPE LTD LONDON	10.09%	3.56%	2.30%	1.26%	0.23%	
NATWEST MARKETS PLC LONDON	8.05%	6.89%	1.33%	5.56%	0.15%	

Class of Instrument		Debt Instrument - Money markets Instruments				
Notification if <1 average trade per business day in the previous year		N				
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	
THE TORONTO-DOMINION BANK - LONDON	42.28%	38.81%	15.38%	23.44%	3.65%	
DANSKE BANK AKTIESELSKAB - COPENHAGEN	22.58%	33.94%	14.46%	19.48%	3.04%	
MORGAN STANLEY + CO INTL - LONDON	22.38%	6.70%	6.09%	0.61%	0.61%	
HSBC TREASURY AND CAP. MKTS-LONDON	4.05%	9.89%	3.04%	6.84%	0.61%	
DEUTSCHE BANK AG - LONDON	2.53%	1.07%	0.46%	0.61%	0.00%	

Class of Instrument		Currency Derivatives - FX Forwards				
Notification if <1 average trade per business day in the previous year		N				
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	
ROTHSCHILD & CO BANK AG	100.00%	100.00%	0.00%	100.00%	1.25%	

Class of Instrument		Securitised Derivatives - Warrants and Certificate Derivatives				
Notification if <1 average trade per business day in the previous year		N				
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.	79.46%	5.13%	0.00%	5.13%	0.00%	
CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG	18.32%	76.64%	0.35%	76.29%	0.70%	
J.P. MORGAN SECURITIES PLC	2.02%	16.64%	0.18%	16.46%	0.35%	
INSTINET EUROPE LTD	0.18%	1.06%	0.00%	1.06%	1.06%	
WINTERFLOOD SECURITIES - LONDON	0.01%	0.18%	0.00%	0.18%	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 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	
FLOW TRADERS BV	26.76%	5.43%	0.18%	5.26%	1.57%	
SUSQUEHANNA INTERNATIONAL SECURITIES LTD	21.67%	4.03%	0.00%	4.03%	0.52%	
INVESTEC BANK PLC - LONDON	21.28%	2.10%	0.18%	1.93%	0.35%	
COMMERZBANK AG FRANKFURT	13.51%	14.54%	0.18%	14.36%	1.40%	
JANE STREET FINANCIAL LIMITED	6.88%	7.88%	0.18%	7.71%	1.23%	

Class of Instrument		Other instruments				
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	
JEFFERIES INTERNATIONAL LTD - LONDON	89.14%	6.67%	3.81%	2.86%	5.72%	
WINTERFLOOD SECURITIES - LONDON	2.25%	4.76%	0.00%	4.76%	2.86%	
INSTINET EUROPE LTD	2.15%	70.48%	9.52%	60.95%	48.58%	
CANACCORD GENUITY SECURITIES - LONDON	2.11%	3.81%	0.95%	2.86%	0.95%	
ROYAL BANK OF CANADA EUROPE LTD LONDON	1.87%	0.95%	0.00%	0.95%	0.00%	

Top 5 Execution Venues (RTS 28)

Class of Instrument		Securitized Derivatives - Warrants and Certificate Derivatives				
Notification if <1 average trade per business day in the previous year		N				
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.	79.46%	5.13%	0.00%	5.13%	0.00%	
CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG	18.32%	76.64%	0.35%	76.29%	0.70%	
J.P. MORGAN EUROPE LTD	2.02%	16.64%	0.18%	16.46%	0.35%	
INSTINET EUROPE LTD	0.18%	1.06%	0.00%	1.06%	1.06%	
WINTERFLOODS SECURITIES	0.01%	0.18%	0.00%	0.18%	0.00%	

RTS 28 (regulatory technical standards) for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution.