

## MiFID-II RTS 28 Annex II reporting

With this document Method provides one only consolidated document on the execution venues (REPORT 1 and 2) and brokers/firms (REPORT 3 and 4) the firm uses most frequently to execute client orders.

This document is published on the website as required by the Directive 2014/65/EU in financial instruments (MiFID II) on the 30th of April following the end of the period to which the report relates.

**Note for 2017 Report:** ESMA recognises that for the first set of RTS 28 reports, investment firms may not be able to fully report on information which is not available or applicable in relation to the preceding year e.g. where it is tied to new provisions stemming from MiFID II or MiFIR. As a practical matter, this might mean that the first year's report may lack some of the detail that would be available for subsequent reports, given that firms may not have data published under RTS 27 for the preceding year.

### **REPORT 1. Top five execution venues (Regulated Markets/MTFs/OTFs/Systematic Internalisers)**

This Report provides the top five execution venues in terms of trading volumes where Method executed client orders during 2017 period (01/01/2017- 31/12/2017) and information on the quality of execution obtained (Report 2).

#### **SCOPE OF THE REPORT**

Volume and number of orders executed on each execution venue is provided so that investors may be able to have an opinion as to the flow of client orders from Method to execution venues.

#### **DETAILS**

2017 REPORT is empty as there are no client orders executed by Method on execution venue

Class of Instrument					
Notification if <1 average trade per business day in the previous year	Y/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 percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Name and Venue Identifier (MIC or LEI)					
Name and Venue Identifier (MIC or LEI)					
Name and Venue Identifier (MIC or LEI)					
Name and Venue Identifier (MIC or LEI)					
Name and Venue Identifier (MIC or LEI)					



## **REPORT 2. Other relevant disclosures**

The below disclosures are provided further to quantitative analysis conducted on Execution Venues:

- There are no close links, conflicts of interests, and common ownerships between Method Investments & Advisory and execution venues.
- During 2017 Method has not executed any client order on execution venue
- No smart order routers have been used.
- No assessment of quality of execution is provided as Method has not used any Execution venue to execute client orders.
- Any other information on Execution factors can be retrieve from Method Execution Policy.
- No specific arrangements applies with Execution venues in terms of payments made or received, discounts, rebates or non-monetary benefits received;



### **REPORT 3. Brokers used to execute orders**

For a given class of financial instruments, there may be many instances where the firm provides both services: execution and transmission.

Where Method is not a member of trading venues where client orders need to be routed for execution, Method will need to transmit these orders to other firms for execution alongside its execution activity as member of trading venues. Method therefore may elect to use a broker instead of directly executing orders on an execution venue to minimise market impact and achieve a better outcome for the client.

This Report provides the top five Brokers/Firms in terms of trading volumes where Method transmitted client orders during 2017 period (01/01/2017- 31/12/2017) and information on the quality of execution obtained (Report 4).

#### **SCOPE OF THE REPORT**

Volume and number of orders executed with brokers and other firms is provided so that investors may be able to have an opinion as to the flow of client orders from Method to execution venues.

#### **DETAILS**

- Details are provided in percentage of the total volumes (Transaction volumes should be calculated by reference to market price for securities trades and notional for derivatives trades) and the total number of orders executed for each class of financial instruments.
- Method has permission to deal only with professional clients and eligible counterparties therefore this report applies only to Professional Clients (to whom Best execution applies).
- MIFID II does not prohibit firms from selecting only one broker/firm to execute client orders in a given class of financial instruments. Where this is applicable Report 4 will provide info describing how such a choice enables Method to consistently get the best results for the clients.
- Direct orders of clients: to ensure that Method is not held accountable for order execution decisions for which it is not responsible, Method discloses the percentage of orders transmitted on each of the top five firms/brokers where the choice of execution venue has been specified by clients.

Class of Instrument	Equities – Shares & Depository Receipts				
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 percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Equita Sim 815600E3E9BFBC 8FAA85 TYPE: Broker	92.92	97.94	NA for inv. Management service	NA for inv. Management service	



<b>BSI</b>  TYPE: Depository Bank  529900U5XAEYOT 68AC40	4.84	1.37	NA for inv. Management service	NA for inv. Management service	
VALBURY  FJ25I6IOF0UFGILP 9G17  TYPE: Counterparty	1.57	0.23	NA for inv. Management service	NA for inv. Management service	
KBL  KHCL65TP05J1HU W2D560  TYPE: Depository Bank	0.67	0.46	NA for inv. Management service	NA for inv. Management service	

Class of Instrument	Debt 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 percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
KBL  KHCL65TP05J1HUW2D560  TYPE: Depository Bank	43.87	43.97	NA for inv. Management service	NA for inv. Management service	
METHOD INVESTMENTS & ADVISORY LTD  213800GK3K7QZWWKXU03  TYPE: Counterparty	30.98	35.41	NA for inv. Management service	NA for inv. Management service	
<b>BSI</b>  TYPE: Depository Bank  529900U5XAEYOT68AC40	15.93	13.62	NA for inv. Management service	NA for inv. Management service	



JPM K6Q0W1PS1L1O4IQL9C32 TYPE: Counterparty	7.85	5.84	NA for inv. Management service	NA for inv. Management service	
<b>OPPENHEINER</b> TYPE: Counterparty	0.68	0.39	NA for inv. Management service	NA for inv. Management service	

Class of Instrument	Interest rates 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 percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
BSI TYPE: Depository Bank 529900U5XAEYOT68AC40	100	100	NA for inv. Management service	NA for inv. Management service	

Class of Instrument	currency 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 percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
KBL KHCL65TP05J1HUW2D560 TYPE: Depository Bank	71.67	62.76			
BSI TYPE: Depository Bank 529900U5XAEYOT68AC40	28.33	37.24	NA for inv. Management service	NA for inv. Management service	

#### TABLE NOTES

- 'Passive order' means an order entered into the order book that provided liquidity (eg coming in between bid and offer; submitting an order to an exchange which does not match an existing resting order);
- 'Aggressive order' means an order entered into the order book that took liquidity (eg. by lifting an offer or hitting a bid; submitting an order to an exchange which is immediately matched with an existing resting order);



ESMA has clarified that these terms are unlikely to be relevant in the context of order transmission/placement by portfolio managers and, as such, the passive/aggressive fields would usually not need to be completed in the Broker Report for such entities. The only exception would be where the firm attaches a specific instruction to the order telling the broker to execute the order passively or, as the case may be, aggressively.

Passive/aggressive distinction is only relevant where the trading venue in question maintains the type of order book that enables members of the trading venue to trade both passively and aggressively. So, in the context of the Venue Report, the distinction would not be relevant to over-the-counter, request for quote (RfQ) based trading or for trades on trading venues that are RfQ platforms (where there is no such choice)

- c) 'Directed order' means an order where a specific broker/firm was specified by the client prior to the execution of the order.

#### **REPORT 4. Other relevant disclosures**

The below disclosures are provided further to quantitative analysis conducted on brokers/firms used for executing client orders:

- There are no close links, conflicts of interests, and common ownerships between Method Investments & Advisory and brokers/firms used for executing client orders
- Method executes orders of clients that for 2017 happened to be only clients of Investment Management Desk. Method transmits such orders to Custodian bank of the client (as indicated by the Client) or to Brokers assessed for best execution under quality evaluation of the party. Orders are sent via Smart Order Routing in some cases. In other cases via a request made via a RFQ made through Bloomberg or via email/recorded telephone. (OTC)
- Method executes an analysis of quality of services offered by the relevant broker by valuating: Sales Service, Market knowledge, trade implementation details (Price, Cost, speed, likelihood of execution and settlement, size of orders), this information are provided by the Investment manager when a request to use a new broker is made. Arrangements with these broker/firm may vary depending on some factors:
  - If the client indicates the specific broker to be used being the depositary bank of the fund managed
  - In general brokers are chosen by comparison of fees that they apply. At same level of service offered Method chose brokers with lower transaction fees.
  - Method does not receive rebates or non-monetary benefits from either brokers indicated or chosen as for above details.
- Analysis by Instrument type:
  - (a) Equities – Shares & Depositary Receipts: Almost all transactions are executed with a broker as the depositary banks have higher fees
  - (b) Debt instruments: Depositaries are almost used together with Method Prop trading (Method in fact does not apply fees to the transactions being the Investment Managers of the funds and best execution prices are granted in comparison to Market prices).
  - (c) Interest rates derivatives: All futures are executed with Depositary of funds for costs reason and as indicated by the client.
- The list broker/firms used by Investment management has been reviewed with the introduction of Mifid2.

