

RTS 28 for Jan-Dec 2017 - Instinet Europe Limited



Overall Summary:

For a detailed description of execution arrangements used by Instinet Europe Limited ('IEL'), see our Order Execution Policy at <http://www.institet.com/legal-and-regulatory.php>

This document shows IEL's top five venues and brokers for each class of instrument, along with a summary for each class. Classes are as determined by ESMA in 2018.

Regarding the specific clauses a-h of Article 3 (3) of RTS 28, the following information is common to all classes of financial instruments traded by IEL:

<p>(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;</p>	<p>When selecting venues on which to place orders, in accordance with the phases of our SOR as described in our Order Execution Policy, IEL generally puts the greatest emphasis on price above other factors, followed by likelihood of execution.</p> <p>When assessing the quality of execution, IEL's Best Execution Committee uses quantitative and qualitative metrics to assess venues and brokers, and also reviews performance of the SOR, the Experts algorithm suite, and orders worked by IEL's Execution desk. The committee meets on a regular, usually quarterly basis.</p> <p>Metrics used include analysis of spread moves at time intervals after fills on different venues, comparison of prices achieved by the SOR with the consolidated lit orderbook at the time of sending, and performance of algos against a range of benchmarks including arrival and close.</p>
<p>(b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;</p>	<p>IEL may use the execution venues listed in the Appendices to the Order Execution Policy when obtaining best execution as defined by MiFID II. IEL is wholly owned by Nomura Holdings Inc and as such has close links (as defined by the FCA) with other legal entities within the Nomura Holdings Inc Group (an "affiliate").</p> <p>Where IEL routes a qualifying order as set out in the Order Execution Policy to an affiliate for execution, IEL will ensure that the latter will have regard for the wider market in the relevant security, taking into account information source reasonably available, including but not limited to exchanges, brokers/dealers and multi-lateral trading facilities in order for IEL to meet its best execution obligation to you.</p> <p>IEL's relationship to BlockMatch® is set out in the Order Execution Policy. The rulebook and membership details for BlockMatch are available on www.blockmatch.com</p> <p>IEL is a member of the Plato Partnership which is part of a joint venture with Turquoise, an MTF operator.</p>
<p>(c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;</p>	<p>IEL has no specific arrangements with any execution venues other than the standard terms of membership where applicable. When trading with a Systematic Internaliser, no payment is made or received.</p>

<p>(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;</p>	<p>Over 2017 the only significant changes to the execution venues listed in IEL's Order Execution policy were in emerging markets, where Cyprus and Saudi Arabia were added, and Jordan was removed due to decreased likelihood of settlement. Additionally we added an option for clients to interact with prototype Systematic Internalisers ('SIs') run by external counterparties if they wished, where those SIs published a quote that could fill an SOR slice in full either at or better than the best visible quote elsewhere.</p> <p>On the 3rd of January 2018 there were several changes to the execution venues listed in our Order Execution Policy, such as the removal of BCNs, as well as a new format for listing the venues in an appendix document.</p>
<p>(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;</p>	<p>IEL deals only with professional clients and eligible counterparties and otherwise does not categorise clients. However we classify orders according to the product used: DEA orders, RTO orders, SOR orders, algo orders, and worked orders. Descriptions of these can be found in our Order Execution Policy.</p>
<p>(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;</p>	<p>IEL does not have any retail clients.</p>
<p>(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 RTS 27:</p>	<p>IEL's Best Execution Committee assesses execution quality using a variety of metrics depending on the order type, including those described under answer (a) above.</p> <p>IEL's data is mostly sourced directly from exchanges but for some markets is taken from Bloomberg</p>
<p>(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.</p>	<p>Instinet's TCA product uses consolidated data stored in a proprietary database.</p>

Class of Instrument		Equities - Shares and Depository Receipts: Tick size liquidity bands 1 and 2				
Notification if <1 average trade per business day in the previous year		No				
Top five execution venues ranked in terms of traded volumes (descending order)	MIC	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
JOHANNESBURG STOCK EXCHANGE	XJSE	1.2%	0.8%	0%	0%	5%
SIX SWISS EXCHANGE	XSWX	0.6%	0.5%	49%	35%	50%
SIX SWISS EXCHANGE - BLUE CHIPS SEGMENT	XVTX	0.5%	0.1%	39%	39%	72%
CBOE EUROPE - CXE ORDER BOOKS	CHIX	0.4%	0.5%	71%	15%	75%
BLOCKMATCH DARK	BLOX	0.3%	0.1%	46%	53%	56%

Class of Instrument		Equities - Shares and Depository Receipts: Tick size liquidity bands 1 and 2		
Notification if <1 average trade per business day in the previous year		No		
Top five brokers ranked in terms of traded volumes (descending order)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	
Instinet, LLC	549300MGMN3RKMU8FT57	74.6%	84.6%	
Instinet Pacific Ltd	549300RI6VZUNIR81J81	18.1%	8.5%	
Instinet Australia Pty Ltd	549300V6EFTSRJ06G76	1.2%	1.8%	
Instinet Canada Ltd	549300SU730FTQOKTE75	0.7%	1.0%	
Peregrine Equities (Pty) Ltd	213800M4QRJUQAAI5Y46	0.5%	0.3%	

Many non-EU equities have secondary listings in EU markets such as Frankfurt and hence are classified as MiFID securities.

Where the most liquid market for a stock is outside the EU, IEL generally executes on that market unless the same price is available in the EU and/or the client specifies an EU listing.

IEL's affiliates are governed by their own best execution policies and their executions are included in IEL's outliers monitoring.

IEL mainly accessed the Johannesburg Stock Exchange on a DEA basis via 3 local executing brokers, one of whom is Peregrine. LastLiquidity tags are not available in this market.

When trading via DEA, both the broker and venue appear in the report as per the Q&A on Investor Protection, answer to question 17.

The SIX-Swiss exchange uses different MICs for blue chips and smaller caps, hence these are split out in the table.

CBOE CXE has the highest total market share across EU markets and features in the top 5 venues for all 3 equity classes. Some executions were missing LastLiquidity tags.

In 2017 IEL executed many orders in liquid Swiss stocks in BlockMatch as this offered greatly reduced latency compared to trading in Zurich, at the same price and at lower cost.

Class of Instrument		Equities - Shares and Depository Receipts: Tick size liquidity bands 3 and 4				
Notification if <1 average trade per business day in the previous year		No				
Top five execution venues ranked in terms of traded volumes (descending order)	MIC	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
CBOE EUROPE - CXE ORDER BOOKS	CHIX	13.1%	23.9%	62%	14%	76%
LONDON STOCK EXCHANGE	XLON	9.1%	14.0%	37%	19%	87%
SIX SWISS EXCHANGE - BLUE CHIPS SEGMENT	XVTX	5.5%	1.1%	37%	44%	73%
TURQUOISE	TRQX	5.4%	10.4%	53%	41%	91%
CBOE EUROPE -BXE ORDER BOOKS	BATE	4.6%	8.7%	55%	16%	90%

Class of Instrument		Equities - Shares and Depository Receipts: Tick size liquidity bands 3 and 4		
Notification if <1 average trade per business day in the previous year		No		
Top five brokers ranked in terms of traded volumes (descending order)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	
Instinet, LLC	549300MGMN3RKMU8FT57	26.9%	10.5%	
Instinet Europe Ltd	213800MXAKR2LA1VBM44	1.5%	0.0%	
Instinet Pacific Ltd	549300RI6VZUNIR81J81	0.6%	0.2%	
Santander Investment Bolsa SV SA	549300VXHFB1JDHP7C26	0.6%	0.6%	
Investment Technology Group Europe Ltd	213800EEEC95PRUCEUP63	0.5%	0.2%	

CBOE CXE has the highest total market share across EU markets and features in the top 5 venues for all 3 equity classes. Some executions were missing LastLiquidity tags.

A high percentage of IEL's executions in the top 5 venues for this class were from directed orders.

Where the most liquid market for a stock is outside the EU, IEL will execute on that market unless the same price is available in the EU and/or the client specifies an EU listing.

Instinet Europe Ltd features as a broker in this list when crossing OTC between two client orders.

IEL mainly accessed Bolsa de Madrid on a DEA basis via 2 local brokers, one of whom is Santander.

Class of Instrument		Equities - Shares and Depository Receipts: Tick size liquidity bands 5 and 6				
Notification if <1 average trade per business day in the previous year		No				
Top five execution venues ranked in terms of traded volumes (descending order)	MIC	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
CBOE EUROPE - CXE ORDER BOOKS	CHIX	18.7%	30.2%	60%	16%	75%
LONDON STOCK EXCHANGE	XLON	14.8%	13.4%	34%	23%	89%
EURONEXT - EURONEXT PARIS	XPAR	8.4%	4.8%	42%	52%	80%
TURQUOISE	TRQX	8.0%	12.6%	52%	40%	86%
XETRA	XETR	7.9%	4.5%	47%	38%	84%

Class of Instrument		Equities - Shares and Depository Receipts: Tick size liquidity bands 5 and 6		
Notification if <1 average trade per business day in the previous year		No		
Top five brokers ranked in terms of traded volumes (descending order)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	
Instinet Europe Ltd	213800MXAKR2LA1VBM44	1.6%	0.1%	
Instinet Pacific Ltd	549300RI6VZUNIR81J81	1.1%	1.1%	
Banco Bilbao Vizcaya Argentaria	K8MS7FD7N5Z2WQ51AZ71	0.7%	0.3%	
Santander Investment Bolsa SV SA	549300VXHFB1JDHP7C26	0.5%	0.3%	
Morgan Stanley & Co. International Plc	4PQUHN3JPFQFNF3BB653	0.4%	0.5%	

CBOE CXE has the highest total market share across EU markets and features in the top 5 venues for all 3 equity classes. Some executions were missing LastLiquidity tags.

A high percentage of IEL's executions in the top 5 venues for this class were from directed orders.

Where the most liquid market for a stock is outside the EU, IEL will execute on that market unless the same price is available in the EU and/or the client specifies an EU listing.

Instinet Europe Ltd features as a broker in this list when crossing OTC between two client orders.

IEL mainly accessed Bolsa de Madrid on a DEA basis via 2 local brokers, who both appear in this list.

Certain IEL clients directed orders to Morgan Stanley.

Due to a peculiarity of tick banding, relatively few US securities appear in the top two tick bands.

Class of Instrument		Exchange Traded Products (Exchange Traded Funds, Exchange Traded Notes and Exchange Traded Commodities)				
Notification if <1 average trade per business day in the previous year		No				
Top five execution venues ranked in terms of traded volumes (descending order)	MIC	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
LONDON STOCK EXCHANGE	XLON	8.2%	4.2%	18%	73%	54%
XETRA	XETR	4.7%	2.1%	40%	58%	71%
SIX SWISS EXCHANGE	XSWX	3.8%	3.6%	77%	14%	94%
ELECTRONIC SHARE MARKET	MTAA	3.5%	1.7%	17%	82%	88%
EURONEXT - EURONEXT PARIS	XPAR	2.7%	1.3%	21%	70%	30%

Class of Instrument		Exchange Traded Products (Exchange Traded Funds, Exchange Traded Notes and Exchange Traded Commodities)		
Notification if <1 average trade per business day in the previous year		No		
Top five brokers ranked in terms of traded volumes (descending order)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	
Instinet, LLC	549300MGMN3RKMU8FT57	68.1%	82.4%	
Santander Investment Bolsa SV SA	549300VXHFB1JDHP7C26	1.7%	0.5%	
Instinet Europe Ltd	213800MXAKR2LA1VBM44	1.2%	0.0%	
Flow Traders BV	549300CLJI9XDH12XV51	1.0%	0.0%	
Instinet Pacific Ltd	549300RI6VZUNIR81J81	0.4%	0.4%	

Most executed orders in this class in EU stocks were aggressive rather than passive.

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IEL's affiliates are governed by their own best execution policies and their executions are included in IEL's outliers monitoring.

Instinet Europe Ltd features as a broker in this list when crossing OTC between two client orders.

IEL mainly accessed Bolsa de Madrid on a DEA basis via 2 local brokers, one of whom is Santander.

IEL has a number of counterparties who make markets in ETPs, one of whom is Flow Traders.

Class of Instrument		Securitized Derivatives: Warrants and Certificate Derivatives				
Notification if <1 average trade per business day in the previous year		No				
Top five execution venues ranked in terms of traded volumes (descending order)	MIC	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
NASDAQ HELSINKI LTD	XHEL	3.1%	4.6%	34%	66%	0%
ELECTRONIC SHARE MARKET	MTAA	1.9%	6.6%	26%	59%	2%
EURONEXT - EURONEXT PARIS	XPAR	1.6%	3.4%	23%	48%	2%
EURONEXT - EURONEXT AMSTERDAM	XAMS	0.9%	0.1%	0%	100%	0%
NASDAQ STOCKHOLM AB	XSTO	0.0%	1.3%	9%	13%	66%

Class of Instrument		Securitized Derivatives: Warrants and Certificate Derivatives		
Notification if <1 average trade per business day in the previous year		No		
Top five brokers ranked in terms of traded volumes (descending order)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	
Instinet, LLC	549300MGMN3RKMU8FT57	58.3%	65.6%	
Instinet Australia Pty Ltd	549300V6EFTSRJ06G76	31.6%	14.3%	
Instinet Pacific Ltd	549300RI6VZUNIR81J81	1.2%	0.4%	
Instinet Europe Ltd	213800MXAKR2LA1VBM44	0.9%	0.1%	
Instinet Canada Ltd	549300SU730FTQOKTE75	0.3%	3.0%	

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Instinet Europe Ltd features as a broker in this list when crossing OTC between two client orders.

Class of Instrument		Debt Instruments: Bonds				
Notification if <1 average trade per business day in the previous year		Yes				
Top five execution venues ranked in terms of traded volumes (descending order)	MIC	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
DEUTSCHE BOERSE AG	XFRA	45.1%	25.0%	0%	0%	0%
EURONEXT - EURONEXT PARIS	XPAR	45.0%	50.0%	13%	88%	88%

Class of Instrument		Debt Instruments: Bonds		
Notification if <1 average trade per business day in the previous year		Yes		
Top five brokers ranked in terms of traded volumes (descending order)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	
Baader Bank AG	529900JFOPPEDUR61H13	45.1%	25.0%	
Instinet Australia Pty Ltd	5493000V6EFTSRJ06G76	9.9%	25.0%	

In 2017 IEL traded in 4 hybrid securities that became classified as bonds by ESMA.

One security was executed via DEA through Baader, so appears in both lists.

When trading via DEA, both the broker and venue appear in the report as per the Q&A on Investor Protection, answer to question 17.

Class of Instrument		Other Instruments				
Notification if <1 average trade per business day in the previous year		No				
Top five execution venues ranked in terms of traded volumes (descending order)	MIC	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
XETRA	XETR	44.9%	27.4%	56%	30%	75%
CBOE EUROPE - CXE ORDER BOOKS	CHIX	17.4%	28.3%	70%	16%	73%
TURQUOISE	TRQX	9.6%	13.6%	59%	38%	85%
BLOCKMATCH DARK	BLOX	6.4%	5.8%	50%	49%	61%
CBOE EUROPE -BXE ORDER BOOKS	BATE	6.1%	9.0%	50%	30%	88%

Class of Instrument		Other Instruments	
Notification if <1 average trade per business day in the previous year		No	
Top five brokers ranked in terms of traded volumes (descending order)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class
Instinet Australia Pty Ltd	5493000V6EFTSRJ06G76	1.9%	2.7%
Instinet Europe Ltd	213800MXAKR2LA1VBM44	1.7%	0.1%
Instinet, LLC	549300MGMN3RKMU8FT57	0.7%	3.4%
Instinet Pacific Ltd	549300RI6VZUNIR81J81	0.6%	1.3%
Morgan Stanley & Co. International Plc	4PQUHN3JPFQFNF3BB653	0.4%	0.2%

This class of instrument is predominantly composed of preference shares, which are most common in Germany.

In 2017 IEL executed many orders in German preference shares in BlockMatch as this offered reduced latency compared to trading in Frankfurt, at the same price and at lower cost.

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IEL's affiliates are governed by their own best execution policies and their executions are included in IEL's outliers monitoring.

Instinet Europe Ltd features as a broker in this list when crossing OTC between two client orders.

Certain IEL clients directed orders to Morgan Stanley.

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