

RTS 28 Quality of Execution Annual Report

Firm: Brigade Capital UK LLP (the “Firm”)

Calendar Year Disclosure Period: 1 January 2017 to 31 December 2017

Date: 30 April 2018

The Markets in Financial Instruments Directive and the Markets in Financial Instruments Regulation (together, “MiFID2”), and Regulatory Technical Standard (“RTS”) 28 (Delegated Regulation (EU) 2017/576), as implemented in the UK, require MiFID investment firms to publish on an annual basis: (i) a list of their top 5 execution venues (including brokers) in terms of trading volumes for all executed client orders per class of financial instruments; (ii) a list of their top 5 execution venues (including brokers) in terms of trading volumes for all executed client orders in securities financing transactions per class of financial instruments; and (iii) for each class of financial instrument, a summary of the analysis and conclusions they draw from their monitoring of the quality of execution obtained on execution venues (including brokers) where they executed all client orders in the previous year.

Summary of classes of instruments included in this report, and class of instruments not included in this report (because the Firm has not executed client orders in that class of instruments):

Classes of instruments included in this report	Classes of instruments not included in this report
<ul style="list-style-type: none"> • Equities – Shares & Depositary Receipts <ul style="list-style-type: none"> ○ Tick size liquidity bands 5 and 6 (from 2000 trades per day) ○ Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day) • Debt instruments <ul style="list-style-type: none"> ○ Bonds • Credit derivatives <ul style="list-style-type: none"> ○ Other credit derivatives • Currency derivatives <ul style="list-style-type: none"> ○ Swaps, forwards, and other currency derivatives • Other Instruments <ul style="list-style-type: none"> ○ Securities financing transactions 	<ul style="list-style-type: none"> • Equities – Shares & Depositary Receipts <ul style="list-style-type: none"> ○ Tick size liquidity band 1 and 2 (from 0 to 79 trades per day) • Debt instruments <ul style="list-style-type: none"> ○ Money markets instruments • Interest rates derivatives <ul style="list-style-type: none"> ○ Futures and options admitted to trading on a trading venue ○ Swaps, forwards, and other interest rates derivatives • Credit derivatives <ul style="list-style-type: none"> ○ Futures and options admitted to trading on a trading venue • Currency derivatives <ul style="list-style-type: none"> ○ Futures and options admitted to trading on a trading venue • Structured finance instruments • Equity Derivatives <ul style="list-style-type: none"> ○ Options and Futures admitted to trading on a trading venue ○ Swaps and other equity derivatives • Securitized Derivatives <ul style="list-style-type: none"> ○ Warrants and Certificate Derivatives ○ Other securitized derivatives • Commodities derivatives and emission allowances Derivatives <ul style="list-style-type: none"> ○ Options and Futures admitted to trading on a trading venue ○ Other commodities derivatives and emission allowances derivatives • Contracts for difference • Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities) • Emission allowances

Class of instrument	Equities – Shares & Depository Receipts <ul style="list-style-type: none"> ○ Tick size liquidity bands 5 and 6 (from 2000 trades per day) 	
General observations	<p>The Firm executed all trades directly on an execution venue (which for these purposes includes OTC counterparties). The Firm's top 5 execution venues by trading volume are disclosed by separate document (the "Top 5 Report").</p> <p>The entities listed in the Top 5 Report were selected based on the quality of executions obtainable, with consideration given to the following factors:</p> <ul style="list-style-type: none"> • Price - For standard UK market orders, and in normal market conditions, the Firm may poll different execution venues (using automatic execution technology) to identify the best terms available at the point of trading for the equity concerned. Other orders, including those relating to international equities, that cannot be executed automatically will be dealt manually with another regulated firm or via a Multilateral Trading Facility (MTF). This involves a manual search for reference trading prices via market data feeds or by comparing prices offered by other market participants. When an appropriate counterparty is identified, the price is negotiated manually and executed on the best terms identified for the order in question. This may occur off-exchange. • Other execution factors - The following factors may have taken precedence over price in the following circumstances: <ul style="list-style-type: none"> ○ Speed – Where necessary around a particular event (e.g. an earnings update that we think will be different from market expectations). ○ Likelihood of execution – In circumstances where the liquidity/illiquidity for the instrument required it. ○ Order size - As per "Likelihood of execution" above. ○ Nature – This is a broad category. There are a number of circumstances that could cause these factors to take precedent over price (e.g. need for market discretion; relationship with dealer; etc.). 	
	Summary of analysis	Conclusion
Execution factors	<p>The relative importance of the execution factors was determined as follows, in accordance with the Firm's execution policy:</p> <ul style="list-style-type: none"> ○ The characteristics of the client including the categorisation of the client as professional; ○ The characteristics of the client order (if there is a client order); ○ The characteristics of financial instruments that are the subject of that client order; and ○ The characteristics of the execution venues or brokers to which that order can be directed. 	<p>The relative importance given to the execution factors was in line with the Firm's order execution policy.</p>

Class of instrument	Equities – Shares & Depositary Receipts <ul style="list-style-type: none"> ○ Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day) 	
General observations	<p>The Firm executed all trades directly on an execution venue (which for these purposes includes OTC counterparties). The Firm’s top 5 execution venues by trading volume are disclosed by separate document (the “Top 5 Report”).</p> <p>The entities listed in the Top 5 Report were selected based on the quality of executions obtainable, with consideration given to the following factors:</p> <ul style="list-style-type: none"> • Price - For standard UK market orders, and in normal market conditions, the Firm may poll different execution venues (using automatic execution technology) to identify the best terms available at the point of trading for the equity concerned. Other orders, including those relating to international equities, that cannot be executed automatically will be dealt manually with another regulated firm or via a Multilateral Trading Facility (MTF). This involves a manual search for reference trading prices via market data feeds or by comparing prices offered by other market participants. When an appropriate counterparty is identified, the price is negotiated manually and executed on the best terms identified for the order in question. This may occur off-exchange. • Other execution factors - The following factors may have taken precedence over price in the following circumstances: <ul style="list-style-type: none"> ○ Speed – Where necessary around a particular event (e.g. an earnings update that we think will be different from market expectations). ○ Likelihood of execution – In circumstances where the liquidity/illiquidity for the instrument required it. ○ Order size - As per “Likelihood of execution” above. ○ Nature – This is a broad category. There are a number of circumstances that could cause these factors to take precedent over price (e.g. need for market discretion; relationship with dealer; etc.). 	
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Class of instrument	Debt instruments <ul style="list-style-type: none"> ○ Bonds 	
General observations	<p>The Firm executed all trades directly on an execution venue (which for these purposes includes OTC counterparties). The Firm's top 5 execution venues by trading volume are disclosed by separate document (the "Top 5 Report").</p> <p>The entities listed in the Top 5 Report were selected based on the quality of executions obtainable, with consideration given to the following factors:</p> <ul style="list-style-type: none"> • Price - Provided liquidity was available, a price comparison was made for the size of trades concerned and the Firm routed all orders to the counterparty which provided the most competitive overall pricing, save where other execution factors may have taken precedence over price. • Other execution factors - The following factors may have taken precedence over price in the following circumstances: <ul style="list-style-type: none"> ○ Costs – Where total costs of acquisition, transfer and/or disposal outweighed the higher price differential. ○ Speed – Where necessary around a particular event (e.g. an earnings update that we think will be different from market expectations). ○ Likelihood of execution – In circumstances where the liquidity/illiquidity for the instrument required it. ○ Settlement – In circumstances where we need to be lender of record by a certain date for voting reasons, PIK settlement, etc. ○ Order size - As per "Likelihood of execution" above. ○ Nature – This is a broad category. There are a number of circumstances that could cause these factors to take precedent over price (e.g. need for market discretion; relationship with dealer; etc.). 	
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Class of instrument	Credit derivatives <ul style="list-style-type: none"> ○ Other credit derivatives 	
General observations	<p>The Firm executed all trades directly on an execution venue (which for these purposes includes OTC counterparties). The Firm's top 5 execution venues by trading volume are disclosed by separate document (the "Top 5 Report").</p> <p>The entities listed in the Top 5 Report were selected based on the quality of executions obtainable, with consideration given to the following factors:</p> <ul style="list-style-type: none"> • Price – <ul style="list-style-type: none"> ○ For bespoke, highly negotiated transactions or for those which may be original trading ideas or for which the Firm has a duty of confidentiality to the originating firm, the Firm will route such orders exclusively to the originating firm since there will be no other available market liquidity within a reasonable timeframe; and ○ For some more standardised products, the Firm will usually select and price poll from a shortlist of dealing counterparties identified by the Firm to be among the most competitive in the field concerned. • Other execution factors - The following factors may have taken precedence over price in the following circumstances: <ul style="list-style-type: none"> ○ Costs – Where total costs of acquisition, transfer and/or disposal outweighed the higher price differential. ○ Speed – Where necessary around a particular event (e.g. an earnings update that we think will be different from market expectations). ○ Likelihood of execution – In circumstances where the liquidity/illiquidity for the instrument required it. ○ Order size - As per "Likelihood of execution" above. ○ Nature – This is a broad category. There are a number of circumstances that could cause these factors to take precedent over price (e.g. need for market discretion; relationship with dealer; etc.). ○ Venue - if it was necessary to buy/sell on the same venue to close a trade. 	
	Summary of analysis	Conclusion
Execution factors	<p>The relative importance of the execution factors was determined as follows, in accordance with the Firm's execution policy:</p> <ul style="list-style-type: none"> ○ The characteristics of the client including the categorisation of the client as professional; ○ The characteristics of the client order (if there is a client order); ○ The characteristics of financial instruments that are the subject of that client order; and ○ The characteristics of the execution venues or brokers to which that order can be directed. 	<p>The relative importance given to the execution factors was in line with the Firm's order execution policy.</p>

Class of instrument	Currency derivatives <ul style="list-style-type: none"> ○ Swaps, forwards, and other currency derivatives 	
General observations	<p>The Firm executed all trades directly on an execution venue (which for these purposes includes OTC counterparties). The Firm's top 5 execution venues by trading volume are disclosed by separate document (the "Top 5 Report").</p> <p>The entities listed in the Top 5 Report were selected based on the quality of executions obtainable, with consideration given to the following factors:</p> <ul style="list-style-type: none"> • Price – <ul style="list-style-type: none"> ○ For bespoke, highly negotiated transactions or for those which may be original trading ideas or for which the Firm has a duty of confidentiality to the originating firm, the Firm will route such orders exclusively to the originating firm since there will be no other available market liquidity within a reasonable timeframe; and ○ For some more standardised products, the Firm will usually select and price poll from a shortlist of dealing counterparties identified by the Firm to be among the most competitive in the field concerned. • Other execution factors - The following factors may have taken precedence over price in the following circumstances: <ul style="list-style-type: none"> ○ Costs – Where total costs of acquisition, transfer and/or disposal outweighed the higher price differential. ○ Speed – Where necessary around a particular event (e.g. an earnings update that we think will be different from market expectations). ○ Likelihood of execution – In circumstances where the liquidity/illiquidity for the instrument required it. ○ Order size - As per "Likelihood of execution" above. ○ Nature – This is a broad category. There are a number of circumstances that could cause these factors to take precedent over price (e.g. need for market discretion; relationship with dealer; etc.). ○ Venue - if it was necessary to buy/sell on the same venue to close a trade. 	
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Class of instrument	Other Instruments <ul style="list-style-type: none"> ○ Securities financing transactions 	
General observations	<p>The Firm executed all trades directly on an execution venue (which for these purposes includes OTC counterparties). The Firm's top 5 execution venues by trading volume are disclosed by separate document (the "Top 5 Report").</p> <p>The entities listed in the Top 5 Report were selected based on the quality of executions obtainable, with consideration given to the following factors:</p> <ul style="list-style-type: none"> • Price – <ul style="list-style-type: none"> ○ For bespoke, highly negotiated transactions or for those which may be original trading ideas or for which the Firm has a duty of confidentiality to the originating firm, the Firm will route such orders exclusively to the originating firm since there will be no other available market liquidity within a reasonable timeframe; and ○ For some more standardised products, the Firm will usually select and price poll from a shortlist of dealing counterparties identified by the Firm to be among the most competitive in the field concerned. • Other execution factors - The following factors may have taken precedence over price in the following circumstances: <ul style="list-style-type: none"> ○ Costs – Where total costs of acquisition, transfer and/or disposal outweighed the higher price differential. ○ Speed – Where necessary around a particular event (e.g. an earnings update that we think will be different from market expectations). ○ Likelihood of execution – In circumstances where the liquidity/illiquidity for the instrument required it. ○ Order size - As per "Likelihood of execution" above. ○ Nature – This is a broad category. There are a number of circumstances that could cause these factors to take precedent over price (e.g. need for market discretion; relationship with dealer; etc.). ○ Venue - if it was necessary to buy/sell on the same venue to close a trade. 	
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Execution factors	<p>The relative importance of the execution factors was determined as follows, in accordance with the Firm's execution policy:</p> <p>The relative importance of the execution factors was determined as follows, in accordance with the Firm's execution policy:</p> <ul style="list-style-type: none"> ○ The characteristics of the client including the categorisation of the client as professional; ○ The characteristics of the client order (if there is a client order); ○ The characteristics of financial instruments that are the subject of that client order; and ○ The characteristics of the execution venues or brokers to which that order can be directed. 	<p>The relative importance given to the execution factors was in line with the Firm's order execution policy.</p>

Close links, conflicts of interest and common ownership with respect to execution venues	Close links The Firm has no close links to report.	Close links N/A
	Conflicts of interest The Firm has no conflicts of interest to report.	Conflicts of interest N/A
	Common ownerships The Firm has no common ownership to report.	Common ownerships N/A
Specific arrangements with execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received	The Firm received certain non-monetary benefits from certain execution venues/brokers including, but not limited to, investment research, conferences, corporate access, information feeds and business hospitality/entertainment.	The Firm followed its inducements procedures in line with its regulatory obligations in relation to these arrangements. In addition these arrangements did not influence the Firm's selection of those execution venue(s)/broker(s), as the Firm followed its order execution policy and conflicts of interest policy when selecting those execution venues/brokers
Factors leading to a change in the list of execution venues listed in the order execution policy	There were no changes to the list of execution venues/brokers in the Firm's Order Execution Policy.	N/A
Differentiation across client categories	N/A - all of the Firm's clients are professional clients	N/A
Use of data / tools relating to quality of execution	The Firm has not used data and/or tools relating to quality of execution.	N/A
Use of consolidated tape provider output	The Firm has not used output from consolidated tape providers.	N/A
Use of DEA	N/A	