

CLSA (UK) RTS 28: Best Execution Disclosure Report for year ending 31 December 2019

This RTS 28 Disclosures Report should be read in conjunction with CLSA (UK)'s Order Execution Policy, as updated from time-to-time. This document has been prepared by CLSA (UK) for the period starting 1 January 2019 to 31 December 2019. CLSA (UK)'s Order Execution Policy and RTS 28 Disclosures are published on the Terms of Business section of CLSA's website, clsa.com.

Equities – Shares and Depositary Receipts**1. Execution Factors Explained**

Explanation of the importance CLSA (UK) gave to the execution factors of price, costs, speed, and likelihood of execution or any other consideration including qualitative factors when making assessments of the quality of execution.

As specified in CLSA (UK)'s Order Execution Policy, CLSA considers the following execution factors: price; costs; speed; likelihood of execution and settlement; size of the transaction; nature of the transaction; or any other consideration relevant to execution. Under CLSA's policy, such other considerations can include (without limitation) the overall cost of the transaction (including any commissions received by CLSA and/or its affiliates or any costs for executing the order on an execution venue); timely execution availability of price improvement; the potential impact of the transaction on price; importance of retaining commercial confidentiality in relation to trading activities or intentions; liquidity of the market (which may make it difficult to execute an order); order information leakage; trading conflict; market conduct; market impact; venue liquidity and counterparty risk. The relative importance of these factors shall be determined by reference to the "execution factors" being: (1) the characteristics of the client including the categorisation of the client as a professional client; (2) the characteristics of the client order; (3) the characteristics of the financial instrument that is subject to the order; and (4) the characteristics of the Brokers and/or Execution Venues to which that order can be directed.

To ensure that we are consistently able to deliver best execution to our clients, we monitor on an ongoing basis the quality of execution obtained from the execution venues and brokers used to execute client orders. Our monitoring consist both of trade by trade monitoring and overall trend monitoring of the performance of the execution factors. For a detailed description of how we carry out client orders, application of execution factors and how we prioritise the factors, please refer to our Order Execution Policy.

2. Disclosure of Close Links, Conflicts of Interest and Common Ownership of Execution Venues

Description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders.

CLSA (UK) is wholly owned by CLSA B.V. Through CLSA B.V. CLSA (UK) has regional affiliate relationships in the United States and APAC. CLSA (UK) uses its regional affiliates for execution of orders. CLSA (UK) looks to ensure that affiliates provide a global execution capability to CLSA (UK)'s clients where required. In addition, CLSA (UK) requires its affiliates to ensure clients have access to liquidity in exchanges, alternative trading systems and bank / broker liquidity where relevant. CLSA (UK) measures the performance of these executions to identify outliers and help ensure appropriate standards of execution which are consistent with our Order Execution Policy requirements.

3. Specific Arrangements with Trading Venues

Specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.

CLSA (UK) does not have any specific arrangements with any external execution venues or brokers used to execute client orders in shares & depositary receipts regarding payments made or received, discounts, rebates or non-monetary benefits received.

4. Reviewing Execution Venues

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.

The assessment to add, remove or vary venue and broker routing and connectivity is done on an ongoing basis by CLSA (UK)'s Order Execution Committee. During the period this report covers CLSA (UK) removed one of its executing brokers for European execution.

5. Client categorization and execution

Explanation of how order execution differs according to client categorisation, where the Firm treats such category of client differently and where it may affect order execution arrangements.

CLSA (UK) only deals with Professional clients and Eligible Counterparties. The obligation to take all sufficient steps to obtain the best possible result for clients does not apply where CLSA (UK) has categorised its clients as "eligible counterparties" for the purposes of the FCA Rules (except where CLSA has agreed with an eligible counterparty that it will take all sufficient steps to obtain the best possible result). In relation to its dealings with eligible counterparties, however, CLSA will strive to act in such clients' best interests and will take reasonable steps to prevent or manage any conflicts of interest that it may have in accordance with its obligations under the FCA Rules. For a detailed description of how we carry out client orders in shares & depositary receipts, please refer to our Order Execution Policy.

6. Tools utilized to generate RTS 28 disclosures

Explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under RTS 28.

For the purpose of monitoring and measuring execution quality, CLSA (UK) monitors the quality of execution provided by the execution venues and brokers used to execute client orders in shares & depositary receipts on a consistent basis, using automated monitoring reports. In such monitoring we always strive to use external and independent market data against which to compare our execution quality, including the use of Transaction Cost Analysis reports.

7. Consolidated tape provider

Explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.

Currently not applicable as no such data have yet been published in accordance with Article 65 of Directive 2014/65/EU (MiFID II Directive).

Class of instrument	Equities					
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)	LEI	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
CLSA Limited	213800CF5G9GRZD2RV79	72.61	12.76	100	0.00	4.27
CLSA Global Markets Pte Ltd	213800WVQ9CKQ12EJW21	9.35	13.82	100	0.00	0.00
CLSA Singapore Pte Ltd	2138007HCL683ZPDD829	6.07	3.65	100	0.00	0.13
CL Securities Taiwan Company Limited	213800ADSXO8W8ECIP07	3.79	1.59	100	0.00	0.83
CLSA India Private Limited	213800QTEJ512NUDDT70	2.89	59.08	100	0.00	0.00

Disclosures

- a) CLSA or its affiliate acting as executing broker will take into account a range of execution factors. The usual order of priority will be as follows: Price, speed, likelihood of execution, size, costs, and any other relevant execution factor.
- b) CLSA (UK) uses its regional affiliates for execution of orders.
- c) No specific financial arrangements are in place with execution venues.
- d) CLSA (UK) removed a UK broker as an executing broker in February 2019. No other changes of venue usage in 2019.
- e) CLSA (UK) takes all sufficient steps to obtain the best possible results for its professional clients. Although this obligation does not apply to eligible counterparties, CLSA will always strive to act in such clients' best interest. This RTS 28 report contains professional client trade data only.
- f) Our policy for executing client orders is set out in our order execution policy, and whilst price and cost are primary considerations there can be situations where other factors such as size and liquidity become significant in achieving best execution for our clients.
- g) RTS 27 does not apply to CLSA (UK).
- h) CTP was not utilized when making execution decisions.

Please see Terms and Conditions of Use: www.clsa.com/terms-and-conditions-of-use/

For Past RTS 28 reports, please contact: compliance_uk@clsa.com

Debt Instruments – Bonds

1. Execution Factors Explained

Explanation of the importance CLSA (UK) gave to the execution factors of price, costs, speed, and likelihood of execution or any other consideration including qualitative factors when making assessments of the quality of execution.

As specified in CLSA (UK)'s Order Execution Policy, CLSA (UK)'s Fixed Income department operates on a purely Request for Quote (RFQ) basis whereby clients are not legitimately relying on CLSA in relation to the execution of transaction on the basis that the nature of the market is that a client will generally request quotes from a number of different dealers from which the client will have transparency and choice of the prices at which transactions can be effected in the market. In accordance with the FCA Rules, RFQ markets are not subject to the general provisions of the FCA's Best Execution requirements and therefore do not apply.

2. Disclosure of Close Links, Conflicts of Interest and Common Ownership of Execution Venues

Description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders.

CLSA (UK) does not have any close links, conflicts of interests, or common ownerships with respect to any external execution venues or brokers used to execute client orders in debt instruments.

3. Specific Arrangements with Trading Venues

Specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.

CLSA (UK) does not have any specific arrangements with any external execution venues or brokers used to execute client orders in bonds regarding payments made or received, discounts, rebates or non-monetary benefits received.

4. Reviewing Execution Venues

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.

The assessment to add, remove or vary venue and broker routing and connectivity is done on an ongoing basis by CLSA (UK)'s Order Execution Committee. During the period this report covers CLSA (UK) became a member of MarketAxess NL B.V. on 9th April 2019. No other changes of venue usage occurred in 2019.

5. Client categorization and execution

Explanation of how order execution differs according to client categorisation, where the Firm treats such category of client differently and where it may affect order execution arrangements.

CLSA (UK) only deals with Professional clients and Eligible Counterparties. As specified in CLSA (UK)'s Order Execution Policy, CLSA (UK)'s Fixed Income department operates on a purely RFQ basis whereby clients are not legitimately relying on CLSA in relation to the execution of transaction on the basis that the nature of the market is that a client will generally request quotes from a number of different dealers from which the client will have transparency and choice of the prices at which transactions can be effected in the market. In accordance with the FCA Rules, RFQ markets are not subject to the general provisions of the FCA's Best Execution requirements and therefore do not apply.

6. Tools utilized to generate RTS 28 disclosures

Explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under RTS 28.

As specified in CLSA (UK)'s Order Execution Policy, CLSA (UK)'s Fixed Income department operates on a purely RFQ basis whereby clients are not legitimately relying on CLSA in relation to the execution of transaction on the basis that the nature of the market is that a client will generally request quotes from a number of different dealers from which the client will have transparency and choice of the prices at which transactions can be effected in the market.

For information on our best execution monitoring, please refer to our Order Execution Policy.

7. Consolidated tape provider

Explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.

Currently not applicable as no such data have yet been published in accordance with Article 65 of Directive 2014/65/EU (MiFID II Directive).

Class of 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)	LEI	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
OTC	N/A	87.76%	97.24%	–	–	0.00
Bloomberg Trading Facility Limited	549300ROEJDDAXM6LU05	10.48%	23.28%	–	–	0.00
MarketAxess Europe Limited	549300TTHIODYMGND828	1.75%	2.72%	–	–	0.00
MarketAxess NL B.V.	5299000UUYW66L5LT560	0.01%	0.04%	–	–	0.00

Disclosures

- CLSA's Fixed Income department operates on a purely RFQ basis and in line with our Order Execution Policy. CLSA (UK) *execute orders*.
- CLSA (UK) does not have any close links, conflicts of interests, or common ownerships with respect to any external execution venues or brokers used to execute client orders in debt instruments.
- No specific financial arrangements are in place with execution venues.
- CLSA (UK) became a member of MarketAxess NL B.V. on 9th April 2019. No other changes of venue usage in 2019.
- CLSA's Fixed Income department operates on a purely RFQ basis and in line with Order Execution Policy.
- Our policy for executing client orders is set out in our order execution policy.
- RTS 27 does not apply to CLSA (UK).
- CTP was not utilized when making execution decisions.

Please see Terms and Conditions of Use: www.clsa.com/terms-and-conditions-of-use/

For Past RTS 28 reports, please contact: compliance_uk@clsa.com