

30 April 2018**RTS 28: Annual publication of information on the identity of execution venues and on the quality of execution**

The information herein is provided by SMBC Derivative Products Limited ("DP Ltd"), in connection with the requirements of Commission Delegated Regulation (EU) 2017/576 ("RTS 28") for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution.

This RTS 28 Report is intended to cover the calendar year ending 31 December 2017. As the period for which the disclosure in this RTS 28 Report relates is prior to the implementation of MiFIR/MiFID II, DP Ltd (like other investment firms) has not maintained all data, or sufficient granularity of data, to fully meet the disclosure requirements of RTS 28.

ESMA has acknowledged that firms may not be able to fully report on data which is unavailable or not applicable in relation to the 2017 calendar year. In such circumstances, ESMA has confirmed that the RTS 28 Report should be completed on a best efforts basis. DP Ltd has completed this RTS 28 Report on such basis. In particular, this RTS 28 Report is based on certain assumptions and interpretations, made in good faith.

The following matters should be noted in connection with the RTS 28 Report:

- DP Ltd only executes transactions and transmits orders on behalf of Professional Clients, and applies the Order Execution Policy of its parent entity SMBC Nikko Capital Markets Limited, which is applicable to Professional Clients only.
- DP Ltd does not currently execute transactions directly for or transmit orders on behalf of Retail Clients.
- During 2017 DP Ltd only executed orders on behalf of clients in the following classes of financial instruments as provided for in ANNEX I of RTS 28: interest rates derivatives (excluding interest rates derivatives comprising futures and options admitted to trading on a trading venue). Consequently, DP Ltd is only publishing a RTS 28 report in respect of this class of financial instrument.
- During 2017 DP Ltd has not executed securities financing transactions on behalf of its clients; consequently it will not be publishing Table 3 as per ANNEX II of RTS 28.

Should you have any queries please do not hesitate to contact the Compliance department.

RTS 28 Interest Rate Derivatives – Swaps, forwards and other interest rate derivatives

Class of instrument	Interest Rate Derivatives - Swaps, forwards and other interest rate derivatives				
Notification if < 1 average trade per business day in previous year	No				
Top five execution venues ranked in terms of trading volume (desc 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
SMBC Derivative Products Limited (LEI: XUQGBG45F6A0S031J110)	100.00%	100.00%	Not Applicable	Not Applicable	Not Applicable

Qualitative Disclosure (RTS 28 Article 3(3)):

- Please refer to CM Ltd's Order Execution Policy for an explanation of the relative importance DP Ltd gives to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution.
- The Order Execution Policy also provides details of the factors affecting choice of execution venue and the treatment of execution of orders for different client categorisations. Please note, DP Ltd executes transactions on a principal basis by facilitating Requests for Price and infrequently works orders on behalf of clients.
- DP Ltd does not believe it has any "close links" as defined by MiFID II or any interests or co-ownerships in respect to the third-party execution venues, and any conflicts of interest that may arise from time to time will be managed in accordance with the Conflicts of Interest Policy.
- In accordance with the Order Execution Policy, all interest rate derivatives are executed by DP Ltd as principal. DP Ltd is subject to MiFID II best execution obligations. The quality of execution by DP Ltd is monitored and reviewed using a variety of data sources and going forward data published under Commission Delegated Regulation (EU) 2017/575 of 8 June 2017 ("RTS 27").
- Interest rate derivatives are executed by DP Ltd as principal. However, in general, DP Ltd deals with third-party execution venues, on its own account, on an arms length basis and, to its knowledge there are no specific financial arrangements in relation to dealings with these execution venues, payments, discounts, rebates or non-monetary benefits, which are otherwise not available to other parties using them.
- The Order Execution Policy remains unchanged since MiFID II came into effect (i.e. on 3 January 2018) and, at the time of this annual publication, no changes in execution venues have been made.
- DP Ltd uses a variety of market data to analyse the quality of execution, including but not limited to quotes published by execution venues, including trading venues and SIs. Going forward, DP Ltd will use data published under RTS 27. However, as MiFID II came into effect on 3 January 2018, this data is not available for this first annual report.
- DP Ltd executes transactions on behalf of Professional Clients. Therefore, the Order Execution Policy is applicable to Professional Clients only. DP Ltd does not currently execute transactions directly for or transmit orders on behalf of Retail Clients.