

30 April 2018¹**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 Nikko Capital Markets Limited (“CM 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, CM 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. CM 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:

- CM Ltd only executes transactions and transmits orders on behalf of Professional Clients. Therefore, CM Ltd’s execution policy is applicable to Professional Clients only.
- CM Ltd does not currently execute transactions directly for or transmit orders on behalf of Retail Clients.
- During 2017 CM Ltd only executed orders on behalf of clients in the following classes of financial instruments as provided for in ANNEX I of RTS 28: Equities – shares and depository receipts, debt instruments (bonds and money market instruments), interest rates derivatives (excluding interest rates derivatives comprising futures and options admitted to trading on a trading venue), currency derivatives (excluding currency derivatives comprising futures and options admitted to trading on a trading venue), securitised derivatives (comprising warrants) and commodity derivatives (comprising other commodity derivatives). Consequently, CM Ltd is only publishing a RTS 28 report in respect of the above listed classes of financial instrument.
- During 2017 CM 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 CM Ltd Compliance department.

¹ Securities Financing Transactions added after initial publication on 30 April 2018

RTS 28 Equities – Shares and depository receipts

Class of instrument	Equities - Shares and depository receipts				
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
Tokyo Stock Exchange (XTKS)	61.89%	75.73%	Data not available	Data not available	Data not available
Tokyo Stock Exchange - Tostnet-1 (XT)	31.11%	19.54%	Data not available	Data not available	Data not available
SMBC Nikko Securities Inc. (LEI: 549300HIK4TTS0OCL437)	3.54%	1.36%	Data not available	Data not available	Data not available
Sbi Japannext-J-Market (SBIJ)	2.71%	2.48%	Data not available	Data not available	Data not available
Chi-X Japan (CHIJ)	0.76%	0.88%	Data not available	Data not available	Data not available

Assumptions / Limitations:

* Data includes all client activity undertaken with professional clients and eligible counterparties

* Data for passive orders, aggressive orders and directed orders is not available for 2017.

* Data relates to ISINs published in the ESMA tick-size list. CM Ltd trades Japanese equities only and according to the ESMA list, the ADNA of all JPN stocks is below 79 trades per day. Therefore, they are all currently considered illiquid and SMBC Nikko Capital Markets Ltd will publish one equity report for the purpose of RTS 28.

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

- Please refer to our Order Execution Policy for an explanation of the relative importance CM 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.
- CM Ltd has “close links” with SMBC Nikko Securities Inc., which is a shareholder and part of the same financial group. SMBC Nikko Securities Inc. has 3.6% shares of Japan Exchange Group, Inc. which is a parent company of Tokyo Stock Exchange.
- CM Ltd is not a member of any exchanges or other regulated markets, nor was it a systematic internaliser in any class of shares or depository receipts for the disclosure period. For the purposes of ensuring access to Japanese exchanges and markets in relation to Japanese equities, CM Ltd has entered into execution agreements with SMBC Nikko Securities Inc., CM Ltd's Japanese-based affiliate.
- The quality of execution by CM 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”).
- CM Ltd deals with third-party execution venues 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.
- CM 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, CM 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.
- CM Ltd only executes transactions and transmits orders on behalf of Professional Clients. Therefore, CM Ltd's execution policy is applicable to Professional Clients only. CM Ltd does not currently execute transactions directly for or transmit orders on behalf of Retail Clients.

RTS 28 Debt Instruments – Bonds and Money Market Instruments

Class of instrument	Debt Instruments - Bonds and money market instruments				
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 Nikko Capital Markets Limited (LEI: G7WFA3G3MT5YHH8CHG81)	82.55%	32.22%	Data not available	Data not available	Data not available
Bloomberg Trading Facility Limited (BMTF)	7.99%	32.57%	Data not available	Data not available	Data not available
Tradeweb Europe Limited (TREU)	7.24%	28.37%	Data not available	Data not available	Data not available
Tradeweb Europe Limited - Japan - PTS (TWJP)	0.95%	0.54%	Data not available	Data not available	Data not available
Marketaxess Europe Limited (MAEL)	0.45%	3.93%	Data not available	Data not available	Data not available

Assumptions / Limitations:

* Data includes all client activity undertaken with professional clients and eligible counterparties.

* Data includes client activity in bond and money market instruments.

* Comprehensive venue data is not available for full year 2017. For transparency purposes, venue data is based Q1 2018 activity.

* Comprehensive venue data for convertible bonds is not available for the year 2017. However, the data we do have available indicates that >85% of activity is undertaken on a principal basis with CM Ltd.

* Data for passive orders, aggressive orders and directed orders is not available for 2017.

Class of instrument	Debt Instruments - Securities financing transactions	
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 executed as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class
SMBC Nikko Capital Markets Limited (LEI: G7WFA3G3MT5YHH8CHG81)	100.00%	100.00%

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

- Please refer to our Order Execution Policy for an explanation of the relative importance CM 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.
- CM 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 our Order Execution Policy, debt instruments are typically executed by way of a

“Request for Quote” and may be executed by CM Ltd as principal or through a range of execution venues. CM Ltd is subject to MiFID II best execution obligations. The quality of execution by CM 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”).

- CM Ltd deals with third-party execution venues 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.
- CM 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, CM 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.
- CM Ltd only executes transactions and transmits orders on behalf of Professional Clients. Therefore, CM Ltd’s execution policy is applicable to Professional Clients only. CM Ltd does not currently execute transactions directly for or transmit orders on behalf of Retail Clients.

RTS 28 Securitised Derivatives – Warrants

Class of instrument	Securitised Derivatives - Warrants				
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 Nikko Capital Markets Limited (LEI: G7WFA3G3MTSYHH8CHG81)	100.00%	100.00%	Not Applicable	Not Applicable	Not Applicable

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

- Please refer to our Order Execution Policy for an explanation of the relative importance CM 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.
- CM 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.
- All securitized derivatives - warrants are executed by CM Ltd as principal. CM Ltd is subject to MiFID II best execution obligations. The quality of execution by CM 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”).
- Securitised derivatives – warrants are executed by CM Ltd as principal. However, in general, CM Ltd deals with third-party execution venues 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.
- CM 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, CM 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.
- CM Ltd only executes transactions and transmits orders on behalf of Professional Clients. Therefore, CM Ltd’s execution policy is applicable to Professional Clients only. CM Ltd does not currently

execute transactions directly for or transmit orders on behalf of Retail Clients.

RTS 28 Currency Derivatives – Swaps, forwards and other currency derivatives

Class of instrument	Currency Derivatives - Swaps, forwards and other currency 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 Nikko Capital Markets Limited (LEI: G7WFA3G3MTSYHH8CHG81)	100.00%	100.00%	Not Applicable	Not Applicable	Not Applicable

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

- Please refer to our Order Execution Policy for an explanation of the relative importance CM 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, CM Ltd executes transactions on a principal basis by facilitating Requests for Price and infrequently works orders on behalf of clients.
- CM 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 our Order Execution Policy, all currency derivatives are executed by CM Ltd as principal. CM Ltd is subject to MiFID II best execution obligations. The quality of execution by CM 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”).
- Currency derivatives are executed by CM Ltd as principal. However, in general, CM 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.
- CM 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, CM 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.

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- CM Ltd executes transactions on behalf of Professional Clients. Therefore, CM Ltd's execution policy is applicable to Professional Clients only. CM Ltd does not currently execute transactions directly for or transmit orders on behalf of Retail Clients.

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 Nikko Capital Markets Limited (LEI: G7WFA3G3MTSYHH8CHG81)	100.00%	100.00%	Not Applicable	Not Applicable	Not Applicable

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

- Please refer to our Order Execution Policy for an explanation of the relative importance CM 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, CM Ltd executes transactions on a principal basis by facilitating Requests for Price and infrequently works orders on behalf of clients.
- CM 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 our Order Execution Policy, all interest rate derivatives are executed by CM Ltd as principal. CM Ltd is subject to MiFID II best execution obligations. The quality of execution by CM 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 CM Ltd as principal. However, in general, CM 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.
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- CM Ltd executes transactions on behalf of Professional Clients. Therefore, CM Ltd's execution policy is applicable to Professional Clients only. CM Ltd does not currently execute transactions directly for or transmit orders on behalf of Retail Clients.

RTS 28 Commodity Derivatives – Other commodity derivatives

Class of instrument	Commodity Derivatives - Other commodity 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 Nikko Capital Markets Limited (LEI: G7WFA3G3MTSYHH8CHG81)	100.00%	100.00%	Not Applicable	Not Applicable	Not Applicable

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

- Please refer to our Order Execution Policy for an explanation of the relative importance CM 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, CM Ltd executes transactions on a principal basis by facilitating Requests for Price and infrequently works orders on behalf of clients.
- CM 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 our Order Execution Policy, all commodity derivatives are executed by CM Ltd as principal. CM Ltd is subject to MiFID II best execution obligations. The quality of execution by CM 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”).
- Commodity derivatives are executed by CM Ltd as principal. However, in general, CM Ltd deals with third-party execution venues, on its own account, on an arms length basis, 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.
- CM 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, CM 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.

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- CM Ltd executes transactions on behalf of Professional Clients. Therefore, CM Ltd's execution policy is applicable to Professional Clients only. CM Ltd does not currently execute transactions directly for or transmit orders on behalf of Retail Clients.