



# MiFID II Best Execution Disclosures

**June 2018**

This version of the MiFID II best execution report dated 5 June 2018 supersedes the version published on 30 April 2018



# MAGIM – MiFID II top five execution venues report 2018

## Introduction

This document has been issued by M&G Investment Management Limited ('MAGIM', 'the Firm'). MAGIM is authorised and regulated by the Financial Conduct Authority ('FCA') as a MiFID Investment Firm; the main regulated activity it performs is portfolio management for clients that meet the FCA handbook definition of 'professional client'.

MAGIM has published this document in line with the requirements of MiFID II<sup>1</sup>, which requires portfolio managers to summarise and disclose annually the top five execution venues in terms of trading volumes where they executed decisions to deal in the preceding year and associated information on the quality of execution for each class of financial instrument.

Execution venues (which is defined in MiFID II as regulated markets, multilateral trading facilities, organised trading facilities and systematic internalisers) must publish RTS 27 reports by 30 June 2018, in respect of the preceding year's trading activity.

The purpose of the disclosures is to increase market transparency so that investors are able to evaluate the quality of an investment firm's execution practices and determine whether or not, they are consistently receiving best execution.

## Regulatory background

The format and content of the top five execution venues reports ('quantitative reports') and execution quality commentary ('qualitative reports') is outlined in Article 65 of the MiFID Org Regulation and RTS 28 of MiFID II; RTS stands for Regulatory Technical Standards, which are developed by the EU Commission to augment legislative text in EU Directives.

In summary, the quantitative reports must show the names of the top five execution venues (or trading counterparty) for each class of MiFID financial instrument traded by MAGIM. Firms must produce separate reports according to its execution method between 'placement' and 'direct execution'.

MiFID II outlines two main methods of execution:

- 1) Placement or 'indirect execution' when a firm (typically an asset manager) transmits an order to a trading counterparty (e.g. a broker) '*to work an order and execute in the market*'.
- 2) Direct execution – this is where an asset manager executes its own decisions to deal based on a request-for-quote from a trading counterparty or transacts directly on a trading platform, such as a Multilateral Trading Facility (MTF).

In addition, firms must indicate the percentage of orders that were passive, aggressive or directed. The regulation defines 'passive' as an order that provided liquidity to the market; 'aggressive' as an order that took liquidity from the market; and 'directed' refers to circumstances when a client specifies the execution venue or trading counterparty prior to the execution of the order.

# MAGIM – MiFID II top five execution venues report 2018

## MAGIM – overview of how its dealing activities are organised and the firm’s approach for the production of the 2018 reports

MAGIM operates centralised dealing teams, who are responsible for dealing in MiFID financial instruments. The dealing teams conclude transactions with external counterparties in relation to the discretionary investment decisions made by M&G’s portfolio management teams.

**During 2017, MAGIM’s dealing teams undertook dealing in the following financial instruments for clients.**

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• Cash equities</li><li>• Depositary receipts</li><li>• Exchange traded funds</li><li>• Exchange traded equity derivatives – futures and options</li><li>• Convertible bonds</li><li>• Equity swaps and other derivatives</li><li>• Currency derivatives</li></ul> | <ul style="list-style-type: none"><li>• Bonds</li><li>• Structured finance e.g. asset backed securities</li><li>• Exchange traded bond derivatives – futures and options</li><li>• Interest rate derivatives – exchange traded and over-the-counter</li><li>• Credit default swaps – exchange traded and over-the-counter</li><li>• Money market instruments</li></ul> |
|--|--|

**The Securities Lending team undertook the following transaction types:**

- Securities lending
- Repurchases (Repo)
- Reverse repo

# MAGIM – MiFID II top five execution venues report 2018

## MAGIM – further information on the content of quantitative and qualitative reports

The data outlined in the quantitative reports reflects the firm's dealing activity undertaken in 2017 and has been obtained from internal systems that were used for dealing. It should be noted that in 2017, the firm was subject to the MiFID I 'best execution' requirements as outlined in the FCA's *dealing and managing* rule book. MAGIM maintained an 'order execution policy' and associated process and controls designed to meet the requirements of MiFID I.

MAGIM's quantitative reports do not contain information on passive / aggressive orders because we believe that the notion of passive / aggressive applies only where a firm directly executes on execution venues that operates transparent order books. Transparent order books are currently only utilised in the equities' and certain futures' markets.

The content of the qualitative reports has been produced in line with information requirements outlined in RTS 28 Article 3 – which in effect requires firms to address a set of questions in order to formulate its execution quality commentary. We have outlined below, the responses to the information requirements which are either not applicable to MAGIM or common to all of the dealing teams.

# MAGIM – MiFID II top five execution venues report 2018

## MAGIM – execution quality reports – common issues

### **A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders.**

M&G is a wholly owned subsidiary of Prudential plc and part of the group of entities owned by Prudential plc. Prudential plc is a publicly held company whose shares trade on the London Stock Exchange and is a constituent of the FTSE 100. Prudential is also listed on the New York Stock Exchange, the Hong Kong Stock Exchange and the Singapore Stock Exchange. M&G Limited is the principal shareholding and management company of the M&G group of companies. MAGIM is a wholly owned subsidiary of M&G Limited, which is wholly owned by Prudential plc.

M&G Limited does not have any close links or common ownerships with respect to any execution venues or trading counterparties used by MAGIM's dealing teams for execution. MAGIM's execution policy requires that execution venues and trading counterparties can only be used where they have been approved by our venue / counterparty approval processes. The approval process incorporates a consideration of potential conflicts of interest associated to dealing.

### **An explanation of how order execution differs according to client categorisation, where the firm treats such category of client differently and where it may affect the order execution arrangements.**

As outlined in the 'Introduction', MAGIM only performs regulated activities for professional clients; it does not deal directly with retail clients.

### **An explanation of when 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.**

See above.

### **An explanation of how the investment firm has used, if applicable, output of a consolidated tape provider established under Article 65 of Directive 2014 / 65 / EU which will allow for the development of enhanced measures of execution quality or any other algorithms used to optimise and assess execution performances.**

There was no Consolidated Tape Provider ('CTP') in the EU during 2017. The firm did not use algorithms during 2017 to optimise and assess execution performances.

# Execution quality report 1 – Equity instruments

## Equities Dealing team – RTS 28 execution quality report

This report covers dealing in the following asset classes: cash equities, exchange traded funds, total return swaps, convertible bonds

### **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 making assessments of the quality of execution.**

When reviewing the quality of execution, the Equities Dealing team take into account a number of factors to assess trends and relative performance. The most relevant factors are price, size and costs including explicit and implicit transaction costs. These factors are consistent with MAGIM's Order Execution Policy which was being applied during 2017.

### **A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.**

There are no specific arrangements concerning rebates or non-monetary benefits with any current execution venues.

### **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.**

During 2017, for equities, three approved venues were removed because the dealing team did not use the venues; one new approved counterparty was added.

### **An explanation of how the investment firm has used any data or tools relating to the quality of execution including any data published under 27(10)(a) of Directive 2014 / 65 / EU.**

The Equities Dealing team regularly uses internal tools and third party provider analysis to assist with monitoring and reviewing the quality of execution. This data includes FIX tags 29, 30 and 851 as well as Request For Quotes data.

Article 27 (10) (a) is a reference to RTS 27 i.e. the quality of execution information that must be published by execution venues by 30 June 2018. MAGIM will review this information once it is published in order to assess how it could inform our best execution monitoring and review process.

# Quantitative reports – Equities

## Placed orders

Class of instrument		Equity cash	
Notification if <1 average trade per business day in the previous year		NO	
Top five venues ranked in terms of volume (descending 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
Names of entity	LEI		
CITIGROUP GLOBAL MARKETS LIMITED	XKZZ2JZF41MRHTR1V493	14.47%	18.02%
LIQUIDNET EUROPE LIMITED	213800ZIRB79BE5XQM68	10.03%	11.16%
DEUTSCHE BANK AG	7LTFWZYICNSX8D621K86	9.78%	5.43%
GOLDMAN SACHS INTERNATIONAL	W22LROWP2IHZNBB6K528	9.71%	9.93%
MERRILL LYNCH INTERNATIONAL	GGDZP1UYGU9STUHRDP48	7.33%	9.56%

# Quantitative reports – Equities

## Placed orders

Class of instrument		Exchange traded equity derivatives – futures and options	
Notification if <1 average trade per business day in the previous year		NO	
Top five venues ranked in terms of volume (descending 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
Names of entity	LEI		
GOLDMAN SACHS INTERNATIONAL	W22LROWP2IHZNBB6K528	68.77%	43.27%
UBS LIMITED	REYPIEJN7XZHSUI0N355	22.45%	34.77%
MERRILL LYNCH INTERNATIONAL	GGDZP1UYGU9STUHRDP48	5.95%	5.20%
SOCIETE GENERALE SA	O2RNE8IBXP4R0TD8PU41	2.04%	12.92%
ROYAL BANK OF SCOTLAND PLC	RR3QWICWWIPCS8A4S074	0.80%	3.65%

Class of instrument		Swaps and other derivatives	
Notification if <1 average trade per business day in the previous year		NO	
Top five venues ranked in terms of volume (descending 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
Names of entity	LEI		
DEUTSCHE BANK AG	7LTFWFZYICNSX8D621K86	100.00%	100.00%



# Quantitative reports – Equities

## Executed orders

Class of instrument		Exchange Traded Products (ETFs)	
Notification if <1 average trade per business day in the previous year		NO	
Top five venues ranked in terms of volume (descending 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
Names of entity	LEI		
SOCIETE GENERALE SA	O2RNE8IBXP4R0TD8PU41	36.02%	42.74%
DEUTSCHE BANK AG	7LTFWFZYICNSX8D621K86	29.61%	21.17%
CITIGROUP GLOBAL MARKETS LIMITED	XKZZ2JZF41MRHTR1V493	18.56%	14.72%
COMMERZBANK AG	851WYG NLUQLFZBSYGB56	14.59%	17.14%
MACQUARIE BANK LTD	4ZHCHI4KYZG2WVRT8631	0.61%	0.60%

Class of instrument		Convertible bonds - other	
Notification if <1 average trade per business day in the previous year		NO	
Top venues ranked in terms of volume (descending 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
Names of entity	LEI		
JEFFERIES INTERNATIONAL LTD	S5THZMDUJCTQZBTRVI98	42.17%	44.06%
DEUTSCHE BANK AG	7LTFWFZYICNSX8D621K86	12.62%	8.40%
MORGAN STANLEY SECURITIES LTD	VLR6T6E60GH5GUS0XX16	9.21%	6.35%
JP MORGAN SECURITIES PLC	K6Q0W1PS1L1O4IQL9C32	7.44%	3.69%
NOMURA INTERNATIONAL PLC	DGQCSV2PHVF7I2743539	6.26%	6.76%

# Execution quality report 2 – Fixed income instruments

## Fixed Income Dealing team – RTS 28 execution quality report

This report covers dealing in the following asset classes: debt instruments: bonds and structured finance instruments

**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 making assessments of the quality of execution.**

When reviewing the quality of execution the desk will take into account a number of factors to assess trends and relative performance. Typically, price, size and costs including explicit and implicit.

**A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.**

There are no specific arrangements concerning rebates or non-monetary benefits with any current execution venues.

**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.**

No notable changes in 2017 - In cash products, Barclays rank number one due to their liquidity provision and pricing across all bonds (governments, IG corporates, high yield and EM).

**An explanation of how the investment firm has used any data or tools relating to the quality of execution including any data published under 27(10)(a) of Directive 2014 / 65 / EU.**

We have considered TCA products and are currently in the process of implementing to assist our trading oversight and monitoring. M&G compare the competitiveness of all execution venues as and when they are used.

Article 27 (10) (a) is a reference to RTS 27 i.e. the quality of execution information that must be published by execution venues by 30 June 2018. MAGIM will review this information once it is published in order to assess how it could inform our best execution monitoring and review process.

# Quantitative reports – Fixed Income

Class of instrument		Bonds	
Notification if <1 average trade per business day in the previous year		NO	
Top five venues ranked in terms of volume (descending 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
Names of entity	LEI		
BARCLAYS BANK PLC	G5GSEF7VJP5I7OUK5573	10.64%	11.59%
MERRILL LYNCH INTERNATIONAL	GGDZP1UYGU9STUHRDP48	10.44%	6.59%
CITIGROUP GLOBAL MARKETS LIMITED	XKZZ2JZF41MRHTR1V493	9.81%	9.23%
HSBC BANK PLC	MP6I5ZYZBEU3UXPYFY54	8.36%	8.04%
ROYAL BANK OF SCOTLAND PLC	RR3QWICWWIPCS8A4S074	7.74%	3.43%

# Execution quality report 3 – Money market instruments

## Money Market Dealing team – RTS 28 execution quality report

This report covers dealing in the following asset classes: debt instruments: money market instruments

### **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 making assessments of the quality of execution.**

When making assessments of the quality of execution M&G will typically determine price to be the most important execution factor. Speed and likelihood of execution will be considered but are unlikely to be placed above Price. For this particular class of financial instrument M&G do not incur external costs for execution. It is likely that the size and nature of the order will be considered immediately after the execution factor of price.

### **A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.**

There are no specific arrangements concerning rebates or non-monetary benefits with any current execution venues.

### **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.**

No change occurred in the list of execution venues listed in the M&G Investment Management Limited Investments Execution Policy for professional clients.

### **An explanation of how the investment firm has used any data or tools relating to the quality of execution including any data published under 27(10)(a) of Directive 2014 / 65 / EU.**

M&G compare the competitiveness of all execution venues as and when they are used.

Article 27 (10) (a) is a reference to RTS 27 i.e. the quality of execution information that must be published by execution venues by 30 June 2018. MAGIM will review this information once it is published in order to assess how it could inform our best execution monitoring and review process.

# Quantitative reports – Money market instruments

Class of instrument		Money market instruments - debt instruments	
Notification if <1 average trade per business day in the previous year		NO	
Top five venues ranked in terms of volume (descending 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
Names of entity	LEI		
CITIGROUP GLOBAL MARKETS LIMITED	XKZZ2JZF41MRHTR1V493	21.03%	14.56%
BARCLAYS BANK PLC	G5GSEF7VJP5I7OUK5573	14.64%	24.45%
CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK	1VUV7VQFKUOQSJ21A208	10.93%	4.95%
HSBC BANK PLC	MP6I5ZYZBEU3UXPYFY54	6.81%	11.81%
DEUTSCHE BANK AG	7LTFWFZYICNSX8D621K86	6.27%	3.85%

# Execution quality report 4 – Structured finance

## Fixed Income Dealing team – RTS 28 execution quality report

This report covers dealing in the following asset classes: debt instruments: bonds and structured finance instruments

**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 making assessments of the quality of execution.**

When reviewing the quality of execution the desk will take into account a number of factors to assess trends and relative performance. Typically, price, size and costs including explicit and implicit.

**A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.**

There are no specific arrangements concerning rebates or non-monetary benefits with any current execution venues.

**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.**

No notable changes in 2017

**An explanation of how the investment firm has used any data or tools relating to the quality of execution including any data published under 27(10)(a) of Directive 2014 / 65 / EU.**

We have considered TCA products and are currently in the process of implementing to assist our trading oversight and monitoring. M&G compare the competitiveness of all execution venues as and when they are used.

Article 27 (10) (a) is a reference to RTS 27 i.e. the quality of execution information that must be published by execution venues by 30 June 2018. MAGIM will review this information once it is published in order to assess how it could inform our best execution monitoring and review process.

# Quantitative reports – Structured finance

Class of instrument		Structured finance	
Notification if <1 average trade per business day in the previous year		NO	
Top five venues ranked in terms of volume (descending 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
Names of entity	LEI		
BARCLAYS BANK PLC	G5GSEF7VJP5I7OUK5573	9.42%	8.39%
CITIGROUP GLOBAL MARKETS LIMITED	XKZZ2JZF41MRHTR1V493	8.43%	7.33%
MERRILL LYNCH INTERNATIONAL	GGDZP1UYGU9STUHRDP48	7.94%	6.47%
BNP PARIBAS SA	R0MUWSFPU8MPRO8K5P83	7.74%	6.24%
LLOYDS BANK PLC	H7FNTJ4851HG0EXQ1Z70	7.67%	6.42%

# Execution quality report 5 – Credit derivatives

## Fixed Income Dealing team – RTS 28 execution quality report

This report covers dealing in the following asset classes: credit derivatives

**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 making assessments of the quality of execution.**

When reviewing the quality of execution the desk will take into account a number of factors to assess trends and relative performance. Typically, price, size and costs.

**A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received**

There are no specific arrangements concerning rebates or non-monetary benefits with any current execution venues.

**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.**

No notable changes in 2017 - for CDS (single name and indices), the number of counterparties available is determined by either regulatory requirements (e.g. mandatory clearing) and / or client fund documentation. The desk's volumes also reflect a number of larger single tickets and index rolls.

**An explanation of how the investment firm has used any data or tools relating to the quality of execution including any data published under 27(10)(a) of Directive 2014 / 65 / EU.**

We have considered TCA products and are currently in the process of implementing to assist our trading oversight and monitoring. M&G compare the competitiveness of all execution venues as and when they are used.

Article 27 (10) (a) is a reference to RTS 27 i.e. the quality of execution information that must be published by execution venues by 30 June 2018. MAGIM will review this information once it is published in order to assess how it could inform our best execution monitoring and review process.



# Quantitative reports – Credit derivatives

Class of instrument		Credit default swaps	
Notification if <1 average trade per business day in the previous year		NO	
Top five venues ranked in terms of volume (descending 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
Names of entity	LEI		
JP MORGAN SECURITIES PLC	K6Q0W1PS1L1O4IQL9C32	36.82%	28.83%
BARCLAYS BANK PLC	G5GSEF7VJP5I7OUK5573	15.95%	13.35%
CITIGROUP GLOBAL MARKETS LIMITED	XKZZ2JZF41MRHTR1V493	15.44%	26.25%
GOLDMAN SACHS INTERNATIONAL	W22LROWP2IHZNBB6K528	12.44%	12.44%
CREDIT SUISSE INTERNATIONAL	E58DKGMJYYYYJLN8C3868	10.09%	5.61%

# Execution quality report 6 – Interest rate derivatives

## Fixed Income Dealing team – RTS 28 execution quality report

This report covers dealing in the following asset classes: interest rate derivatives

**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 making assessments of the quality of execution.**

When reviewing the quality of execution the desk will take into account a number of factors to assess trends and relative performance. Typically, price, size and costs including explicit and implicit.

**A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received**

There are no specific arrangements concerning rebates or non-monetary benefits with any current execution venues.

**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.**

No notable changes in 2017 - our interest rate swap volumes have grown in the past year and the execution counterparties are a function of ISDA documentation for individual client funds and regulatory requirements (EMIR clearing).

**An explanation of how the investment firm has used any data or tools relating to the quality of execution including any data published under 27(10)(a) of Directive 2014 / 65 / EU.**

We have considered TCA products and are currently in the process of implementing to assist our trading oversight and monitoring. M&G compare the competitiveness of all execution venues as and when they are used.

Article 27 (10) (a) is a reference to RTS 27 i.e. the quality of execution information that must be published by execution venues by 30 June 2018. MAGIM will review this information once it is published in order to assess how it could inform our best execution monitoring and review process.

# Quantitative reports – Interest rate derivatives

Class of instrument		Interest rate derivatives		
Notification if <1 average trade per business day in the previous year		NO		
Top five venues ranked in terms of volume (descending 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	Proportion of orders executed with the venue as directed by the client
Names of entity	LEI			
CITIGROUP GLOBAL MARKETS LIMITED	XKZZ2JZF41MRHTR1V493	30.51%	28.50%	0.00%
JP MORGAN SECURITIES PLC	K6Q0W1PS1L1O4IQL9C32	27.72%	21.88%	48.84%
UBS AG	BFM8T61CT2L1QCEMIK50	24.57%	13.23%	0.00%
HSBC BANK PLC	MP6I5ZYZBEU3UXPYFY54	6.14%	15.78%	0.00%
GOLDMAN SACHS INTERNATIONAL	W22LROWP2IHZNBB6K528	5.72%	10.94%	0.00%

# Execution quality report 7 – Exchange traded bond derivatives – futures and options

## Fixed Income Dealing team – RTS 28 execution quality report

This report covers dealing in the following asset classes: – Exchange traded bond derivatives – futures and options

### **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 making assessments of the quality of execution.**

When reviewing the quality of execution the desk will take into account a number of factors to assess trends and relative performance. Typically, price, size and costs including explicit and implicit.

### **A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.**

There are no specific arrangements concerning rebates or non-monetary benefits with any current execution venues.

### **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.**

No notable changes in 2017 - For Exchange Traded Derivatives, the desk does not have direct membership of any exchange and uses execution Brokers to access the markets. Nomura has historically been the most efficient and their predominance in terms of volumes is partly a result of comprehensive give-up agreements with all our clearing brokers and partly a reflection of their execution quality, in particular, around contract expiry / rolls.

### **An explanation of how the investment firm has used any data or tools relating to the quality of execution including any data published under 27(10)(a) of Directive 2014 / 65 / EU.**

We have considered TCA products and are currently in the process of implementing to assist our trading oversight and monitoring. M&G compare the competitiveness of all execution venues as and when they are used.

Article 27 (10) (a) is a reference to RTS 27 i.e. the quality of execution information that must be published by execution venues by 30 June 2018. MAGIM will review this information once it is published in order to assess how it could inform our best execution monitoring and review process.

# Quantitative reports – Exchange traded bond derivatives – futures and options

Class of instrument		Exchange traded bond derivatives – futures and options	
Notification if <1 average trade per business day in the previous year		NO	
Top five venues ranked in terms of volume (descending 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
Names of entity	LEI		
NOMURA INTERNATIONAL PLC	DGQCSV2PHVF7I2743539	55.26%	63.55%
UBS AG	BFM8T61CT2L1QCCEMIK50	20.36%	12.50%
MORGAN STANLEY & CO INTERNATIONAL PLC	4PQUHN3JPFQFNF3BB653	18.32%	9.60%
CREDIT SUISSE SECURITIES (EUROPE) LTD	DL6FFRRLF74S01HE2M14	2.66%	7.43%
CITIGROUP GLOBAL MARKETS LIMITED	XKZZ2JZF41MRHTR1V493	2.65%	2.98%

# Execution quality report 8 – Currency derivatives

## Currency Dealing team – RTS 28 execution quality report

This report covers dealing in the following asset classes: currency derivatives: swaps, forwards and other currency derivatives

### **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 making assessments of the quality of execution.**

When making assessments of the quality of execution M&G will typically determine price to be the most important execution factor. Speed and likelihood of execution will be considered but are unlikely to be placed above Price. For this particular class of financial instrument M&G do not incur external costs for execution. It is likely that the size and nature of the order will be considered immediately after the execution factor of price.

### **A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.**

There are no specific arrangements concerning rebates or non-monetary benefits with any current execution venues.

### **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.**

No change occurred in the list of execution venues listed in the M&G Investment Management Limited Investments Execution Policy for professional clients.

### **An explanation of how the investment firm has used any data or tools relating to the quality of execution including any data published under 27(10)(a) of Directive 2014 / 65 / EU.**

M&G compare the competitiveness of all execution venues as and when they are used.

Article 27 (10) (a) is a reference to RTS 27 i.e. the quality of execution information that must be published by execution venues by 30 June 2018. MAGIM will review this information once it is published in order to assess how it could inform our best execution monitoring and review process.

# Quantitative reports – Currency derivatives

Class of instrument		Currency derivatives		
Notification if <1 average trade per business day in the previous year		NO		
Top five venues ranked in terms of volume (descending 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	Proportion of orders executed with the venue as directed by the client
Names of entity	LEI			
STATE STREET BANK AND TRUST COMPANY	571474TGEMMWANRLN572	60.70%	24.85%	7.48%
UBS AG	BFM8T61CT2L1QCCEMIK50	6.85%	17.82%	0.00%
HSBC BANK PLC	MP6I5ZYZBEU3UXPYFY54	6.59%	17.12%	0.00%
BNP PARIBAS SA	R0MUWSFPU8MPRO8K5P83	3.69%	7.01%	0.00%
CITIGROUP GLOBAL MARKETS LIMITED	XKZZ2JZF41MRHTR1V493	3.64%	7.90%	0.00%

# Execution quality report 9 – Securities financing transactions

## Securities Lending Team – RTS 28 execution quality report

This report covers dealing in the following asset classes: securities financing transactions

### **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 making assessments of the quality of execution.**

For reverse repo for cash management, repo (for cash raising purposes) and securities lending reverse repo, M&G will typically determine price to be the most important execution factor when making assessments of the quality of execution. Speed and likelihood of execution will be considered but are unlikely to be placed above price. For these transactions size and nature of the transaction will be considered immediately after the execution factor of price. There are no external costs for execution other than custodian charges borne by the client.

For securities lending and repo (for securities lending purposes) M&G will typically determine nature of the transaction as the most important execution factor when making assessments of the quality of execution. Speed and likelihood of execution will be considered but are unlikely to be placed above nature of the transaction. For these transactions price and size will be considered immediately after the execution factor of nature of the transaction. There are no external costs for execution other than custodian charges borne by the client.

### **A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received**

A quarterly charge is paid to Equilend for use of their trading platform.

### **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.**

No change occurred in the list of execution venues listed in the M&G Investment Management Limited Investments Execution Policy for professional clients.

### **An explanation of how the investment firm has used any data or tools relating to the quality of execution including any data published under 27(10)(a) of Directive 2014 / 65 / EU.**

M&G compare the competitiveness of all execution venues as and when they are used. At the time of submitting this return no independent or external data was available. Our understanding is that SFT are out-of-scope of RTS 27.



# Quantitative reports – Securities financing transactions

Class of instrument		SFT	
Notification if <1 average trade per business day in the previous year		NO	
Top five venues ranked in terms of volume (descending 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
Names of entity	LEI		
DEUTSCHE BANK AG	7LTFWZYICNSX8D621K86	17.89%	17.33%
NATIONAL AUSTRALIA BANK LIMITED	F8SB4JFBSYQFRQEH3Z21	14.35%	4.96%
BNP PARIBAS SA	R0MUWSFPU8MPRO8K5P83	13.72%	5.71%
HSBC BANK PLC	MP6I5ZYZBEU3UXPYFY54	11.26%	6.49%
BARCLAYS BANK PLC	G5GSEF7VJP5I7OUK5573	10.47%	5.10%