

# Saxo Capital Markets UK Limited

MiFID II RTS 28 – Annual Best Execution Disclosure 2018  
Top 5 Brokers and Top 5 Venues  
Quality of Execution Statement



## RECEPTION AND TRANSMISSION OF ORDERS TOP 5 BROKERS - RETAIL CLIENTS

<b>Class of Instrument</b>	Equities – Shares & Depositary Receipts - Tick size liquidity bands 5 and 6				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution brokers ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Saxo Bank A/S - 549300TL5406IC1XKD09	100.0%	100.0%	13.9%	86.1%	0.0%
<b>Class of Instrument</b>	Equities – Shares & Depositary Receipts - Tick size liquidity bands 3 and 4				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution brokers ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Saxo Bank A/S - 549300TL5406IC1XKD09	100.0%	100.0%	21.3%	78.7%	0.0%
<b>Class of Instrument</b>	Equities – Shares & Depositary Receipts - Tick size liquidity bands 1 and 2				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution brokers ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Saxo Bank A/S - 549300TL5406IC1XKD09	100.0%	100.0%	31.6%	68.4%	0.0%
<b>Class of Instrument</b>	Interest rates derivatives - Futures and options admitted to trading on a trading venue				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution brokers ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Saxo Bank A/S - 549300TL5406IC1XKD09	100.0%	100.0%	72.7%	27.3%	0.0%
<b>Class of Instrument</b>	Currency derivatives - Futures and options admitted to trading on a trading venue				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution brokers ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Saxo Bank A/S - 549300TL5406IC1XKD09	100.0%	100.0%	23.7%	76.3%	0.0%

## RECEPTION AND TRANSMISSION OF ORDERS TOP 5 BROKERS - RETAIL CLIENTS

Class of Instrument		Equity Derivatives - Options and Futures admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year		N				
Top five execution brokers ranked in terms of trading volumes (descending 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
Saxo Bank A/S - 549300TL5406IC1XKD09		100.0%	100.0%	23.7%	76.3%	0.0%
Class of Instrument		Securitised Derivatives - Warrants and Certificate Derivatives				
Notification if <1 average trade per business day in the previous year		Y				
Top five execution brokers ranked in terms of trading volumes (descending 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
Saxo Bank A/S - 549300TL5406IC1XKD09		100.0%	100.0%	64.9%	35.1%	0.0%
Class of Instrument		Commodities derivatives and emission allowances Derivatives - Options and Futures admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year		N				
Top five execution brokers ranked in terms of trading volumes (descending 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
Saxo Bank A/S - 549300TL5406IC1XKD09		100.0%	100.0%	0.0%	100.0%	0.0%
Class of Instrument		Commodities derivatives and emission allowances Derivatives - Options and Futures admitted to				
Notification if <1 average trade per business day in the previous year		N				
Top five execution brokers ranked in terms of trading volumes (descending 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
Saxo Bank A/S - 549300TL5406IC1XKD09		100.0%	100.0%	26.2%	73.8%	0.0%
Class of Instrument		Contracts for difference				
Notification if <1 average trade per business day in the previous year		N				
Top five execution brokers ranked in terms of trading volumes (descending 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
Saxo Bank A/S - 549300TL5406IC1XKD09		100.0%	100.0%	29.5%	70.5%	0.0%

## RECEPTION AND TRANSMISSION OF ORDERS TOP 5 BROKERS - RETAIL CLIENTS

<b>Class of Instrument</b>	Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution brokers ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Saxo Bank A/S - 549300TL5406IC1XKD09	100.0%	100.0%	12.4%	87.6%	0.0%
<b>Class of Instrument</b>	Other instruments				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution brokers ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Saxo Bank A/S - 549300TL5406IC1XKD09	100.0%	100.0%	26.4%	73.6%	0.0%

## RECEPTION AND TRANSMISSION OF ORDERS TOP 5 BROKERS - PROFESSIONAL CLIENTS

<b>Class of Instrument</b>	Equities – Shares & Depositary Receipts - Tick size liquidity bands 5 and 6				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution brokers ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Saxo Bank A/S - 549300TL5406IC1XKD09	100.0%	100.0%	47.3%	52.7%	0.0%
<b>Class of Instrument</b>	Equities – Shares & Depositary Receipts - Tick size liquidity bands 3 and 4				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution brokers ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Saxo Bank A/S - 549300TL5406IC1XKD09	100.0%	100.0%	52.7%	47.3%	0.0%
<b>Class of Instrument</b>	Equities – Shares & Depositary Receipts - Tick size liquidity bands 1 and 2				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	Y				
<b>Top five execution brokers ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Saxo Bank A/S - 549300TL5406IC1XKD09	100.0%	100.0%	52.6%	47.4%	0.0%
<b>Class of Instrument</b>	Interest rates derivatives - Futures and options admitted to trading on a trading venue				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution brokers ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Saxo Bank A/S - 549300TL5406IC1XKD09	100.0%	100.0%	67.3%	32.7%	0.0%
<b>Class of Instrument</b>	Currency derivatives - Futures and options admitted to trading on a trading venue				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	Y				
<b>Top five execution brokers ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Saxo Bank A/S - 549300TL5406IC1XKD09	100.0%	100.0%	92.4%	7.6%	0.0%

## RECEPTION AND TRANSMISSION OF ORDERS TOP 5 BROKERS - PROFESSIONAL CLIENTS

Class of Instrument		Equity Derivatives - Options and Futures admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year		N				
Top five execution brokers ranked in terms of trading volumes (descending 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
Saxo Bank A/S - 549300TL5406IC1XKD09		100.0%	100.0%	61.9%	38.1%	0.0%
Class of Instrument		Commodities derivatives and emission allowances Derivatives - Options and Futures admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year		N				
Top five execution brokers ranked in terms of trading volumes (descending 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
Saxo Bank A/S - 549300TL5406IC1XKD09		100.0%	100.0%	68.2%	31.8%	0.0%
Class of Instrument		Contracts for difference				
Notification if <1 average trade per business day in the previous year		N				
Top five execution brokers ranked in terms of trading volumes (descending 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
Saxo Bank A/S - 549300TL5406IC1XKD09		100.0%	100.0%	42.7%	57.3%	0.0%
Class of Instrument		Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)				
Notification if <1 average trade per business day in the previous year		N				
Top five execution brokers ranked in terms of trading volumes (descending 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
Saxo Bank A/S - 549300TL5406IC1XKD09		100.0%	100.0%	18.3%	81.7%	0.0%
Class of Instrument		Other instruments				
Notification if <1 average trade per business day in the previous year		N				
Top five execution brokers ranked in terms of trading volumes (descending 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
Saxo Bank A/S - 549300TL5406IC1XKD09		100.0%	100.0%	75.2%	24.8%	0.0%

## EXECUTION TOP 5 VENUES - RETAIL CLIENTS

Class of Instrument		Debt instruments - Bonds				
Notification if <1 average trade per business day in the previous year		Y				
Top five execution venues ranked in terms of trading volumes (descending 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	
Saxo Bank A/S - 549300TL5406IC1XKD09	100.0%	100.0%				
Class of Instrument		Currency derivatives - Swaps, forwards, and other currency derivatives				
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)	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	
Saxo Bank A/S - 549300TL5406IC1XKD09	100.0%	100.0%				
Class of Instrument		Contracts for difference				
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)	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	
Saxo Bank A/S - 549300TL5406IC1XKD09	100.0%	100.0%				

## EXECUTION TOP 5 VENUES - PROFESSIONAL CLIENTS

Class of Instrument		Debt instruments - Bonds				
Notification if <1 average trade per business day in the previous year		Y				
Top five execution venues ranked in terms of trading volumes (descending 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	
Saxo Bank A/S - 549300TL5406IC1XKD09	100.0%	100.0%				
Class of Instrument		Currency derivatives - Swaps, forwards, and other currency derivatives				
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)	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	
Saxo Bank A/S - 549300TL5406IC1XKD09	100.0%	100.0%				
Class of Instrument		Contracts for difference				
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)	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	
Saxo Bank A/S - 549300TL5406IC1XKD09	100.0%	100.0%				



Given the differences in how firms obtain the best possible result for retail clients as compared to professional clients, the information on the top five execution venues must be provided distinctly for retail and professional clients.

ESMA considers that where firms provide both the services of order execution and reception and transmission of orders, they will need to provide two separate reports in relation to these services. It is important that these reports are distinct so that, investment firms disclose on one hand the top five execution venues and on the other hand the top five entities (brokers) to which client orders were routed during the relevant period.

RTS 28 specifically defines passive and aggressive orders. A passive order means an order entered into the order book that provided liquidity. An aggressive order means an order entered into the order book that took liquidity. Arguably, therefore, this concept is only relevant where an order is sent to a venue running an order book.

For orders sent to a venue not running an order book Saxo Capital Markets UK Limited will not include Passive/Aggressive Order Indicators.

Instrument Sub Class	Broker (Order reception and transmission)	Venue (Order execution)
Equities – Tick size liquidity bands 5 and 6 (from 2000 trades per day)	EU Cash Shares covered by the MiFID II tick size regime	EU Cash Shares covered by the MiFID II tick size regime
Equities – Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)		
Equities – Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)		
Debt instruments - Bonds		Bonds
Interest rates derivatives - Futures and options admitted to trading on a trading venue	Contract Futures and Contract Options within sectors "Financials - Short-term Interest Rates" and "Financials - Bonds"	
Currency derivatives - Futures and options admitted to trading on a trading venue	Contract Futures and Contract Options within sector "Financials - Currencies"	
Currency derivatives - Swaps, forwards, and other currency derivatives		FX Spot, FX Forwards, FX Options, FX NDFs
Equity Derivatives - Options and Futures admitted to trading on a trading venue	Contract Futures and Contract Options within sector "Stock Indices" and Stock Options and	
Securitized Derivatives - Warrants and Certificate Derivatives	Warrants	
Commodities derivatives and emission allowances Derivatives - Options and Futures admitted to trading on a trading venue	Contract Futures and Contract Options within sectors "Agriculture", "Base Metals", "Commodity Index", "Energies", "Meats", "Precious Metals", "Softs"	
Contracts for difference	CFDs on Single Stocks/ETPs	CFD Index Trackers CFD on Commodity CFD on FX CFD on Bond
Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)	ETPs	ETPs
Other instruments	EU Cash Shares not covered by the MiFID II tick size regime US and APAC Cash Shares Mutual Funds	

<sup>1</sup> ESMA Q&A, Chapter 1 (Best Execution), Question 7

<sup>2</sup> RTS 28, Article 2

<sup>3</sup> SAXO BANK A/S ORDER EXECUTION POLICY, Schedule 4, Section 4.1

## QUALITY OF EXECUTION STATEMENT

### **Regulatory Technical Standard 28 Article 3(3), Directive 2014/65/EU (hereinafter MiFID II)**

The following report is a summary of the analysis and conclusions Saxo Capital Markets UK Limited (Saxo) draw from the detailed monitoring of the quality of execution obtained on the execution venues and through brokers for all client orders executed in the previous year.

**This report provides a general summary covering the asset class groupings below. Where relevant, specific asset class comments have been made.**

1. Equities
  - a. Shares & Depository Receipts (all liquidity bands)
  - b. Exchange Traded Products – Exchange Traded Funds, notes and commodities (ETF, ETN, ETC)
  - c. Securitised Derivatives - Warrants and Certificate Derivatives
2. Debt Instruments – Bonds
  - a. Bonds
3. Contracts for Difference (CFD)
  - a. Equity shares, Index & Commodities
4. Foreign Exchange
  - a. Currency derivatives - Swaps, forwards, and other currency derivatives
5. Listed Futures & Options
  - a. Interest Rate Derivatives - Futures & Options admitted to Trading on a Trading venue
  - b. Currency Derivatives – Futures & Options admitted to Trading on a Trading venue
  - c. Equity Derivatives - Futures and options admitted to trading on a trading venue
  - d. Commodities derivatives and emission allowances Derivatives - Options and Futures admitted to trading on a trading venue.

	Criteria	Statement
A	What relative importance did Saxo Capital Markets UK Limited (Saxo) give to the Execution Factors including, but not limited to price, costs, speed, and likelihood of execution when assessing the quality of execution?	<p>Saxo considered a number of criteria that might be important to its clients. These are called the Execution Factors and are listed in 3.1 of the Saxo Capital Markets Order Execution Policy</p> <p><b>FX:</b></p> <p>a) Except for Limit Orders, Saxo placed the highest priority on total consideration (the combination of price and costs associated with dealing).</p> <p>b) For Limit Orders where the client stipulated a price that was not immediately available in the market, Saxo placed the highest priority on execution at the clients' specified price at the first possible opportunity. This means that Saxo prioritised speed and certainty of execution.</p> <p><b>CFD Indices &amp; Commodities:</b> Saxo used a proprietary price derived by Saxo Bank A/S it's executing broker, which generally tracks that of the relevant underlying exchange traded market.</p>
B	Did Saxo have any close-links, conflicts, or common ownerships with respect to any execution venues used to execute orders?	Saxo is a wholly owned subsidiary of Saxo Bank A/S, a private company incorporated in Denmark (Company No: 15731249). Saxo Bank A/S executed all Saxo's client orders on its behalf. Saxo therefore placed reliance on Saxo Bank A/S as its single execution venue to access liquidity and transmit orders to execution venues. Neither Saxo A/S or Saxo had any ownership with respect to any execution venues used to execute orders
C	Did Saxo have any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received?	No - Saxo does not have any direct relationships to execution venues. All relationships with execution venues are held through Saxo Bank A/S. For clarity, Saxo Bank A/S does not receive any payments, discounts, rebates or non-monetary benefits from any of its execution venues.
D	What venues did SBF access and did any factors lead to a change in the list of execution venues listed in the SBF Order Execution Policy?	SBF relies on the selection of execution venues by Saxo Bank A/S (which is Saxo's single execution venue). A list of execution venues currently used by Saxo Bank A/S is published on its website, and it is updated as necessary. The venue list in the SBF Order Execution Policy has been updated to reflect any changes to brokers and venues accessed by brokers.
E	Did order execution differ according to client categorisation and if so where it may it have affected the order execution arrangements?	Saxo has one Order Execution Policy which is the same for both retail and professional clients.
F	When and why might other criteria have been given precedence over immediate price and cost when executing retail client orders and how would these other criteria have been instrumental in delivering the best possible result?	<p>All client types are treated the same and therefore execution is determined based on total consideration paid to or, by the client, unless the objective of execution of the order dictated otherwise as described in the SBF Order Execution Policy at section 3.4.2</p> <p>The relative importance that SBF attached to the Execution Factors in any particular case may have been affected by the circumstances of the order. These are called the Execution Criteria and can be found in the SBF Order Execution Policy at section 3.2</p> <p>Other instances where other criteria may have been given precedence over price and cost:</p> <ul style="list-style-type: none"> <li>• Where specific instructions have been received from the client;</li> <li>• Order aggregation; and/or</li> <li>• Market Impact - Saxo Bank A/S routes to market using an algorithm that is customized for achieving best price whilst minimizing market impact.</li> </ul>

G	How have Saxo used any data or tools in relation to the quality of execution, including data published by execution venues under RTS 27?	<p>In reviewing the quality of executions Saxo followed a governance process whereby executions were assessed for outliers via third party TCA provider LiquidMetrix. These outliers were reviewed internally by Saxo and where unexplainable were escalated to Saxo Bank A/S for investigation.</p> <p>In the review period of 2018 Saxo did not see any systematic deviations from achieving Best Execution.</p> <p>Saxo reviews the RTS 27 Reports of Saxo Bank A/S where and when relevant.</p>
H	How have Saxo used output of a consolidated tape provider as per Article 65 of MiFID II or any other algorithms to optimise and assess execution performances (where available)?	<p>No consolidated Tape provider was established under MiFID II and therefore was not used. Other data sets and algorithms were used to optimise and assess execution.</p>