

MIFID II: RTS 28 Disclosure – The Execution Quality Report

Downing LLP

01 January 2019 to 31 December 2019

Downing LLP Legal Identifier Number - 213800G3X76VBG9SB504

1. Introduction

This report covers the activities of Downing LLP. This report is being prepared for the purposes of Regulatory Technical Standard 28 (RTS 28) supplementing Directive 2014/65/EU (MIFID II) and covers the period between 01 January 2019 and 31 December 2019, inclusive (the relevant period).

This report sets out information on: (i) the identity of the top five execution brokers of Downing LLP for the relevant period, (ii) the quality of execution achieved for clients and (iii) certain other matters which Downing LLP is required to report on pursuant to RTS 28.

Downing LLP trades as a Professional Client and in an institutional capacity on behalf of its clients (and does not deal as principal). Information relating to retail (discretionary managed portfolio services to retail clients) and professional activities (OEICs and Trust) is provided in this report.

Downing LLP does not execute order directly on markets but transmits order to brokers for execution.

2. Top 5 Execution brokers

The top 5 execution brokers are used by Downing LLP to trade as a Professional Client in an Institutional Capacity. The annual best execution tables have been produced for each classification of client.

Where an asset class has not been traded during the reporting period, no data or analysis is shown.

The relevant execution information for shares & depositary receipts has been split into tables 1, 2, 3 (Professional) and 4, 5 & 6 (Retail). These tables (1 - 6) have taken into consideration the shares & depositary receipts that are within ESMA's 'Equity ticksize – MIFID Transitional Transparency Calculations' (the List¹).

¹ https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_fitrs_equities

Professional Client Tables

Table 1: Shares & Depository Receipts – Bands 1 & 2

Class of Instrument	Equities – Shares & Depository Receipts - (Bands 1 & 2)				
Notification if <1 average trade per business day in the previous year	No				
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
FinnCap, London (JMCMGB21) 213800DSWHX26RRA1N75	29.84%	35.84%	n/a	n/a	0%
Liberum Capital Ltd 213800U6KUF87S1KCC03	22.58%	15.41%	n/a	n/a	0%
Shore Capital Stockbrokers Ltd 2138009KZO3MK7TV6372	13.24%	11.47%	n/a	n/a	0%
WH Ireland Limited 21380036BEFEQ3ZRP871	8.36%	12.54%	n/a	n/a	0%
N+1 Singer Capital Mkts 213800ITO7QMNQ9SFG53	7.09%	8.60%	n/a	n/a	0%

Table 1: Shares & Depositary Receipts – Bands 3 & 4

Table 1: Shares & Depositary Receipts – Bands 1 & 2 Class of Instrument	Equities – Shares & Depositary Receipts (Bands 3 & 4)				
Notification if <1 average trade per business day in the previous year	No				
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
Liberum Capital Ltd 213800U6KUF87S1KCC03	75.13%	73.68%	n/a	n/a	0%
Peel Hunt Ltd London 5493007DWN0R4YBM4C84	11.18%	10.53%	n/a	n/a	0%
Zeus Capital Ltd 213800F6CHS1SEYK1842	5.43%	5.26%	n/a	n/a	0%
Investec Securities, London 84S0VF8TSMH0T6D4K848	4.06%	3.51%	n/a	n/a	0%
Numis Securities Limited 213800P3F4RT97WDSX47	3.03%	1.75%	n/a	n/a	0%

Table 1: Shares & Depositary Receipts – Bands 5 & 6

Class of Instrument	Equities – Shares & Depositary Receipts (Bands 5 & 6)				
Notification if <1 average trade per business day in the previous year	No				
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
Liberum Capital Ltd	100.00%	100.00%	n/a	n/a	0%
213800U6KUF87S1KCC03					

Retail Client Tables

Table 3: Shares & Depositary Receipts – Bands 1 & 2

Class of Instrument	Equities – Shares & Depositary Receipts - (Bands 1 & 2)				
Notification if <1 average trade per business day in the previous year	No				
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
Brooks MacDonald	100.00%	100.00%	n/a	n/a	0%
213800A6KGK5GO17EZ17					

Table 3 Shares & Depositary Receipts – Bands 3 & 4

Class of Instrument	Equities – Shares & Depositary Receipts (Bands 3 & 4)				
Notification if <1 average trade per business day in the previous year	No				
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
Brooks MacDonald	100.00%	100.00%	n/a	n/a	0%
213800A6KGK5GO17EZ17					

Table 3: Shares & Depositary Receipts – Bands 5 & 6

Class of Instrument	Equities – Shares & Depositary Receipts (Bands 5 & 6)				
Notification if <1 average trade per business day in the previous year	No				
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
Brooks MacDonald	100.00%	100.00%	n/a	n/a	0%
213800A6KGK5GO17EZ17					

3. Execution Quality Analysis and Conclusion for Shares & Depositary Receipts and other equity like instruments

This section of the report covers the following instrument classes for all categories of clients:

- Shares & Depositary Receipts
- Shares & Depositary Receipts not within ESMA’s ‘Equity ticksize – MIFID Transitional Transparency Calculations’

RTS 28, Article 3(3) Reference	Comments
3(a)	<p>Downing LLP is required to ensure for the Relevant Period that the best possible result is obtained on a consistent basis when transmitting orders to third parties for execution. What constitutes the best possible result however varies depending on the specific execution factors relevant for each trade.</p> <p>Although price and the likelihood of execution or settlement were given the most importance when executing transactions, other factors were also considered for example; liquidity and size, costs; speed, the nature of the order and any other relevant considerations such as clients’ specific instructions. For example, when transacting a large order, minimizing market impact might be more important than price. We may therefore conclude that factors other than price and likelihood of execution are more important in achieving the best possible result.</p>
3(b), (c) & (d)	<p>Downing LLP had no close links with, or common ownership of or by, any execution venue or counterparty in the Relevant Period. There were no conflicts of interest with venue or counterparties which impacted on Downing LLP’s ability to deliver best execution to its clients.</p> <p>For the Relevant Period, Downing LLP was not engaged in commission sharing agreements (CSA) with any counterparties. Downing LLP has adopted processes that demonstrate careful consideration and control around execution and research costs. Downing LLP has undertaken to pay for research costs directly with specific Brokers who the Fund Managers have directly chosen for their research capabilities, type of research and attention to detail within their research.</p> <p>During 2019, Downing LLP added a few new brokers to the list of execution brokers after having conducted their due diligence on these parties.</p>
3 (e) & (f)	<p>All Downing clients are treated on the same basis with regards to trade execution however the list of authorised brokers differs depending on the activity performed by Downing. When professional clients have a list of execution brokers, retail clients’ orders are executed with the custodian for cost efficiency. Downing regularly assess that</p>

	<p>such a choice enables the firm to consistently get the best results for their clients and determine whether there are alternative intermediaries that could be use.</p> <p>The monitoring of the quality of execution is consistent across all categories of clients.</p>
3 (g)	<p>Each trade is monitored by the Investment Team when placing the trade instruction to ensure that it is executed on the best terms available. Brokers used by Downing LLP are kept under regular review by the Investment Team. The quality of execution is monitored by the Compliance Team on a regular basis.</p>
3 (h)	<p>There are no consolidated tape providers (CTPs) that covered the Relevant Period of this report.</p>