

King & Shaxson Limited

Annual Best Execution Disclosure 2017

April 2018



King & Shaxson Limited – Annual Best Execution Disclosures

Background

On an annual basis, King & Shaxson Limited (KSL) is required to provide annual disclosures around the execution venues used for each asset class and certain information on the quality of execution in line with the requirements of Regulatory Technical Standard 28 (“RTS 28”) supplementing the EU Market in Financial Instruments Directive (‘MiFID II’). Disclosures must be made in relation to orders executed for professional clients and retail clients. In 2017, KSL had no retail clients, so this disclosure will only pertain to professional client orders. For the purpose of this report, the currency has been converted to be expressed in a single currency and the values have been expressed in Sterling.

Criteria for Best Execution

When determining the strategy for executing client orders in the market, KSL will take into consideration a number of execution factors dependent upon the characteristics of the order and the prevailing market conditions. In determining the relative importance of the execution factors, KSL will take into account each client’s objectives, the financial instrument(s) to which the order relates, the execution venues available and prevailing market conditions. Whilst they may differ on an order by order basis, we have set out below for each asset class the typical relative importance of the execution factors. All KSL clients are treated the same save where the client directs KSL to trade with or on a certain execution venue (e.g. to obtain a certificate of deposit from a certain issuer).

Trading Venues, Liquidity Providers & Approved Counterparties

KSL executes client orders with approved counterparties. KSL has no close links, conflicts of interest or common ownership with regard to any of the counterparties. The list of approved counterparties is reviewed regularly and changes over time. A list of those counterparties providing liquidity and on which we place significant reliance is included in the Best Execution policy. Amendments to the approved counterparty list will be made taking into account a number of factors including, in particular, the creditworthiness and execution performance of the counterparty. KSL does not accept or receive from approved counterparties any payment, discount, rebate or non-monetary benefit in return for directing client orders to a particular counterparty.

Review & Oversight of Best Execution

Once it is made available, KSL will, where relevant, include information provided under RTS 27 in its analysis and oversight of best execution. For the year ending 2017 KSL considers it has met its obligation to achieve the best possible result for its clients on a consistent basis.

A senior management meeting is held on a quarterly basis in order to review adherence to KSL’s best execution policy. It is attended by Compliance and Risk who review the management information available for all instruments traded and discuss any concerns or issues.

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Debt Instruments – Bonds

Notification if <1 average trade per business day in the previous year

N

Top five execution venues ranked by trading volume (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
Tradeweb LEI: 2138001WXZQOPMPA3D50	22.58%	2.12%	N/A	N/A	0%
Citigroup Global Markets LEI: 5493004FUULDQTMX0W20	8.68%	4.45%	N/A	N/A	0%
Royal Bank of Canada LEI: ES7IP3U3RHIGC71XBU11	7.84%	5.51%	N/A	N/A	0%
Daiwa Capital Markets Europe LEI: MIM2K09LFYD4IB163W58	6.28%	4.45%	N/A	N/A	0%
JP Morgan Securities plc LEI: K6Q0W1PS1L1O4IQL9C32	6.26%	4.66%	N/A	N/A	0%

Analysis and conclusions

Price and the size of an order will normally be the most significant factors taken into account by KSL when executing a client order in bonds. For some instruments, the lack of venues or counterparties offering the relevant instrument or competitive pricing or size may mean that the choice of where to execute is limited.

Management information is in place to analyse transaction executions, ensuring that competing quotes have been obtained where possible and that exceptions are reviewed (e.g. where the best price quote was not dealt on). Management is satisfied that there is no over-reliance on any one venue and that a sufficiently broad spread of venues is used to discover the consistently best prices and sizes.

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Debt Instruments – Money Markets

Notification if <1 average trade per business day in the previous year N

Top five execution venues ranked by trading volume (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
Royal Bank of Scotland PLC LEI: RR3QWICWWIPCS8A4S074	4.34%	8.99%	N/A	N/A	73.13%
Barclays Bank PLC LEI: 213800UUGANOMFJ9X769	2%	1.74%	N/A	N/A	0.00%
Toronto Dominion Bank LEI: PT3QB789TSUIDF371261	2%	4.70%	N/A	N/A	57.14%
UBS Limited LEI: REYPIEJN7XZHSUI0N355	2%	2.28%	N/A	N/A	52.94%
Nationwide Building Society LEI: 549300XFX12G42QIKN82	1%	5.37%	N/A	N/A	52.50%

Analysis and conclusions

For money market instruments, price and the size of order will normally be the most significant factors. For some instruments, the lack of venues or counterparties offering the relevant instrument or competitive pricing or size may mean that the choice of where to execute is limited. For some instruments (such as certificates of deposit or commercial paper) there may only be a single issuer and the order will often therefore be directed. Where equivalent instruments are available we may not necessarily transact at the best price where the client is seeking to diversify its credit exposure and directs us to transact with another venue or counterparty.

Management information is in place to analyse transaction executions, ensuring that competing quotes have been obtained where possible and that exceptions are reviewed (e.g. where the best price quote was not dealt on). Management is satisfied that there is no over-reliance on any one venue and that a sufficiently broad spread of venues is used to discover the consistently best prices and sizes.

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Equities – Tick Size Liquidity Bands 5&6

Notification if <1 average trade per business day in the previous year Y

Top five execution venues ranked by trading volume (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
VC Brokerage LEI:	100%	100%	N/A	N/A	0.00%
N/A					
N/A					
N/A					
N/A					

Analysis and conclusions

For liquid equities, price, size and cost will normally be the most significant factors taken into account. However it is possible that other reasons could mean for example, that the likelihood of execution and settlement take priority. This would typically be the case where we are dealing in equities listed on exchanges in the Far East.

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Equities – Tick Size Liquidity Bands 3&4

Notification if <1 average trade per business day in the previous year Y

Top five execution venues ranked by trading volume (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
Core Pacific LEI: 529900T05ELAE9V1NE48	55.65%	40%	N/A	N/A	0.00%
Piper Jaffray LEI: 549300GRQCWQ3XGH0H10	39.36%	40%	N/A	N/A	0.00%
VC Brokerage LEI:	4.99%	20%	N/A	N/A	0.00%
N/A					
N/A					

Analysis and conclusions

For liquid equities, price, size and cost will normally be the most significant factors taken into account. However it is possible that other reasons could mean for example, that the likelihood of execution and settlement take priority. This would typically be the case where we are dealing in equities listed on exchanges in the Far East.

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Equities – Tick Size Liquidity Bands 1&2

Notification if <1 average trade per business day in the previous year Y

Top five execution venues ranked by trading volume (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
VC Brokerage LEI:	69.35%	66.67%	N/A	N/A	0.00%
Core Pacific LEI: 529900T05ELAE9V1NE48	29.26%	13.73%	N/A	N/A	0.00%
Piper Jaffray LEI: 549300GRQCWQ3XGH0H10	4.99%	13.73%	N/A	N/A	0.00%
Phillip Securities PTE Limited LEI: 549300XGHOLJHVP8DS88	0.02%	3.92%	N/A	N/A	0.00%
Korea Investment & Securities LEI: 988400ZV4ASIE6HMJ589	<0.01%	1.96%	N/A	N/A	0.00%

Analysis and conclusions

For illiquid equities, price, size and cost will normally be the most significant factors taken into account. However it is possible that other reasons could mean for example, that the likelihood of execution and settlement take priority. This would typically be the case where we are dealing in equities listed on exchanges in the Far East.

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Company Information

King & Shaxson Limited, Reg. No. 869780, is a member of the London Stock Exchange. Our Registered Office is 6th Floor, Candlewick House, 120 Cannon Street, London, EC4N 6AS. The company is registered in England and is part of the PhillipCapital Group.

King & Shaxson Limited (FSA Regulatory No. 179213) is Authorised and Regulated by the Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London, E14 5HS.

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