

MAINFIRST



# RTS REPORT 2018 | 3

MAINFIRST AFFILIATED  
FUND MANAGERS  
(DEUTSCHLAND) GMBH

2018

Version 3.0

## 1 Summary

### **Execution Quality Summary according to Article 3 (3) of the Commission Delegated Regulation (EU) 2017/576 (“RTS 28”) and Article 65 (6) of the Commission Delegated Regulation (EU) 2017/565**

**Period 01.10.2018 – 31.12.2018**

**Valid for all Instrument Classes MAINFIRST (Asset Management) trades**

The MiFID II regulations<sup>1</sup> require investment firms to publish on an annual basis information about the quality of its execution practices. MAINFIRST Bank AG (Asset Management) (“MAINFIRST”) wants to give herewith its summary information and conclusions as required by RTS 28, Art 3 (3) and Article 65 (6). The summarised presentation in accordance with MiFID II covers all asset classes that MAINFIRST trades. In addition, for reporting purposes, MAINFIRST also consolidates a review of orders executed indirectly via third parties in 2018.

**(a) 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 assessing the quality of execution:**

MAINFIRST’s Best Execution Policy sets out the approach to provide the best possible result when accepting an order and executing a transaction for Professional Clients as required according to the Markets in Financial Instruments Directive 2014/65/EU, related RTS respective national law and additional guidance by national regulatory bodies (together “MiFID II”).

MAINFIRST has taken during the reporting period all sufficient steps to execute such transactions in financial instruments on terms most favourable to clients on a consistent basis (“Best Execution” or “Best Execution obligation”). Similarly, MAINFIRST has monitored on a regular basis not only the execution quality obtained but also the quality and appropriateness of its execution arrangements and policies on an ex ante and ex post basis to identify circumstances under which changes might have been appropriate.

MAINFIRST has considered the following range of factors to be important to fulfil its Best Execution as follows:

- (1) price and costs;
- (2) speed and likelihood of execution and settlement
- (3) general quality of execution
- (4) size of the transaction
- (5) nature of the transaction

The individual importance of the Best Execution factors may have varied, when executing orders (especially when ISDAs are required).

MAINFIRST had during the reporting period the necessary procedures and arrangements in place as well as an appropriate valuation system. The Bank has routinely taken into account external

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<sup>1</sup> Markets in Financial Instruments Directive 2014/65/EU (MiFID II) together with the Commission Delegated Regulation (EU) 2017/575 (formerly “RTS 28”) and Article 65 (6) of the Commission Delegated Regulation (EU) 2017/565 (“Article 65 (6)”)

market data and externally verifiable reference prices (where available) to ensure the fairness of the price for its transactions.

**(b) A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders:**

MAINFIRST acts fully independent. To ensure this, orders are generally executed by the Trading Desk at MAINFIRST Affiliated Fund Managers S.A.

If MAINFIRST Bank AG (Equity Brokerage) is chosen as counterparty, general rules apply for commissioning as well as best execution monitoring.

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

MAINFIRST operates with every broker on the basis of the counterparty's respective standard terms of business. MAINFIRST does not and did not receive any remuneration, discount or any non-monetary benefit for routing an order to a particular regulated market place, trading venue or broker based on inducement rules as stated in the MAINFIRST GROUP Code of Conduct.

**(d) 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:**

When executing a transaction for the client the venue(s) will be chosen by taking into account the following factors in order to obtain the best possible result on a consistent basis:

- (1) Costs
- (2) Performance and likelihood of execution
- (3) Settlement risk
- (4) Infrastructure and operational stability

MAINFIRST has regularly assessed the market landscape to determine whether or not there were alternative execution venues / brokers.

In light of the upcoming MiFID II regulation MAINFIRST reviewed in 2018 the access to all important liquidity sources. There have been material changes in the list of Venues and Brokers MAINFIRST is directly connected to: To ensure that regulatory reporting is supported by the counterparts, the broker list was reduced. Still, with its network of various global Brokers MAINFIRST can similarly access all markets and venues to achieve best execution to the benefit of its clients. MAINFIRST has made sure that it is able to access all important liquidity venues under MiFID II in the future.

**(e) An explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements;**

MAINFIRST acts as portfolio manager. All MAINFIRST clients are treated equally in terms of execution arrangements.

- (f) **An explanation of whether 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;**

N/A – MAINFIRST does not carry out any business with retail clients

- (g) **An explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575 (RTS 27)**

MAINFIRST operates, amongst other systems, a Transaction Cost Analysis (TCA) system to monitor and evaluate the execution quality and broker performance on an ongoing basis. A daily review of orders against their respective benchmarks is conducted, while a committee has oversight on a monthly basis.

As RTS 27 reports from execution venues are not available for 2018 those could not been incorporated in the analysis for 2018.

- (h) **Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.**

N/A – there is no consolidated tape established yet.

## 2 Listing

Table 2 Broker					
Type	Professional				
Class of Instrument	Currency Derivatives: Futures and Options Admitted to Trading on a Trading Venue				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
DZPB	57.957755	54.545455	0	100	0
JPXE	42.042245	45.454545	0	100	0

Table 2 Broker					
Type	Professional				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
GSFI	10.922871	5	0	100	0
HSBCFI	10.279648	5	0	100	0
CALYFI	10.155627	5	0	100	0
SGFI	10.137807	5	0	100	0
SCFI	9.197419	10	0	100	0

Table 3 Broker	
Type	SFT
Class of Instrument	Debt Instruments: Money Markets
Notification if <1 average trade per business day in the previous year	Y

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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 a percentage of total in that class
BNPFI	46.581459	44.444444
CBKFI	20.845695	11.111111
DEKAFI	19.542839	11.111111
NOLAFI	13.028704	22.222222
DBFI	0.001303	11.111111

Table 2 Broker					
Type	Professional				
Class of Instrument	Equities - Shares and Depository Receipts				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
K6Q0W1PS1L1O4IQL9C32	58.422427	66.666667	0	100	0
JPFI	41.577573	33.333333	0	100	0

Table 2 Broker					
Type	Professional				
Class of Instrument	Equities - Shares and Depository Receipts: Tick size liquidity bands 1 and 2				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
JPCP	76.844351	15	0	100	0
JEFI	15.515743	10	0	100	0
MFBKHT	4.519563	5	0	100	0
JPGA	3.120343	70	0	100	0

Table 2 Broker	
Type	Professional
Class of Instrument	Equities - Shares and Depository Receipts: Tick size liquidity bands 3 and 4

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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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
MLAL	51.435151	70.239453	0	100	0
JEFI	31.455786	2.508552	0	100	0
CGAG	9.186926	4.104903	0	100	0
MSET	7.639999	22.462942	0	100	0
SBQT	0.282138	0.684151	0	100	0

Table 2 Broker					
Type	Professional				
Class of Instrument	Equities - Shares and Depositary Receipts: Tick size liquidity bands 5 and 6				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
JEFI	82.850183	2.727273	0	100	0
JEF3	9.310209	0.454545	0	100	0
JPGA	4.991528	91.363636	0	100	0
JPFI	1.806993	0.454545	0	100	0
SBQT	1.041087	5	0	100	0

Table 2 Broker					
Type	Professional				
Class of Instrument	Equity Derivatives: Futures and Options Admitted to Trading on a Trading Venue				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
JPXE	76.142904	81.765276	0	100	0

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JPFULT	11.514877	0.969932	0	100	0
JPXA	7.279786	0.096993	0	100	0
MSET	2.681495	13.773036	0	100	0
DZPB	2.091821	2.618817	0	100	0

Table 2 Broker

Type	Professional				
Class of Instrument	Interest Rate Derivatives: Futures and Options Admitted to Trading on a Trading Venue				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
JPXE	81.115111	81.132075	0	100	0
MSET	18.884889	18.867925	0	100	0

Table 2 Venue

Type	Professional				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
BMTF	100	100	0	100	0

Table 2 Venue

Type	Professional				
Class of Instrument	Debt Instruments: Money Markets				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders





BMTF	100	100	0	100	0
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Table 2 Venue					
Type	Professional				
Class of Instrument	Equities - Shares and Depositary Receipts: Tick size liquidity bands 3 and 4				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
XETR	70.929908	45.768025	0	100	0
CHIX	18.443421	41.37931	0	100	0
TRQX	4.788417	4.075235	0	100	0
BATE	4.631495	6.896552	0	100	0
AQXE	1.030157	0.940439	0	100	0

Table 2 Venue					
Type	Professional				
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	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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
BMTF	100	100	0	100	0