

RTS 28 Annual Report on Best Execution for Tokai Tokyo Securities Europe Limited, LEI: [213800KM3J1Z36WO4R15]

Published 7 April 2021 for the period 1 January 2020 – 31 December 2020

Purpose

This report is published annually by MiFID II investment firms and sets out information on the identity of execution venues and the quality of execution. Its purpose is to enable clients to evaluate the quality of TTSE's execution practices and to identify the top five execution venues by trading volume. The report has been prepared by Tokai Tokyo Securities Europe Limited ("TTSE") for the purposes of EU Commission Delegated Regulation (EU) 2017/576 ("RTS 28") which supplements EU Directive 2014/65/EU ("MiFID II")

The numbered headings below reflect the Article 3 requirements of RTS 28.

1. Activities in Scope

We set out below the top 5 venues and brokers (where applicable) for client orders in financial instruments by instrument type.

Note that for medium term note transactions and Japanese Government Bond transactions that TTSE is the only venue and broker. It is therefore not disclosed in the Top 5 venues. By the nature of the business model, TTSE has a specific mandate in place with its sole medium term note purchasing client to execute all orders and transactions. Both the client and TTSE are part of the same group of companies. TTSE has a specific mandate to execute Japanese Government Bond transactions for its client. TTSE is the only venue and broker for Japanese Government Bond transactions.

TTSE only transacts with professional clients.

| Top 5 venues by class of financial instrument | | | |
|---|--|--|-------------------------------|
| Class of Instrument | | Equities (shares and depositary receipts) | |
| Confirmation if <1 average trade per business day in previous year | | Yes | |
| Top five venues ranked in terms of trading volumes (descending order) | Proportion of volume traded as a percentage of total executed volume | Number of orders executed as percentage of total orders executed | Percentage of Directed orders |
| XNMS | 53% | 37% | 0% |
| XNYS | 17% | 25% | 0% |
| ARCX | 7% | 8% | 0% |
| BATS | 5% | 8% | 0% |
| EDGX | 4% | 5% | 0% |
| Passive/aggressive orders are not applicable | | | |

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| Top 5 brokers by class of financial instrument | | | |
|--|--|--|-------------------------------|
| Class of Instrument | | Equities (shares and depositary receipts) | |
| Confirmation if <1 average trade per business day in previous year | | Yes | |
| Top five brokers ranked in terms of trading volumes (descending order) | Proportion of volume traded as a percentage of total executed volume | Number of orders executed as percentage of total orders executed | Percentage of Directed orders |
| XKZZ2JZF41MRHTR1V493 | 91% | 75% | 0% |
| 4PQUHN3JPF GFNF3BB653 | 9% | 25% | 0% |
| K6Q0W1PS1L1O4IQL9C32 | 0% | 0% | 0% |
| | | | |
| Passive/aggressive orders are not applicable | | | |

| Top 5 venues by class of financial instrument | | | |
|---|--|--|-------------------------------|
| Class of Instrument | | Bonds (non-private placement) | |
| Confirmation if <1 average trade per business day in previous year | | Yes | |
| Top five venues ranked in terms of trading volumes (descending order) | Proportion of volume traded as a percentage of total executed volume | Number of orders executed as percentage of total orders executed | Percentage of Directed orders |
| Bloomberg Multilateral Trading Facility (BMTF) | 100% | 100% | 0% |
| | | | |
| Passive/aggressive orders are not applicable | | | |

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| Top 5 brokers by class of financial instrument | | | |
|--|--|--|-------------------------------|
| Class of Instrument | | Bonds (non-private placement) | |
| Confirmation if <1 average trade per business day in previous year | | Yes | |
| Top five brokers ranked in terms of trading volumes (descending order) | Proportion of volume traded as a percentage of total executed volume | Number of orders executed as percentage of total orders executed | Percentage of Directed orders |
| Barclays Bank PLC (G5GSEF7VJP5I7OUK5573) | 98% | 67% | 0% |
| JP Morgan Securities PLC (K6Q0W1PS1L1O4IQL9C32) | 2% | 33% | 0% |
| | | | |
| Passive/aggressive orders are not applicable | | | |

| Top 5 venues by class of financial instrument | | | |
|---|--|--|-------------------------------|
| Class of Instrument | | Exchange Traded Funds | |
| Confirmation if <1 average trade per business day in previous year | | Yes | |
| Top five venues ranked in terms of trading volumes (descending order) | Proportion of volume traded as a percentage of total executed volume | Number of orders executed as percentage of total orders executed | Percentage of Directed orders |
| XNMS | 50% | 62% | 0% |
| ARCX | 29% | 12% | 0% |
| EDGX | 7% | 7% | 0% |
| BATS | 3% | 4% | 0% |
| XNYS | 3% | 5% | 0% |
| Passive/aggressive orders are not applicable | | | |

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| | | | |
|--|--|--|-------------------------------|
| Top 5 brokers by class of financial instrument | | | |
| Class of Instrument | | Exchange Traded Funds | |
| Confirmation if <1 average trade per business day in previous year | | Yes | |
| Top five brokers ranked in terms of trading volumes (descending order) | Proportion of volume traded as a percentage of total executed volume | Number of orders executed as percentage of total orders executed | Percentage of Directed orders |
| XKZZ2JZF41MRHTR1V493 | 100% | 100% | 0% |
| Passive/aggressive orders are not applicable | | | |

| | | | |
|---|--|--|-------------------------------|
| Top 5 venues by class of financial instrument | | | |
| Class of Instrument | | Equity Index Futures | |
| Confirmation if <1 average trade per business day in previous year | | Yes | |
| Top five venues ranked in terms of trading volumes (descending order) | Proportion of volume traded as a percentage of total executed volume | Number of orders executed as percentage of total orders executed | Percentage of Directed orders |
| XCME | 99% | 99% | 0% |
| XEUR | 0% | 0% | 0% |
| Passive/aggressive orders are not applicable | | | |

| | | | |
|--|--|--|-------------------------------|
| Top 5 brokers by class of financial instrument | | | |
| Class of Instrument | | Equity Index Future | |
| Confirmation if <1 average trade per business day in previous year | | Yes | |
| Top five brokers ranked in terms of trading volumes (descending order) | Proportion of volume traded as a percentage of total executed volume | Number of orders executed as percentage of total orders executed | Percentage of Directed orders |
| 4PQUHN3JPFGFNF3BB653 | 100% | 100% | 0% |
| Passive/aggressive orders are not applicable | | | |

RTS 28 Annual Report on Best Execution for Tokai Tokyo Securities Europe Limited, LEI: [213800KM3J1Z36WO4R15]

| | |
|--|--|
| Passive/aggressive orders are not applicable | |
|--|--|

| Top 5 venues by class of financial instrument | | | |
|---|--|--|-------------------------------|
| Class of Instrument | | FX Derivatives | |
| Confirmation if <1 average trade per business day in previous year | | Yes | |
| Top five venues ranked in terms of trading volumes (descending order) | Proportion of volume traded as a percentage of total executed volume | Number of orders executed as percentage of total orders executed | Percentage of Directed orders |
| Bloomberg Multilateral Trading Facility (BMTF) | 100% | 100% | 0% |
| | | | |
| Passive/aggressive orders are not applicable | | | |

| Top 5 brokers by class of financial instrument | | | |
|--|--|--|-------------------------------|
| Class of Instrument | | FX Derivatives | |
| Confirmation if <1 average trade per business day in previous year | | Yes | |
| Top five brokers ranked in terms of trading volumes (descending order) | Proportion of volume traded as a percentage of total executed volume | Number of orders executed as percentage of total orders executed | Percentage of Directed orders |
| JP Morgan Securities PLC (K6Q0W1PS1L1O4IQL9C32) | 95% | 95% | 0% |
| Citibank, N.A. (E57ODZWZ7FF32TWEFA76) | 4% | 4% | 0% |
| Barclays Bank PLC (G5GSEF7VJP5I7OUK5573) | 0% | 1% | |
| | | | |
| Passive/aggressive orders are not applicable | | | |

| | |
|--|--|
| Top 5 venues by class of financial instrument | |
|--|--|

RTS 28 Annual Report on Best Execution for Tokai Tokyo Securities Europe Limited, LEI: [213800KM3J1Z36WO4R15]

| Class of Instrument | | Interest Rate Futures & Option | |
|---|--|--|-------------------------------|
| Confirmation if <1 average trade per business day in previous year | | Yes | |
| Top five venues ranked in terms of trading volumes (descending order) | Proportion of volume traded as a percentage of total executed volume | Number of orders executed as percentage of total orders executed | Percentage of Directed orders |
| Chicago Board of Trade (XCBT) | 68% | 64% | 0% |
| Eurex Exchange (XEUR) | 24% | 27% | 0% |
| ICE Futures Europe (IFLL) | 8% | 9% | 0% |
| Sydney Futures Exchange (XSFE) | 0% | 0% | 0% |
| Passive/aggressive orders are not applicable | | | |

| Top 5 brokers by class of financial instrument | | | |
|--|--|--|-------------------------------|
| Class of Instrument | | Interest Rate Futures & Option | |
| Confirmation if <1 average trade per business day in previous year | | Yes | |
| Top five brokers ranked in terms of trading volumes (descending order) | Proportion of volume traded as a percentage of total executed volume | Number of orders executed as percentage of total orders executed | Percentage of Directed orders |
| Citigroup Global Markets Inc. (MBNUM2BPBDO7JBLYG310) | 99% | 99% | 0% |
| HSBC bank PLC (MP6I5ZYZBEU3UXPYFY54) | 1% | 1% | 0% |
| Passive/aggressive orders are not applicable | | | |

1(a) Assessing execution and qualitative factors for 'Best Execution'

TTSE sets out 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 assessing the quality of execution.

TTSE takes into account a range of different factors (the "Execution Factors") in deciding how to execute an order, including:

- price;

RTS 28 Annual Report on Best Execution for Tokai Tokyo Securities Europe Limited, LEI: [213800KM3J1Z36WO4R15]

- the cost of execution;
- timing and speed of execution;
- creditworthiness and financial stability;
- the execution venue;
- the likelihood of executing and settling the order (including the fill rate);
- the size of the order;
- the characteristics of the financial instrument including whether it is executed on a regulated market, multi-lateral trading facility (MTF), organised trading facilities (OTF) or over-the-counter (OTC);
- the market impact of the order;
- the characteristics of the execution venue to be used in respect of that financial instrument
- any other factors that may be relevant to the execution of the order

For the medium note bonds and Japanese Government Bonds TTSE is the sole entity instructed to execute the transactions for the client.

Subject to any express instructions, TTSE will exercise its discretion as the relative importance of the Execution Factors in the best interests of the client. TTSE works closely with its clients to ensure that it balances the factors with the desired outcomes and purpose of the transaction. Generally, the highest priority is placed on price. Other factors may also be prioritised by the client or TTSE, in the best interests of the client, such as the impact of market prices, speed and likelihood of execution and settlement. It is also important that the evaluation of venue and broker includes a knowledge of the market to isolate subset of dealers most likely to provide best execution in that specific name.

1(b) Close links and Common ownership

TTSE has no close links with any execution venues or brokers used for execution of client orders.

1(c) – (h) Conflicts of Interest Questions

- (a) Provide a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.

N/A

- (b) Provide 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.

N/A

- (c) Provide 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.

TTSE only has professional clients all on the same terms.

RTS 28 Annual Report on Best Execution for Tokai Tokyo Securities Europe

Limited, LEI: [213800KM3J1Z36WO4R15]

- (d) Provide 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

- (e) Provide 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).

N/A

- (f) Provide 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

END