



## Annual Best Execution Disclosure 2017

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April 2018

**RTS 28:** On an annual basis the European Securities and Markets Authority (ESMA) requires investment firms to publish information on the identity of execution venues and the quality of execution obtained. This reporting requirement falls under MiFID II. Under MiFID II there are a number of Regulatory Technical Standards (RTS) which investment firms are required to implement. RTS 28 outlines the requirements designed to increase transparency related to executing client orders. To adhere to RTS 28, investment firms that execute client orders are required to summarise and publish the top five execution venues in terms of trading volumes where they executed client orders in the preceding year, as well as information on the quality of execution obtained.

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# Algebris Investments

## Annual Best Execution Disclosure 2017

Class of Instrument		Bonds				
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)	LEI	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
Citigroup Global Markets Limited	XKZZ2JZF41MRHTR1V493	11.20	11.98	0	0	100
HSBC Bank plc	MP6I5ZYZBEU3UXPYFY54	9.94	8.52	0	0	100
Goldman Sachs International	W22LROWP2IHZNBB6K528	9.93	6.81	0	0	100
J.P. MORGAN SECURITIES PLC	K6Q0W1PS1L1O4IQL9C32	9.61	14.67	0	0	100
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	8.53	6.26	0	0	100

Class of Instrument		Bonds (SFT)	
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)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
KEPLER CHEUVREUX	9695005EOZG9X8IRJD84	20.72	14.29
UniCredit Bank AG	2ZCNRR8UK83OBTEK2170	19.88	28.57
Citigroup Global Markets Limited	XKZZ2JZF41MRHTR1V493	15.46	14.29
Credit Suisse Securities (Europe) Limited	DL6FFRRLF74S01HE2M14	13.04	7.14
UBS AG	REYPIEJN7XZHSUI0N355	9.40	14.29

### EXECUTION FACTORS:

Best execution for bonds is largely based on price and liquidity. The ALLQ page on Bloomberg indicates which counterparty is offering the best price and the size they are willing to trade. If we are looking to do a sizeable amount, we look for natural liquidity where the broker has a client looking to do the opposite and we would agree on the best price for us. On smaller sizes we would execute at the best price available on screen or with the broker directly.

# Algebris Investments

## Annual Best Execution Disclosure 2017

Class of Instrument		Credit Derivatives - Futures & options				
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)	LEI	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
J.P. MORGAN SECURITIES PLC	K6Q0W1PS1L1O4IQL9C32	34.27	33.33	0	0	100
Goldman Sachs International	W22LROWP2IHZNBB6K528	25.03	28.57	0	0	100
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	20.66	23.81	0	0	100
BNP PARIBAS	R0MUWSFPU8MPRO8K5P83	20.04	14.29	0	0	100

### EXECUTION FACTORS:

For bespoke, highly negotiated transactions on futures and options on credit derivatives or for those which may be original trading ideas or for which we have a duty of confidentiality to the counterparty, we will route such orders exclusively to the originating counterparty since there will be no other available market liquidity within a reasonable timeframe; and for some more standardised products, we will usually select and price poll from ISDA counterparties we identify to be among the most competitive in the field concerned.

# Algebris Investments

## Annual Best Execution Disclosure 2017

Class of Instrument		Credit Derivatives - Other credit 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)	LEI	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
J.P. MORGAN SECURITIES PLC	K6Q0W1PS1L1O4IQL9C32	30.72	31.01	0	0	100
HSBC Bank plc	MP6I5ZYZBEU3UXPYFY54	20.01	12.26	0	0	100
BNP PARIBAS	R0MUWSFPU8MPRO8K5P83	18.86	22.60	0	0	100
Goldman Sachs International	W22LROWP2IHZNBB6K528	14.65	18.99	0	0	100
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	11.15	10.82	0	0	100

### EXECUTION FACTORS:

For bespoke, highly negotiated transactions in credit derivatives or for those which may be original trading ideas or for which we have a duty of confidentiality to the counterparty, we will route such orders exclusively to the originating counterparty since there will be no other available market liquidity within a reasonable timeframe; and for some more standardised products, we will usually select and price poll from ISDA counterparties we identify to be among the most competitive in the field concerned.

# Algebris Investments

## Annual Best Execution Disclosure 2017

Class of Instrument		Currency Derivatives - Futures & options				
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)	LEI	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
J.P. MORGAN SECURITIES PLC	K6Q0W1PS1L1O4IQL9C32	62.66	32.00	0	0	100
HSBC Bank plc	MP6I5ZYZBEU3UXPYFY54	14.60	41.60	0	0	100
BNP PARIBAS	R0MUWSFPU8MPRO8K5P83	10.05	5.60	0	0	100
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	7.46	15.20	0	0	100
Goldman Sachs International	W22LROWP2IHZNBB6K528	5.23	5.60	0	0	100

### EXECUTION FACTORS:

Foreign Exchange hedging is electronically traded with the corresponding counterparty. Foreign Exchange options are traded over the counter and we ask a number of ISDA counterparties for a price and trade with the one with the best price.

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## Annual Best Execution Disclosure 2017

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)	LEI	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
HSBC Bank plc	MP6I5ZYZBEU3UXPYFY54	69.16	74.28	0	0	100
Fideuram Bank (Luxembourg) S.A.	7S8518QC0P5IKHFFCP88	11.27	2.16	0	0	100
MORGAN STANLEY & CO. INTERNATIONAL PLC	4PQUHN3JPFQFNF3BB653	10.94	10.07	0	0	100
RBC Europe Limited	TXDSU46SXBWIGJ8G8E98	7.01	5.69	0	0	100
SUMITOMO MITSUI TRUST (UK) LIMITED	213800MOA24TW7YO3S21	0.53	1.32	0	0	100

### EXECUTION FACTORS:

Foreign Exchange hedging is electronically traded with the corresponding counterparty. Foreign Exchange options are traded over the counter and we ask a number of ISDA counterparties for a price and trade with the one with the best price.

# Algebris Investments

## Annual Best Execution Disclosure 2017

Class of Instrument		Equity Derivatives - Futures & options				
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)	LEI	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
Goldman Sachs International	W22LROWP2IHZNBB6K528	100	100	0	0	100

Class of Instrument		Equity Derivatives - Futures & options (Placement / RTO)		
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)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	60.67	31.52	
HSBC Bank plc	MP6I5ZYZBEU3UXPYFY54	19.13	6.59	
MORGAN STANLEY & CO. INTERNATIONAL PLC	4PQUHN3JPF GFNF3BB653	11.35	20.37	
Goldman Sachs International	W22LROWP2IHZNBB6K528	5.06	3.68	
BNP PARIBAS	R0MUWSFPU8MPRO8K5P83	2.28	1.24	

### EXECUTION FACTORS:

Wherever possible at least 3 brokers are checked for option prices and then trade based on the best price. If two brokers offer the same price we ask them if either can improve. The choice of 3 is based on who has historically been good in pricing the particular underlying we are after and also on liquidity they can provide. For OTC options the process is very similar but is limited across ISDA counterparties.

# Algebris Investments

## Annual Best Execution Disclosure 2017

Class of Instrument		Equity Derivatives - Swaps and other equity derivatives				
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)	LEI	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
MORGAN STANLEY & CO. INTERNATIONAL PLC	4PQUHN3JPFGFNF3BB653	53.9	97.78	0	0	100
Goldman Sachs International	W22LROWP2IHZNBB6K528	46.1	2.22	0	0	100

Class of Instrument		Equity Derivatives - Swaps and other equity derivatives (Placement / RTO)			
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)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class		
Exane Limited	213800SH9MTNZQJKP526	24.32	26.27		
HSBC Bank plc	MP6I5ZYZBEU3UXPYFY54	15.20	23.94		
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	14.48	12.72		
J.P. MORGAN SECURITIES PLC	K6Q0W1PS1L1O4IQL9C32	8.83	6.23		
MORGAN STANLEY & CO. INTERNATIONAL PLC	4PQUHN3JPFGFNF3BB653	8.18	10.37		

### EXECUTION FACTORS:

Execution of equities is typically based on cost, liquidity and the urgency of the order. Liquid orders are executed at the lowest commission venues using algos. More illiquid orders are directed to those brokers that have the liquidity. Urgent orders are filled with whichever broker has the best liquidity for the size we would like to execute at the lowest commission rate. This is checked on the IOI page on Bloomberg which gives an indication of price and size a broker is willing to trade at in any particular name.

# Algebris Investments

## Annual Best Execution Disclosure 2017

Class of Instrument		Interest Rate Derivatives - Swaps, forwards and other interest rate derivatives				
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)	LEI	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
J.P. MORGAN SECURITIES PLC	K6Q0W1PS1L1O4IQL9C32	40.69	47.96	0	0	100
Goldman Sachs International	W22LROWP2IHZNBB6K528	38.76	30.61	0	0	100
BNP PARIBAS	R0MUWSFPU8MPRO8K5P83	18.08	17.35	0	0	100
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	2.47	4.08	0	0	100

Class of Instrument		Interest Rate Derivatives - Swaps, forwards and other interest rate derivatives (Placement / RTO)		
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)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	
BNP PARIBAS	R0MUWSFPU8MPRO8K5P83	41.18	18.18	
J.P. MORGAN SECURITIES PLC	K6Q0W1PS1L1O4IQL9C32	35.73	36.36	
Goldman Sachs International	W22LROWP2IHZNBB6K528	23.10	36.36	
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	0	9.09	

### EXECUTION FACTORS:

For bespoke, highly negotiated transactions on interest rate derivatives or for those which may be original trading ideas or for which we have a duty of confidentiality to the counterparty, we will route such orders exclusively to the originating counterparty since there will be no other available market liquidity within a reasonable timeframe; and for some more standardised products, we will usually select and price poll from ISDA counterparties we identify to be among the most competitive in the field concerned.

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## Annual Best Execution Disclosure 2017

Class of Instrument		Interest Rate Derivatives - Futures & options	
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)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	58.60	50.55
HSBC Bank plc	MP6I5ZYZBEU3UXPYFY54	22.50	20.04
MORGAN STANLEY & CO. INTERNATIONAL PLC	4PQUHN3JPF GFNF3BB653	14.32	22.76
Goldman Sachs International	W22LROWP2IHZNBB6K528	3.28	4.43
BNP PARIBAS	R0MUWSFPU8MPRO8K5P83	0.86	1.41

### EXECUTION FACTORS:

For bespoke, highly negotiated transactions on interest rate derivatives or for those which may be original trading ideas or for which we have a duty of confidentiality to the counterparty, we will route such orders exclusively to the originating counterparty since there will be no other available market liquidity within a reasonable timeframe; and for some more standardised products, we will usually select and price poll from ISDA counterparties we identify to be among the most competitive in the field concerned.

# Algebris Investments

## Annual Best Execution Disclosure 2017

Class of Instrument		Commodity Derivatives - Futures & options		
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)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	
MORGAN STANLEY & CO. INTERNATIONAL PLC	4PQUHN3JPF GFNF3BB653	100	100	

### EXECUTION FACTORS:

For bespoke, highly negotiated transactions on commodity derivatives or for those which may be original trading ideas or for which we have a duty of confidentiality to the counterparty, we will route such orders exclusively to the originating counterparty since there will be no other available market liquidity within a reasonable timeframe; and for some more standardised products, we will usually select and price poll from ISDA counterparties we identify to be among the most competitive in the field concerned.

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## Annual Best Execution Disclosure 2017

Class of Instrument		Equity - Ticksiz liquidity band 1 & 2	
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)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	39.14	82.14
Piper Jaffray LTD	2138008LHD1TOYE4JE90	23.92	3.38
STIFEL NICOLAUS EUROPE LIMITED	213800BVEFNZ8UYPKL03	19.73	3.52
MORGAN STANLEY & CO. INTERNATIONAL PLC	4PQUHN3JPF GFNF3BB653	6.47	0.81
HSBC Bank plc	MP6I5ZYZBEU3UXPYFY54	4.3	2.03

Class of Instrument		Equity - Ticksiz liquidity band 3 & 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)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	34.01	47.24
HSBC Bank plc	MP6I5ZYZBEU3UXPYFY54	12.64	7.66
MORGAN STANLEY & CO. INTERNATIONAL PLC	4PQUHN3JPF GFNF3BB653	9.05	7.17
Autonomous Research LLP	213800LBM6PT85IGM996	6.67	4.86
Keefe Bruyette & Woods, Inc	549300OM47DQV01G4854	5.86	6.10

Class of Instrument		Equity - Ticksiz liquidity band 5 & 6	
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)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	34.83	37.46
J.P. MORGAN SECURITIES PLC	K6Q0W1PS1L1O4IQL9C32	11.42	5.29
MORGAN STANLEY & CO. INTERNATIONAL PLC	4PQUHN3JPF GFNF3BB653	8.78	8.42
Autonomous Research LLP	213800LBM6PT85IGM996	7.40	4.28
HSBC Bank plc	MP6I5ZYZBEU3UXPYFY54	5.49	9.75

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## Annual Best Execution Disclosure 2017

Class of Instrument		Equity - Ticksiz liquidity band 1 & 2 (SFT)		
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)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	
HSBC Bank plc	MP6I5ZYZBEU3UXPYFY54	72.54	66.67	
Piper Jaffray LTD	2138008LHD1TOYE4JE90	23.88	16.67	
Barclays Bank PLC	G5GSEF7VJP5I7OUK5573	3.58	16.67	

Class of Instrument		Equity - Ticksiz liquidity band 3 & 4 (SFT)		
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)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	
HSBC Bank plc	MP6I5ZYZBEU3UXPYFY54	67.00	58.88	
MORGAN STANLEY & CO. INTERNATIONAL PLC	4PQUHN3JPFQFNF3BB653	18.69	27.96	
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	10.07	11.84	
Autonomous Research LLP	213800LBM6PT85IGM996	2.99	0.66	
Jefferies International Limited	S5THZMDUJCTQZBTRVI98	0.99	0.33	

Class of Instrument		Equity - Ticksiz liquidity band 5 & 6 (SFT)		
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)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	
HSBC Bank plc	MP6I5ZYZBEU3UXPYFY54	57.58	66.21	
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	16.65	11.03	
MORGAN STANLEY & CO. INTERNATIONAL PLC	4PQUHN3JPFQFNF3BB653	8.87	12.41	
Exane Limited	213800SH9MTNZQJKP526	6.07	2.76	
Autonomous Research LLP	213800LBM6PT85IGM996	5.92	4.83	

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