

RIA Capital Markets Limited

Qualitative Report for Fixed Income: *Debt Instruments – Bonds & Money Markets Instruments*

This report was produced by RIA Capital Markets Limited (“RIA”) and provides a qualitative order execution assessment for Fixed Income: *Debt Instruments – Bonds & Money Markets Instruments*, in the format described in Article 3(3) of Commission Delegated Regulation EU/2017/576, for the period 1 January 2020 to 31 December 2020.

In line with RTS 28 RIA is required to describe how different order types determine the methods of execution employed and decide the venues that RIA selects to source liquidity for its professional clients. The majority of RIA’s fixed income orders were immediately marketable but with limit or guide limit prices. Depending on the bond in question, its country of issue and its maturity, RIA’s traders exercised discretion in accessing liquidity where appropriate. In less liquid instruments, RIA used its relationships with its counterparties, applying its market knowledge and experience to contact the right counterparties and negotiate an optimal price. The ‘top five’ execution venues for fixed income are detailed in the table published in this RTS 28 publication.

Eight Statements

(a) 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;

To achieve the best possible result in 2020, RIA took into account a number of execution factors, including: Price, Size, Speed, Cost, Settlement, Likelihood of execution, Likelihood of settlement, Nature of the order. RIA determined the relative importance of each of these factors and the manner in which each order was executed, based on the circumstances at the time of execution, such as the type of financial instrument and nature of the order and the execution venues to which the order could have been directed. During the period RIA normally regarded price as the most important factor in delivering the best possible result for clients in 2020. However, in certain circumstances where price transparency or liquidity was adversely affected, RIA gave likelihood of execution an elevated weighting. It is often the case that likelihood of execution takes a high priority particularly around some higher yielding and less liquid corporate bonds as opposed to government issues. Depending on RIA’s understanding of the client’s sensitivity to timely/late settlement of trades, RIA considered likelihood of late settlement as a factor. For Fixed Income RIA generally did not attach a high weighting to ‘speed.’

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

RIA has neither close links nor any common ownership with respect to any execution venue used for this instrument type.

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

RIA does not have any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.

(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;

The execution venues RIA accesses are subject to regular review.

(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;

RIA’s clients are categorised as either professional clients or eligible counterparties. Best execution does not apply to counterparties that RIA has classified as eligible counterparty.

(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;

RIA does not classify any of its clients as ‘retail clients’. Therefore, any analysis around best execution criteria weighting for orders from these clients is not applicable.

(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 Delegated Regulation (EU) 2017/575 [RTS 27];

The availability of meaningful (and tradeable) quotes and other datasets to aid analysis remained in short supply but Ria monitors for any new data source that come available to help with analysis. We use market data from Bloomberg to assess and analyse the quality of execution and where possible, RIA will also keep a record of live prices received at the time of trading and subsequent prices of executed orders. RIA was satisfied with the level of liquidity access and choice of venues for its fixed income executions in 2020.

(h) Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider

At the time of writing (April 2021) there is no official Consolidated Tape Provider (CTP) for fixed income.