

# MiFID II RTS28 Report

**Reporting Period: 1<sup>st</sup> January 2017 – 31<sup>st</sup> December 2017**

**Dated: 30th April 2018**

**Prepared by: Lombard Bank Malta p.l.c.**

## **Introduction**

The Markets in Financial Instruments Directive 2014/65/EU (MiFID II) requires investment firms who:

- **execute Client orders** - to summarise and make public on an annual basis, for each class of financial instruments, the top five execution venues, in terms of trading volumes, where they executed Client orders in the preceding year and information on the quality of execution obtained. **(RTS28 Section A)**
- **transmit Client orders for execution** - to summarise and make public on an annual basis, for each class of financial instruments, the top five entities (brokers), in terms of trading volumes, to which Client orders were routed in the preceding year and information on the quality of execution obtained. **(RTS28 Section B)**

In line with MiFID II requirements, Lombard Bank Malta p.l.c. will publish this data annually in a machine-readable format, through a RTS28 Report, which will be made available on the Bank's website [www.lombardmalta.com](http://www.lombardmalta.com).

## **RTS28 Section A - Top Five Execution Venues**

Client Type	Retail				
Class of Instrument	a(iii) - Equities - Shares & Depositary 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 direct orders
XMAL	100%	100%	0%	0%	0%

Client Type	Professional				
Class of Instrument	a(iii) - Equities - Shares & 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 direct orders
XMAL	100%	100%	0%	0%	0%

Client Type	Retail				
Class of Instrument	b (i) 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 direct orders
XMAL	100%	100%	0%	0%	0%

Client Type	Professional				
Class of Instrument	b (i) 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 direct orders
XMAL	100%	100%	0%	0%	0%

Summary of the analysis and conclusions drawn from the Bank's detailed monitoring of the quality of execution obtained on XMAL as the execution venue for all client orders of financial instruments listed on the MSE, in the previous year.

**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;**

The Bank, when executing trades takes into account various execution factors whilst taking all sufficient steps to obtain the best possible result. The particular execution factors that will take precedence for a specific order may not depend on the class of financial instrument but on the specific characteristics of a particular financial instrument and the particular requirements of the client in question.

The Bank considers the available execution venues as part of the order execution process and determines the relative importance of the execution factors by using its experience, expertise and judgment in light of available market information with the prime aim of prompt, fair and expeditious execution of trades. This applies to all types of Financial Instrument dealt. Ordinarily, total consideration, including price and cost, merits a high relative importance in achieving best execution. However, there may be circumstances when greater importance is given to other execution factors.

More details about the execution factors, which the Bank considers and takes into account in its analysis of whether it, or its execution venues, are delivering Best Execution, can be obtained from the Bank's Best Execution Policy.

**b. a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;**

The Bank does not have any close links, conflicts of interests or common ownerships with respect to any execution venues used to execute orders on behalf of its clients. The Bank executes Client orders directly with the Malta Stock Exchange (MSE) for all equities and bonds listed and traded on the MSE. Information on how the Bank deals with conflicts of interests can be obtained from the Bank's Conflicts of Interest Policy.

**c. a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;**

The Bank does not have any 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 Bank confirms that no changes have occurred in execution venues during 2017.

**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;**

Although different levels of regulatory protection apply, depending on how Clients are classified (Retail, Professional or Eligible counterparty), the Bank treat all Client orders equally regardless of how a Client is classified. However, details about differences in regulatory protection can be found in Annex 8 of the Bank's Terms of Business Agreement.

**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;**

Subject to any specific instructions, the Bank would generally give the highest priority to total consideration for its retail clients. Notwithstanding any of the asset-class specific requirements, speed, likelihood of execution and settlement, the size and nature of the relevant order, market impact and any other implicit transaction costs may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the retail client. If the Bank receives an order from a retail client that includes a specific instruction or specific instructions in relation to the handling and execution of the entire order or a particular aspect or aspects of an order (including selecting a particular execution venue, executing at a particular price or time or through the use of a particular strategy) then, subject to the Bank's legal and regulatory obligations, the Bank would execute the retail client's order in accordance with that specific instruction. Where the specific instruction covers only a portion of an order (for example, as to the choice of execution venue), and the Bank has discretion over the execution of other elements of the order, then the Bank would continue to be subject to the best execution obligation in respect of the elements of the order that are not covered by the client's specific instruction.

**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 [RTS27];**

Data published under Delegated Regulation (EU) 2017/575 was not available for the reporting period covered by this report.

**h. where applicable, an explanation of how the investment firm has used output of a consolidated tape provider.**

The relevant laws and regulations transposing Article 65 of Directive 2014/65/EU into national legislation did not apply for the reporting period covered by this report.

**RTS28 Section B - Top Five Entities (Brokers)**

Client Type	Retail				
Class of Instrument	a(i) - Equities - Shares & Depositary Receipts				
Notification if < 1 average trade per business day in the previous year	y				
Top Five Execution brokers 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 direct orders
Bank of Valletta plc, 529900RWC8ZYB066JF16	100%	100%	0%	0%	0%

Client Type	Professional				
Class of Instrument	a(i) - Equities - Shares & Depositary Receipts				
Notification if < 1 average trade per business day in the previous year	y				
Top Five Execution brokers 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 direct orders
Bank of Valletta plc, 529900RWC8ZYB066JF16	100%	100%	0%	0%	0%

Client Type	Retail				
Class of Instrument	a(ii) - Equities - Shares & Depositary Receipts				
Notification if < 1 average trade per business day in the previous year	y				
Top Five Execution brokers 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 direct orders
Bank of Valletta plc, 529900RWC8ZYB066JF16	100%	100%	%	%	0%

Client Type	Professional				
Class of Instrument	a(ii) - Equities - Shares & Depositary Receipts				
Notification if < 1 average trade per business day in the previous year	y				
Top Five Execution brokers 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 direct orders
Bank of Valletta plc, 529900RWC8ZYB066JF16	100%	100%	0%	0%	0%

Client Type	Retail				
Class of Instrument	a(iii) - Equities - Shares & Depositary Receipts				
Notification if < 1 average trade per business day in the previous year	y				
Top Five Execution brokers 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 direct orders
Bank of Valletta plc, 529900RWC8ZYB066JF16	100%	100%	0%	0%	0%

Client Type	Professional				
Class of Instrument	a(iii) - Equities - Shares & Depositary Receipts				
Notification if < 1 average trade per business day in the previous year	y				
Top Five Execution brokers 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 direct orders
Bank of Valletta plc, 529900RWC8ZYB066JF16	100%	100%	0%	0%	0%

Client Type	Retail				
Class of Instrument	b (i) Debt Instruments (Bonds)				
Notification if < 1 average trade per business day in the previous year	y				
Top Five Execution brokers 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 direct orders
Bank of Valletta plc, 529900RWC8ZYB066JF16	100%	100%	0%	0%	0%

Client Type	Professional				
Class of Instrument	b (i) Debt Instruments (Bonds)				
Notification if < 1 average trade per business day in the previous year	y				
Top Five Execution brokers 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 direct orders
Bank of Valletta plc, 529900RWC8ZYB066JF16	100%	100%	0%	0%	0%

Client Type	Professional				
Class of Instrument	k - Exchange traded products (ETFs, ETNs and ETCs)				
Notification if < 1 average trade per business day in the previous year	y				
Top Five Execution brokers 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 direct orders
Bank of Valletta plc, 529900RWC8ZYB066JF16	100%	100%	0%	0%	0%

Summary of the analysis and conclusions drawn from the Bank's detailed monitoring of the quality of execution obtained on Bank of Valletta p.l.c. as the entity (broker) for all client orders of financial instruments not listed on the MSE, in the previous year.

**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;**

The Bank, when transmitting orders for execution, takes into account various execution factors whilst taking all sufficient steps to obtain the best possible result. The particular execution factors that will take precedence for a specific order may not depend on the class of financial instrument but on the specific characteristics of a particular financial instrument and the particular requirements of the client in question.

The Bank considers the available execution venues as part of the order execution process and determines the relative importance of the execution factors by using its experience, expertise and judgment in light of available market information with the prime aim of prompt, fair and expeditious execution of trades. This applies to all types of Financial Instrument dealt. Ordinarily, total consideration, including price and cost, merits a high relative importance in achieving best execution. However, there may be circumstances when greater importance is given to other execution factors.

More details about the execution factors, which the Bank considers and takes into account in its analysis of whether it, or its execution venues, are delivering Best Execution, can be obtained from the Bank's Best Execution Policy.

**b. a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;**

The Bank does not have any close links, conflicts of interests or common ownerships with respect to any execution venues used to execute orders on behalf of its clients. The Bank currently transmits client orders to Bank of Valletta (BOV) for Financial Instruments listed and traded outside Malta. The Bank makes use of BOV's trading infrastructure and its vast relationships with counterparties and market makers. BOV provides the Bank with its Best Execution for all client orders transmitted. BOV would notify the Bank where it is not able to offer Best Execution on a particular client order. In such cases, the Bank would endeavour to use other execution venues to obtain Best Execution for its clients. Information on how the Bank deals with conflicts of interests can be obtained from the Bank's Conflicts of Interest Policy.

**c. a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;**

The Bank does not have any 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 Bank confirms that no changes have occurred in execution venues during 2017.



**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;**

Although different levels of regulatory protection apply, depending on how Clients are classified (Retail, Professional or Eligible counterparty), the Bank treat all Client orders equally regardless of how a Client is classified. However, details about differences in regulatory protection can be found in Annex 8 of the Bank's Terms of Business Agreement.

**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;**

Subject to any specific instructions, the Bank would generally give the highest priority to total consideration for its retail clients. Notwithstanding any of the asset-class specific requirements, speed, likelihood of execution and settlement, the size and nature of the relevant order, market impact and any other implicit transaction costs may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the retail client. If the Bank receives an order from a retail client that includes a specific instruction or specific instructions in relation to the handling and execution of the entire order or a particular aspect or aspects of an order (including selecting a particular execution venue, executing at a particular price or time or through the use of a particular strategy) then, subject to the Bank's legal and regulatory obligations, the Bank would execute the retail client's order in accordance with that specific instruction. Where the specific instruction covers only a portion of an order (for example, as to the choice of execution venue), and the Bank has discretion over the execution of other elements of the order, then the Bank would continue to be subject to the best execution obligation in respect of the elements of the order that are not covered by the client's specific instruction.

**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 [RTS27];**

Data published under Delegated Regulation (EU) 2017/575 was not available for the reporting period covered by this report.

**h. where applicable, an explanation of how the investment firm has used output of a consolidated tape provider.**

The relevant laws and regulations transposing Article 65 of Directive 2014/65/EU into national legislation did not apply for the reporting period covered by this report.

**Disclaimer**

The data above is based on execution data during the period from 1st January 2017 to 31<sup>st</sup> December 2017 inclusive. Reporting of executed orders in the three bands - passive, aggressive or directed orders were not completed as information required under MiFID II for the Reporting Period (i) was not available; (ii) was only available partly; or (iii) was available in a different format. As a result this report has been prepared on a best efforts basis only. The assumptions and available information used to prepare this report may result in inconsistencies in information across asset classes presented herein. Please also note that the assumptions and methodologies used to produce this report may not be used for the preparation of future reports. Lombard Bank Malta p.l.c. does not guarantee the correctness or completeness of the information in this report and shall not be responsible for or have any liability whatsoever for any loss or damage caused by errors, inaccuracies or omissions in connection with use or reliance on this information.