

RIA Capital Markets Limited

Qualitative Report for Exchange Traded Funds (ETFs)

This report was produced by RIA Capital Markets Limited (“RIA”) and provides a qualitative order execution assessment ETFs, in the format described in Article 3(3) of Commission Delegated Regulation EU/2017/576, for the period 1 January 2019 to 31 December 2019.

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. RIA executes orders in ETFs in an agency capacity on behalf of Professional Clients. RIA will transact all ETF business with Brokers on an MTF platform, or on occasion directly with Market makers/members of relevant exchanges under the rules of the exchange bringing all trades on venue. RIA does not hold positions for its own account in ETFs. The ‘top five’ execution venues for equities are detailed in the tables 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 2019, 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 2019. However, in certain circumstances where price liquidity was adversely affected, RIA gave likelihood of execution an elevated weighting. Prioritisation will be subject to any specific instructions RIA receives from the client.

(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;

In 2019 we executed ETFs mainly through the BMTF. This is done on an RFQ basis. We extended the amount of counterparties we interacted on there over the year.

(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];

We use market data from Bloomberg to assess and analyse the quality of execution. Further to our analysis of execution quality we have an obligation to ensure our current venue list is appropriate in helping us achieve consistent and positive outcomes for our client execution. We have responsibility to monitor landscape to determine if there are any new or alternative venues.

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

At the time of writing (April 2020) there is no official Consolidated Tape Provider (CTP) for ETFs.