

Citadel Europe LLP

MiFID II RTS 28 Best Execution Disclosure

Debt Instruments - Bonds

April 2018

Quality of Execution Obtained on Execution Venues¹

Firm	Citadel Europe LLP	
Disclosure Period	1 January 2017 to 31 December 2017	
Publication Date	April 2018	
Class of instrument	Debt Instruments - Bonds ²	
	Summary of Analysis	Conclusion
Execution factors	<p>The relative importance of the execution factors was determined by the following execution criteria:</p> <ul style="list-style-type: none"> • the characteristics of the Citadel Fund • the characteristics of the order • the characteristics of the financial instrument to which the order related (e.g. sovereign or corporate); and • the characteristics of the broker or trading venue/systematic internaliser/market maker/liquidity provider/ third country entity performing a similar function to which the order could be directed. 	<p>For sovereign bonds, the Firm considered price and financing to be the most important execution factors when assessing quality of execution. For corporate bonds (including convertible bonds), the Firm considered cost to be the most important execution factor when assessing quality of execution. No issues were noted with the relative importance given to the execution factors during the period under review.</p>
Close links, conflicts of interest and common ownership with respect to execution venues³	<p>Close links During the period under review certain orders were transmitted to the affiliate firm Citadel Advisors LLC to facilitate execution. These orders related to non-EMEA instruments.</p>	<p>Close links These close links did not influence the Firm's selection of the execution venues as the Firm followed its Best Execution Policy and Conflicts of Interest Policy when selecting execution venues.</p>
	<p>Conflicts of interest The Firm has no conflicts of interest to report.</p>	<p>Conflicts of interest Not applicable</p>
	<p>Common ownerships During the period under review certain orders were transmitted to the affiliate firm Citadel Advisors LLC to facilitate execution. These orders related to non-EMEA instruments.</p>	<p>Common ownerships These common ownerships did not influence the Firm's selection of the execution venues as the Firm followed its Best Execution Policy and Conflicts of Interest Policy when selecting execution venues.</p>
Specific arrangements with execution venues³ regarding payments made or received, discounts, rebates or non-monetary benefits received	<p>During the period under review only research and business gifts and entertainments were received. No payments were made to or received from execution venues except as related to the settlement of transactions. In addition no discounts or rebates were received.</p>	<p>The Firm followed its Compliance Manual and Business Gifts & Entertainment Policy in line with its regulatory obligations in relation to these arrangements. No issues were noted in respect of these non-monetary benefits received. In addition these arrangements did not influence the Firm's selection of execution venues, as the Firm followed its Best Execution Policy and Conflicts of Interest Policy when selecting execution venues.</p>

¹ This report has been produced in line with the requirements of the recast Markets in Financial Instruments Directive and Regulation (together, "MiFID II") and Regulatory Technical Standard ("RTS") 28, as implemented in the UK.

² For the purposes of this report, 'bonds' includes sovereign bonds, corporate bonds and convertible bonds.

³ For the purposes of this report, 'execution venue' means broker, trading venue, systematic internaliser, market maker, liquidity provider and/or third country entity performing a similar function.

Factors leading to a change in the list of execution venues³ listed in the order execution policy	<p>The list of execution venues referred to in the Firm's Best Execution Policy was changed during the period under review.</p> <p>The following factors led to such change:</p> <ul style="list-style-type: none"> • available liquidity <p>In addition, as a result of the ongoing monitoring of the quality of execution, the allocation of orders to the various execution venues changed throughout the period under review.</p>	<p>The factors leading to such changes were objective factors which were considered and applied by the Firm on an objective basis.</p>
Differentiation across client categories	<p>All of the Firm's clients are professional clients.</p>	<p>Not applicable</p>
Use of data / tools⁴ relating to quality of execution	<p>The Firm has used the following data and tools relating to quality of execution during the period under review:</p> <ul style="list-style-type: none"> • A regular Broker Vote to consider both the execution and operational quality of the execution venues. • Where appropriate, a regular internal calculation of transaction cost to consider the performance level of the execution venues. 	<p>These objective factors were considered and applied by the Firm on an objective basis.</p>
Use of consolidated tape provider output	<p>There were no consolidated tape providers during the period under review.</p>	<p>Not applicable</p>

⁴ For this report published in 2018, due to the lack of RTS 27 data made available by execution venues, only limited external data has been used by the Firm as anticipated by ESMA in their response to Q6 (p20) of the Q&A on Best Execution (ESMA 35-43-349). For the reports published in 2019 and onwards, RTS 27 data will be incorporated into the evaluation of quality of execution.

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