

Citadel Europe LLP

MiFID II RTS 28 Best Execution Disclosure

Equities – Shares and Depositary Receipts – All Liquidity Bands

April 2018

Quality of Execution Obtained on Execution Venues¹

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| Firm | Citadel Europe LLP | |
| Disclosure Period | 1 January 2017 to 31 December 2017 | |
| Publication Date | April 2018 | |
| Class of instrument | Equities – Shares and Depositary Receipts - All Liquidity Bands 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 (e.g. market or financing) • the characteristics of the financial instrument to which the order related (e.g. liquidity and transparency); 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>Given the liquidity of, and transparency for, these instruments the Firm considered price to be the most important execution factor when assessing quality of execution for market transactions. Therefore in monitoring quality of execution for these instruments, the Firm has used slippage as a tool to consider whether best execution has been provided by the execution venues.</p> <p>Please refer to the 'Equity Derivatives – Swaps and Other Equity Derivatives' and 'Contracts for Difference' Reports for commentary in relation to financing transactions.</p> |
| Close links, conflicts of interest and common ownership with respect to execution venues³ | <p>Close links The Firm has no close links to report.</p> | <p>Close links Not applicable</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 The Firm has no common ownership to report.</p> | <p>Common ownerships Not applicable</p> |
| Specific arrangements with execution venues³ regarding payments made or received, discounts, rebates or non-monetary benefits received | <p>During the period under review payments were made to execution venues via dealing commissions in respect of research received and via direct payment in respect of corporate access received. In addition, business gifts and entertainments were received. No payments or rebates were received during the period under review, however in certain instances sliding commission scales based on daily monetary amount traded were available.</p> | <p>The Firm followed its internal policies in line with its regulatory obligations in relation to these arrangements. No issues were noted in respect of these payments made or monetary and 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 this report published in 2018, due to the lack of relevant tick size data during the period under review, all three subclasses have been presented in aggregate 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, the three subclasses will be present independently.

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.

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| Factors leading to a change in the list of execution venues³ listed in the order execution policy | There were no changes to the list of execution venues referred to in the Firm's Best Execution Policy. However 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. | The factors leading to such changes were objective factors which were considered and applied by the Firm on an objective basis. |
| Differentiation across client categories | All of the Firm's clients are professional clients. | Not applicable |
| Use of data / tools⁴ relating to quality of execution | The Firm has used the following data and tools relating to quality of execution during the period under review: <ul style="list-style-type: none"> • A regular internal calculation of slippage to consider the performance level of the execution venues. • A regular Broker Vote to consider the operational quality of the execution venues. | These objective factors were considered and applied by the Firm on an objective basis. |
| Use of consolidated tape provider output | There were no consolidated tape providers during the period under review. | Not applicable |
| Use of Direct Electronic Access (DEA) | The list of Top 5 execution venues for this class of instrument includes brokers who provide the Firm with direct electronic access to trading venues. These brokers are: Morgan Stanley and Deutsche Bank. The trading venues accessed by the Firm using DEA for this instrument class were: CBOE, Turquoise, SIX Swiss, Nasdaq OMX, LSE, BME, Oslo, Milan, Xetra and Euronext. | |

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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