

## **RTS 28 Article 3(3), Quantitative and Qualitative Analysis**

### **Analysis Period**

01<sup>st</sup> January 2019 to 31<sup>st</sup> December 2019

### **Overview**

For the purposes of this report the analysis of Best Execution provided to Professional and Retail clients will be in accordance to Mizuho Bank Ltd., London's (MHBK) Order Execution Policy. A copy of which would have been sent to the client upon their on-boarding as a customer of MHBK, additionally the latest version can be found under the following URL:

[https://www.mizuhobank.com/uk/fin\\_info/research/mifid.html](https://www.mizuhobank.com/uk/fin_info/research/mifid.html)

For the avoidance of doubt, this RTS28 analysis will only be applicable to Retail and Professional Clients where Mizuho Bank Ltd., London (MHBK) provided Best Execution. MHBK have taken a broad approach of examining all bi-lateral transactions conducted with Retail and Professional clients when compiling Tables 1 & 2 in Annex II.

### **Products**

MHBK's RTS28 quantitative analysis is based on products subject to MiFID II requirements. Broadly speaking these include Interest Rate and Currency Derivatives as defined in Appendix 1.

### **Execution Venues**

Where MHBK executed transactions on a bi-lateral basis with Retail and Professional Clients, MHBK was the execution venue (exceptions are where customers decided to trade off venue on a platform BMTF, TRAL and TRFW). Where the client had the ability to trade using multi party trading venues and therefore had the ability to "shop around", MHBK assumes the client did not place reliance on us and correspondingly MHBK no longer owed a duty of best execution.

## Top Five Venues

The top five tables have been compiled based on Class of Financial Instrument and client classification and tables have not been prepared where the result would show a null return. The following analysis is structured base on Class of Financial Instrument.

XOFF = Mizuho Bank Ltd

TRAL/TRFW = Refinitiv (Thomson Reuters)

BMTF = Bloomberg

## Class of Financial Instrument - Currency Derivatives

Table 1 Venue					
Type	Professional				
Class of Instrument	Currency Derivatives: Swaps, Forwards and Other Currency Derivatives				
Notification if <1 average trade per business day in the previous year	N				
All 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 directed orders
XOFF	67.20129300000001	64.60717	0.202395	99.797605	0
TRAL	25.811198	32.603247	0	100	0
BMTF	6.981181	2.778686	0	100	0
TRFW	0.006328	0.010897	0	100	0

Table 2 Venue					
Type	Retail				
Class of Instrument	Currency Derivatives: Swaps, Forwards and Other Currency Derivatives				
Notification if <1 average trade per business day in the previous year	Y				
All 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 directed orders
XOFF	100	100	0	100	0

## Analysis

- (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;*

Unless specific instructions were received from the client; MHBK executed transactions primarily based on price and speed, but also took into consideration the prevailing market conditions to obtain the best possible result for the client. For the avoidance of doubt, there were no additional commissions/costs added by MHBK to the price quoted to the client. When MHBK quoted a price to the client it was the full and final price for the transaction.

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

MHBK consider this to be not applicable - MHBK was always acting as Principal for bi-laterally agreed transactions and MHBK was the only execution venue, therefore conflicts of interest or links with other execution venues did not influence our execution business with Professional or Retail clients.

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

MHBK consider this to be not applicable - MHBK was always acting as Principal and for bi-laterally agreed transactions MHBK was the only execution venue (refer to a)). MHBK did not receive discounts or rebates for our execution business with Professional or Retail clients.

- (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;*

There have been no changes to the list of execution venues listed in London's Order Execution Policy to manage its market risk. MHBK London was the only execution venue used in 2019 for in-scope trades because we always execute bi-lateral client orders as Principal and do not pass on client orders to third party execution venues.

(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;

MHBK aims to provide the same quality of service to all clients regardless of client classification. Various factors will be taken into account during the price formation process, these may include (but not limited to); current market conditions, availability of liquidity and the nature of the request itself (currency, amount, tenor etc.). Essentially MHBK take into consideration all market related factors in securing the best possible result for the client.

(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;

MHBK were consistent when assessing the execution criteria; price and speed always took precedence unless the client gave explicit instructions. Upon receiving a client request for quote, MHBK quoted the best available price to the Retail Client. Additionally, to ensure the request was expedited in a timely manner, speed naturally became a primary factor in obtaining the best possible outcome.

(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 Commission Delegated Regulation (EU) .../...to be inserted before publication [RTS 27];

MHBK continue to assess the quality of execution based on the MHBK’s Order Execution Policy

(h) Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.”

Not applicable

**Class of Financial Instrument - Interest Rate Derivatives**

Table 1 Venue					
Type	Professional				
Class of Instrument	Interest Rate Derivatives: Swaps, Forwards and other Interest Rate Derivatives				
Notification if <1 average trade per business day in the previous year	Y				
All 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 directed orders
XOFF	100	100	2.739726	97.260274	0

## Analysis

- (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;*

Unless specific instructions were received from the client; MHBK executed transactions primarily based on price and speed, but also took into consideration the prevailing market conditions to obtain the best possible result for the client. For the avoidance of doubt, there were no additional commissions/costs added by MHBK to the price quoted to the client. When MHBK quoted a price to the client it was the full and final price for the transaction.

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

MHBK consider this to be not applicable - MHBK was always acting as Principal for bi-laterally agreed transactions and MHBK was the only execution venue, therefore conflicts of interest or links with other execution venues did not influence our execution business with Professional clients.

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

MHBK consider this to be not applicable - MHBK was always acting as Principal and for bi-laterally agreed transactions MHBK was the only execution venue (refer to a)). MHBK did not receive discounts or rebates for our execution business with Professional clients.

- (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;*

There have been no changes to the list of execution venues listed in London's Order Execution Policy to manage its market risk. MHBK London was the only execution venue used in 2019 for in-scope trades because we always execute bi-lateral client orders as Principal and do not pass on client orders to third party execution venues.

- (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;*

MHBK aims to provide the same quality of service to all clients regardless of client classification. Various factors will be taken into account during the price formation process, these may include (but not limited to); current market conditions, availability of liquidity and the nature of the request itself (currency, amount, tenor etc.). Essentially MHBK take into consideration all market related factors in securing the best possible result for the client.

- (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;*

There were no in scope transactions.

- (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 Commission Delegated Regulation (EU) .../...to be inserted before publication [RTS 27];*

MHBK continue to assess the quality of execution based on the MHBK's Order Execution Policy

*(h) Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU."*

Not applicable

### **Appendix 1 – Products by Class of Financial Instrument**

#### Currency Derivatives

- FX Forwards
- FX Swaps
- NDF's
- FX Options

#### Interest Rate Derivatives

- Interest Rate Swaps
- Interest Rate Currency Swaps
- FRA
- Caps
- Floors
- Swaptions