

## Quality of Execution Annual Report 2018

### General Observations

This disclosure is being made pursuant to Article 3(3) of Regulatory Technical Standard ("RTS") 28, a supplement of EU Directive 2014/65/EU ("MiFID II"), which requires firms to disclose, for each class of financial instruments traded for clients during the previous calendar year, a summary of the analysis and conclusions drawn from the execution quality monitoring that the firm has undertaken.

This disclosure covers the following classes of financial instruments that were traded by Tenaron Capital Management UK LLP ("Tenaron") during the year ending 31 December 2018 with approved third-party brokers or directly with an exchange via a direct electronic access platform:

- (a) Interest rate derivatives: futures and options
- (b) Interest rate derivatives: swaps
- (c) Equity derivatives: futures

Tenaron trades as a Professional Client and in an institutional capacity on behalf of its sole client, Tenaron Capital Management LP, which is the investment manager of Tenaron Capital Master Fund Ltd. For that reason, there is no information relating to retail activities or retail venues.

### Execution factors and criteria

MiFID II requires that Tenaron takes 'all sufficient steps' to consistently obtain the best possible result for its client when executing orders. In accordance with the firm's Best Execution Policy, the firm considered the following execution criteria when executing a trade during the period:

- Price and commission rates
- Costs (including explicit external costs such as brokerage, exchange or clearing fees, as well as implicit costs such as spreads and slippage)
- Speed
- Likelihood of execution and settlement
- Size
- Nature of the order and any other relevant considerations (including a broker's timeliness and confidentiality in execution, access to markets, liquidity, financial stability, reputation and trading expertise, ability to provide repo balance sheet capacity, trade support and back office, and overall responsibility to the firm's needs)

In the majority of cases, the highest priority execution factors were pricing, rates and the ability to provide Tenaron with repo balance sheet.

Tenaron also considered execution criteria, as required by the Financial Conduct Authority ("FCA"), including:

- The characteristics of the order (such as the type of financial instrument, size and urgency of the order)

- The characteristics of the financial instrument (for example, whether there is liquidity at the size of order being contemplated)
- The characteristics of the execution venues (such as the reputation and reliability of the venue)

During the period, no issues were identified with Tenaron's ability to provide best execution for its client.

#### **Other factors**

##### **1. Close links, conflicts of interests, and common ownerships with respect to any execution venues/brokers used to execute orders**

Tenaron does not have any close links, common ownership or other relationships that would give rise to any conflicts of interests with any of the execution venues or brokers used.

##### **2. Specific arrangements with any execution venues/brokers regarding payments made or received, discounts, rebates or non-monetary benefits received**

Tenaron has no specific arrangements to report with any execution venues or brokers regarding payments made or received, discounts, rebates or non-monetary benefits received.

##### **3. Factors that led to a change in the list of execution venues/brokers listed in the firm's execution policies**

Tenaron's internal list of execution venues / brokers approved for use by the firm did not change during the period.

##### **4. Execution differentiation across client categories**

Not applicable: Tenaron dealt with one Professional Client.

##### **5. Criteria 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**

Not applicable: Tenaron did not deal with Retail Clients.

##### **6. Data and tools used relating to the quality of execution, including any data published under Regulation Technical Standard 27**

Tenaron did not use independent third-party transaction cost analysis tools and providers to assist in its analysis of execution quality.

##### **7. Use of consolidated tape provider output**

Tenaron did not use the output of any consolidated tape providers ("CTPs") in its execution quality analysis.

### **Use of Direct Electronic Access**

During the period, Barclays Bank PLC and Merrill Lynch Pierce Fenner and Smith Incorporated provided Tenaron with direct electronic access (“DEA”) to trade interest rate derivatives: futures and options and equity derivatives: futures.