

Quality of Execution Annual Report 2020

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 2020 with approved third-party brokers or directly with an exchange via a direct electronic access platform:

- (a) Debt instruments: bonds
- (b) Interest rate derivatives: futures and options
- (c) Interest rate derivatives: swaps, forwards and other interest rate derivatives
- (d) Currency derivatives: swaps, forwards and other currency derivatives
- (e) Equity derivatives: futures and options
- (f) Commodity derivatives: futures and options
- (g) Other instruments
- (h) Securities finance: repurchase & reverse repurchase agreements

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 Macro Master Fund Ltd. and Tenaron Capital Relative Value Master Fund Ltd. For that reason, this disclosure does not include 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 year:

- 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 year, 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 of 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 for use did not change during the year, but Tenaron added approved brokers during the year.

Approved brokers are subject to initial and periodic due diligence and an ongoing monitoring process.

4. Execution differentiation across client categories

Not applicable: Tenaron only dealt with one Professional Client during the year.

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 during the year.

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

Not applicable: there are currently no consolidated tape providers in Europe.

Use of Direct Electronic Access

During the year, BofA Securities Inc., Citigroup Global Markets Inc., JP Morgan Securities LLC and SG Americas Securities LLC provided Tenaron with direct electronic access (“DEA”) to trade (i) interest rate derivatives: futures and (ii) options and equity derivatives: futures on behalf of Tenaron Capital Macro Master Fund Ltd. and Tenaron Capital Relative Value Master Fund Ltd.