

MiFID II – RTS 28

Reporting



NN Investment Partners C.R., a.s.

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Equities - Tick size liquidity bands 5 and 6 (from 2000 trades per day)

Execution venue

Class of instrument	Equities - Tick size liquidity bands 5 and 6 (from 2000 trades per day)	
Notification if < 1 average trade per business day in the previous year	Y	
Executing Venue	Proportion of volume traded as a percentage of total volume traded in that class	Proportion of orders executed as a percentage of total orders executed in that class
9KOGW2C2FCIOJQ7FF485 - CESKA SPORITELNA, A.S.	36.43%	42.27%
31570010000000043842 - J & T BANKA AS	30.46%	27.84%
P4GTT6GF1W40CVIMFR43 - PKO SA	20.42%	18.56%
549300UYJKOXE3HB8L79 - WOOD & COMPANY FINANCIAL SERVICES A	8.88%	9.28%
31570010000000009310 - BH SECURITIES AS	2.65%	1.03%

Equities - Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)

Execution venue

Class of instrument	Equities - Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)	
Notification if < 1 average trade per business day in the previous year	N	
Executing Venue	Proportion of volume traded as a percentage of total volume traded in that class	Proportion of orders executed as a percentage of total orders executed in that class
31570010000000043842 - J & T BANKA AS	30.65%	29.65%
31570010000000009310 - BH SECURITIES AS	22.00%	19.25%
9KOGW2C2FCIOJQ7FF485 - CESKA SPORITELNA, A.S.	18.95%	28.76%
549300UYJKOXE3HB8L79 - WOOD & COMPANY FINANCIAL SERVICES A	15.61%	12.39%
54930042UX37CQZ0FU17 - SWISS CAPITAL S.A.	7.32%	4.20%

Equities - Tick size liquidity bands 1 and 2 (from 0 to 79 trades per day)

Execution venue

Class of instrument	Equities - Tick size liquidity bands 1 and 2 (from 0 to 79 trades per day)	
Notification if < 1 average trade per business day in the previous year	Y	
Executing Venue	Proportion of volume traded as a percentage of total volume traded in that class	Proportion of orders executed as a percentage of total orders executed in that class
31570010000000043842 - J & T BANKA AS	33.91%	11.90%
549300UYJKOXE3HB8L79 - WOOD & COMPANY FINANCIAL SERVICES A	22.70%	21.43%
54930042UX37CQZ0FU17 - SWISS CAPITAL S.A.	19.08%	30.95%
P4GTT6GF1W40CVIMFR43 - PKO SA	11.22%	5.95%
9KOGW2C2FCIOJQ7FF485 - CESKA SPORITELNA, A.S.	8.57%	14.29%

Debt Instruments - Bonds

Execution venue

Class of instrument		Debt Instruments - Bonds	
Notification if < 1 average trade per business day in the previous year		N	
Executing Venue	Proportion of volume traded as a percentage of total volume traded in that class	Proportion of orders executed as a percentage of total orders executed in that class	
BMTF - Bloomberg	56.15%	53.81%	
3TK20IVIUIJ8J3ZU0QE75 - ING Bank N.V. (local branches)	7.74%	10.03%	
3TK20IVIUIJ8J3ZU0QE75 - ING BANK NV	4.57%	3.39%	
PQOH26KWDF7CG10L6792 - ERSTE GROUP BANK AG	3.54%	3.81%	
K6Q0W1PS1L1O4IQL9C32 - JP MORGAN SECURITIES LTD	3.44%	3.25%	

Counterparty

Class of instrument		Debt Instruments - Bonds	
Notification if < 1 average trade per business day in the previous year		N	
Executing Venue	Proportion of volume traded as a percentage of total volume traded in that class	Proportion of orders executed as a percentage of total orders executed in that class	
9ZHRYM6F437SQJ6OUG95 - RAIFFEISEN BANK INTERNATIONAL AG	11.91%	15.11%	
3TK20IVIUIJ8J3ZU0QE75 - ING BANK NV	11.52%	9.89%	
PQOH26KWDF7CG10L6792 - ERSTE GROUP BANK AG	10.28%	10.73%	
K6Q0W1PS1L1O4IQL9C32 - JP MORGAN SECURITIES LTD	10.20%	10.45%	
31570010000000000000 - PPF BANKA A.S.	9.95%	4.66%	

Exchange traded products

Execution venue

Class of instrument	Exchange traded funds, exchange traded notes and exchange traded commodities	
Notification if < 1 average trade per business day in the previous year	Y	
Executing Venue	Proportion of volume traded as a percentage of total volume traded in that class	Proportion of orders executed as a percentage of total orders executed in that class
9KOGW2C2FCIOJQ7FF485 - CESKA SPORITELNA, A.S.	94.05%	95.24%
31570010000000043842 - J & T BANKA AS	5.95%	4.76%

About the report

This report is the Annual Qualitative Report describing the execution assessment for all asset classes admitted to trading on a trading venue. This document presents a combined analysis of execution obtained when placing trades with our execution brokers and when trading directly on or with execution venues and is available on the website of NNIP.

Equities which were not assigned to a liquidity band by our provider have therefore been included in the report tick size liquidity bands 5 and 6.

The distinction between ‘passive’ and ‘aggressive’ is not relevant to our trading activities, and therefore this column has been removed. There have been no ‘directed orders’ executed on venues listed in the reports below, and therefore this column has been removed.

The report is intended as a qualitative report as described by the Commission Delegated Regulation (EU) 2017/576 supplementing the Directive 2014/65/EU.

Best Execution within NN IP

NNIP Advisors and its affiliates (“NN IP”) have a duty to act honestly, fairly, professionally and in the best interests of its clients. When executing orders, NN IP takes all reasonable steps to obtain the best result for its clients. NN IP has a duty to ensure that, when executing transactions directly with Brokers or on/with Execution venues, it obtains “best execution”.

Within NN IP we have a written policy, the NN IP Order Execution and Broker Selection Policy and procedures, in order to achieve “best execution” for our clients.

A copy of our most recent “best execution policy” is available on our website at:

www.nnip.com/en-INT/professional/about/policies-and-governance

This policy is being updated at least annually and may differ from the summarized process described below. The full policy applicable during the reporting period will be made available to our clients upon request.

During the year 2018 NN IP had implemented the following steps in order to achieve “best execution” for our clients:

- Brokers and Execution Venues approval – Every Brokers and Execution Venues has been approved by Credit Risk Management, Compliance and ultimately by the Trade Review Committee (“TRC”)
- Periodic Brokers and Execution Venue Evaluation – On a semi-annual basis NN IP evaluates the Brokers and Execution Venues. NN IP considers a number of factors, which may include (but does not necessarily involve all of) the following:
 - Quantifiable via execution capabilities of Execution Venues:
 - the quality and effectiveness of an Execution Venue’s execution policy, if relevant, in order for a Broker or Execution Venue to reach the best possible result for NN IP’s client including breadth and depth of market access, connectivity to platforms and or access to specific markets;
 - the Broker’s or Execution Venue’s evaluation capabilities (pre and post trade) and the timely and accurate provision of execution reports;

- the Broker’s or Execution Venue’s ability to adhere to the waivers and deferrals as further defined by relevant regulators;
- the Broker’s or Execution Venue’s regulatory regime and status.
- Quantifiable via Trade analysis such as Transaction Cost Analysis (TCA):
 - the Broker’s or Execution Venue’s ability to provide the best price and/or competitiveness of all expenses incurred for the transaction, such as commission rates;
 - the Broker’s or Execution Venue’s ability to commit adequate capital when necessary;
 - the Broker’s or Execution Venue’s ability to search for and obtain liquidity to minimize market impact and accommodate unusual market conditions and Execution Venue’s ability to maintain the confidentiality of an order and prevent information leakage;
 - quality, offering, speed of electronic execution methods and program trading (ability to execute multiple transactions);
 - efficiency and accuracy of the Broker’s or Execution Venue’s clearance and settlement process, including our split across clients;
 - the level to which the Broker or Execution Venue exercises efforts to satisfy trading needs in a consistent manner and a proven track-record of the Broker or Execution Venue.
- Qualitative:
 - flexibility: is the Broker or Execution Venue able to execute unique trading strategies/execute and settle difficult trades as well as unusual trading volumes;
 - the level to which the Broker or Execution Venue is responsive to comments or to complaints from NN IP;
 - the Broker’s or Execution Venue’s ability to engage in after-hours and cross-border trading;
 - availability and quality of Execution Venue’s traders and sales-traders etc.;
 - Brokers or Execution Venues are expected to behave in an ethical and professional manner to promote the fairness and integrity of the markets they are active in, supported by acceptance of codes of conduct when relevant;
 - response time and adequate lines of communication with Broker’s or Execution Venue’s staff and NN IP;
 - a Brokers or Execution Venue’s ability to anticipate on, adopt and have access to alternative trading options with a view on achieving higher quality execution;
 - Risk management: limit observation and Execution Venue diversification considerations.
- Trade-by-trade criteria – NN IP has taken into account criteria specific for each transaction, which included the price and costs, speed and likelihood of execution and settlement of the trade, the size and nature of the order, impact on the market and proprietary risk criteria.
- Governance - the effectiveness and accuracy of the Brokers and Execution Venue Selection and Order Execution Policy, acting in accordance with it and the principles and procedures contained in it has been monitored on a continuing basis by the TRC (Trade Review Committee).
- Monitoring – on a monthly basis the Compliance department monitored the execution transaction on various potential conflicts of interest, as well as market abuse indicators. Annually de Compliance Department drafts a Best Execution Report.

Execution Factors

The following execution factors were given the highest priority when executing transactions during the year 2018:

- Price
- Costs
- Likelihood of execution
- Speed of execution
- Any other consideration that is key to the order execution

Close Links and Conflicts of Interest

Close Links

NN IP has no close links nor holds any common ownership with respect to any venue used to execute or place orders. NN IP has no qualified ownership over the venues used for this asset class. From time to time, NN IP may invest, on behalf of clients, client money and manage an equity holder or debtholder interest of a financial institution holding close links with or a qualifying holding in venues on which is traded. NN IP has no current ongoing litigation or legal disputes in court with the venues used.

Affiliated Brokers and Execution Venues

During the year 2018, NN IP has not executed transactions with affiliated Brokers and Execution Venues.

NN IP Advisors B.V. will execute and transmit orders on behalf of itself and its affiliates. NNIP Advisors B.V. will be compensated for these services by its affiliates. The cost of these provided services provided by NNIP Advisors B.V. will be paid by the affiliates and not by the their clients.

Trade Aggregation and Allocation

NN IP has the possibility to aggregate identical client orders. On order to mitigate the potential conflict of interest, e.g. favouring one client over another client, NN IP has a written policy, the NN IP The Trade Aggregation and Allocation Policy.

This policy addresses three stages in the trade/investment process:

- Pre-allocation - by placing a trade order in the relevant portfolio management system, the portfolio manager, who is separate from the Trading team, indicated which clients he/she wanted to trade for including the target quantities per client, whereby clients with equal mandates were generally treated equally.
- Aggregation of trade orders - in general, trade orders for the same security with the same trading parameters (e.g. same price limits or other limiting instructions) on behalf of multiple clients were aggregated into a block transaction.
- Allocation of transactions - In general, fully or partially executed trade orders for multiple clients are allocated on a prorata basis, based on the target quantity.

The Compliance department has monitored on a monthly basis adherence to the policy and reported its result to the TRC.

Full details of our Trade Aggregation and Allocation Policy will be made available to our clients upon request.

Gifts, Entertainment and Anti-Bribery

Our gifts, entertainment and anti-bribery policy outlines what gifts and entertainment are typically appropriate and permissible. Aside from reporting requirements, employees of NN IP must also request approval from their managers and the Compliance Department for offering or receiving gifts and entertainment over certain limits and to certain individuals (e.g., public officials). There aren't any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.

The Compliance department has monitored on a quarterly basis adherence to the policy and reported its result specific to our trading and investment teams to the TRC.

Change of Venues

During the year 2018, the NN IP's Approved List of Broker and Execution Venues has been updated. The most recent version, d.d. 5 April 2019, part of NN IP's Order Execution and Broker Selection policy, has been made available on our website.

Data usage

NNIP has not used any data published under 27(10)(a) of Directive 2014/65/EU or of a consolidated tape provider for the selection of the Brokers and Execution Venues and the execution of the transactions.

Conclusions

We believe our broker selection and order execution during 2018 was appropriate given the characteristics of the orders and market circumstances.

In 2018 transactions were analysed using external TCA providers and in-house developed methodologies. NN IP measures explicit and implicit cost for all clients. Next to that, other metrics based on model costs and competition data are used in the review. The results were discussed in NN IP's Trade Review Committee. Any follow-up actions are discussed and implemented if necessary.

Compliance Review

Based on the monitoring activities performed, the Compliance department believes NN IP has adhered to its written policies and procedures during the year 2018.