

## 2017 ANNUAL MIFID REPORT - TOP VENUE DISCLOSURE

APRIL 2018



## IMPORTANT INFORMATION

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# 1 ANNUAL MIFID REPORT 2017

QIC European Investment Services (QEIS) was set up in December 2011 and received FCA authorisation on 16 May 2012. QEIS' principle business is to provide discretionary portfolio management, trade execution and advisory services to its parent company, QIC Limited (QIC).

As a MiFID firm, QEIS is required to report on the trades executed over the previous calendar year. The following information is published in accordance with the technical standards as set out in Commission Delegated Regulation EU/2017/576 (RTS 28) representing the provision of investment services towards professional clients during the 2017 calendar year.

## 1.1 QEIS Clients

QEIS is authorised by the Financial Conduct Authority (FCA) to provide regulated products and services to 'Professional' clients and Eligible Counterparties only.

QEIS' sole client is QIC Limited, a Professional client.

## 1.2 Global Order Management and Best Execution Standards

QIC Limited and its subsidiaries, which includes QEIS, are committed to obtaining best execution and managing the risks and conflicts associated with order management fairly and appropriately. QIC Limited has a detailed Global Order Management and Best Execution Standards (GOMBES) policy which QEIS has adopted. The policy reflects the most stringent global legislation pertaining to order management and best executions and adopts the Markets in Financial Instruments Directive (MiFID) II.

The policy outlines QIC's framework for managing risks associated with order management and best execution and establish clearly defined accountabilities for traders in managing these risks. In addition, the policy further details how trades must consider conflicting factors in determining how to provide Clients with the best possible outcome on a consistent basis.

## 1.3 Criteria for Best Execution

Best execution should always be assessed in relation to the Client's objective and prevailing market conditions. QIC is not obligated to merely get the lowest price or commission, but rather take all actions necessary to execute orders in a fair and timely manner, assessing the capacity of service providers and Counterparties in respect to the best interest of the Client.

In seeking to obtain best execution, the following factors are taken into account when executing transactions in a financial instrument:

- Necessary legal documents – ie ISDAs, CSAs, CDEAs, futures give-up agreements
- Observable price and a counterparty's recognised strengths or known inventory available to trade
- Market liquidity at the time of execution
- Size, nature, and type of the financial instrument
- Potential price impact and the desire to maintain confidentiality of the order
- Execution cost and speed
- Likelihood of execution and settlement
- Characteristics of the execution venue and Counterparty survey results
- Urgency of the trade
- Any other considerations relevant to the efficient execution of the order



## 1.4 Securities not traded

Over the 2017 calendar year QEIS did not trade the following

- Securitized Derivatives
- Contracts for difference
- Exchange traded products (Exchanged traded funds, exchange traded notes)
- Emission allowances



## 2 TOP 5 EXECUTION VENUES

The following details the counterparties and brokers QEIS traded with over the 2017 calendar year where the trade was executed via an 'Execution Venue' as defined by the Financial Conduct Authority (FCA) under MiFID II. 'Execution Venue' includes the following, regulated market, Multilateral Trading Facility (MTF), Organised Trading Facility (OTF), Systematic Internaliser (SI), or a market maker.

### 2.1 Debt Instruments

#### Money market instruments

Over the 2017 calendar year QEIS traded no Money market instruments in the Debt instruments asset class.

#### Debt instruments

Class of Instrument	Debt instruments				
Notification if <1 average trade per business day in the previous year	<b>No</b>				
Top five execution venues ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
UBS AG (BFM8T61CT2L1QCEMIK50)	27.4%	10.2%	n/a	n/a	0%
CITIBANK N.A. (E57ODZWZ7FF32TWEFA76)	11.1%	8.8%	n/a	n/a	0%
BARCLAYS BANK PLC (G5GSEF7VJP5I7OUK5573)	7.8%	9.7%	n/a	n/a	0%
MORGAN STANLEY CO INTERNATIONAL PLC (4PQUHN3JPF6FNF3BB653)	7.6%	9.4%	n/a	n/a	0%
WELLS FARGO SECURITIES, LLC (VYVVCKR63DVZZN70PB21)	7.3%	3.1%	n/a	n/a	0%

Government Bonds, Inflation-Linked Bonds, and Corporate Bonds denominated in major currencies were traded over the 2017 calendar year with a focus on best price given market liquidity. On a semi-annual basis QIC Limited and QEIS review the counterparty panel for appropriateness within the asset class. QEIS, and its parent company QIC Limited, have no close-links to disclosed within the Debt Instrument asset class. All Gifts and Benefits and Personal Financial Investments provided by any of its counterparties require pre-approval from QIC's independent risk management team.



## 2.2 Interest Rate Derivatives

### Futures and options admitted to trading on a trading venue

Class of Instrument	Futures and options admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year	<b>No</b>				
Top five execution venues ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
GOLDMAN SACHS INTERNATIONAL (W22LROWP2IHZNBB6K528)	32.8%	21.9%	n/a	n/a	0%
DEUTSCHE BANK (7LTFWZYICNSX8D621K86)	26.0%	14.4%	n/a	n/a	0%
CITIBANK N.A. (E57ODZWZ7FF32TWEFA76)	20.4%	20.7%	n/a	n/a	0%
UBS AG (BFM8T61CT2L1QCEMIK50)	14.3%	20.2%	n/a	n/a	0%
MORGAN STANLEY CO INTERNATIONAL PLC (4PQUHN3JPF GFNF3BB653)	5.1%	14.2%	n/a	n/a	0%

### Swaps, forwards, and other interest rate derivatives

Class of Instrument	Swaps, forwards, and other interest rates derivatives				
Notification if <1 average trade per business day in the previous year	<b>Yes</b>				
Top five execution venues ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
BNP PARIBAS S.A. (ROMUWSFPU8MPRO8K5P83)	57.7%	81.1%	n/a	n/a	0%
MORGAN STANLEY CO INTERNATIONAL PLC (4PQUHN3JPF GFNF3BB653)	15.0%	2.7%	n/a	n/a	0%
THE ROYAL BANK OF SCOTLAND PLC (RR3QWICWWIPCS8A4S074)	14.2%	2.7%	n/a	n/a	0%
UBS AG (BFM8T61CT2L1QCEMIK50)	10.4%	10.8%	n/a	n/a	0%
GOLDMAN SACHS INTERNATIONAL (W22LROWP2IHZNBB6K528)	2.7%	2.7%	n/a	n/a	0%



QEIS executed Bond Future and Bond Option orders across major markets over the 2017 calendar year. QEIS executed a small number of Interest Rate Swaps and Forward. In both cases the execution venue was chosen based on price, the type of trade and size, and whether the trade needed to be cleared in-line with market regulation. On a semi-annual basis QIC Limited and QEIS review the counterparty panel for appropriateness within the asset class. QEIS, and its parent company QIC Limited, have no close-links to disclosed within the Interest Rate Derivatives asset class. All Gifts and Benefits and Personal Financial Investments provided by any of its counterparties require pre-approval from QIC's independent risk management team.





## 2.3 Credit Derivatives

### Futures and options admitted to trading on a trading venue

Over the 2017 calendar year QEIS traded no futures or options admitted to trading on a trading venue in the Credit Derivatives asset class.

### Other credit derivatives

Class of Instrument	Other credit derivatives				
Notification if <1 average trade per business day in the previous year	<b>No</b>				
Top five execution venues ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
BARCLAYS BANK PLC (G5GSEF7VJP5I7OUK5573)	62.6%	60.5%	n/a	n/a	0%
BNP PARIBAS S.A. (ROMUWSFPU8MPRO8K5P83)	18.2%	18.3%	n/a	n/a	0%
GOLDMAN SACHS INTERNATIONAL (W22LROWP2IHZNBB6K528)	11.8%	11.0%	n/a	n/a	0%
DEUTSCHE BANK (7LTFWZYICNSX8D621K86)	4.0%	5.3%	n/a	n/a	0%
MORGAN STANLEY CO INTERNATIONAL PLC (4PQUHN3JPFGFNF3BB653)	2.0%	2.8%	n/a	n/a	0%

QEIS executed Credit Default Swap Index and Swap Options trades across major markets over the 2017 calendar year. Price, ability to transact, strengths within the asset class and whether the trade needed to be cleared in-line with market regulation where factors used to determine execution with the execution venues. On a semi-annual basis QIC Limited and QEIS review the counterparty panel for appropriateness within the asset class. QEIS, and its parent company QIC Limited, have no close-links to disclosed within the Credit Derivatives asset class. All Gifts and Benefits and Personal Financial Investments provided by any of its counterparties require pre-approval from QIC's independent risk management team.



## 2.4 Currency Derivatives

### Futures and options admitted to trading on a trading venue

Over the 2017 calendar year QEIS traded no futures or options admitted to trading on a trading venue in the Currency Derivatives asset class.

### Swaps, forwards, and other currency derivatives

Class of Instrument	Swaps, forwards, and other currency derivatives				
Notification if <1 average trade per business day in the previous year	<b>No</b>				
Top five execution venues ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
GOLDMAN SACHS INTERNATIONAL (W22LROWP2IHZNBB6K528)	16.3%	23.8%	n/a	n/a	0%
BARCLAYS BANK PLC (G5GSEF7VJP5I7OUK5573)	14.8%	14.0%	n/a	n/a	0%
STANDARD CHARTERED BANK (RILFO74KP1CM8P6PCT96)	14.2%	7.2%	n/a	n/a	0%
UBS AG (BFM8T61CT2L1QCEMIK50)	8.2%	4.1%	n/a	n/a	0%
BNP PARIBAS S.A. (ROMUWSFPU8MPRO8K5P83)	7.2%	9.3%	n/a	n/a	0%

QEIS executed the following currency transactions over the 2017 calendar year; Spot, Forward, Swap and Option. QEIS' preference is to trade in competition across all currency transactions with preference given to price and strength within the traded currency. On a semi-annual basis QIC Limited and QEIS review the counterparty panel for appropriateness within the asset class. QEIS, and its parent company QIC Limited, have no close-links to disclosed within the Currency Derivatives asset class. All Gifts and Benefits and Personal Financial Investments provided by any of its counterparties require pre-approval from QIC's independent risk management team.



## 2.5 Structured Finance Instruments

Class of Instrument	Structured Finance Instruments				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution venues ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
BNP PARIBAS S.A. (ROMUWSFPU8MPRO8K5P83)	59.9%	63.6%	n/a	n/a	0%
GOLDMAN SACHS INTERNATIONAL (W22LROWP2IHZNBB6K528)	40.1%	36.4%	n/a	n/a	0%
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

QEIS executed a small number Single Name Credit Default Swap trades over the 2017 calendar year. Price and ability to transact were factors used when determining execution with the execution venue. On a semi-annual basis QIC Limited and QEIS review the counterparty panel for appropriateness within the asset class. QEIS, and its parent company QIC Limited, have no close-links to disclosed within the Structured Finance Instruments asset class. All Gifts and Benefits and Personal Financial Investments provided by any of its counterparties require pre-approval from QIC's independent risk management team.



## 2.6 Equity Derivatives

### Options and Futures admitted to trading on a trading venue

Class of Instrument	Options and Futures admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year	<b>No</b>				
Top five execution venues ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
MORGAN STANLEY CO INTERNATIONAL PLC (4PQUHN3JPF6FNF3BB653)	62.8%	34.1%	n/a	n/a	0%
GOLDMAN SACHS INTERNATIONAL (W22LROWP2IHZNBB6K528)	13.2%	11.5%	n/a	n/a	0%
CITIBANK N.A. (E57ODZWZ7FF32TWEFA76)	8.4%	13.3%	n/a	n/a	0%
BANK OF AMERICA NA (B4TYDEB6GKMZO031MB27)	6.6%	17.8%	n/a	n/a	0%
JP MORGAN CHASE BANK N.A. (7H6GLXDRUGQFU57RNE97)	4.6%	5.3%	n/a	n/a	0%

### Swaps and other equity derivatives

Over the 2017 calendar year QEIS traded no Swaps or other equity derivatives in the Equity Derivative asset class.

QEIS executed both Equity Index and Equity Option orders across major markets over the 2017 calendar year. The execution venue was chosen based on ability to transact the size of the trade in a timely manner. On a semi-annual basis QIC Limited and QEIS review the counterparty panel for appropriateness within the asset class. QEIS, and its parent company QIC Limited, have no close-links to disclosed within the Equity Derivatives asset class. All Gifts and Benefits and Personal Financial Investments provided by any of its counterparties require pre-approval from QIC's independent risk management team.



## 2.7 Other instruments

Class of Instrument	Other instruments (Inflation Swaps)				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution venues ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
GOLDMAN SACHS INTERNATIONAL (W22LROWP2IHZNBB6K528)	43.9%	17.4%	n/a	n/a	0%
UBS AG (BFM8T61CT2L1QCCEMIK50)	42.8%	67.4%	n/a	n/a	0%
BNP PARIBAS S.A. (ROMUWSFPU8MPRO8K5P83)	13.2%	15.2%	n/a	n/a	0%
-	-	-	-	-	-
-	-	-	-	-	-

QEIS executed a small number Inflation Swap trades over the 2017 calendar year. Price and ability to transact were factors used when determining execution with the execution venue. On a semi-annual basis QIC Limited and QEIS review the counterparty panel for appropriateness within the asset class. QEIS, and its parent company QIC Limited, have no close-links to disclosed within the Other instruments asset class. All Gifts and Benefits and Personal Financial Investments provided by any of its counterparties require pre-approval from QIC's independent risk management team.



### 3 TOP 5 BROKERS

The following details the counterparties and brokers QEIS traded with over the 2017 calendar year where the trade was not executed via an ‘Execution Venue’ as defined by the Financial Conduct Authority (FCA) under MiFID II. ‘Execution Venue’ includes the following, regulated market, Multilateral Trading Facility (MTF), Organised Trading Facility (OTF), Systematic Internaliser (SI), or a market maker.

#### 3.1 Debt Instruments

##### Money market instruments

Over the 2017 calendar year QEIS traded no Money market instruments in the Debt instruments asset class.

##### Debt instruments

Class of Instrument	Debt instruments				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution venues ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
ROYAL BANK OF CANADA (ES7IP3U3RHIGC71XBU11)	100%	100%	n/a	n/a	0%
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

QEIS executed a limited number of bond trades over the 2017 calendar year where the trade was not executed via an ‘Execution Venue’. The execution standards were the same as those attributed to trades outlined in section ‘2.1 Debt Instruments’ where traded with an Execution Venue.



## 3.2 Interest Rate Derivatives

### Futures and options admitted to trading on a trading venue

Class of Instrument	Futures and options admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution venues ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
MACQUARIE BANK LIMITED (4ZHCHI4KYZG2WVRT8631)	100%	100%	n/a	n/a	0%
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

QEIS executed a limited number of interest rate derivatives over the 2017 calendar year where the trade was not executed via an 'Execution Venue'. The execution standards were the same as those attributed to trades outlined in section '2.2 Interest Rate Derivatives' where traded with an Execution Venue.

### Swaps, forwards, and other interest rates derivatives

Over the 2017 calendar year QEIS traded no swaps, forwards, and other interest rate derivatives outside of execution venues in the Interest Rate Derivatives asset class.

## 3.3 Credit Derivatives

Over the 2017 calendar year QEIS traded no credit derivatives outside of execution venues in the Credit Derivatives asset class.

## 3.4 Currency Derivatives

Over the 2017 calendar year QEIS traded no currency derivatives outside of execution venues in the Currency Derivatives asset class.



### 3.5 Structured Finance Instruments

Over the 2017 calendar year QEIS traded no structured finance instruments outside of execution venues in the Structured Finance Instruments asset class.

### 3.6 Equity Derivatives

Class of Instrument	Futures and options admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year	<b>No</b>				
Top five execution venues ranked in terms of trading volumes	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
MACQUARIE BANK LIMITED (4ZHCHI4KYZG2WVRT8631)	100%	100%	n/a	n/a	0%
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

QEIS executed a number of equity futures over the 2017 calendar year where the trade was not executed via an 'Execution Venue'. The execution standards where the same as those attributed to trades outlined in section '2.6 Equity Derivatives' where traded with an Execution Venue.

### Swaps and other equity derivatives

Over the 2017 calendar year QEIS traded no swaps and equity derivatives outside of execution venues in the Equity Derivatives asset class.

### 3.7 Other instruments

Over the 2017 calendar year QEIS traded no other instruments outside of execution venues in the Other Instruments asset class.