



**2018 ANNUAL MIFID REPORT - TOP VENUE DISCLOSURE**

APRIL 2019



## IMPORTANT INFORMATION

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# 1 ANNUAL MIFID REPORT 2018

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 2018 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 platforms QEIS traded with over the 2018 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. For clarity, where a trade is executed with a counterparty which is not an 'Execution Venue' these have still been included in the asset class aggregation.

Over the course of 2018 the counterparty panel and platforms traded by QEIS to fulfil orders submitted by its sole Professional client, QIC Limited, remained unchanged. Platforms utilised by QEIS are Bloomberg Multilateral Trading Facility, Bloomberg Swap Execution Facility, and Thomson Reuters FXall.

### 2.1 Debt Instruments

Class of Instrument	Debt instruments				
Notification if <1 average trade per business day in the previous year	No				
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
Bloomberg Multilateral Trading Facility (BMTF)	95.8%	90.5%	-	-	-
UBS AG (BFM8T61CT2L1QCEMIK50)	1.5%	0.8%	-	-	-
Goldman Sachs International (W22LROWP2IHZNBB6K528)	0.6%	2.7%	-	-	-
Nomura International plc (WGII3666BEDR02O24131)	0.6%	1.5%	-	-	-
Well Fargo Securities International (BWS7DNS2Z4NPKPNYKL75)	0.4%	0.8%	-	-	-

Government Bonds, Inflation-Linked Bonds, and Corporate Bonds denominated in major currencies were traded over the 2018 calendar year with a focus on best price given market liquidity, followed by size, speed, cost and likelihood of execution. The largest part of the QIC Limited's orders were executed through Bloomberg MTF. 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 and all Gifts and Benefits and Personal Financial Investments provided by any of its counterparties require pre-approval from QIC's Global Regulation team.



## 2.2 Interest Rate 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	No				
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
Citibank N.A. (E57ODZWZ7FF32TWEFA76)	26.5%	22.2%	15.8%	6.4%	-
Morgan Stanley Co International plc (4PQUHN3JPFGFNF3BB653)	22.5%	18.8%	10.5%	8.3%	-
Goldman Sachs International (W22LROWP2IHZNBB6K528)	22.3%	23.6%	11.8%	11.7%	-
UBS AG (BFM8T61CT2L1QCEMIK50)	21.7%	26.0%	8.1%	17.9%	-
JP Morgan Chase Bank N.A. (7H6GLXDRUGQFU57RNE97)	4.5%	7.7%	2.5%	5.1%	-
Class of Instrument	Swaps, forwards, and other interest rates derivatives				
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)	55.3%	75.0%	-	-	-
Goldman Sachs International (W22LROWP2IHZNBB6K528)	27.8%	15.6%	-	-	-
Barclay's Bank plc (G5GSEF7VJP5I7OUK5573)	8.6%	6.3%	-	-	-
Royal Bank of Canada (ES7IP3U3RHIGC71XBU11)	8.3%	3.1%	-	-	-
-	-	-	-	-	-

The Venue disclosure is reflective of the 'give-up' arrangements QEIS trades under and not the Exchange where the securities are traded. QEIS executed Exchange-traded Interest Rate derivatives orders across major markets over the 2018 calendar year. In addition, a small number of Interest Rate Swaps and Forward were also executed under both cleared and bilateral arrangements. 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 and all Gifts and Benefits and Personal Financial Investments provided by any of its counterparties require pre-approval from QIC's Global Regulation team.



## 2.3 Credit Derivatives

Class of Instrument	Other credit derivatives				
Notification if <1 average trade per business day in the previous year	No				
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
Bloomberg Multilateral Trading Facility (BSEF)	92.1%	82.0%	-	-	-
Barclay's Bank plc (G5GSEF7VJP5I7OUK5573)	4.6%	9.5%	-	-	-
BNP Paribas S.A. (ROMUWSFPU8MPRO8K5P83)	1.5%	4.1%	-	-	-
Goldman Sachs International (W22LROWP2IHZNBB6K528)	1.3%	2.9%	-	-	-
Deutsche Bank AG (7LTWFZYICNSX8D621K86)	0.5%	1.5%	-	-	-

QEIS executed Credit Default Swap Index and Swap Options trades across major markets over the 2018 calendar year with a focus on best price given market liquidity, followed by size, speed, cost and likelihood of execution. The largest part of the QIC Limited's orders were executed through Bloomberg SEF. 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 and all Gifts and Benefits and Personal Financial Investments provided by any of its counterparties require pre-approval from QIC's Global Regulation team.





## 2.4 Currency Derivatives

Class of Instrument	Swaps, forwards, and other currency derivatives				
Notification if <1 average trade per business day in the previous year	No				
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
Thomson Reuters FXall (TRAL)	72.5%	91.4%	-	-	-
Australia & New Zealand Banking Group Limited (JHE42UYNWWTJB8YTTU19)	8.3%	0.3%	-	-	-
Standard Chartered Bank (RILFO74KP1CM8P6PCT96)	6.7%	1.6%	-	-	-
UBS AG (BFM8T61CT2L1QCEMIK50)	6.5%	1.5%	-	-	-
Goldman Sachs International (W22LROWP2IHZNBB6K528)	4.0%	3.1%	-	-	-

QEIS executed the following currency transactions over the 2018 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. Thomson Reuters FXall is predominately utilised for spot, forward, and swap transactions on a request for quote basis. 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 and all Gifts and Benefits and Personal Financial Investments provided by any of its counterparties require pre-approval from QIC's Global Regulation 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
JP Morgan Chase Bank N.A. (7H6GLXDRUGQFU57RNE97)	71.0%	80.0%	-	-	-
BNP Paribas S.A. (ROMUWSFPU8MPRO8K5P83)	29.0%	20.0%	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

QEIS executed a small number Single Name Credit Default Swap trades over the 2018 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 and all Gifts and Benefits and Personal Financial Investments provided by any of its counterparties require pre-approval from QIC's Global Regulation team.



## 2.6 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	No				
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 (4PQUHN3JPFGFNF3BB653)	32.5%	20.7%	-	20.7%	-
Merrill Lynch International (GGDZP1UYGU9STUHRDP48)	20.6%	21.7%	-	21.7%	-
Citibank N.A. (E57ODZWZ7FF32TWEFA76)	15.6%	28.0%	-	28.0%	-
Bank of America (B4TYDEB6GKMZO031MB27)	14.0%	9.6%	-	9.6%	-
UBS AG (BFM8T61CT2L1QCEMIK50)	9.4%	4.6%	-	4.6%	-

The Venue disclosure is reflective of the 'give-up' arrangements QEIS trades under and not the Exchange where the securities are traded. QEIS executed Exchange-traded Equity Derivatives orders across major markets over the 2018 calendar year. 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 and all Gifts and Benefits and Personal Financial Investments provided by any of its counterparties require pre-approval from QIC's Global Regulation team.



## 2.7 Commodity 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	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
Morgan Stanley Co International plc (4PQUHN3JPFGFNF3BB653)	100%	100%	-	100%	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

The Venue disclosure is reflective of the 'give-up' arrangements QEIS trades under and not the Exchange where the securities are traded. QEIS executed Exchange-traded Commodity Derivatives orders across major markets over the 2018 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 Commodity Derivatives asset class and all Gifts and Benefits and Personal Financial Investments provided by any of its counterparties require pre-approval from QIC's Global Regulation team.



## 2.8 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)	50.0%	59.1%	-	-	-
Royal Bank of Scotland plc (2138005O9XJUN4JPN90)	18.6%	3.5%	-	-	-
Barclay's Bank plc (G5GSEF7VJP5I7OUK5573)	12.9%	8.7%	-	-	-
BNP Paribas S.A. (ROMUWSFPU8MPRO8K5P83)	7.0%	8.7%	-	-	-
UBS AG (BFM8T61CT2L1QCEMIK50)	5.7%	16.5%	-	-	-

QEIS executed a number of Inflation Swap trades over the 2018 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 and all Gifts and Benefits and Personal Financial Investments provided by any of its counterparties require pre-approval from QIC's Global Regulation team.