

MiFID2 RTS 28 Top Five Report

Firm: CDAM (UK) Limited ("CDAM")

Calendar Year Disclosure Period: 01.01.17 – 31.12.17

Report date: 30.04.18



Summary

CDAM is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("FCA") as a small authorised UK Alternative Investment Fund Manager ("AIFM") under the EU Alternative Investment Fund Managers Directive ("AIFMD"). CDAM also has certain additional regulatory permissions under the recast Markets in Financial Instruments Directive and Regulation (together "MiFID2").

As part of the MiFID2 best execution requirements, specifically RTS 28, CDAM is required to publish on its website the top five execution venues - in terms of trading volumes and classes of financial instruments - where CDAM executed client orders in the preceding year (the 'Top Five' report) and information on the quality of execution obtained (the 'Qualitative' report.) The publication of this information is intended to help investors make meaningful comparisons as well as determine whether entities related to CDAM are one of the top five venues for each class of financial instrument.

Articles 3(1), 3(2) and Annex 1 of RTS 28 set out the information that CDAM must disclose in relation to its top five execution venues, including when using brokers, in terms of trading volume expressed as a percentage of CDAM's total execution volume and a percentage of the number of executed orders, broken down by class of financial instrument. However, it should be noted that as CDAM uses Direct Electronic Access ("DEA") via a broker to execute trades, CDAM is required to list brokers, rather than venues, in its RTS 28 Top Five report.

CDAM has prepared this Top Five report in accordance with the FCA rules, as detailed in the FCA's Handbook (COBS 11.2A) and industry guidance. This report should be read with the accompanying Quantitative report, summarising the quality of execution (placing orders with, or transmitting orders to, another entity for execution) undertaken by CDAM.

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Class of Instrument	Equities – Shares & Depository Receipts				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of trading volumes (descending order)	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
Cowen Execution Services Limited	100.00%	100.00%	n/a	n/a	0.00%

Class of Instrument	Equity Derivatives (i) Options and Futures admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year	Y				
Top five execution venues ranked in terms of trading volumes (descending order)	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
Pershing LLC	100.00%	100.00%	n/a	n/a	0.00%

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Class of Instrument	Currency Derivatives				
	(i) Futures and options admitted to trading on a trading venue (ii) Swaps, forwards, and other currency derivatives				
Notification if <1 average trade per business day in the previous year	Y				
Top five execution venues ranked in terms of trading volumes (descending order)	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
INTL FCStone Financial Inc.	100.00%	100.00%	n/a	n/a	0.00%

Class of Instrument	Securitised Derivatives				
	(iv) Options and Futures admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year	Y				
Top five execution venues ranked in terms of trading volumes (descending order)	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
INTL FCStone Financial Inc.	100.00%	100.00%	n/a	n/a	0.00%

MiFID2 RTS 28 Qualitative Report

Firm: CDAM (UK) Limited ("CDAM")

Calendar Year Disclosure Period: 01.01.17 – 31.12.17

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Summary

CDAM is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("FCA") as a small authorised UK Alternative Investment Fund Manager ("AIFM") under the EU Alternative Investment Fund Managers Directive ("AIFMD"). CDAM also has certain additional regulatory permissions under the recast Markets in Financial Instruments Directive and Regulation (together "MiFID2").

As part of the MiFID2 best execution requirements, specifically RTS 28, CDAM is required to publish on its website the top five execution venues - in terms of trading volumes and classes of financial instruments - where CDAM executed client orders in the preceding year (the 'Top Five' report) and information on the quality of execution obtained (the 'Qualitative' report.) The publication of this information is intended to help investors make meaningful comparisons as well as determine whether entities related to CDAM are one of the top five venues for each class of financial instrument.

This Qualitative report summarises the quality of execution (placing orders with, or transmitting orders to, another entity for execution) undertaken and obtained by CDAM. It has been prepared in accordance with the FCA rules, as detailed in the FCA's Handbook (COBS 11.2A) and industry guidance. This Qualitative report should be read with the accompanying Top Five report, disclosing the top five execution venues, including when using brokers, in terms of trading volume expressed as a percentage of CDAM's total execution volume and a percentage of the number of executed orders, broken down by class of financial instrument. However, it should be noted that as CDAM uses Direct Electronic Access ("DEA") via a broker to execute trades, CDAM is required to list brokers, rather than venues, in its RTS 28 Top Five report.

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Overview

FCA regulated firms are required to act in the best interests of their clients. CDAM must therefore take all sufficient steps when executing orders to obtain the best possible result for its clients on a consistent basis, taking into account the execution factors, execution criteria, execution markets (or venues) and the brokers (or entities). CDAM is required to have in place an Order Execution Policy ("OEP"), also known as a Best Execution Policy, that delivers execution terms that are most favourable to the client.

CDAM makes use of Direct Electronic Access systems ("DEA") and as such where CDAM transmits an order, the instruction entered into with such platforms constitutes specific instructions and will accordingly override any Best Execution offered by CDAM's counterparty.

CDAM is required to monitor the effectiveness of its execution arrangements and its OEP in order to identify any deficiencies and correct them as appropriate. In particular, CDAM reviews, on a regular basis, whether the execution venues included in the OEP provide for the best possible results and whether CDAM needs to change its execution arrangements. Such a review includes, when available, analysis of annually published data relating to the quality of execution of transactions on each venue.

CDAM notifies clients of any material changes to its execution arrangements or the OEP, in particular where such change could impact the best execution parameters. CDAM must be able to demonstrate to its clients, upon request, that it has executed orders in accordance with its OEP and answer all reasonable and proportionate requests for information made by its clients about CDAM's policies/arrangements and how they are reviewed.

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Class of Instrument	Equities – Shares & Depositary Receipts	
Summary	CDAM considers a number of factors in selecting a broker to execute transactions. Such factors include, but are not limited to, those detailed below. In selecting a broker to execute transactions, CDAM need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. CDAM's Risk Management Committee approves all brokers (and their terms of engagement) and maintains a list of approved brokers which is reviewed on a regular basis.	
Analysis	Relative factor importance	Execution factors such as price, cost, speed, and likelihood of execution are typically weighted of highest importance when making assessments of the quality of execution.
	Venue conflicts	No close links, conflicts, and common ownerships with respect to any execution venues used to execute orders.
	Venue payments	No specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.
	Venue changes	No change to the list of execution venues within CDAM's OEP.
	Client categorisation	Order execution does not differ according to client categorisation. All of CDAM's clients are professional clients and CDAM is not authorised to conduct investment business with retail clients.
	Retail factors	N/a
	Execution analysis tools	CDAM used data analysis tools supplied by LiquidMetrix for Cowen Execution Services Limited execution* with metrics such as 'spread capture' and 'quality performance' reviewed.
	CTP usage	CDAM has not used output of a consolidated tape provider.
Conclusion	During the disclosure period, CDAM's execution was directed by these factors and criteria as detailed in the OEP. When effecting transactions on behalf of clients, CDAM generally weights execution factors in an order of priority based on the client mandate and class of instrument, which may be subject to change at the time of the transaction. Price, cost, speed, and likelihood of execution are typically weighted of highest importance in obtaining the best possible result for the client. However, at its absolute discretion, CDAM may decide that any other factor or factors are or may be more important in determining the best possible execution result.	

* The analysed period was 05.11.17 – 31.12.18 and treated as representation of 2017 by Cowen Execution Services Limited for its flow in MiFID2 assets, providing the basis for their own RTS 27/28 submissions.

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Class of Instrument	Equity Derivatives (i) Options and Futures admitted to trading on a trading venue	
Summary	CDAM considers a number of factors in selecting a broker to execute transactions. Such factors include, but are not limited to, those detailed below. In selecting a broker to execute transactions, CDAM need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. CDAM's Risk Management Committee approves all brokers (and their terms of engagement) and maintains a list of approved brokers which is reviewed on a regular basis.	
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	Venue changes	No change to the list of execution venues within CDAM's OEP.
	Client categorisation	Order execution does not differ according to client categorisation. All of CDAM's clients are professional clients and CDAM is not authorised to conduct investment business with retail clients.
	Retail factors	N/a
	Execution analysis tools	Given there is no RTS 27 data available for the disclosure period, CDAM has not used any third party data or tools relating to quality of execution.
CTP usage	CDAM has not used output of a consolidated tape provider.	
Conclusion	During the disclosure period, CDAM's execution was directed by these factors and criteria as detailed in the OEP. When effecting transactions on behalf of clients, CDAM generally weights execution factors in an order of priority based on the client mandate and class of instrument, which may be subject to change at the time of the transaction. Price, cost, speed, and likelihood of execution are typically weighted of highest importance in obtaining the best possible result for the client. However, at its absolute discretion, CDAM may decide that any other factor or factors are or may be more important in determining the best possible execution result.	

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Class of Instrument	<p>Currency Derivatives</p> <p>(i) Futures and options admitted to trading on a trading venue</p> <p>(ii) Swaps, forwards, and other currency derivatives</p> <p>Securitised Derivatives</p> <p>(iv) Options and Futures admitted to trading on a trading venue</p>	
Summary	<p>CDAM considers a number of factors in selecting a broker to execute transactions. Such factors include, but are not limited to, those detailed below. In selecting a broker to execute transactions, CDAM need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. CDAM's Risk Management Committee approves all brokers (and their terms of engagement) and maintains a list of approved brokers which is reviewed on a regular basis.</p>	
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	Retail factors	N/a
	Execution analysis tools	Given there is no RTS 27 data available for the disclosure period, CDAM has not used any third party data or tools relating to quality of execution.
	CTP usage	CDAM has not used output of a consolidated tape provider.
Conclusion	<p>During the disclosure period, CDAM's execution was directed by these factors and criteria as detailed in the OEP. When effecting transactions on behalf of clients, CDAM generally weights execution factors in an order of priority based on the client mandate and class of instrument, which may be subject to change at the time of the transaction. Price, cost, speed, and likelihood of execution are typically weighted of highest importance in obtaining the best possible result for the client. However, at its absolute discretion, CDAM may decide that any other factor or factors are or may be more important in determining the best possible execution result.</p>	

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Important Disclosures

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