



## **Squarepoint Capital LLP MiFID2 RTS 28 Reports - 2020**

### **Summary explanation relevant for all asset classes**

Squarepoint Capital LLP (“Squarepoint” or “the Firm”) delivery of best execution is a key element in its commitment to act in the best interests of its clients, as well as being a regulatory requirement. The Firm prioritises ensuring that all sufficient steps are taken to obtain the best possible result for its clients when it executes, places or transmits orders on their behalf. This means taking into account ‘execution factors’ such as price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

The relative importance of the execution factors is judged on an order-by-order or transaction-by-transaction basis in line with the Firm’s industry experience and prevailing market conditions.

The Firm does not have any close links, conflicts of interests or common ownerships with respect to the execution venues it uses to execute orders.

The Firm has determined that it will pay for research from a separate Research Payment Account (“RPA”). Additionally, Squarepoint may on occasion receive or provide minor non-monetary benefits from execution venues. They must be received/provided in accordance with the Firm’s Inducements policy.

When selecting execution venues for inclusion in the execution policy, the Firm does not take into account the non-monetary benefits it may obtain in connection with the services provided to its clients but focuses on the potential of the venues to enable the Firm to obtain on a consistent basis, the best possible result for the execution of its client orders. However, the Firm does take into account the effect of fees and commission, when choosing a venue for the execution of a particular client order.

During the period under review, Squarepoint’s list of execution venues changed. The Firm regularly reviews the effectiveness of its Best Execution Policy and its execution arrangements to identify and, where appropriate, incorporate any changes to enhance the quality of execution obtained. As part of the reviews carried out over the period it was determined that certain changes involving both addition and removal of certain counterparties were required to ensure that the Firm continues to obtain the best possible result for its clients. Factors considered included price, access to the market, counterparty risk and market liquidity.

While Squarepoint does take the characteristics of its clients into account when judging the relative importance of the execution factors, the Firm’s clients are exclusively professional clients and so are treated with a consistent approach. The Firm does not execute retail client orders.

Where the Firm directly executes transactions on behalf of its client with counterparties in OTC products, the Firm takes steps to check the fairness of the price on offer by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

The services of a Consolidated Tape Provider were not available during the period to which this disclosure relates.

### **RTS 27 data analysis**

A sample of RTS 27 reports were received from counterparties who regularly appear in our top 5 reports. As a quantitative, systematic investment manager, Squarepoint operates a high level of data analytics as part of its ordinary business; the information contained in the RTS 27 reports provided no additional useful information and so was not used in determining execution venues during the period. Following the UK FCA announcement of the suspension and likely abolishment of the RTS 27 requirement firms, it is anticipated that the obligation to consider these reports as part of our RTS 28 obligation will no longer be relevant.

**Equities - Shares & Depositary Receipts**

<b>Class of Instrument</b>	(a) Equities – Shares & Depositary Receipts					
<b>Sub-class of Instrument</b>	(i) Tick size liquidity bands 5 and 6					
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N					
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>		<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
<b>Name</b>	<b>Identifier</b>					
J. P. Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	72.89%	70.51%	66.05%	83.54%	90.04%
Morgan Stanley & Co. International PLC	4PQUHN3JPFGFNF3BB653	19.56%	12.83%	12.55%	13.68%	9.96%
SOCIETE GENERALE	O2RNE8IBXP4R0TD8PU41	3.67%	0.00%	0.00%	0.00%	0.00%
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	2.64%	16.62%	21.35%	2.78%	0.00%
Goldman Sachs International	W22LROWP2IHZNBB6K528	0.67%	0.04%	0.05%	0.00%	0.00%

<b>Class of Instrument</b>	(a) Equities – Shares & Depositary Receipts					
<b>Sub-class of Instrument</b>	(ii) Tick size liquidity bands 3 and 4					
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N					
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>		<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
<b>Name</b>	<b>Identifier</b>					
J. P. Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	55.20%	50.74%	47.20%	69.53%	93.76%
BNP Paribas	R0MUWSFPU8MPRO8K5P83	16.60%	0.00%	0.00%	0.00%	0.00%
Barclays Bank PLC	G5GSEF7VJP5I7OUK5573	11.42%	0.03%	0.04%	0.00%	0.00%
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	7.97%	42.76%	46.52%	22.84%	0.00%
DEALERWEB INC.	G5M52KXHI10IUWXWHQ71	5.03%	0.00%	0.00%	0.00%	0.00%

<b>Class of Instrument</b>	(a) Equities – Shares & Depositary Receipts					
<b>Sub-class of Instrument</b>	(iii) Tick size liquidity band 1 and 2					
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N					
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>		<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
<b>Name</b>	<b>Identifier</b>					
J. P. Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	49.90%	27.08%	32.05%	7.71%	7.16%
Barclays Bank PLC	G5GSEF7VJP5I7OUK5573	39.55%	14.05%	17.49%	0.69%	0.00%
BNP Paribas	R0MUWSFPU8MPRO8K5P83	6.44%	0.01%	0.01%	0.00%	0.00%
Morgan Stanley & Co. International PLC	4PQUHN3JPF GFNF3BB653	3.52%	34.80%	24.72%	74.03%	88.32%
Goldman Sachs International	W22LROWP2IHZNBB6K528	0.47%	10.84%	13.48%	0.57%	4.53%

**Direct orders** – For single execution trades, Squarepoint Capital LLP (“Squarepoint”) monitors realised execution prices comparative to theoretical execution prices derived from market data, together with fill ratios and profitability per trade depending on the execution venue. For multi-execution trades, such as internal Volume Weighted Average Price (“VWAP”), Squarepoint monitors partial impact and slippage in addition to price, fill ratio, and profitability.

**Indirect orders** – through quantitative analysis Squarepoint monitors fees paid to brokers, partial impact, and slippage.

The monitoring completed supported that best execution was obtained consistently on the approved execution venues throughout the year.

For single execution trades transacted directly on trading venues, Squarepoint’s first consideration is net price, followed by maximized fill quantity based on market availability.

Other relevant factors include Squarepoint’s connectivity with trading venues and likelihood of execution.

Multi-execution trades, such as the ones via internal VWAP algorithms, consider impact and typical slippage achieved on a venue, on top of the factors described for single execution trades.

For indirect orders, Squarepoint analyses counterparties against lowest overall cost, impact and observed slippage. Squarepoint typically does not transact with counterparties that demonstrate repeated operational issues, such as recurring technical outages.

## Debt Instruments

<b>Class of Instrument</b>	(b) Debt instruments					
<b>Sub-class of Instrument</b>	(i) Bonds					
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N					
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>		<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
<b>Name</b>	<b>Identifier</b>					
CITIGROUP GLOBAL MARKETS LIMITED	XKZZ2JZF41MRHTR1V493	16.28%	19.05%	N/A	N/A	100.00%
Nomura International PLC	DGQCSV2PHVF7I2743539	11.80%	12.94%	N/A	N/A	0.00%
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	10.26%	7.72%	N/A	N/A	0.00%
BNP Paribas	R0MUWSFPU8MPRO8K5P83	9.20%	8.07%	N/A	N/A	0.00%
NATWEST MARKETS PLC	RR3QWICWWIPCS8A4S074	8.85%	6.94%	N/A	N/A	0.00%

For Bond orders, Squarepoint will use electronic facilities to request multiple quotes from dealers, the same electronic facility provides for a “deal at best” function which removes trader discretion and ensures the trade is executed with the dealer displaying the best price for the proposed order at that time.

Monitoring on a daily basis ensures that the trader executed at the best price displayed at the relevant time. Periodic monitoring is able to demonstrate that the executed quote was the best available at that time.

## Interest rates derivatives

<b>Class of Instrument</b>	(c) Interest rates derivatives					
<b>Sub-class of Instrument</b>	(i) Futures and options admitted to trading on a trading venue					
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N					
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>		<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
<b>Name</b>	<b>Identifier</b>					
Barclays Bank PLC	G5GSEF7VJP5I7OUK5573	61.90%	69.86%	49.53%	89.19%	0.06%
Morgan Stanley & Co. International PLC	4PQUHN3JPFQFNF3BB653	25.20%	25.95%	41.86%	10.81%	99.58%
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	3.71%	2.25%	4.61%	0.00%	0.00%
Credit Suisse Securities (Europe) Limited	DL6FFRRLF74S01HE2M14	2.05%	1.93%	3.97%	0.00%	0.36%
Goldman Sachs International	W22LROWP2IHZNBB6K528	2.01%	0.00%	0.01%	0.00%	0.00%

<b>Class of Instrument</b>	(c) Interest rates derivatives					
<b>Sub-class of Instrument</b>	(ii) Swaps, forwards, and other interest rates derivatives					
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N					
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>		<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
<b>Name</b>	<b>Identifier</b>					
Nomura International PLC	DGQCSV2PHVF7I2743539	12.31%	8.07%	N/A	N/A	0.00%
J. P. Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	12.21%	12.65%	N/A	N/A	0.00%
Barclays Bank PLC	G5GSEF7VJP5I7OUK5573	10.85%	11.66%	N/A	N/A	0.00%
Goldman Sachs International	W22LROWP2IHZNBB6K528	10.59%	10.00%	N/A	N/A	0.00%
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	9.30%	6.84%	N/A	N/A	0.00%

For futures and options admitted to trading on a trading venue, execution quality is measured by comparing execution price against price at order arrival. Squarepoint analyses average spreads to gauge execution cost. In addition, live monitoring of execution profit and loss is conducted, together with review of weekly execution reports.

For swaps, forwards (and all other interest rate derivative products other than futures and options), there is a periodic review of counterparties that are able to offer the best prices.

The monitoring completed supported that best execution was obtained consistently on the approved execution venues throughout the year.

Squarepoint trades interest rates futures directly on trading venues through internal execution algorithms, which consider price and volumes observed on various venues to ensure a best execution outcome.

For interest rates swaps, forwards, and other derivatives, best execution is demonstrated by favouring best price and lowest overall costs. Best price is typically achieved by comparing request for quotes solicited, taking into consideration any additional costs from different commission sharing arrangements. Generally, it is more cost effective to unwind existing positions with the same broker Squarepoint opened the position with.

**Credit derivatives**

<b>Class of Instrument</b>	(d) credit derivatives					
<b>Sub-class of Instrument</b>	(ii) Other credit derivatives					
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N					
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>		<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
<b>Name</b>	<b>Identifier</b>					
Deutsche Bank Aktiengesellschaft	7LTFWZYICNSX8D621K86	15.41%	16.22%	N/A	N/A	0.00%
J. P. Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	14.77%	15.66%	N/A	N/A	0.00%
BNP Paribas	R0MUWSFPU8MPRO8K5P83	11.84%	9.70%	N/A	N/A	0.00%
Credit Suisse Securities (Europe) Limited	DL6FFRRLF74S01HE2M14	11.28%	11.22%	N/A	N/A	0.00%
Barclays Bank PLC	G5GSEF7VJP5I7OUK5573	10.79%	9.47%	N/A	N/A	0.00%

There is a periodic review of traded prices against quotes available from other counterparties at the time of the trade.

The monitoring completed supported that best execution was obtained consistently on the approved execution venues throughout the year.

Squarepoint, via swap execution facilities, trades with counterparties who provide both the best price from a request for quote (“RFQ”), and the highest likelihood of effectuating the execution.



## Currency derivatives

<b>Class of Instrument</b>	(e) currency derivatives					
<b>Sub-class of Instrument</b>	(i) Futures and options admitted to trading on a trading venue					
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N					
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>		<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
<b>Name</b>	<b>Identifier</b>					
Barclays Bank PLC	G5GSEF7VJP5I7OUK5573	91.74%	95.81%	94.27%	100.00%	100.00%
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	3.82%	4.12%	5.63%	0.00%	0.00%
Morgan Stanley & Co. International PLC	4PQUHN3JPFGFNF3BB653	3.35%	0.04%	0.06%	0.00%	0.00%
Goldman Sachs International	W22LROWP2IHZNBB6K528	0.30%	0.01%	0.01%	0.00%	0.00%
State Street Bank and Trust Company	571474TGEMMWANRLN572	0.22%	0.00%	0.01%	0.00%	0.00%

<b>Class of Instrument</b>	(e) currency derivatives					
<b>Sub-class of Instrument</b>	(ii) Swaps, forwards, and other currency derivatives					
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N					
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>		<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
<b>Name</b>	<b>Identifier</b>					
State Street Bank and Trust Company	571474TGEMMWANRLN572	14.64%	18.91%	N/A	N/A	0.00%
NATWEST MARKETS PLC	RR3QWICWWIPCS8A4S074	12.97%	10.50%	N/A	N/A	0.00%
Deutsche Bank Aktiengesellschaft	7LTFWZYICNSX8D621K86	12.73%	12.79%	N/A	N/A	0.00%
Goldman Sachs International	W22LROWP2IHZNBB6K528	11.42%	12.21%	N/A	N/A	0.00%
J. P. Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	11.32%	11.23%	N/A	N/A	0.00%

For futures and options admitted to trading on a trading venue, execution quality is measured by comparing execution price against price at order arrival. Squarepoint analyses average spreads to gauge execution cost. In addition, live monitoring of execution profit and loss is conducted, together with weekly execution reports.

For swaps and forwards, there is a periodic review of counterparties that offer the best prices

The monitoring completed supported that best execution was obtained consistently on the approved execution venues throughout the year.

Squarepoint uses internal execution algorithms to trade currency futures directly on trading venues. Behaviour of internal execution algorithms is determined by observed price and volumes on relevant venues.

Currency swaps, forwards, and other derivatives are executed directly with counterparties on an RFQ basis. Price is the primary determining factor. In the event where there is an urgency to trade, response time to an RFQ is also taken into account. Additionally, given the manual aspect of over-the-counter markets, at times preference is given to counterparties that offer greater operational convenience and therefore lower overall costs.

**Equity derivatives**

<b>Class of Instrument</b>	(g) Equity Derivatives					
<b>Sub-class of Instrument</b>	(i) Equity options and futures admitted to trading on a trading venue					
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N					
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>		<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
<b>Name</b>	<b>Identifier</b>					
Morgan Stanley & Co. International PLC	4PQUHN3JPFGFNF3BB653	75.51%	61.10%	58.86%	66.92%	97.69%
Barclays Bank PLC	G5GSEF7VJP5I7OUK5573	13.07%	14.05%	8.26%	29.05%	0.25%
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	4.99%	14.41%	18.62%	3.49%	0.00%
Credit Suisse Securities (Europe) Limited	DL6FFRRLF74S01HE2M14	3.99%	10.24%	13.98%	0.53%	1.98%
ICAP SECURITIES LIMITED	213800NMEZS3MD2IUP33	0.86%	0.00%	0.00%	0.00%	0.00%

<b>Class of Instrument</b>	(g) Equity Derivatives					
<b>Sub-class of Instrument</b>	(ii) Equity Swaps and other Equity Derivatives					
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N					
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>		<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
<b>Name</b>	<b>Identifier</b>					
Morgan Stanley & Co. International PLC	4PQUHN3JPFGFNF3BB653	53.55%	54.22%	50.10%	63.59%	71.97%
J. P. Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	18.10%	21.54%	21.27%	22.16%	28.03%
Credit Suisse Securities (Europe) Limited	DL6FFRRLF74S01HE2M14	9.30%	7.89%	7.92%	7.82%	0.00%
Goldman Sachs International	W22LROWP2IHZNBB6K528	8.10%	5.67%	7.60%	1.29%	0.00%
Barclays Bank PLC	G5GSEF7VJP5I7OUK5573	5.55%	4.57%	5.76%	1.85%	0.00%

For synthetic Equity products such as Equity Swaps – factors considered are identical to those specified for equities outlined under (a) Equities above.

Equity futures and options admitted to trading on a trading venue:

**Direct orders** – Squarepoint monitors realised execution price comparative to theoretical execution prices derived from market data. Additionally, fill ratio and profitability are reviewed at a per-trade, per-execution venue level.

**Indirect orders** – Squarepoint compares commissions paid against what the trade would have cost if executed directly.

Squarepoint executes Synthetic equity trades in the same fashion as equities traded on cash. Other equity derivatives can be executed either directly or indirectly.

For direct orders sent via internal algorithms, to achieve best execution, Squarepoint typically first considers price followed by fill ratio. Trading venues offering the best price and high fill ratios are generally preferable.

For indirect orders via broker algorithms, Squarepoint takes into account costs of execution and also considers existing broker relationships established from the dealing of other products.

**Commodity derivatives**

<b>Class of Instrument</b>	(i) Commodities derivatives and emission allowances Derivatives					
<b>Sub-class of Instrument</b>	(i) Commodity options and futures admitted to trading on a trading venue					
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N					
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>		<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
<b>Name</b>	<b>Identifier</b>					
Barclays Bank PLC	G5GSEF7VJP5I7OUK5573	41.94%	39.80%	41.00%	31.36%	99.99%
Morgan Stanley & Co. International PLC	4PQUHN3JPF GFNF3BB653	38.38%	49.46%	47.49%	63.24%	0.00%
J. P. Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	11.87%	6.03%	6.12%	5.40%	0.00%
Marex Spectron International Limited	549300FR3U1PB1Y6LV13	2.19%	0.04%	0.05%	0.00%	0.00%
Goldman Sachs International	W22LROWP2IHZNBB6K528	1.58%	2.90%	3.32%	0.00%	0.00%

<b>Class of Instrument</b>	(i) Commodities derivatives and emission allowances Derivatives					
<b>Sub-class of Instrument</b>	(ii) Other commodities derivatives and emission allowances derivatives					
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N					
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>		<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
<b>Name</b>	<b>Identifier</b>					
J. P. Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	79.96%	0.95%	0.95%	0.00%	0.00%
CITIGROUP GLOBAL MARKETS LIMITED	XKZZ2JZF41MRHTR1V493	20.04%	99.05%	99.05%	0.00%	0.00%

**Direct orders** – for internal algorithms, execution quality is measured by comparing execution price against price at order arrival. Squarepoint analyses average spreads to gauge execution cost.

Squarepoint executes commodity futures in three ways: directly on trading venues through internal algorithms, directly with counterparties via request for quotes, and indirectly via third party algorithms.

Internal execution algorithms use prices and volumes observed on the relevant venue as the key determinant for the execution decision.

For trades directly via request for quotes, counterparties that historically provided the best price and most liquidity in the financial instrument are favoured.

Third party algorithms, such as Time Weighted Average Price ("TWAP") are typically used to execute large orders, where price and liquidity are considered with an overall objective to minimize market impacts.

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