

# Annual Publication by Baillie Gifford Overseas Limited of Information on the Identity of Execution Venues and the Quality of Execution (RTS28 Report)



The following reports have been collated in order to enable the public and our clients to evaluate the quality of Baillie Gifford's execution practices and identify the top five execution venues in terms of trading volumes where we have executed client orders.

The data relates to the calendar year 2021.

## (a) Equities – Shares and Depository Receipts

### (i) Tick size liquidity bands 5 and 6 (from 2000 trades per day) Jan 1 2021 – Dec 31 2021

Class of instrument (1)	Equities – shares and depository receipts – tick size liquidity bands 5 and 6	
Notification if less than 1 average trade per business day in the previous year (2)	Y	
Top execution venues ranked in terms of trading volumes (descending order) (3)	Proportion of volume traded as a percentage of total in that class (4)	Proportion of orders executed as a percentage of total in that class (5)
Merrill Lynch International (LEI) – GGDZP1UYGU9STUHRDP48	73.40%	50.00%
UBS AG (LEI) – BFM8T61CT2L1QCCEMIK50	26.60%	50.00%

## (b) Debt instruments (i) Bonds

### Jan 1 2021 – Dec 31 2021

Class of instrument (1)	Debt instruments – bonds	
Notification if less than 1 average trade per business day in the previous year (2)	N	
Top execution venues ranked in terms of trading volumes (descending order) (3)	Proportion of volume traded as a percentage of total in that class (4)	Proportion of orders executed as a percentage of total in that class (5)
Tradeweb Markets LLC (MIC) – TREU	17.82%	4.43%
Citigroup Global Markets Limited (LEI) – XKZZ2JZF41MRHTR1V493	12.15%	10.52%
MarketAxess Europe Limited (MIC) – MAEL	11.34%	30.11%
JPMorgan Chase Bank, National Association (LEI) – 7H6GLXDRUGQFU57RNE97	7.91%	6.99%
Merrill Lynch International (LEI) – GGDZP1UYGU9STUHRDP48	4.77%	6.30%

**(b) Debt instruments (ii) Money Market Instruments**  
**Jan 1 2021 – Dec 31 2021**

Class of instrument (1)	Debt instruments – money market instruments	
	Y	
Notification if less than 1 average trade per business day in the previous year (2)		
Top execution venues ranked in terms of trading volumes (descending order) (3)	Proportion of volume traded as a percentage of total in that class (4)	Proportion of orders executed as a percentage of total in that class (5)
Tradeweb Markets LLC (MIC) – TREU	55.58%	67.44%
Citigroup Global Markets Limited (LEI) – XKZZ2JZF41MRHTR1V493	21.48%	6.20%
The Toronto-Dominion Bank (LEI) – PT3QB789TSUIDF371261	13.05%	6.20%
Deutsche Bank Aktiengesellschaft (LEI) – 7LTWFZYICNSX8D621K86	3.28%	2.33%
Morgan Stanley & Co. International PLC (LEI) – 4PQUHN3JPF GFNF3BB653	3.09%	8.53%

**(c) Interest Rate Derivatives (ii) Swaps, Forwards and Other Interest Rate Derivatives****Jan 1 2021 – Dec 31 2021**

Class of instrument (1)	Swaps, forwards and other interest rate derivatives	
Notification if less than 1 average trade per business day in the previous year (2)	Y	
Top execution venues ranked in terms of trading volumes (descending order) (3)	Proportion of volume traded as a percentage of total in that class (4)	Proportion of orders executed as a percentage of total in that class (5)
J.P. Morgan Securities PLC (LEI) – K6Q0W1PS1L1O4IQL9C32	26.11%	11.32%
Citigroup Global Markets Limited (LEI) – XKZZ2JZF41MRHTR1V493	23.85%	22.64%
Tradeweb Markets Llc (MIC) – TREU	21.98%	32.08%
Merrill Lynch International (LEI) – GGDZP1UYGU9STUHRDP48	16.08%	24.53%
UBS AG (LEI) – BFM8T61CT2L1QCCEMIK50	8.58%	3.77%

**(e) Currency Derivatives (i) Swaps and Forwards****Jan 1 2021 – Dec 31 2021**

Class of instrument (1)	Currency derivatives – swaps, forwards and other currency derivatives	
Notification if less than 1 average trade per business day in the previous year (2)	N	
Top execution venues ranked in terms of trading volumes (descending order) (3)	Proportion of volume traded as a percentage of total in that class (4)	Proportion of orders executed as a percentage of total in that class (5)
FX CONNECT (MIC) – MFXC	100.00%	100.00%

**UNDERLYING TOP FIVE COUNTERPARTIES FOR TRADES EXECUTED ON FX CONNECT****(e) Currency Derivatives (ii) Swaps and Forwards – Counterparties****Jan 1 2021 – Dec 31 2021**

Class of instrument (1)	Currency derivatives – swaps, forwards and other currency derivatives	
Notification if less than 1 average trade per business day in the previous year (2)	N	
Top execution venues ranked in terms of trading volumes (descending order) (3)	Proportion of volume traded as a percentage of total in that class (4)	Proportion of orders executed as a percentage of total in that class (5)
Barclays Bank Plc (LEI) – G5GSEF7VJP5I7OUK5573	22.82%	17.92%
NatWest Markets PLC (LEI) – RR3QWICWWIPCS8A4S074	18.66%	11.14%
HSBC Bank Plc (LEI) – MP6I5ZYZBEU3UXPYFY54	17.27%	12.06%
J.P. Morgan Securities PLC (LEI) – K6Q0W1PS1L1O4IQL9C32	13.64%	10.10%
Royal Bank of Canada (LEI) – ES7IP3U3RHIGC71XBU11	11.78%	16.51%

**(k) Exchange Traded Products – Funds, Notes and Commodities****Jan 1 2021 – Dec 31 2021**

Class of instrument (1)	Exchange traded products	
Notification if less than 1 average trade per business day in the previous year (2)	Y	
Top execution venues ranked in terms of trading volumes (descending order) (3)	Proportion of volume traded as a percentage of total in that class (4)	Proportion of orders executed as a percentage of total in that class (5)
Liquidnet Europe Limited (LEI) – 213800ZIRB79BE5XQM68	50.89%	14.08%
Citigroup Global Markets Limited (LEI) – XKZZ2JZF41MRHTR1V493	24.45%	7.26%
CLSA (UK) (LEI) – 213800VZMAGVIU2IJA72	15.81%	76.05%
Investment Technology Group Limited (LEI) – 213800EEEC95PRUCEUP63	4.04%	0.87%
Merrill Lynch International (LEI) – GGDZP1UYGU9STUHRDP48	3.18%	1.45%

## **SUMMARY OF THE ANALYSIS AND CONCLUSIONS DRAWN FROM OUR DETAILED MONITORING OF THE QUALITY OF EXECUTION.**

Baillie Gifford is required to publish the following information on the quality of execution obtained on the execution venues where they executed all client orders in the previous year.

### **An explanation of the relative importance given to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;**

The relative importance of each of these factors within our dealing process will vary depending upon a number of criteria, namely:

1. the investment intent of the investment manager who created the order at Baillie Gifford;
2. the characteristics of financial instruments that are the subject of that order; and
3. the characteristics of the execution venues to which that order can be directed.

Each client order that is transacted by our traders is inherently unique in its characteristics and market conditions are never constant. The relative importance of the execution factors is therefore variable. That said, the particular combination of total consideration (price of the instrument and costs of execution, both implicit and explicit) and size are usually the most considered factors when setting our execution strategy. Where an instrument is less liquid, then likelihood of execution becomes a more important consideration. Another factor relevant to best execution is counterparty risk, particularly in the case of instruments which are not settled by delivery versus payment. Under this scenario, our assessment of credit risk may impact on our selection of who we trade with.

### **A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;**

Baillie Gifford Overseas Limited delegates responsibility for executing of Asia-Pacific securities to its wholly owned subsidiary Baillie Gifford Asia (Hong Kong) Limited.

### **A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;**

Baillie Gifford does not receive payments, discounts, rebates or non-monetary benefits in its trading arrangements.

### **An explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred;**

Brokerage firms remain on our list of execution venues subject to an authorisation and ongoing monitoring process, which includes, but is not limited to, the broker's credit worthiness and financial stability, a review of the performance of execution services provided by the broker, and the broker's ability to trade effectively on our clients' behalf.

### **An explanation of how order execution differs according to client categorisation, where categories of clients are treated differently and where it may affect the order execution arrangements;**

All clients are treated the same.

### **An explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client;**

N/A Baillie Gifford does not trade retail client orders.

### **An explanation of how we have used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575 [RTS 27];**

We have used independent TCA (transaction cost analysis) providers to help us with our detailed monitoring of the quality of execution obtained on the execution venues where we execute/place for execution client orders. The obligation to publish RTS27 data is currently suspended, we are therefore unable to utilise these reports.

### **Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider.**

This is not applicable as there are currently no consolidated tape providers in Europe.

## **NOTES ON THE REPORT**

The information has been collated in accordance with the requirements laid down in RTS 28, the Regulatory Technical Standards adopted under Article 27(10)(a) of MiFID II [Markets in Financial Instruments Directive].

One report has been provided for each of class of financial instrument, traded by Baillie Gifford, on behalf of its institutional clients, including a range of pooled investment vehicles, operated by Group entities, in the preceding year.

As mandated in RTS 28, EEA traded equities, (shares and depository receipts) have been split by liquidity bands as detailed below. These are based on average daily number of transactions in the most relevant market in terms of liquidity for that instrument.

- (i) Tick size liquidity bands 5 and 6 (from 2000 trades per day)
- (ii) Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)
- (iii) Tick size liquidity band 1 and 2 (from 0 to 79 trades per day).

Equities which do not trade in the EEA have not been allocated a liquidity band and have therefore been included in report (m) other instruments.

Baillie Gifford Overseas Limited only trades on behalf of 'professional clients' therefore all reports have been produced in accordance with 'Table 2' requirements under RTS 28.

The distinction between 'passive' and 'aggressive' is not relevant to our trading, 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.

Only one venue has been recorded for (e) currency derivatives, swaps and forwards. We have provided a secondary report for this class of financial instruments detailing the top five counterparties traded with on the one venue.