



# 2018 ORDER EXECUTION REPORT SECURITIES FINANCING TRANSACTIONS

As part of the MiFID II Directive, which came into force on 3rd January 2018, NTGIL is required to summarise and make public on an annual basis, for each class of financial instruments as set out in the rules, the top five execution venues in terms of trading volumes where client orders were executed, or transmitted to a broker for execution and information on the quality of execution obtained.

This document sets out the relevant data and analysis for 2018 Securities Financing Transactions, which during 2018 consisted of tri-party reverse repurchase agreements for short term cash securities. These transactions are entered into by NTGIL Fixed Income Portfolio management team for the purpose of overnight management of cash in their portfolios in order to remain fully funded and accommodate flows.

Reverse repurchase transactions are overnight in nature, heavily supply constrained (on both an absolute basis and as a result of the organisation’s stated credit and CCAR preferences). Although unlikely, it is also possible that some reverse repurchase transactions are longer than an overnight maturity. As they are not MiFID instruments they are not subject to NTGIL’s Order Execution Policy, but are subject to internal policies and those counterparties we enter into transactions with must be approved under our credit risk assessment process.

## COUNTERPARTIES

CLASS OF INSTRUMENT	SECURITIES FINANCING TRANSACTIONS	
Notification if <1 average trade per business day in the previous year		No
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
BARCLAYS BANK PLC (G5GSEF7VJP5I7OUK5573)	36.3%	12.2%
SOCIETE GENERALE (O2RNE8IBXP4R0TD8PU41)	14.7%	18.7%
BNP PARIBAS SA (R0MUWSFPU8MPRO8K5P83)	14.0%	21.0%
ROYAL BANK OF SCOTLAND PLC (RR3QWICWWIPCS8A4S074)	12.5%	6.2%
MERRILL LYNCH INTERNATIONAL (GGDZP1UYGU9STUHRDP48)	8.9%	6.1%

The differences in volume and percentages shown are primarily between Barclays (with whom large tickets are entered into, but for a single currency and single portfolio only), and the other counterparties shown for which smaller volumes but larger numbers transactions as we enter into agreements with them two currencies, for a larger number of funds.

## EXECUTION ARRANGEMENTS AND ANALYSIS

NTGIL's Fixed Income Portfolio Managers engage in daily transactions for each overnight funding period,(they may management settlement and maturity such that the instrument does not necessarily settle and mature on the following day) they engage with each approved counterparty willing to undertake transactions to receive information on their level and yield on offer.

The team maintains a list of counterparties with whom reverse repurchase transactions can be entered into with, the size and frequency of transactions with each is dependent upon three factors; the counterparties appetite to accept the cash in the size NTGIL is looking to transact for, their ability to provide sufficient collateral (both in terms of the value and quality of instruments) to meet NTGIL's requirements and the highest yield offered. Since the primary aim in entering into the transactions is to ensure full funding for the portfolio on an overnight basis, the first two factors will generally be given greater priority than the third.

Portfolio managers and NTGIL's systems monitor what collateral is offered and received to ensure it is of sufficient value and quality to meet NTGIL's credit risk requirements and applicable regulation relating to diversification and concentration rules.

For Sterling denominated instruments only Gilts or Treasury Bills will be accepted as collateral and limits are placed on the minimum number of securities. For Euro denominated instruments securities issued from 14 countries will be accepted and any instrument offered from outside these will not be accepted. Any weighting for or between these countries will be accepted. In addition, instruments denominated in any currency other than Euro will require an additional percentage of valued to be collateralized, to account for currency fluctuations and ensure the full amount will be received back.

The volume of reverse repurchase transactions entered into is limited by the appetite of those counterparties willing to trade with sufficient collateral which NTGIL can accept. Additional counterparties for trading would be added within the credit risk appetite and following the approval process.

© 2019 Northern Trust Corporation. Head Office: 50 South La Salle Street, Chicago, Illinois 60603 U.S.A. Incorporated with limited liability in the U.S.

You may not copy, upload, post, publish, transmit or distribute this report in any way (whether electronically or otherwise), or modify or create derivative works based on it, without prior written consent and neither Northern Trust Corporation nor its affiliates shall be liable to any person for any use of the report in breach of these restrictions. Copies made incidentally in the ordinary course of your viewing this report (such as in cache memory), and a reasonable number of printed copies for your own internal use, are permitted provided you do not delete or change any copyright or other notices.

Northern Trust Asset Management is composed of Northern Trust Global Investments Limited, Northern Trust Fund Managers (Ireland) Limited, Northern Trust Investments, Inc., Northern Trust Global Investments Japan, K.K., NT Global Advisors, Inc., 50 South Capital Advisors, LLC, and investment personnel of The Northern Trust Company of Hong Kong Limited and The Northern Trust Company.

[northerntrust.com](http://northerntrust.com)