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| Legal Entity | J.P. Morgan Securities PLC (K6Q0W1PS1L1O4IQL9C32) |
| Class of Instrument | Equities – Shares & Depositary Receipts  Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)  Other instruments |
| Summary of Analysis | |
| Execution Venue Performance:  J.P. Morgan Securities PLC monitored a number of performance factors in relation to the venues listed within Appendix 1 of the J.P. Morgan execution policy. The factors reviewed together with the key observations made are as follows:  **Access to Liquidity**  Conventional Displayed Trading Venues: In line with our execution policy, we maintained access to the primary market for securities in which we act as the executing broker. Additionally we maintained access to the following significant pan-European multilateral trading facilities (MTFs): CBOE, Turquoise, Aquis. In combination, these venues provide access to over 99% of displayed liquidity in the relevant markets.  Non Displayed, Periodic Auction and other Execution Venues: In 2017, we added a number of execution venues in this category to reflect changes in market structure in anticipation of the implementation of MiFID II/MiFIR and to increase access to liquidity in general: BATS Large in Scale, BATS Periodic Auctions, Swiss Liquidnet Service. The combined market share of non-displayed execution of the venues to which we maintained access was 90%. Large in Scale venues began to make a significant contribution to available liquidity making up around 20% of our non-displayed trading activity in 2017.  **Pricing Analysis and Performance**  Conventional Displayed Trading Venues: We maintain measures of *price improvement* that indicate the extent to which a trade performed on a given venue provides a better price than that available on the primary market at the time of trading. These metrics indicated that material price improvement was obtained as a result of transactions performed on CBOE, Turquoise and Aquis. The metrics observed over 2017 indicate both that the venues themselves provide price improvement opportunities and that our routing practices are successfully identifying those opportunities. Average price improvement observed across CBOE, Turquoise and Aquis venues ranged from 0.30-1.99 basis points.  Non Displayed, Periodic Auction and other Execution Venues:  **Third Party Venues:** all categories of venue within this class provided significant price improvement with Broker Crossing Networks (BCNs) exhibiting the best performance both at trade-time and with reference to prevailing prices before and after the trade. There was some variation in the pricing characteristics exhibited by the trading venues operating under the reference price waiver: some venues provided better prices when benchmarked against the prevailing price at execution time; others provided better prices when the execution price was compared with prevailing prices around the execution time.  **Internalisation via JPM-X:** our broker crossing network (BCN), which was de-commissioned as part of the MiFID II/MiFIR implementation was our largest venue of execution by value in 2017. Estimated spread costs associated with transactions during the course of executing client orders were 0.28 basis points. These compared favourably with the estimated spread costs of over 1 basis point associated with bid/offer navigation on external trading venues.  **Latency and Fill Rates** (Applicable to Conventional Displayed Trading Venues Only) **|** This relates to the ability of our systems to reliably access displayed liquidity. This performance factor reflects that of our own systems as well as those of the venue itself and its physical location.  **Market access latencies:** were largely driven by the location of a trading venue’s datacentre: U.K.-based displayed venues exhibited median round-trip times ranging from 0.5 – 1.6 milliseconds. Round-trip times exhibited by venues based in continental datacentres ranged from 9.56-25.6 milliseconds.  **Fill rates:** weighted average *fill rates*[[1]](#footnote-1) obtained across lit venues for immediate or cancelled (IOC) orders were 98.73% when sending orders to individual venues and 97.10% when sending orders to multiple venues within a single routing decision. From these data, we conclude that we are able to reliably capture the liquidity displayed to us by these trading venues. | |

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| Relative importance given to execution factors & other considerations | Execution factors affecting short term venue selection: Where we are choosing between multiple *execution venues* together with our own capacity as a Systematic Internaliser, we will adhere to the following principles according to the type of order that we are trying to execute:   * *marketable* *orders*: our primary goal will usually[[2]](#footnote-2) be to achieve the best price, followed by maximizing the speed and likelihood of execution. We may take into account the cost of execution provided that it is not to the detriment of the other factors. * *non-marketable orders* on *displayed execution* venues: we consider that the price of the execution is set and our choice of venue will be determined by maximizing both the speed and likelihood of execution only. * orders across a range of *non-displayed,* or *periodic-auction* venues: our priority will be to maximize the speed and likelihood of execution whilst also minimizing the chance that there are adverse price movements around the time of execution. The goal of minimizing adverse price movements may result in preferencing *internalisation*.   Please refer to our [execution policy](https://www.jpmorgan.com/directdoc/mifidii-appendix2-cash-equities-policy.pdf) for further information on factors affecting our choice of execution venues . |
| Execution venue close links / conflicts of interest / common ownerships | J.P. Morgan Financial Investments Limited has a stake (of 2.4%) in Turquoise Global Holdings Limited which owns the trading venue *Turquoise*. J.P. Morgan Securities PLC is a fully owned subsidiary of J.P. Morgan Chase & Co. |
| Specific execution venue arrangements | Regarding payments made or received, discounts, rebates or non-monetary benefits received:  J.P. Morgan does not have any specific arrangements with any trading venues other than standard publicly available terms. Where J.P. Morgan contracts with execution venues, it may negotiate specific commercial terms bilaterally with those venues but those terms will not include being compensated directly or in-directly for business given to those venues. |
| Changes to execution venues | In 2017 we added the following venues to the list of significant venues cited within our execution policy. These venues were added to improve our ability to find liquidity in larger trade sizes in non-displayed venues.   * BATS Large in Scale * BATS Periodic Auctions * Liquidnet / Swiss Liquidnet Service |
| Client distinctions | We do not operate differing execution arrangements by client categorisation. |
| Use of data/tools relating to the quality of execution | We have used group-level transaction cost analysis technology in our analysis. |
| Use of consolidated tape provider output or other algorithms to assess execution performances | Not Applicable |

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| Legal Entity | J.P. Morgan Securities PLC (K6Q0W1PS1L1O4IQL9C32) |
| Class of Instrument | Credit Derivatives: Other credit derivatives |
| Summary of Analysis | |
| The products that have been subject to Best Execution under Credit Derivatives are products falling under the Relevant Structured Products section of Appendix 5 to the J.P. Morgan Execution Policy. Due to the nature of J.P. Morgan Securities PLC’s business, it owed Best Execution in limited circumstances for Credit Derivatives.  In the year 2017, this review found that obligation of Best Execution was met in each case. The application was monitored by J.P. Morgan Securities PLC on a regular basis, through post-trade controls performed independently by control-related functions. This monitoring identified execution situations which were potentially subject to Best Execution and also monitored the correct application of the decision making process. | |
| Relative importance given to execution factors & other considerations | The importance given in situations in which J.P. Morgan Securities PLC owes best execution is set out under the Relevant Structured Products section of Appendix 5 to the J.P. Morgan Execution Policy. The most important factor is price, followed by speed and then likelihood of execution. |
| Execution venue close links / conflicts of interest / common ownerships | J.P. Morgan Securities PLC is a fully owned subsidiary of J.P. Morgan Chase & Co. |
| Specific execution venue arrangements | J.P. Morgan Securities PLC is the sole execution venue. |
| Changes to execution venues | Not Applicable |
| Client distinctions | J.P. Morgan Securities PLC only deals with Professional clients for the purposes of Best Execution. |
| Use of data/tools relating to the quality of execution | Not Applicable |
| Use of consolidated tape provider output or other algorithms to assess execution performances | Not Applicable |

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| Legal Entity | J.P. Morgan Securities PLC (K6Q0W1PS1L1O4IQL9C32) |
| Class of Instrument | Currency Derivatives: Swaps, forwards, and other currency derivatives |
| Summary of Analysis | |
| For the year of 2017 for eCommerce Orders, J.P. Morgan Securities PLC collated quoted bid/offer spreads over a rolling time frame, and analysed this in comparison to completed leave transactions to identify outliers. For all in scope transactions, J.P. Morgan Securities PLC was able to demonstrate that Best Execution was provided. Clients direct their orders to J.P. Morgan to execute as principal and we therefore treat all orders as directed as we are the sole execution venue. | |
| Relative importance given to execution factors & other considerations | As per Appendix 5 of J.P. Morgan’s Execution Policy price is the most important factor. After price, the likelihood of execution and the ability to fill a client’s order in its entirety – or at least a substantial part of it – are the most important factors. This latter factor increases in importance in situations where access to liquidity in the relevant instrument is constrained in some way. This latter factor increases in importance in situations where access to liquidity in the relevant instrument is constrained in some way – for example, if the currencies of the transaction are illiquid, or if the limit price provided is not marketable. |
| Execution venue close links / conflicts of interest / common ownerships | J.P. Morgan Securities PLC is a fully owned subsidiary of J.P. Morgan Chase & Co. |
| Specific execution venue arrangements | J.P. Morgan Securities PLC is the sole execution venue. |
| Changes to execution venues | Not Applicable |
| Client distinctions | J.P. Morgan Securities PLC only deals with Professional clients for the purposes of Best Execution. |
| Use of data/tools relating to the quality of execution | Not Applicable |
| Use of consolidated tape provider output or other algorithms to assess execution performances | Not Applicable |

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| Legal Entity | J.P. Morgan Securities PLC (K6Q0W1PS1L1O4IQL9C32) |
| Class of Instrument | Equity Derivatives: Swaps and other equity derivatives |
| Summary of Analysis | |
| The products that have been subject to Best Execution under Equity Derivatives are products falling under the Relevant Structured Products section of Appendix 5 to the J.P. Morgan Execution Policy. Due to the nature of J.P. Morgan Securities PLC’s business it owed Best Execution in limited circumstances for Equity Derivatives.  In the year 2017, this review found that obligation of Best Execution was met in each case. The application was monitored by J.P. Morgan Securities PLC on a regular basis, through post-trade controls performed independently by control-related functions. This monitoring identified execution situations which are potentially subject to Best Execution and also monitored the correct application of the decision making process. | |
| Relative importance given to execution factors & other considerations | The importance given in situations in which J.P. Morgan Securities PLC owes Best Execution is set out under the Relevant Structured Products section of Appendix 5 to the J.P. Morgan Execution Policy. The most important factor is price, followed by speed and then likelihood of execution. |
| Execution venue close links / conflicts of interest / common ownerships | J.P. Morgan Securities PLC is a fully owned subsidiary of J.P. Morgan Chase & Co. |
| Specific execution venue arrangements | J.P. Morgan Securities PLC is the sole execution venue. |
| Changes to execution venues | Not Applicable |
| Client distinctions | J.P. Morgan Securities PLC only deals with Professional clients for the purposes of Best Execution. |
| Use of data/tools relating to the quality of execution | Not Applicable |
| Use of consolidated tape provider output or other algorithms to assess execution performances | Not Applicable |

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| Legal Entity | J.P. Morgan Securities PLC (K6Q0W1PS1L1O4IQL9C32) |
| Class of Instrument | Securitized Derivatives: Other securitized derivatives |
| Summary of Analysis | |
| The products that have been subject to Best Execution under Securitized Derivatives are products falling under the Relevant Structured Products section of Appendix 5 to the J.P. Morgan Execution Policy. Due to the nature of J.P. Morgan Securities PLC’s business, it owed Best Execution in limited circumstances for Securitized Derivatives. J.P. Morgan Securities PLC has implemented procedures in order to, on a regular basis, monitor the application of Best Execution to Securitized Derivatives through post-trade controls performed independently by control-related functions. This monitoring will identify execution situations which are potentially subject to Best Execution and will also monitor the correct application of the decision making process. | |
| Relative importance given to execution factors & other considerations | The importance given in situations in which J.P. Morgan Securities PLC owes Best Execution is set out under the Relevant Structured Products section of Appendix 5 to the J.P. Morgan Execution Policy. The most important factor is price, followed by speed and then likelihood of execution. |
| Execution venue close links / conflicts of interest / common ownerships | J.P. Morgan Securities PLC is a fully owned subsidiary of J.P. Morgan Chase & Co. |
| Specific execution venue arrangements | J.P. Morgan Securities PLC is the sole execution venue. |
| Changes to execution venues | Not Applicable |
| Client distinctions | J.P. Morgan Securities PLC only deals with Professional clients for the purposes of Best Execution. |
| Use of data/tools relating to the quality of execution | Not Applicable |
| Use of consolidated tape provider output or other algorithms to assess execution performances | Not Applicable |

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| Legal Entity | J.P. Morgan Securities PLC (K6Q0W1PS1L1O4IQL9C32) |
| Class of Instrument | Commodities derivatives and emission allowances derivatives: Other commodities derivatives and emission allowances derivatives |
| Summary of Analysis | |
| For the year of 2017 for eCommerce Orders, J.P. Morgan Securities PLC collated quoted bid/offer spreads over a rolling time frame, and analysed this in comparison to completed leave transactions to identify outliers. For all in scope transactions, J.P. Morgan Securities PLC was able to demonstrate that Best Execution was provided. Clients direct their orders to J.P. Morgan Securities PLC to execute as principal and we therefore treat all orders as directed as we are the sole execution venue. | |
| Relative importance given to execution factors & other considerations | As per Appendix 5 of J.P. Morgan’s Execution Policy price is the most important factor. After price, the likelihood of execution and the ability to fill a client’s order in its entirety – or at least a substantial part of it – are the most important factors. This latter factor increases in importance in situations where access to liquidity in the relevant instrument is constrained in some way – for example, if the commodity contract of the transaction is illiquid, or if the limit price provided is not marketable. |
| Execution venue close links / conflicts of interest / common ownerships | J.P. Morgan Securities PLC is a fully owned subsidiary of J.P. Morgan Chase & Co. |
| Specific execution venue arrangements | J.P. Morgan Securities PLC is the sole execution venue. |
| Changes to execution venues | Not Applicable |
| Client distinctions | J.P. Morgan Securities PLC only deals with Professional clients for the purposes of Best Execution. |
| Use of data/tools relating to the quality of execution | Not Applicable |
| Use of consolidated tape provider output or other algorithms to assess execution performances | Not Applicable |

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| Legal Entity | J.P. Morgan Securities PLC (K6Q0W1PS1L1O4IQL9C32) |
| Class of Instrument | Options and Futures admitted to trading on a trading venue (all instrument classes) |
| Summary of Analysis | |
| Execution Venue Reports in respect of Exchange Traded Derivatives will not be published for the 2017 calendar year; reports for the 2018 calendar year will be published by 30 April 2019.  For further information on J.P. Morgan’s Execution Policy, please consult <https://www.jpmorgan.com/pages/disclosures/mifidii> or contact your usual J.P. Morgan contact. | |

1. Measured as the average percentage of liquidity obtained versus that displayed at the time that the routing decision was made. [↑](#footnote-ref-1)
2. We may make an exception to this if we have reason to believe that, in selecting the best price for an individual portion of the order that, course of action may result in a less beneficial price for the whole order. [↑](#footnote-ref-2)