



# MIFID II – RTS 28

MILLIMAN FINANCIAL STRATEGIES LTD - 2021 REPORT

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[Neil Dissanayake](#), Principal and Director of European Trading

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In line with the Directive 2014/65/EU investment firms should publish an assessment of quality of execution in relation to trading venues, market makers, and other liquidity providers. In this report Milliman Financial Risk Management Limited (MFS Ltd) performed the required assessment and included top five execution venues / brokers based on 2021 data.

## Client categorization

In 2021, MFS Ltd only served clients which are categorized as Professional Clients. Neither Eligible Counterparties nor Retail Clients were serviced by MFS Ltd.

## Execution factors

MFS Ltd executes orders in relation to financial instruments on behalf of its clients. There are two methods that it can use to execute those orders that are distinguished by the following:

- MFS Ltd can execute the relevant order on behalf of the client directly with a counterparty or on an exchange or other trading system (e.g., by dealing directly with a market maker on a “request for quote” basis). The counterparty, exchange, or trading system with which MFS Ltd chooses to execute such order is an Execution Venue.
- MFS Ltd can place an order as agent with a third party (e.g., another broker or investment bank) and/or another entity within the Milliman Group for that third party or group entity to execute on behalf of the client. Such entities are referred to as Brokers.

In the case of OTC transactions, MFS Ltd will conduct an auction by inviting bids from eligible counterparties and take all sufficient steps to obtain the best possible result for the client, taking into account all relevant execution factors according to the MFS Ltd Best Execution Policy, such as:

- Price
- Costs
- Speed
- Likelihood of execution and settlement
- Size
- Nature or any other consideration relevant to the execution of the order

When executing orders or decisions in OTC transactions, MFS Ltd will check the fairness of the price, by gathering market data used in the estimation of the price of the OTC products and, where possible, by comparing with similar or comparable products.

In the case of ETD transactions, MFS Ltd will transmit orders to brokers via algorithms or voice.

## Trade aggregation and allocation

Trade orders will be placed for execution as expeditiously as possible, in compliance with the client’s applicable advisory and service level agreement(s). Trade orders will be placed for execution in such manner and at such time as MFS Ltd considers appropriate, taking into account any specific client instructions and MFS Ltd’s fiduciary obligation to the client.

MFS Ltd does not exercise execution precedence for one client over another, and trades are placed for execution on a first-come, first-served basis, in line with the core guiding principle of treating all client orders and executions fairly, promptly, and expeditiously.

MFS Ltd does not carry out a client order of a transaction in aggregation with other client orders.

## Assessment of the quality of execution (overall assessment)

MFS Ltd continuously evaluates the quality of execution with selected brokers and platforms. The list of trading counterparties is initially provided by MFS Ltd clients, but periodically assessed together with clients.

Following 2021, all six execution factors outlined in the previous section were assessed. Unsatisfactory levels of pricing financial instruments lead to some dealers losing priority ranking in the RFQ process. In some cases the speed factor could play a role. Despite that, MFS Ltd performs trading on electronic platforms and expects swift response, and several dealers require additional time to manually adjust live quotes. The size factor did not play a significant role as all trading counterparties were able to quote and absorb inquired trading amounts. The costs and the likelihood of execution/settlement factors were evaluated at similar levels across trading counterparties as MFS Ltd did not encounter any significant issues here.

Next to the above, the following aspects are normally considered in the periodic quality of execution review:

- Transaction costs analytics against clients' benchmarks
- Volumes traded
- Hit ratio
- Ability to provide liquidity for bespoke / nonstandard structures
- Overall responsiveness of a counterparty
- Operational resilience of clearing and settlement capabilities
- Compliance with regulatory framework

Based on 2021 execution results, MFS Ltd in cooperation with our clients decided to amend the list of trading counterparties: Counterparties that did not manage to provide competitive pricing have been either removed from the trading list or given less priority in trading flows.

MFS Ltd concludes that the overall trading and broker evaluation process for 2021 was in line with the Best Execution Policy.

## Close links, conflicts of interest, common ownership

MFS Ltd does not have any conflicts of interest with executing venues. MFS Ltd has no qualified ownership or close links with an entity used for execution.

## Compliance statement

Based on compliance monitoring and review of this document, the Chief Compliance Officer believes MFS Ltd has adhered to its written policies and procedures during the year 2021.

## Top 5 – Annual report

### EQUITIES — SHARES & DEPOSITARY RECEIPTS

MFS Ltd performed no execution in this class of financial instruments in 2021.

### DEBT INSTRUMENTS

MFS Ltd performed no execution in this class of financial instruments in 2021.

### INTEREST RATES DERIVATIVES

#### Counterparty report

Class of Instrument	(c) Interest rates derivatives (i) Futures and options admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year	N				
Top five investment firms where client orders were transmitted or placed for execution ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that	Proportion of orders executed as percentage of total in that	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
BMO Nesbitt Burns Inc. (M3LKF DNSJGJ7TMLH6Z15)	84.53%	79.27%	N/A	N/A	N/A
MORGAN STANLEY & CO. INTERNATIONAL PLC (4PQUHN3JPF GFNF3BB653)	11.03%	8.54%	N/A	N/A	N/A
Nomura International PLC (DGQCSV2PHVF7I2743539)	4.43%	7.32%	N/A	N/A	N/A
CREDIT SUISSE INTERNATIONAL (E58DKGMJYYYJLN8C3868)	0.01%	4.88%	N/A	N/A	N/A

Class of Instrument	(c) Interest rates derivatives (ii) Swaps, forwards, and other interest rates derivatives				
Notification if <1 average trade per business day in the previous year	N				
Top five investment firms where client orders were transmitted or placed for execution ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that	Proportion of orders executed as percentage of total in that	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Société Générale (O2RNE8IBXP4R0TD8PU41)	28.27%	9.20%	N/A	N/A	N/A
BNP PARIBAS (R0MUWSFPU8MPRO8K5P83)	24.05%	19.54%	N/A	N/A	N/A
J.P. Morgan SE (549300ZK53CNGEEI6A29)	23.96%	11.49%	N/A	N/A	N/A
Canadian Imperial Bank of Commerce (2IGI19DL77OX0HC3ZE78)	12.10%	14.94%	N/A	N/A	N/A
Bank of Montreal (NQQ6HPCNCCU6TUTQYE16)	4.20%	8.05%	N/A	N/A	N/A

#### Execution venue report

Class of Instrument	(c) Interest rates derivatives (i) Futures and options admitted to trading on a trading venue				
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	Proportion of orders executed as percentage of total in that	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Eurex Deutschland (XEUR)	100.00%	100.00%	N/A	N/A	N/A

Class of Instrument	(c) Interest rates derivatives (ii) Swaps, forwards, and other interest rates derivatives				
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	Proportion of orders executed as percentage of total in that	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
TW SEF LLC (TREU)	76.67%	42.53%	N/A	N/A	N/A

### CREDIT DERIVATIVES

MFS Ltd performed no execution in this class of financial instruments in 2021.

## CURRENCY DERIVATIVES

## Counterparty report

Class of Instrument	(e) currency derivatives (i) Futures and options admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year	Y				
Top five investment firms where client orders were transmitted or placed for execution ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that	Proportion of orders executed as percentage of total in that	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
MERRILL LYNCH INTERNATIONAL (GGDZP1UYGU9STUHRDP48)	54.34%	0.48%	N/A	N/A	N/A
CREDIT SUISSE INTERNATIONALE (E58DKGMJYYYYJLN8C3868)	16.92%	11.43%	N/A	N/A	N/A
GOLDMAN SACHS INTERNATIONAL (W22LROWP2IHZNBB6K528)	14.11%	71.43%	N/A	N/A	N/A
CITIGROUP GLOBAL MARKETS LIMITED (XKZZ2JZF41MRHTR1V493)	5.60%	7.78%	N/A	N/A	N/A
MORGAN STANLEY & CO. INTERNATIONAL PLC (4PQUHN3JPF6FNF3BB653)	4.98%	0.48%	N/A	N/A	N/A

Class of Instrument	(e) currency derivatives (ii) Swaps, forwards, and other currency derivatives				
Notification if <1 average trade per business day in the previous year	N				
Top five investment firms where client orders were transmitted or placed for execution ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that	Proportion of orders executed as percentage of total in that	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
THE TORONTO-DOMINION BANK (PT3QB789TSUIDF371261)	99.32%	96.30%	N/A	N/A	N/A
Nomura International PLC (DGQCSV2PHVF7I2743539)	0.68%	3.70%	N/A	N/A	N/A

## Execution venue report

Class of Instrument	(e) currency derivatives (i) Futures and options 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	Proportion of orders executed as percentage of total in that	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Chicago Mercantile Exchange (XCME)	100%	100%	N/A	N/A	N/A

## STRUCTURED FINANCE INSTRUMENTS

MFS Ltd performed no execution in this class of financial instruments in 2021.

## EQUITY DERIVATIVES

## Counterparty report

Class of Instrument	(g) 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 investment firms where client orders were transmitted or placed for execution ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that	Proportion of orders executed as percentage of total in that	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
MERRILL LYNCH INTERNATIONAL (GGDZP1UYGU9STUHRDP48)	51.11%	1.25%	N/A	N/A	N/A
BMO Nesbitt Burns Inc. (M3LKFJNSJGJ7TMLH6Z15)	18.38%	13.99%	N/A	N/A	N/A
CREDIT SUISSE INTERNATIONALE (E58DKGMJYYYYJLN8C3868)	7.49%	8.86%	N/A	N/A	N/A
CITIGROUP GLOBAL MARKETS LIMITED (XKZZ2JZF41MRHTR1V493)	6.50%	9.45%	N/A	N/A	N/A
GOLDMAN SACHS INTERNATIONAL (W22LROWP2IHZNBB6K528)	6.32%	51.58%	N/A	N/A	N/A

**Execution venue report**

Class of Instrument	(g) 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	Proportion of orders executed as percentage of total in that	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Eurex Deutschland (XEUR)	47.80%	47.55%	N/A	N/A	N/A
Chicago Mercantile Exchange (XCME)	25.47%	6.08%	N/A	N/A	N/A
ICE Futures Europe (IFLL)	15.70%	31.65%	N/A	N/A	N/A
Osaka Exchange (XOSE)	5.52%	3.15%	N/A	N/A	N/A
Hong Kong Futures Exchange (XHKF)	4.32%	0.07%	N/A	N/A	N/A

**SECURITIZED DERIVATIVES**

MFS Ltd performed no execution in this class of financial instruments in 2021.

**COMMODITIES DERIVATIVES AND EMISSION ALLOWANCES DERIVATIVES**

MFS Ltd performed no execution in this class of financial instruments in 2021.

**CONTRACTS FOR DIFFERENCE**

MFS Ltd performed no execution in this class of financial instruments in 2021.

**EXCHANGE TRADED PRODUCTS (EXCHANGE TRADED FUNDS, EXCHANGE TRADED NOTES, AND EXCHANGE TRADED COMMODITIES)**

MFS Ltd performed no execution in this class of financial instruments in 2021.

**EMISSION ALLOWANCES**

MFS Ltd performed no execution in this class of financial instruments in 2021.

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