

**Cornelian**

Part of the Brooks Macdonald Group

# Cornelian Asset Managers best execution top 5 venue report 2020

We note below the information required to be provided under Article 3 (3) of Regulatory Technical Standards 28 providing a summary of the analysis and conclusions drawn from Cornelian's detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year.

Download tables in excel [here](#)

**a) an explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;**

When executing orders on behalf of our clients, we have an overriding obligation to take all sufficient steps to achieve best execution on their behalf.

The importance of the various execution factors stipulated by the rules will vary depending on the circumstances and context of the order. That said, the execution factors that are commonly the most important in the achievement of best execution by Cornelian are price and size. Cornelian considers these two execution factors as inextricably linked as the price will be affected by the size of any intended bargain. Thus, business is allocated to counterparties on the basis of their ability to execute transactions at competitive prices and in acceptable volumes.

In the case of investment trusts and smaller market capitalised companies, counterparties who provide corporate broking services are frequently favoured because they enjoy privileged access to the trust/company and have knowledge of significant shareholders and their recent trading activity.

Speed and likelihood of execution are perceived to be similar concepts and both will have an impact on the price achievable. If, for example, Cornelian was seeking the prompt execution of an order, that may have an impact on the price attainable. Depending on the circumstances prevailing at the time, Cornelian may wish to build or sell a position over a period of time in order to limit market impact.

As discussed above, when placing an order with an execution venue, Cornelian's choice is driven by its ability to execute transactions at competitive prices and in acceptable volumes. The market impact (i.e. the extent to which the buying or selling moves the price against the buyer or seller), as an indirect cost of trading, can dwarf the direct costs of trading (commissions and fees) especially on larger orders. The primary focus in minimising overall trading costs is, therefore, to choose an execution venue where sufficient liquidity may best be accessed. Cornelian aims to deliver best execution by minimising the market impact of transactions.

Cornelian does not consider the likelihood of settlement to be a material factor influencing execution due to the fact that Cornelian's investment universe comprises securities issued by companies listed on the London/Irish Stock Exchanges or Alternative Investment Market (AIM). Cornelian only ever transacts through reputable counterparties that are themselves authorised and regulated in the EU and through whom settlement issues are rarely experienced. Nevertheless, Cornelian monitors closely and pursues vigorously any failing trades with the relevant counterparty.

**(b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;**

Cornelian does not have any close links, conflicts of interests or common ownerships with respect to any execution venues used to execute orders.

**(c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or nonmonetary benefits received;**

Cornelian does not have any arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.

**(d) 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;**

All counterparties on our list of execution venues are subject to an authorisation and ongoing monitoring process, which includes, regular reviews of the performance of execution services provided, and the counterparty's ability to trade effectively on behalf of all our clients.

The Tradeweb platform was introduced in 2018 in order to reduce commission costs and to improve pricing competitiveness when executing Exchange Traded Products (ETPs) directly with a number of Authorised Participants (APs). The APs were selected as counterparties primarily based on their coverage and willingness to price ETPs that are of interest to Cornelian. Initially we went live with three APs and in 2019 we added a further two: IMC Trading and Optiver.

In terms of “traditional counterparties” there were no additions or deletions during calendar year 2020.

**(e) an explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements;**

Cornelian have retail and professional clients. All Cornelian clients are treated in the same way under its Order Execution Policy.

**(f) 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;**

All Cornelian clients are treated in the same way under its Order Execution Policy.

**(g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575 [RTS 27];**

All counterparties used by Cornelian are kept under constant review. New counterparties can be added if they demonstrate an ability to access relevant liquidity subject to satisfying Cornelian’s counterparty review requirements.

Cornelian systematically monitored all its trading activity in order to evidence best execution. This is achieved by submitting a daily trade file of all competitively traded instruments (equities, exchange traded products and bonds) to LiquidMetrix, an independent transaction cost analysis (TCA) specialist that compares the actual price achieved in each order against a benchmark price at the time of the order.

The Dealer is required to provide a written explanation to the CIO for any outliers reported by LiquidMetrix. An outlier is defined as an order where the execution price is materially worse than the benchmark price and outlier reports are received daily from LiquidMetrix. At the end of each month, there is an independent check of the outlier report to ensure that all outliers have been included and comments have been appended by the Dealer. This report is then submitted to Cornelian’s Investment Risk Committee (IRC) who meet on a monthly basis, for review and further action where appropriate.

As part of Cornelian’s commitment to Best Execution, the effectiveness of Cornelian’s Order Execution Policy and its arrangements is reviewed at least once every year.

We keep appropriate written records for all of the above.

**(h) 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 CTPs (Consolidated Tape Providers) in Europe.

## **Important information**

All information as at 3 January 2021 unless otherwise stated.

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More information about the Brooks Macdonald Group can be found at [www.brooksmacdonald.com](http://www.brooksmacdonald.com).



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