

COMMERCIAL BANKING

Commercial Banking Markets

Best Execution Reporting

Effective from March 2022

Background

As part of Best Execution, Lloyds Bank plc (“LB”), Lloyds Bank Corporate Markets plc (“LBCM”) and Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH (“LBCMw”) (LB, LBCM and LBCMw collectively “Lloyds Bank”) have previously been, or are, required to publish data relating to the quality of their execution. Firms are required to evidence that all sufficient steps have been taken to obtain the best result for clients when executing orders in financial instruments. As part of this requirement, data is provided to enable an evaluation to be made and establish that a firm is providing the quality of execution described in its Best Execution policies found at [Lloyds Bank Commercial Banking | Best Execution under MiFID II](#). This data is presented in the form of several tables that cover areas such as the content, form and reporting timescales for Best Execution data.

Update to Best Execution Reporting requirements

In the UK, the FCA revoked the requirement for UK firms to publish Quarterly (RTS 27) and Annual (RTS 28) best execution reports on 1st December 2021. Therefore LB and LBCM will no longer publish RTS 27 or RTS 28 reports from this date. Any previously published reports will be available on the Lloyds Bank website (see link below) for a minimum of two years.

In Europe, the requirement to produce Quarterly (RTS 27) reports has been suspended for two years until 28 February 2023, however the requirement for the Annual (RTS 28) best execution reports remain. LBCMw ceased to publish new quarterly best execution reports from Q1 2021. Reports will remain on our website for 2 years from the date of publication LBCMw will only publish the Annual RTS 28 reports until RTS27 requirements are reinstated and can be found at [Lloyds Bank Commercial Banking | Best Execution under MiFID II](#).

If you have any questions regarding Best Execution Reporting please contact CB.ClientClassificationTeam@LloydsBanking.com

Format

The tables are published on the Lloyds website at [Lloyds Bank Commercial Banking | Best Execution under MiFID II](#) on a Quarterly (RTS 27¹) and Annual (RTS 28²) basis.

Quarterly: Execution Venues were required to provide, on a quarterly basis, relevant data to measure the quality of execution in relevant financial instruments. This is represented by the following tables:

- Table 1 – Information on the type of execution venue
- Table 2 – Information on the type of financial instrument
- Table 3 – Price information – Intraday
- Table 4 – Price information – Daily
- Table 5 – Costs information
- Table 6 – Likelihood of execution for each trading day
- Table 9 – Additional information relating to request for quote execution venues.

Lloyds Bank has published the above seven tables (found at [Lloyds Bank Commercial Banking | Best Execution under MiFID II](#)), further detail is provided below. It should be

¹ Commission Delegated Regulation (EU) 2017/575 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended)

² Commission Delegated Regulation (EU) 2017/576 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended)

noted that Tables 1 and 9 are overall summaries whereas the other tables provide a breakdown in relation to the financial instruments. Please also note that Lloyds Bank is not required to publish data for tables 7 and 8, as this information relates to continuous auction order book and continuous quote driven trading systems, which are not operated by Lloyds Bank.

Annual: The table provides data for January to December each year and takes the form of a single table for specific Asset Classes and covers the quality of execution.

The data was required to be produced in a machine readable format so that it could be downloaded. This requirement was met by publishing the data in a CSV file format.

In order to allow the tables to have a greater level of search functionality, they have, as standard, two additional columns (A&B) which provide the Date and Identifier. Column C onwards provides the Best Execution Reporting information in the format required by the regulation.

The information in the quarterly tables relates to specific periods and this data can be identified via the title of the table which uses the following convention: Entity



For example, data relating to intra-day rates pricing for the date 19th October 2018 can be obtained from the following table:

LloydsBankPlc_RTS27_Table2_2018_Q2

The information in the Annual table relates to asset class and client sector and therefore the following convention is used:



For example, data relating to Retail clients for the year 2018 in relation to currency derivatives can be obtained from the following table:

LloydsBankPlc_RTS28_CurrencyDerivatives_Retail_2018

Quarterly Reporting

Activity on an Execution Venue (Table 1 and Table 2)

Information is provided on the type of execution venue and is detailed in Table 1. This provides a summary of activity and covers criteria such as the name and venue identifier, name of the market segment and market segment identifier, trading day date, information relating to any outages that interrupted trading, information relating to scheduled auctions on the trading day date and data relating to the number and value of failed transactions on that day (expressed as a percentage of total value of transactions executed on that day). Financial instrument data is provided in Table 2. This includes the financial instrument's specific identifier (ISIN), if available (or a written description of the financial instrument, if the identifier is not available), the instrument classification and currency. Where the financial instrument does not have an identifier, the written description of the instrument will include the currency of the underlying instrument, price multiplier, price notation, quantity notation and delivery type.

Pricing (Tables 3 and 4)

In order to provide appropriate information on the quality of executions in relation to price, reports that contain price quality information for both the daily average levels and point in time (intraday) are provided. The intraday levels are detailed in Table 3 and the daily information is provided in Table 4.

This information in Table 3 will exclude all commissions or accrued interest (where payable). However in order to allow for price comparison between financial instruments, the currency code of relevant transactions will be included.

Table 3 information will exclude transaction data for any transactions outside of the applicable size ranges. This size range is described as SSTI (Size Specific to Instruments) and the applicable ranges are set out in Article 9 of RTS 27. It will provide the simple average price of all transactions that were executed in the two minutes starting at each of the reference times which are 9.30.00, 11.30.00, 13.30.00 and 15.30.00 UTC on that date. In addition the table will also provide the total value of those trades executed during the relevant two minute period. If no transactions occurred during the first two minutes of these relevant time periods, the price of the first transaction executed within the applicable size range after each of the reference times will be used. Where there is no trade data for a specific period (for example between 13:30 and 15:29) this will show as a blank row for the reference time 13:30.

The trade's execution time, price and total value are also detailed in Table 3.

Table 4 details the daily information (required in the circumstances set out in Art 4(b) of RTS 27) in the form of the simple average transaction price, volume-weighted transaction price, highest executed price and/or lowest executed price for each financial instrument traded on each trading day of the defined reporting period.

Costs (Table 5)

To ensure full transparency on all costs charged when executing an order through a given execution venue, it is necessary to describe all costs in the execution of a client order that is applied by the execution venue and which the client pays directly or indirectly. Costs applied by the execution venue to its members or users that could be detailed include, but are not limited, to fees relating to market data access, fees paid to third parties and taxes or levies directly invoiced to or incurred by the venue on behalf of members.

The potential Lloyds Bank's costs for table 5 are defined as:

- Execution fees
- Third party fees such as settlement fees
- Fees charged for the use of our venue
- Any other charges that are included in the price

However Lloyds Bank does not charge fees and any costs are within the Sales margin (the difference between Trader Price and All in price) and therefore the costs in the table will be 0.

The cost information that Lloyds Bank will provide is based on the charging methodology outlined in the document 'Our Approach to Costs and Charges Calculations':
<https://commercialbanking.lloydsbank.com/important-information/commercial-banking-regulatory-information/>

Likelihood of execution (Table 6)

This indicates the probability of execution of a particular type of order or requests for quotes (RFQs) received for each trading day and is supported by details of trading volumes in a particular financial instrument or other characteristics of orders or transactions. The data therefore includes the numbers of orders or RFQs received, the numbers that have been executed, cancelled, withdrawn (expired) or modified. In addition the median size for transactions, orders and RFQs will also be provided. This information should allow for the calculation of metrics such as the relative size of a venue in a particular financial instrument or class.

Tables 7 and 8: The best execution information required for tables 7 and 8 is not provided. This information relates to continuous auction order book and continuous quote driven trading systems which are not operated by Lloyds Bank.

Additional Data for RFQ venues (Table 9)

This provides a summary of Lloyds Bank's trade response and execution times. It details the time taken to respond to RFQs and execute a trade. In order to show this, the mean and median times between acceptance of a quote and execution are provided and also the mean and median times that have elapsed between the request and the provision of a quote.

Annual Reporting

In order to evaluate the quality of a firm's execution practices and to also identify the top five execution venues, data is published on an annual basis in relation to trading volumes. This is undertaken in relation to each class of financial instrument so that meaningful comparisons and analysis of the execution venues can be undertaken. However, because Lloyds Bank deals on a principal basis and does not route orders to third party execution venues, this report will consist of a single execution venue for each entity – and will be accompanied by a summary of conclusions i.e. a qualitative analysis of the data.

The quantitative data format will consist of the proportion of volume and orders traded as a percentage of the total amount and the percentage of aggressive orders (i.e. orders that took liquidity). Since there will only be one execution venue, these three fields will be 100%. In addition information is required on the percentage of passive orders (orders that provided liquidity) and the percentage of directed orders (a specific execution venue was requested by the client prior to the order execution). Since Lloyds Bank does not trade these types of order, both fields will be 0%.

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