

Notes Accompanying MIFID II RTS 27 Reports

By: THE BANK OF NEW YORK MELLON, LONDON BRANCH (LEI: HPFHU00Q28E4N0NFVK49) ("BNYM")

For the Period: 1 July 2018 to 30 September 2018 inclusive ("Q3 2018")

Publication date: 31 December 2018

A. Purpose of this document

This document ("Notes") provides material information on the reports published by BNYM on quality of execution of transactions for Q3 2018 ("Reports") pursuant to Commission Delegated Regulation (EU) 2017/575 and article 27(3) of Directive 2014/65/EU, as implemented in the Conduct of Business Rules of the Financial Conduct Authority (collectively, "MIFID II RTS 27"). The Reports published by BNYM on <https://bnymellon.com/RID> shall be read in conjunction with these Notes.

B. Scope

In Q3 2018, BNYM has acted as an execution venue to its clients only in respect of currency derivatives. The Bank of New York Mellon is a global bank with branches in various major financial centres including London. An order, quote or transaction was determined to be "in scope" for the purposes of the Reports if the relevant client facing staff providing execution services was located in London and as such BNYM was deemed to be the execution venue for the purposes of such order, quote or transaction ("In Scope Data"). However, the Reports do not include orders, quotes or transactions with certain wholesale FX markets participants that have interacted with BNYM's FX Trading Desk on a negotiated basis. Further, the nature of certain currency products that BNYM offers to clients may mean that the data points contained in the Reports are not directly comparable with the data points contained in equivalent reports of other currency derivative execution venues.

The Reports include relevant data under table 9 pursuant to Article 8 of MIFID II RTS 27 which applies to request for quote execution venues which BNYM operates. BNYM has determined that there are no relevant data for tables 7 and 8 pursuant to Article 7 of MIFID II RTS 27 which applies to continuous auction order book and continuous quote driven execution venues which BNYM does not presently operate.

With respect to certain values in tables 3, 4 and 6: (i) "price" is expressed as the rate that 1 unit of the first currency of the currency pair listed in the "Currency" field of the relevant table 2 ("First Currency") can be converted into the second currency of the currency pair listed in the "Currency" field of table 2 ("Second Currency"); (ii) "transaction size", "total value executed" "total value of transaction executed" and "median transaction size" are expressed in the First Currency; (iii) "volume-weighted transaction price" and "median transaction size" are calculated based on notional value of transactions expressed in the First Currency, and (iv) "median size of all orders or requests for quote" may be calculated and expressed in the First Currency or Second Currency.

C. Data Quality / Exclusions

Due to data capture issues, the Reports for Q3 2018 include certain discrepancies. BNYM estimates that:

1. Pre-trade data for approximately 1% of In Scope Data was not captured, impacting tables 2, 6 & 9 and the post trade information in "number of transactions executed" in table 6.
2. There were data quality issues with approximately 3% of the In Scope Data, which affected the data in all tables, and led to both over reporting and underreporting in some cases.
3. Pre-trade data for approximately 8% of In Scope Data may not have been captured, impacting tables 6 & 9.

There may be data quality issues with respect to the "Failed Transactions" values in table 1 however BNYM does not believe that such issues would have a material impact on the Reports.