

Private Bank



# Citi Private Bank Quality of Execution Report

Citibank Europe Plc (Luxembourg Branch)

29 April 2022

# 1. Scope and Purpose

This report (the “Report”) applies to Citi Private Bank, acting through Citibank Europe Plc and affiliates to whom it may delegate certain functions (“Citi”, “we” or “us”). This Report should be read in conjunction with our Order Execution Policy (the “Order Execution Policy”) which sets out the general basis on which we aim to provide “best execution” when executing orders in respect of financial instruments as defined in the European Union’s Markets in Financial Instruments Directive (known as “MiFID II”) for you, on your instruction (“Orders”) as required by MiFID II and the Conduct of Business Rules of the UK Financial Conduct Authority (the “FCA”), collectively (the “Rules”).

This Report summarises our analysis and conclusions drawn from the monitoring of the quality of execution obtained on the execution venues where Orders were executed for each asset class for the calendar year 2021 (the “Reporting Period”).

This Report should also be read in conjunction with our quantitative report showing the Top 5 execution venues where your Orders were executed during the Reporting Period, which is also available on our website: <https://www.privatebank.citibank.com/home/best-execution-europe.html>. Note that, in order to avoid duplication and for greater transparency in the quantitative report, in showing the Top 5 execution venues where your Orders were executed, we have not included affiliated brokers that we used to execute your Orders in circumstances where the execution by them is in name only and has otherwise been directly controlled by us. In such cases we have looked through the affiliate to the execution venue where your Order was executed.

## 2. Non-discretionary business

### 2.1 General

This section relates to advisory and execution-only Orders that we executed:

- (i) as agent on your behalf with the execution venues listed in Appendix 2 of our Order Execution Policy in respect of: (a) Equities (Shares and Depositary Receipts), (b) Debt Instruments (Bonds and Money Market Instruments), (c) Securitised Derivatives (Rights) (d) Securitised Derivatives (Structured Notes), (e) Exchange Traded Products (Exchange Traded Funds, Exchange Traded Notes), (f) Futures and Options admitted to trading on a trading venue (including interest rate derivatives, credit derivatives, currency derivatives, equity derivatives, commodities derivatives and emission allowance derivatives);
- (ii) as riskless principal with the execution venues listed in Appendix 2 of our Order Execution Policy in respect of the following financial instruments that are not Futures and Options admitted to trading on a trading venue, referred to in this Report as: (a) OTC Interest Rate Derivatives, (b) OTC Credit Derivatives, (c) OTC Equity Derivatives, (d) OTC Commodities Derivatives and (e) OTC Currency Derivatives and (f) OTC Precious Metal Currency Derivatives; and
- (iii) as principal in respect of Structured Instruments (Premium Instruments and Market-Linked Instruments).

### 2.2 Relative importance of execution factors

The Rules require us to provide you with an explanation of the relative importance we gave to the execution factors of price, cost, speed, and likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution during the Reporting Period.

Per section 2.6, we do not differentiate between retail and professional clients when executing Orders so, in terms of the above execution factors, we placed the highest emphasis on total consideration (meaning the price of the financial instrument and the costs of execution) including all expenses incurred by the client which are directly related to the execution of the Order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the Order. On occasion, we may have given precedence to speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs over the immediate price and cost consideration but only insofar as they were instrumental in delivering the best possible result in terms of the total consideration to the client.

### 2.3 Our assessment of the quality of execution during the Reporting Period

#### 2.3.1 Equities – Shares and Depositary Receipts

i) <b>Our assessment of the quality of execution</b>	Our non-discretionary business executes all Equity Orders through two execution venues. In respect of the Reporting Period, our assessment of the quality of execution of these venues was performed through monthly post-trade monitoring of all Equities Orders against the relevant benchmarks provided by an independent third-party vendor.  We utilised independent third-party technology and data analytics to complete this assessment to determine whether we are providing best execution on a consistent basis in terms of total consideration, which is comprised of price and cost. The status and outcome of our assessment of the quality of execution is reported to an internal governance committee. These combined steps enable us to ensure that we have taken all reasonable steps to obtain best execution on a consistent basis in respect of Equities Orders.
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<p>ii) <b>Any change in execution venues during the Reporting Period?</b></p> <p>The Rules require us to provide you with an explanation of the factors that led to a change in the list of execution venues listed in our Order Execution Policy, if such a change occurs.</p>	<p>There were no changes to the list of execution venues during the Reporting Period.</p>
<p>iii) <b>Payments/Inducements</b></p> <p>The Rules require us to provide you with a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.</p>	<p>For Equities, as referenced in our Fee Schedule, brokerage charges are payable to the execution venue, which may vary depending on the market.</p> <p>For Equities, we have negotiated fee agreements with our execution venues regarding the brokerage charge payable for each market.</p> <p>See section 2.5 for general disclosure re Payments/Inducements.</p>

### 2.3.2 Debt Instruments – Bonds and Money Market Instruments

<p>i) <b>Our assessment of the quality of execution</b></p>	<p>Our non-discretionary business has an open architecture approach in respect of Debt Instruments and our assessment of the quality of execution for the Reporting Period was performed through pre-trade checks as well as post-trade monitoring. In this regard, we ordinarily sought to obtain multiple quotes from our execution venues for each trade and execute at the best available price. Due to the large variance in liquidity across the different Debt Instruments traded, in some cases it was necessary, in an illiquid market where only one quote was received from the multiple executing venues who were asked to quote, to place the highest priority on the likelihood of execution.</p> <p>For our post trade monitoring, we utilised third party technology and data analytics. The outcome of our pre-and post-trade assessment of the quality of execution was reported to an internal governance committee to ensure that we had taken all reasonable steps to obtain the best possible result on a consistent basis in respect of Debt Instrument Orders.</p>
<p>ii) <b>Any change in execution venues during the Reporting Period?</b></p> <p>The Rules require us to provide you with an explanation of the factors that led to a change in the list of execution venues listed in our Order Execution Policy, if such a change occurs.</p>	<p>Standard Chartered Bank was added to the list of execution venues during the Reporting period.</p>
<p>iii) <b>Payments/Inducements</b></p> <p>The Rules require us to provide you with a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.</p>	<p>We do not negotiate discounts with the execution venues for Debt Instruments. Please note, however, that, as set out in section 2.2, the prices we received from the relevant execution venues were a factor in seeking to achieve the best possible results on a consistent basis and such prices will have included an embedded mark-up or mark-down by the execution venues.</p> <p>See section 2.5 for general disclosure re Payments/Inducements.</p>

2.3.3 Exchange Traded Products (Exchange-Traded Funds (“ETFs”) and Exchange-Traded Notes (“ETNs”))

<p>i) <b>Our assessment of the quality of execution</b></p>	<p>Our non-discretionary business executes all ETFs and ETNs through two execution venues. In respect of the Reporting Period, our assessment of the quality of execution of these venues was performed through monthly post-trade monitoring of all Orders for ETFs and ETNs against a relevant independent benchmark.</p> <p>We utilised independent third-party technology and data analytics to complete this assessment. The outcome of our assessment of the quality of execution is reported to an appropriate internal governance committee to ensure we had taken all reasonable steps to obtain best execution on a consistent basis in respect of ETFs and ETN Orders.</p>
<p>ii) <b>Any change in execution venues during the Reporting Period?</b></p> <p>The Rules require us to provide you with an explanation of the factors that led to a change in the list of execution venues listed in our Order Execution Policy, if such a change occurs.</p>	<p>Standard Chartered Bank was added to the list of execution venues during the Reporting Period.</p>
<p>iii) <b>Payments/Inducements</b></p> <p>The Rules require us to provide you with a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.</p>	<p>For ETFs and ETNs, as referenced in our Fee Schedule, brokerage charges are payable to the execution venue, which may vary depending on the market.</p> <p>For ETFs and ETNs, we have negotiated fee agreements with our execution venue, regarding the brokerage charge payable for each market.</p> <p>See section 2.5 for general disclosure re Payments/Inducements.</p>

2.3.4 Futures and Options admitted to trading on a trading venue (including interest rate derivatives, credit derivatives, currency derivatives, equity derivatives, commodities derivatives and emission allowances derivatives) (“Listed Derivatives”)

<p>i) <b>Our assessment of the quality of execution</b></p>	<p>Our non-discretionary business executes all listed derivatives through a single execution venue. In respect of the Reporting Period, our internal trading systems always displayed the best bid/offer prices available on the relevant trading venue for each transaction, meaning we could only execute Listed Derivative transactions at the best available price.</p>
<p>ii) <b>Any change in execution venues during the Reporting Period?</b></p> <p>The Rules require us to provide you with an explanation of the factors that led to a change in the list of execution venues listed in our Order Execution Policy, if such a change occurs.</p>	<p>There were no changes in the list of execution venues during the Reporting Period.</p>
<p>iii) <b>Payments/Inducements</b></p> <p>The Rules require us to provide you with a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.</p>	<p>For Listed Options, as referenced in our Fee Schedule, we have negotiated fee agreements with our execution venue regarding the brokerage charge payable for each market.</p> <p>See section 2.5 for general disclosure re Payments/Inducements.</p>

2.3.5 **Securitized Derivatives (Structured Notes)**

<p>i) <b>Our assessment of the quality of execution</b></p>	<p>Our non-discretionary business has an open architecture approach in respect of Structured Notes and our assessment of the quality of execution was performed through pre-trade checks as well as monthly post-trade monitoring on a sample basis. In this regard, during the Reporting Period, we ordinarily obtained a minimum of two separate quotes from our execution venues (unless specifically directed by the client to execute the Order with a particular execution venue) to ensure we had taken all reasonable steps to obtain the best possible result on a consistent basis in respect of Structured Note Orders.</p> <p>We reported the outcome of our assessment of the quality of execution to an internal governance committee to ensure we had taken all reasonable steps to obtain the best possible result on a consistent basis in respect of Structured Note Orders.</p>
<p>ii) <b>Any change in execution venues during the Reporting Period?</b></p> <p>The Rules require us to provide you with an explanation of the factors that led to a change in the list of execution venues listed in our Order Execution Policy, if such a change occurs.</p>	<p>There were no changes in the list of execution venues during the Reporting Period.</p>
<p>iii) <b>Payments/Inducements</b></p> <p>The Rules require us to provide you with a description of any specific arrangements with any execution venues regarding payments made or received discounts, rebates or non-monetary benefits received.</p>	<p>See section 2.5 for general disclosure re Payments/Inducements.</p>

2.3.6 **Securitized Derivatives (Rights)**

<p>i) <b>Our assessment of the quality of execution</b></p>	<p>Our non-discretionary business executes all securitized derivatives through two execution venues. In respect of the Reporting Period, our assessment of the quality of execution, of these venues was performed through monthly pre-trade checks and post-trade monitoring of all Rights Orders against a relevant independent benchmark.</p> <p>We utilised independent third-party technology and data analytics to complete this assessment. The outcome of our assessment of the quality of execution is reported to an internal governance committee to ensure we had taken all reasonable steps to obtain best execution on a consistent basis in respect of Rights Orders.</p>
<p>ii) <b>Any change in execution venues during the Reporting Period?</b></p> <p>The Rules require us to provide you with an explanation of the factors that led to a change in the list of execution venues listed in our Order Execution Policy, if such a change occurs.</p>	<p>There were no changes in the list of execution venues during the Reporting Period.</p>
<p>iii) <b>Payments/Inducements</b></p> <p>The Rules require us to provide you with a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.</p>	<p>For Rights Orders, as referenced in our Fee Schedule, brokerage charges are payable to the execution venue, which may vary depending on the market.</p> <p>For Rights, we have negotiated fee agreements with our execution venue regarding the brokerage charge payable for each market.</p> <p>See section 2.5 for general disclosure re Payments/Inducements.</p>

2.3.7 OTC Interest Rate Derivatives and OTC Credit Derivatives

<p>i) <b>Our assessment of the quality of execution</b></p>	<p>Our non-discretionary business executes all OTC Interest Rate Derivatives and OTC Credit Derivatives through a single execution venue. For all such OTC Interest Rate Derivatives and OTC Credit Derivatives, our approach to the assessment of the quality of execution of this venue was ordinarily performed through pre-trade checks as well as post-trade monitoring on a sample basis.</p> <p>The purpose of these pre-trade checks and post trade monitoring was to ensure that such OTC Interest Rate Derivatives and OTC Credit Derivatives were executed within an acceptable range tolerance compared to the prevailing market rate. This is to ensure we had taken all reasonable steps to obtain the best possible result on a consistent basis in respect of Orders in such OTC Interest Rate Derivatives and OTC Credit Derivatives during the Reporting Period.</p> <p>We reported the outcome of our assessment of the quality of execution to an internal governance committee to ensure we had taken all reasonable steps to obtain the best possible result on a consistent basis in respect of OTC Interest Rate Derivatives and OTC Credit Derivatives.</p>
<p>ii) <b>Any change in execution venues during the Reporting Period?</b></p> <p>The Rules require us to provide you with an explanation of the factors that led to a change in the list of execution venues listed in our Order Execution Policy, if such a change occurs.</p>	<p>There were no changes in the list of execution venues during the Reporting Period.</p>
<p>iii) <b>Payments/Inducements</b></p> <p>The Rules require us to provide you with a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.</p>	<p>We do not negotiate discounts with the execution venue for OTC Interest Rate Derivatives and OTC Credit Derivatives. Please note, however, that, as set out in section 2.2, the prices we received from the execution venue was a factor in seeking to achieve the best possible results on a consistent basis and such prices will have included an embedded mark-up or mark-down by the execution venue.</p> <p>See section 2.5 for general disclosure re Payments/Inducements.</p>

2.3.8 OTC Equity Derivatives and OTC Commodities Derivatives

<p>i) <b>Our assessment of the quality of execution</b></p>	<p>Our non-discretionary business executes all OTC Equity Derivatives and OTC Commodity Derivatives through a single execution venue. For OTC Equity Derivatives and OTC Commodity Derivatives, our approach to the assessment of the quality of execution was performed through pre-trade reasonability checks to check the price against the prevailing prices for the equivalent listed product, where available using independent third-party data sources and pricing tools.</p> <p>The purpose of these pre-trade checks was to ensure that such OTC Equity Derivatives and OTC Commodity Derivatives were executed within an acceptable range tolerance compared to the prevailing market rate. This is to provide a reasonable level of assurance that we achieved best execution on a consistent basis for Orders in such OTC Equity Derivatives and OTC Commodity Derivatives during the Reporting Period.</p> <p>We reported the outcome of our assessment of the quality of execution to an internal governance committee to ensure we had taken all reasonable steps to obtain the best possible result on a consistent basis in respect of OTC Equity Derivatives and OTC Commodity Derivatives.</p>
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<p>ii) <b>Any change in execution venues during the Reporting Period?</b></p> <p>The Rules require us to provide you with an explanation of the factors that led to a change in the list of execution venues listed in our Order Execution Policy, if such a change occurs.</p>	<p>There were no changes in the list of execution venues during the Reporting Period.</p>
<p>iii) <b>Payments/Inducements</b></p> <p>The Rules require us to provide you with a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.</p>	<p>We do not negotiate discounts with the execution venue for OTC Equity Derivatives and OTC Commodities Derivatives. Please note, however, that, as set out in section 2.2, the prices we received from the execution venue was a factor in seeking to achieve the best possible results on a consistent basis and such prices will have included an embedded mark-up or mark-down by the execution venue.</p> <p>See section 2.5 for general disclosure re Payments/Inducements.</p>

### 2.3.9 OTC Currency Derivatives and OTC Precious Metal Currency Derivatives

<p>i) <b>Our assessment of the quality of execution</b></p>	<p>Our non-discretionary business has an open architecture approach in respect of such OTC Currency Derivatives and OTC Precious Metal Currency Derivatives and our assessment of the quality of execution was performed through post-trade monitoring.</p> <p>For all such OTC Currency Derivatives and OTC Precious Metal Currency Derivatives, we also assessed the quality of execution through post-trade rate reasonability checks. The purpose of this review was to ensure that such OTC Currency Derivatives and OTC Precious Metal Currency Derivatives were executed within an acceptable range tolerance compared to the prevailing market rate. This is to ensure we had taken all reasonable steps to obtain the best possible result on a consistent basis for Orders in such OTC Currency Derivatives and OTC Precious Metal Currency Derivatives.</p>
<p>ii) <b>Any change in execution venues during the Reporting Period?</b></p> <p>The Rules require us to provide you with an explanation of the factors that led to a change in the list of execution venues listed in our Order Execution Policy, if such a change occurs.</p>	<p>There were no changes in the list of execution venues during the Reporting Period.</p>
<p>iii) <b>Payments/Inducements</b></p> <p>The Rules require us to provide you with a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.</p>	<p>We do not negotiate discounts with the execution venues for OTC Currency Derivatives and OTC Precious Metal Currency Derivatives. Please note, however, that, as set out in section 2.2, the prices we received from the relevant execution venues were a factor in seeking to achieve the best possible results on a consistent basis and such prices will have included an embedded mark-up or mark-down by the execution venues.</p> <p>See section 2.5 for general disclosure re Payments/Inducements.</p>

### 2.3.10 Structured Instruments (Premium Instruments and Market-Linked Instruments)

i) <b>Our assessment of the quality of execution</b>	We did not execute Premium Instruments and Market-Linked Instrument Orders during the Reporting period.
ii) <b>Any change in execution venues during the Reporting Period?</b> The Rules require us to provide you with an explanation of the factors that led to a change in the list of execution venues listed in our Order Execution Policy, if such a change occurs.	There were no changes in the list of execution venues during the Reporting Period.
iii) <b>Payments/Inducements</b> The Rules require us to provide you with a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.	See section 2.5 for general disclosure re Payments/Inducements.

### 2.4 Close links, conflicts and common ownership

The Rules require us to provide you with a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute Orders during the Reporting Period.

Per our Order Execution Policy, we may for certain asset classes, have executed your Order with affiliated Citi brokers and issuers, including but not limited to Citigroup Global Markets Limited, Citigroup Global Markets Inc., Citigroup Global Markets Holding Inc. and Citigroup Inc.

Under the Rules, we are required to maintain and operate effective organisational and administrative arrangements with a view to taking all appropriate steps to identify, monitor, prevent or manage such conflicts of interest. We have put in place a policy to meet this obligation and refer you to our terms of business where you will find a summary of that policy and the key information that is needed by clients to understand the measures we are taking to safeguard the interests of our clients.

### 2.5 Payments/Inducements

The Rules require us to provide you with a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received during the Reporting Period:

- 2.5.1 **Payments made to execution venues:** An estimate of any fees payable to execution venues is, where possible and relevant, reflected in the Fee Schedule to our terms of business. See section 2.3 above for further details.
- 2.5.2 **Discounts received from execution venues:** see section 2.3 above for further details in respect of particular classes of financial instruments.
- 2.5.3 **Rebates/Payments received from execution venues:** We did not receive rebates or other payments from the execution venues during the Reporting Period.
- 2.5.4 **Non-monetary benefits received from execution venues:** Please note, per our terms of business that we may also have received certain minor non-monetary benefits from execution venues during the Reporting Period, including but not limited to the following:
  - i. Invitations to participate in conferences, seminars and other training events on the benefits and features of a specific financial instrument.
  - ii. Hospitality of a reasonable de minimis value, such as food and drink during a business meeting or a conference, seminar, or other training events.
  - iii. Pre-deal research for prospective investors relating to an issue of shares, debentures, warrants, or certificates representing certain securities by an issuer, produced by an underwriter or placement agent; and
  - iv. Generic or personalised information or documentation relating to a financial instrument or an investment service, including focus lists and market commentary.

We were charged for the provision of or access to this research in accordance with commercially agreed terms with the relevant execution venue or broker.  
Further information on the above arrangements is available on request.

### 2.6 Did we treat retail and professional clients differently?

Under the Rules, we must provide you with an explanation of how order execution differed according to client categorisation, where we treated categories of clients differently and where it may affect the order execution arrangements.

Whilst we have both retail and professional clients, we did not weight the execution factors differently based on client categorisation during the Reporting Period.



## **2.7 Were price and cost always given precedence for retail clients during the Reporting Period?**

The Rules require us to provide you with 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 during the Reporting Period.

In accordance with our Order Execution Policy, during the Reporting Period, the best possible result was determined for retail clients in terms of total consideration (price and all costs) alone meaning that we placed the highest emphasis on total consideration (meaning the price of the financial instrument and the costs of execution) including all expenses incurred by the client which are directly related to the execution of the Order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the Order. On occasion we may have given precedence to speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs over the immediate price and cost consideration but only insofar as they were instrumental in delivering the best possible result in terms of the total consideration to the client.

## **2.8 How have we used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575 (“RTS 27”)?**

ESMA published the EU MiFID II Quick-Fix Directive on 26 February 2021 to introduce a two-year suspension of publishing quarterly RTS 27 reports effective from 27 February 2021 until 28 February 2023.

## **2.9 Use of output from Consolidated Tape Providers**

The Rules require us to provide you, where applicable, with an explanation of how we have used the output of a “consolidated tape provider” (“CTP”) established under Article 65 of MiFID II. A CTP is a person authorized to provide the service of collecting trade reports for financial instruments from regulated markets, MTFs, OTFs and Approved Publication Arrangements and consolidating them into a continuous consolidated tape providing price and volume data per financial instrument.

We did not use the output of a CTP during the Reporting Period.

Citibank Europe plc, Luxembourg Branch, registered with the Luxembourg Trade and Companies Register under number B 200204, is a branch of Citibank Europe plc. It is subject to the joint supervision of the European Central bank and the Central Bank of Ireland. It is furthermore subject to limited regulation by the Commission de Surveillance du Secteur Financier (the CSSF) in its role as host Member State authority and registered with the CSSF under number B00000395. Its business office is at 31, Z.A. Bourmicht, 8070 Bertrange, Grand Duchy of Luxembourg. Citibank Europe plc is registered in Ireland with company registration number 132781. It is regulated by the Central Bank of Ireland under the reference number C26553 and supervised by the European Central Bank. Its registered office is at 1 North Wall Quay, Dublin 1, Ireland.

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