



# **BT Pension Scheme Management Limited**

## **RTS 28 – Annual report 2019**

May 2020

## **1. Introduction**

This report sets out the information that BT Pension Scheme Management Limited (**BTPSM**) is required to publish from a regulatory perspective in order to enable its sole client, the Trustee of the BT Pension Scheme (**Scheme**), to evaluate the quality of BTPSM's execution practices for the ultimate benefit of the members of the Scheme.

The report identifies the top five execution venues and brokers in terms of trading volumes with respect to each relevant class of financial instrument traded during the 2019 calendar year.

BTPSM is authorised by the Scheme to trade in the financial instruments referenced in this report. BTPSM uses these financial instruments for the efficient management of the Scheme's investment portfolio.

The information set out in sections 2 to 9 below applies to all of the trading activity referenced in this report.

## **2. Execution**

BTPSM takes into consideration different factors when determining how to obtain the best possible outcome for the Scheme. These factors include price, costs, speed, likelihood of execution and settlement, size and market impact, nature or any other consideration relevant to the execution of an order.

## **3. Conflicts**

BTPSM does not have any close links, conflicts of interest, or common ownership with respect to any of the execution venues or brokers used to execute orders.

## **4. Specific arrangements**

BTPSM did not receive commissions, rebates, discounts or non-monetary benefits from any of the trading venues or brokers it used during the period.

## **5. Changes in execution venues**

BTPSM did not change any of the execution venues or brokers listed in its execution policy.

## **6. Client categorisation**

BTPSM's sole client, the Scheme, is categorised as a professional client.

BTPSM had no dealings with retail clients.

## **7. Data/tools used relating to execution quality**

BTPSM uses internal analysis as well as an external trading cost analysis provider to monitor and assess execution quality.

## **8. Consolidated tape providers**

BTPSM did not use any consolidated tape providers.

## **9. Passive orders, aggressive orders and directed orders**

The Scheme did not instruct BTPSM to execute any directed orders.

BTPSM did not undertake any passive or aggressive orders.

## Debt instruments

Class of Instrument	Bonds	
Notification if < 1 average trade per business day in the previous year	No	
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
The Royal Bank of Scotland plc LEI: RR3QWICWWIPCS8A4S074	21%	24%
Goldman Sachs International LEI: W22LROWP2IHZNBB6K528	12%	7%
HSBC Bank plc LEI: MP6I5ZYZBEU3UXPYFY54	11%	14%
JP Morgan Securities plc LEI: K6Q0W1PS1L1O4IQL9C32	11%	11%
Lloyds Bank Corporate Markets plc LEI: 213800MBWEIJDM5CU638	11%	8%

The primary trading factors that BTPSM took into account for this class of instrument were price, size and market impact.

## Interest rates derivatives

Class of Instrument	Swaps, forwards, and other interest rates derivatives	
Notification if < 1 average trade per business day in the previous year	Yes	
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
Barclays Bank plc LEI: G5GSEF7VJP5I7OUK5573	26%	16%
Morgan Stanley & Co. International Limited LEI: 4PQUHN3JPF GFNF3BB653	17%	4%
JP Morgan Securities plc LEI: K6Q0W1PS1L1O4IQL9C32	14%	25%
The Royal Bank of Scotland plc LEI: RR3QWICWWIPCS8A4S074	12%	9%
Merrill Lynch International LEI: GGDZP1UYGU9STUHRDP48	7%	15%

The primary trading factors that BTPSM took into account for this class of instrument were price, size and market impact.

## Currency derivatives

Class of Instrument	Swaps, forwards, and other currency derivatives	
Notification if < 1 average trade per business day in the previous year	Yes	
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
Royal Bank of Scotland plc LEI: RR3QWICWWIPCS8A4S074	16%	18%
Lloyds Bank Corporate Markets Plc LEI: 213800MBWEIJDM5CU638	13%	13%
Societe Generale LEI: O2RNE8IBXP4R0TD8PU4	13%	3%
UBS AG LEI: BFM8T61CT2L1QCEMIK50	10%	8%
State Street Bank and Trust Company LEI: 571474TGEMMWANRLN572	9%	11%

The primary trading factors that BTPSM took into account for this class of instrument were price, size and market impact.

## Equity derivatives

Class of Instrument	Options and Futures admitted to trading on a trading venue <sup>1</sup>	
Notification if < 1 average trade per business day in the previous year	No	
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
JP Morgan Securities Plc LEI: K6Q0W1PS1L1O4IQL9C32	55%	39%
Merrill Lynch International LEI: GGDZP1UYGU9STUHRDP48	22%	18%
UBS AG LEI: BFM8T61CT2L1QCEMIK50	11%	20%
Citigroup Global Markets LEI: XKZZ2JZF41MRHTR1V493	9%	19%
Goldman Sachs International LEI: W22LROWP2IHZNBB6K528	2%	1%

The primary trading factors that BTPSM took into account for this class of instrument were price, size and market impact.

<sup>1</sup> Disclosures made in accordance with Article 65(6) of Regulation 2017/565

Class of Instrument	Swaps and other equity derivatives	
Notification if < 1 average trade per business day in the previous year	No	
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
Merrill Lynch International LEI: GGDZP1UYGU9STUHRDP48	46%	25%
JP Morgan Securities Plc LEI: K6Q0W1PS1L1O4IQL9C32	41%	42%
BNP Paribas LEI: R0MUWSFPU8MPRO8K5P83	10%	17%
Deutsche Bank AG LEI: 7LTFWZYICNSX8D621K86	2%	8%
Societe Generale LEI: O2RNE8IBXP4R0TD8PU4	1%	8%

The swaps captured above are bespoke and not fungible between counterparties. BTPSM has transparency over the pricing and underlying components of each swap. The all-in economics, size and market impact were the primary trading factors that BTPSM took into account for this class of instrument.

## Securities Financing Transactions

Class of Instrument	Securities Financing Transactions	
Notification if < 1 average trade per business day in the previous year	No	
Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
BNP Paribas LEI: R0MUWSFPU8MPRO8K5P83	49%	40%
Barclays Bank plc LEI: G5GSEF7VJP5I7OUK5573	12%	15%
JP Morgan Securities plc LEI: K6Q0W1PS1L1O4IQL9C32	12%	15%
HSBC Bank plc LEI: MP6I5ZYZBEU3UXPYFY54	8%	10%
Lloyds Bank Corporate Markets Plc LEI: 213800MBWEIJDM5CU638	8%	5%

The primary trading factors that BTPSM took into account for this class of instrument were price, size and market impact.