

RTS28 Report for the calendar year 2018

Charles Schwab UK Limited (“CSUK”) routes all client orders to Charles Schwab and Co. Inc. (“CS&Co”) (collectively “Schwab”) for execution. This report identifies the top 5 venues used by CS&Co across the relevant asset classes and explains the steps taken by Schwab to ensure best execution for clients, in accordance with the requirements of Article 3(3) of RTS 28.

Requirement	
The relative importance the firm gave to different factors when assessing quality of execution	CSUK considers a number of factors (which may differ by instrument type) in evaluating execution quality among markets and firms, including execution price and opportunities for price improvement, market depth and order size, the trading characteristics of the security, speed and accuracy of executions, the availability of efficient and reliable order handling systems, liquidity and automatic execution guarantees, the likelihood of execution when limit orders become marketable, and service levels and the cost of executing orders at a particular market or firm. More information on the execution policy is available on the company’s website.
Any close links, conflicts of interest, common ownership with venues.	CSUK and CS&Co are ultimately owned by the Charles Schwab Corporation.
Any specific arrangements regarding payments made or received, discounts, rebates or non-monetary benefits received.	CSUK does not receive any inducements from execution venues, other than revenue sharing arrangements with CS&Co which are not related to the selection of execution venue. Arrangements between CS&Co and certain market venues are disclosed here: https://www.schwab.com/public/schwab/nn/legal_compliance/important_notices/order_routing.html
Factors that led to a change in execution venues.	To enhance best execution, two new direct dealer connections for debt instruments were added in 2018: Headlands Tech Global Markets LLC and Wells Fargo Securities LLC.
Explanation where execution differs between retail and professional clients.	This is not applicable as all CSUK’s clients are categorized as “retail” for the purposes of order execution.
Whether criteria other than price or cost were given precedence for retail client orders, and how these delivered the best possible result.	CSUK’s execution policy prioritizes price and cost together in order to achieve the best financial result for the client in terms of total consideration for the trade.
An explanation of how the firm has used data or tools relating to the quality of execution.	For equities, CS&Co uses a third party analytics firm to provide execution quality data which is reviewed and analyzed on a daily, monthly and quarterly basis. For debt instruments, CS&Co uses an internal system to review trades on a daily basis, with a quarterly review by the Best Execution Committee.
An explanation of how the firm has used the output of a consolidated tape provider.	The third-party analytics data mentioned above includes data sourced from the Consolidated Tape Association’s Securities Information Processor (SIP) for equities traded on US exchanges. For bonds, CS&Co uses data from the FINRA’s Trade Reporting and Compliance Engine (TRACE) and the MSRB’s Electronic Municipal Market Access service (EMMA) in both pre-trade pricing review and execution quality reviews.

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Retail Clients						
Class of Instrument		Debt Instruments				
Notification if <1 average trade per business day in previous year (Y/N)			N			
Top five execution venues ranked in terms of trading volumes (descending order)		Proportion of volume traded as a percentage of all trades executed	Proportion of orders executed as percentage of dollars traded	Percentage of Passive Orders	Percentage of aggressive orders	Percentage of directed orders
Name	LEI / MIC:					
Charles Schwab and Co. Inc.	549300ZP8XN77GK5BS04	38.9%	36.0%			
Creditex Securities Corporation (Ice	549300OUQA5TQ2JW3I71	9.5%	24.0%			
Wells Fargo Securities LLC	VYVVKR63DVZZN70PB21	9.2%	3.3%			
J.P. Morgan Securities LLC	ZBUT11V806EZRVWT807	5.9%	1.2%			
Nomura Securities International, INC.	OXTKY6Q8X53C9ILV871	5.8%	0.2%			

Retail Clients						
Class of Instrument		Equities				
Notification if <1 average trade per business day in previous year (Y/N)			N			
Top five execution venues ranked in terms of trading volumes (descending order)		Proportion of volume traded as a percentage of all trades executed	Proportion of orders executed as percentage of dollars traded	Percentage of Passive Orders	Percentage of aggressive orders	Percentage of directed orders
Name	LEI / MIC:					
Citadel Execution Serv.	5493009E409VW0ESGS15	28.9%	28.9%	28.8%	29.0%	0.2%
VIRTU	5493001OPW2K42CH3884	27.2%	26.7%	27.5%	27.0%	0.1%
G1X	549300MVXLJMF1VIX094	20.4%	22.5%	18.5%	22.1%	0.1%
UBS Securities LLC	T6FIZBDPKLYJKFCRVK44	17.5%	14.9%	18.5%	16.6%	0.1%
Two Sigma	U8JNXQQDFX8H3UCH515	3.6%	4.4%	1.8%	5.2%	0.0%

Retail Clients						
Class of Instrument		Options				
Notification if <1 average trade per business day in previous year (Y/N)			N			
Top five execution venues ranked in terms of trading volumes (descending order)		Proportion of volume traded as a percentage of all trades executed	Proportion of orders executed as percentage of dollars traded	Percentage of Passive Orders	Percentage of aggressive orders	Percentage of directed orders
Name	LEI / MIC:					
CBOE	529900RLNSGA90UPEH54	22.7%		71.7%	29.7%	0.0%
NASDAQ OMX PHLX	549300L8X1Q78ERXFD06	13.6%		35.9%	23.8%	0.0%
Nasdaq Options Exch	549300L8X1Q78ERXFD06	12.9%		16.4%	1.4%	0.0%
CBOE BZX	529900RLNSGA90UPEH54	11.6%		14.3%	1.4%	0.0%
Nasdaq ISE	549300L8X1Q78ERXFD06	10.5%		15.5%	3.4%	0.0%