

## **Annual qualitative disclosure on the quality of execution obtained**

**Firm name: Sound Point Capital Management UK, LLP**

**Disclosure Period: 01/01/2019 to 31/12/2019**

This disclosure is being made pursuant to Article 3(3) of RTS 28 and/or Article 65(6) of the MiFID II Delegated Organisational Regulation, which require firms to disclose, for each class of financial instruments traded for clients during the period, a summary of the analysis and conclusions drawn from the execution quality monitoring that the Firm has undertaken.

This disclosure covers the following classes of financial instruments that were traded during the period.

<b>Classes of Financial Instrument traded during the period</b>	<b>Comments</b>
<b>(a) Equities – Shares &amp; Depository Receipts</b>	
(iii) Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)	Distressed securities
<b>(b) Debt instruments</b>	
(i) Bonds	Distressed bonds and corporate bonds
(ii) Asset Backed Securities	CLO Securities
(iii) Credit Default Swaps	Index and Single Name Credit Default Swaps
<b>(d) Other instruments outside the scope of MiFID:</b>	
(i) Bank Loans	Distressed bank loans and corporate senior secured bank loans

The table(s) below covers Sound Point Capital Management UK, LLP’s analysis for each of the relevant class of financial instruments:

1) Class of Financial Instrument: Equities, Bonds and Asset Backed Securities

<b>RTS 28 / Art. 65(6) requirement:</b>	<b>Details:</b>
(a) an explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;	The initial priority is to assess which brokers or venues are capable of executing the order on the required terms. Following this, and assuming a range of execution options exist, the highest priority factor is to obtain the best result for the client in terms of the total consideration for the trade, defined as the total price obtained minus any costs or fees. This will either be the highest total price or the lowest total price (net of costs and fees) depending on the direction of the trade. In most situations this will be determined predominantly by the price achieved, although where the price offered by two or more venues are identical or within a narrow range, or cannot be reliably determined in advance, then the one with the lowest overall cost of execution will be chosen. If two or more brokers offer the same prices, then the broker that has historically provided the Firm with better service will be chosen. This analysis will include the implicit costs of the trade, such as slippage and market impact.
(b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues/brokers used to execute orders;	The Firm does not have any close links, common ownership of other relationships that would give rise to any conflicts of interests with any of the execution venues or brokers used.
(c) a description of any specific arrangements with any execution venues/brokers regarding payments made or received, discounts, rebates or non-monetary benefits received;	The Firm has no specific arrangements to report with any execution venues or brokers regarding payments made or received, discounts, rebates or non-monetary benefits received.
(d) an explanation of the factors that led to a change in the list of execution venues/brokers listed in the firm’s execution policy, if such a change occurred;	The Firm and its affiliates, Sound Point Capital Management, LP, and Sound Point CLO C-MOA LLC, maintain one internal list of execution venues / brokers approved for use. This list changed during the period where seven counterparties were added to expand the counterparties available for trading corporate bonds and bank loans and twelve counterparties were removed for the lack of trading

	activity over the previous twelve month and potential conflict of interests.
(e) an explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements;	This is not applicable as the Firm only deals with Professional Clients.
(f) 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;	This is not applicable as the Firm does not deal with Retail Clients.
(g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575 [RTS 27];	<p>The Firm uses independent third-party Transaction Cost Analysis tools and providers to assist in its analysis of execution quality obtained.</p> <p>The Firm uses price feed data to establish market prices and intra-day ranges to perform its execution quality analysis.</p> <p>The Firm did not use RTS 27 reports or RTS 28 reports produced by execution venues or brokers in 2019, as these were not available.</p> <p>For equity trades with Goldman Sachs and Mint Brokers, the Firm used Transaction Cost Analysis tools to analyse the execution quality obtained, focusing on trade life volume weighted average price and implementation shortfall. In 2019, no equity trades were executed with either counterparty.</p> <p>For the ten equity trades with other brokers, Transaction Cost Analysis tools were not available but the firm manually sampled such trades against trade prices and volume weighted average price available on trade dates while considering the distressed nature of these securities. In addition, the Firm reviewed the commissions paid to these brokers.</p> <p>For trades in bonds, credit default swaps and asset backed securities, execution was reviewed by the Affiliate's Best Execution Committee, along with trading volume and other qualitative factors.</p>

	For all trades, the Firm reviewed the transactions for conflicts with gift and entertainment received from brokers and against broker ratings provided by the trading desk and operations team.
(h) where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.	The Firm has not used the output of any Consolidated Tape Providers in its execution quality analysis. It is noted that there were not any authorised Consolidated Tape Providers in Europe during the period under review.
Disclosures around the use of Direct Electronic Access (“DEA”) providers.	Of the top 5 brokers disclosed, none were DEA providers.
Summary of Analysis	The ongoing monitoring of execution quality and ‘first line’ controls are undertaken by our trading desk with independent scrutiny carried out by our affiliate’s Compliance team as the ‘second line of defense’. The first and second lines of defense are therefore primarily responsible for ex ante and ex post monitoring of best execution on an ongoing basis, with oversight of this monitoring undertaken by the Firm’s and its Affiliate’s senior management by way of the Best Execution Committee.
Summary of Conclusions	<p>In 2019, for trades in equity securities, execution fees of 0 bps were paid over the period. A sample analysis of intra-day prices ranges revealed that trades were executed within the intraday range.</p> <p>For trades in bonds and asset backed securities, trade execution prices were reasonable when considering the nature of the securities and the liquidity available in the market.</p> <p>The Firm did not identify any conflicts of interest when comparing transactions against gifts and entertainment from brokers or against the broker ratings provided by the trading desk and operations team.</p> <p>The Firm is comfortable that its execution policy was adhered to over the period, and that following this policy has delivered best execution for its clients over the period. This analysis will feed in to the Firm’s annual review of its execution policy at which time further enhancements will be considered.</p>

