

Cerno Capital Partners LLP

FRN: 465408

EU Regulatory Technical Standard 28 (“RTS 28”) Disclosure for the year ending 31 December 2018

Why are we making this report?

Under Article 3 (3) of the RTS 28, we must publish a summary of the analysis and conclusions we draw from our detailed monitoring of the quality of execution obtained on the execution venues where we executed all client orders in the previous year.

Disclosure Requirement under Article 3 (3)	Cerno Capital Partners LLP (“Cerno”) Disclosure
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 relative importance given to the execution factors by Cerno, in order to achieve the overarching best execution objective, is a matter of judgement. The weight placed on the factors varies depending on the particular circumstances surrounding the order and the context in which it is made. However, in most cases, the determining factor will be price of the investment and any costs incurred by the client, more specifically, the total consideration to the client of the transaction after all fees, commissions and charges have been accounted for. That said, the application of the factors is interlinked. Price may be dependent on speed of execution and the size of the transaction. In fast moving markets, for large orders, the best way to achieve optimal total consideration to the client may involve selecting a broker that we consider can fill the entire order in a timely manner. This may be the case even if part of the order could be filled at better price from another broker. This would be applicable in circumstances where the costs to the client as a result of market movement, that is the degree in which the buy and sell orders in the market move the price against the client, would vastly outweigh any increase in transaction cost. Thus, speed and size of transaction shortly follow price in importance to Cerno in its application of the factors to achieve best execution. Likelihood of execution is considered to be closely linked with price, speed and transaction size. Prompt execution of a large order may result in a higher price being paid in transaction costs, but the resulting speed of execution may protect the client against adverse market movements. Alternatively, and dependent on market conditions, it may be in the best interest of the client

	<p>to build a position gradually with a series of smaller orders. Ultimately, when determining which broker to use, Cerno focusses on the ability of brokers to fill orders at prices that are competitive, at suitable volumes and within acceptable time frames. This decision is taken with the overarching objective of achieving best execution in the particular circumstances surrounding the order and its context.</p>
<p>a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders</p>	<p>Cerno does not have any close links, conflicts of interest and common ownerships in relation to any execution venues or brokers used to execute orders.</p>
<p>a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received</p>	<p>Cerno receives investment research from its brokers in some cases which is paid for as required under the provisions of Mifid II. The Firm does not have any other arrangements with any execution venues or brokers relating to payments made or received, discounts, rebates or non-monetary benefits received.</p>
<p>an explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred</p>	<p>There have been no changes to the execution venues listed in the Firm's execution policy. However, all brokers are subject to due diligence and ongoing monitoring under Cerno execution policy. In cases where continued use of a broker would no longer satisfy the requirements of Cerno's best execution policy Cerno would change broker. This would also be the case where a more suitable broker was identified by Cerno.</p>
<p>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</p>	<p>Cerno treats all categories of client the same under its execution policy.</p>
<p>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</p>	<p>Cerno gives precedence to immediate price and cost over other criteria when executing retail client orders.</p>

<p>an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575</p>	<p>Cerno has systems and controls in place to monitor the quality of execution achieved for its clients in accordance with its best execution policy. Those responsible for placing orders with brokers consider whether best execution is achieved at the time of placing the order. Cerno's compliance team also monitor best execution retrospectively by reviewing a proportion of orders placed.</p> <p>Cerno completes due diligence on its brokers before appointment and monitors them for best execution. Brokers located in the EEA must have their own best execution policy and are under the same requirements to achieve the best possible result for our clients under Mifid II. Where brokers are not under the same best execution obligations, for example, those outside the EEA, the selection of broker is based on the execution factors.</p> <p>Cerno monitors the effectiveness of its best execution policy and procedures for placing orders at least annually, and whenever any material changes are made, to ensure any deficiencies are rectified.</p>
<p>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</p>	<p>There are no consolidated tape providers in Europe therefore this is not applicable.</p>