

DWS Trading – Top 5 Report

Summary of analysis and monitoring of execution of client orders on execution venues in 2020 for:

- Equity Asset Classes

Delegated Regulations (EU) 2017/ 565, Art 65(6); (EU) 2017/ 576



Scope

Summary of analysis and monitoring of execution of client orders on execution venues in 2020 for:

- Equity Asset Classes

Applicable to:

- DWS Alternatives Asset Management Global Limited
- DWS Investments UK Limited
- DWS International GmbH
- DWS Investment GmbH

Qualitative Report

a) *How does AM Trading give relative importance to the execution factors of price, costs, speed, likelihood of execution, or any other considerations including qualitative factors when assessing the quality of execution for orders transmitted for execution?*

- When executing orders, we will take all sufficient steps to obtain the best possible result taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.
- When executing or transmitting an order to other firms for execution, we must take all sufficient steps to obtain, the best possible result on a consistent basis by taking into account following execution factors, such as:
 - Price
 - Costs
 - Speed
 - Likelihood of execution and settlement
 - Size
 - Nature
 - Any other consideration relevant to the execution of a particular order
- The relative importance of these execution factors will be determined based on the following criteria:
 - The characteristics of the order
 - The Financial Instruments that are the subject of the order
 - The characteristics of the Execution Venues to which the order can be directed
 - The current market circumstances
 - Specifically for Funds: the objectives, investment policy and risks of the Fund as indicated in the prospectus, articles of association or offering documents of the Fund
- Listed Derivatives and Equity-like instruments (Convertibles, Certificates, ETFs, and similar instruments) will follow the approach as for the equity business. Deviations from the approach are as follows:
 - **Listed Derivatives**
Orders for listed derivatives are either executed via RFQ (above block size) or via execution brokers with access to the relevant exchanges. Execution brokers are either the clearer himself or execution brokers with all relevant agreements signed.
 - **ETFs**
ETFs are mainly executed via RFQ directly with brokers on an MTF venue (e.g. Tradeweb). We will typically ask multiple brokers for a price and will then execute at the best prevailing price. The competition among brokers on MTF is advantageous for price-discovery process. The ETF price is transparent and available as reference for selecting quotation obtained from brokers. The price is the primary factor of execution decision.

- **Certificates**

Orders related to certificates may be either executed directly with its issuer or passed to broker for execution (listed instruments).

- **Convertibles**

The execution of convertibles often takes place via RFQ in Tradeweb (Operating company: Tradeweb Europe Limited) by considering primarily the following factors (unless instructed differently):

- Order size: it needs to be considered in relation to both the size of the issuance of the security and to the market capacity and volatility
- The Likelihood of the execution
- Access to Liquidity

b) *Does DWS Trading have any close links, conflicts of interests, and common ownerships with any execution venues [and brokers] used to execute orders?*

- Deutsche Bank AG is the controlling shareholder of DWS GmbH & Co. KGaA, which in turn fully owns and controls DWS International GmbH and DWS Investment GmbH.
- There are no common ownerships in place.
- There are no exclusive arrangements with any of the above-mentioned brokers. All brokers are treated equally considering the defined execution factors and we have not identified any conflicts of interest.
- Provided Deutsche Bank AG is on our preferred broker list, we may, in some instances, rely only on DB AG for execution of trades on Execution Venues. We do this when we consider Deutsche Bank AG to be the execution entity, which achieves the best possible result for the Client. Deutsche Bank AG performance is reviewed as part of the same Broker review process as other brokers, e.g. as a result of Deutsche Bank AG does not perform as expected they will be/have been taken out our venue selection process as every other venue.

c) *Does DWS Trading have any specific arrangements with execution venues [and brokers] regarding payments made or received, discounts, rebates or non-monetary benefits received?*

- The firm does not receive payments, discounts, rebates from its trading arrangements.
- Any non-monetary benefit in the form of broker workshops are documented in a formal inducement ledger, which is challenged by our compliance department and reported to our governance committees.

d) *What are the factors leading to DWS Trading's selection or a change in the execution venues [and brokers] listed in the firm's execution policy, if any such change occurred?*

- Our selection of particular broker firms is based on a number of criteria, including their::
 - Market and security familiarity
 - Access to liquidity or willingness to commit risk to principal trade
 - Financial stability and certainty of settlement
 - Reliability and Integrity regarding the maintenance of confidentiality
 - Reliability and Integrity of maintaining soundness of technological infrastructure and operational capabilities
 - New issues: Capacity of the broker, to offer subscriptions on the primary market
 - Safeguards and compliance controls to protect Clients
 - Pricing and costs for execution-only services
 - Ability to provide transaction cost analysis (TCA)
 - Access to Centralized Risk Book (CRB)
 - Ability to provide analysis of speed of execution
 - Level of control over interactions with internal and external Systematic Internalisers (SIs)
 - Approach to double caps and new large-in-size (LIS) venues
 - Smart order routing (SOR) logic and Algorithmic trading strategies
 - Ability to produce customized reports, trade related performance data, performance attribution, risk reports (including breach violations and rejection) on a periodic basis
 - Ability to assist on regulatory reporting requirements
 - Ability to provide superior pricing results in the trading of ETF's

e) Does DWS Trading's order execution differ according to client categorization?

- No. We treat all clients to the highest standard/market practice when it comes to fulfilling our obligation to execute orders on terms most favourable to the client.

f) When precedence over immediate price was given when executing retail client orders and how DWS Trading delivered the best possible result in terms of the total consideration to the client?

- We currently do not have any retail clients, nor cases of clients electing for retail classification under the terms of MiFID II Annex II.

g) How have DWS Trading used data or tools relating to the quality of execution, including data published under Delegated Regulation (EU) 2017/575?

- We use an independent TCA (transaction cost analysis) provider to assist us with our detailed monitoring of the quality of execution obtained on the execution venues where we execute/place for execution client orders.
- In the ETF space, we compare hit rates achieved from the Request for Quote process and have moved all trading to those firms that provide superior pricing results. In addition, venue performance is part of our broker review process with our core venues and areas of strengths and areas of improvement are brought to the attention of the venue. Areas where no improvement is made will result in trading being moved to a new venue in the future.
- For Convertibles and Listed Derivatives, we also use the Request for Quote process where applicable to ensure superior pricing.

h) How have DWS Trading used output of a consolidated tape provider established under Article 65 of MiFID II?

- No consolidated tape provider has been used. We maintain a watching brief and populate the relevant Best Execution templates per the Delegated Regulation 2017/565 Art 65(6) and Regulation 2017/576 (RTS 28) requirements as required.

i) Which are the Top 5 counterparties/brokers DWS Trading executes against on a trading venue utilizing a Request for Quote (RFQ) system as well as the proportion of volume traded with each of the counterparties as a percentage of the total of that instrument and does DWS Trading have any close links, conflicts of interests, common ownerships and specific arrangements with such counterparties?

- Not Applicable. DWS Trading transmits its equity orders to brokers.

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