

Ellington Management Group (UK) LLP
2018 RTS 28 Report

This report is the RTS 28 report of Ellington Management Group (UK) LLP for the period January 1, 2018 through December 31, 2018. The report includes certain summary quantitative information concerning the venues on which or the counterparties with which the firm transacted in connection with its investment management business. The firm provides investment management services to its U.S. affiliate, Ellington Management Group, L.L.C., with respect to investment in structured products, including mortgage-backed and asset-backed securities, and related instruments. In connection with these management services, the firm primarily executes transactions in the over-the-counter or OTC market in securities which are then allocated by the firm's U.S. affiliates among the funds and accounts managed by the U.S. affiliate.

During the period, the firm executed transactions in three classes of instruments identified under RTS 28: Structured finance instruments, Bonds, Other credit derivatives, Equities, and Equity swaps. Information regarding the top execution venues or counterparties used for each class of instrument is included in the tables below, followed by qualitative information concerning executions in each instrument class.

Class of Instrument	Structured finance instruments				
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	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Morgan Stanley & Co. International PLC (4PQUHN3JPFGFNF3BB653)	19.21%	17.24%	n/a	n/a	0.00%
Deutsche Bank AG (7LTFWZYICNSX8D621K86)	15.57%	9.20%	n/a	n/a	0.00%

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Goldman Sachs International (W22LROWP2IHZNBB6K528)	13.18%	11.49%	n/a	n/a	0.00%
Merrill Lynch International (GGDZP1UYGU9STUHRDP48)	12.27%	8.62%	n/a	n/a	0.00%
Citigroup Global Markets Limited (XKZZ2JZF41MRHTR1V493)	9.79%	14.37%	n/a	n/a	0.00%

Class of Instrument	Bonds				
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	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Deutsche Bank AG (7LTFWZYICNSX8D621K86)	22.89%	24.46%	n/a	n/a	0.00%
BNP Paribas S.A. (ROMUWSFPU8MPRO8K5P83)	22.81%	27.17%	n/a	n/a	0.00%

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Morgan Stanley & Co. International PLC (4PQUHN3JPFQFNF3BB653)	17.80%	10.33%	n/a	n/a	0.00%
Barclays Bank PLC (G5GSEF7VJJP5I7OUK5573)	9.11%	8.70%	n/a	n/a	0.00%
Crédit Agricole Corporate and Investment Bank (1VUV7VQFKUOQSJ21A208)	7.02%	2.17%	n/a	n/a	0.00%

Class of Instrument	Other credit 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	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Bloomberg SEF LLC (5493003IUYOH354SNS58)	78.72%	56.94%	n/a	n/a	0.00%
J.P. Morgan Securities PLC (K6Q0W1PS1L1O4IQL9C32)	3.95%	8.68%	n/a	n/a	0.00%

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Goldman Sachs International (W22LROWP2IHZNBB6K528)	3.26%	5.21%	n/a	n/a	0.00%
BNP Paribas S.A. (ROMUWSFPU8MPRO8K5P83)	2.98%	5.56%	n/a	n/a	0.00%
Barclays Bank PLC (G5GSEF7VJP517OUK5573)	2.60%	5.56%	n/a	n/a	0.00%

Class of Instrument	Equities, liquidity band 1 or 2				
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	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Morgan Stanley & Co. International PLC (4PQUHN3JPFNF3BB653)	100.00%	100.00%	n/a	n/a	0.00%

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Class of Instrument	Equity derivatives, swaps and other				
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	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Morgan Stanley & Co. International PLC (4PQUHN3JPF GFNF3BB653)	100.00%	100.00%	n/a	n/a	0.00%

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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

Structured finance instruments and Bonds

The firm primarily transacts in the over-the-counter OTC market with counterparties acting on a principal or riskless principal basis. In these markets, counterparties customarily receive a mark-up or mark-down which may not be disclosed. In many cases, a given instrument may be available in limited quantity and may only be available from a single counterparty. Transactions may also result from an auction or similar process in which multiple parties bid. In these markets, price, costs (if known) and likelihood of execution are the most significant factors, however availability of an instrument from limited counterparties or venues may also affect the scope of investigation into price.

Equities and Equity derivatives

In selecting venues or counterparties for execution of equity and equity derivative transactions, price, costs, counterparty risks, and the functionality of execution platforms or user interfaces are the most significant factors.

Other credit derivatives

The firm primarily transacts in credit index CDS executed on Bloomberg SEF. In that market, price, costs, and counterparty risk are

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the most significant factors.

Close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders

The firm does not have any close links, common ownerships, or similar relationships with venues used to execute orders for its client. In some cases, the firm or its client may have multiple relationships with counterparties with whom transactions are executed. Counterparties to transactions or their affiliates may, for example, provide repo or similar financing to funds or accounts managed by the firm's client, Ellington Management Group, L.L.C. In some cases, counterparties may provide other kinds of services to the firm's client, including capital introduction services. Capital introduction is a service designed to introduce fund managers to potential investors, typically through individual meetings in a conference format. Although capital introduction is customarily offered as a free service, various conflicts of interest can be presented by such arrangements.

Specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received

The firm does not have any such specific arrangements with execution venues.

Factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred

The list of venues on which or counterparties with which the firm may execute transactions is subject to the review and approval processes of its client, Ellington Management Group, L.L.C.

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

Order execution does not differ according to client categorisation. The firm has a sole client, its U.S. affiliate, Ellington Management Group, L.L.C., and has no retail clients.

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

The firm has a sole client, its U.S. affiliate, Ellington Management Group, L.L.C., and has no retail clients.

How the investment firm has used any data or tools relating to the quality of execution, including any data published under

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Delegated Regulation (EU) 2017/575

The firm primarily transacts in the over-the-counter or OTC market with counterparties acting on a principal or riskless principal basis. In many cases, a given instrument may be available in limited quantity and may only be available from a single counterparty, and bonds may be sold through an auction or similar process. Given the idiosyncratic nature of many of the bonds, their limited supply, and the relative infrequency with which many individual bonds may trade, we believe published data has limited utility as a measure of execution quality in the primary market in which the firm transacts. In considering execution of equities and equity derivatives transactions, we have reviewed the published RTS28 reports of the counterparties.

Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider

Not applicable. The firm primarily executes in the over-the-counter or OTC market. No consolidated tape is believed to be relevant to measure of execution quality in the primary market in which the firm transacts.

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During the period, the firm executed transactions in three classes of instruments identified under RTS 28: Structured finance instruments, Bonds, and Other credit derivatives. Information regarding the top execution venues or counterparties used for each class of instrument is included in the tables below, followed by qualitative information concerning executions in each instrument class.

Class of Instrument	Structured finance instruments				
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	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Morgan Stanley & Co. International PLC (4PQUHN3JPFGFNF3BB653)	30.09%	31.34%	n/a	n/a	0.00%
Goldman Sachs International (W22LROWP2IHZNBB6K528)	17.40%	15.85%	n/a	n/a	0.00%

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Citigroup Global Markets Limited (XKZZ2JZF41MRHTR1V493)	15.32%	13.03%	n/a	n/a	0.00%
Merrill Lynch International (GGDZP1UYGU9STUHRDP48)	7.68%	4.93%	n/a	n/a	0.00%
Nomura International PLC (DGQCSV2PHVF7I2743539)	7.05%	9.51%	n/a	n/a	0.00%

Class of Instrument	Bonds				
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	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Deutsche Bank AG (7LTFWZYICNSX8D621K86)	75.18%	50.00%	n/a	n/a	0.00%
Morgan Stanley & Co. International PLC (4PQUHN3JPFGFNF3BB653)	24.82%	50.00%	n/a	n/a	0.00%

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Class of Instrument	Other credit 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	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Bloomberg SEF LLC (5493003IU YO H354SNS58)	100.00%	100.00%	n/a	n/a	0.00%

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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

Structured finance instruments and Bonds

The firm primarily transacts in the over-the-counter OTC market with counterparties acting on a principal or riskless principal basis. In these markets, counterparties customarily receive a mark-up or mark-down which may not be disclosed. In many cases, a given instrument may be available in limited quantity and may only be available from a single counterparty. Transactions may also result from an auction or similar process in which multiple parties bid. In these markets, price, costs (if known) and likelihood of execution are the most significant factors, however availability of an instrument from limited counterparties or venues may also affect the scope of investigation into price.

Other credit derivatives

The firm primarily transacts in credit index CDS executed on Bloomberg SEF. In that market, price, costs, and counterparty risk are the most significant factors.

Close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders

The firm does not have any close links, common ownerships, or similar relationships with venues used to execute orders for its client. In some cases, the firm or its client may have multiple relationships with counterparties with whom transactions are

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executed. Counterparties to transactions or their affiliates may, for example, provide repo or similar financing to funds or accounts managed by the firm's client, Ellington Management Group, L.L.C. In some cases, counterparties may provide other kinds of services to the firm's client, including capital introduction services. Capital introduction is a service designed to introduce fund managers to potential investors, typically through individual meetings in a conference format. Although capital introduction is customarily offered as a free service, various conflicts of interest can be presented by such arrangements.

Specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received

The firm does not have any such specific arrangements with execution venues.

Factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred

The list of venues on which or counterparties with which the firm may execute transactions is subject to the review and approval processes of its client, Ellington Management Group, L.L.C.

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

Order execution does not differ according to client categorisation. The firm has a sole client, its U.S. affiliate, Ellington Management Group, L.L.C., and has no retail clients.

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

The firm has a sole client, its U.S. affiliate, Ellington Management Group, L.L.C., and has no retail clients.

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

The firm primarily transacts in the over-the-counter or OTC market with counterparties acting on a principal or riskless principal basis. In many cases, a given instrument may be available in limited quantity and may only be available from a single counterparty, and bonds may be sold through an auction or similar process. Given the idiosyncratic nature of many of the bonds, their limited supply, and the relative infrequency with which many individual bonds may trade, we believe published data has limited utility as a

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measure of execution quality in the primary market in which the firm transacts.

Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider

Not applicable. The firm primarily executes in the over-the-counter or OTC market. No consolidated tape is believed to be relevant to measure of execution quality in the primary market in which the firm transacts.