

KKR Credit Advisors (EMEA) LLP

Regulation 2017/576 (RTS 28) Disclosure

2018

KKR Credit Advisors (EMEA) LLP

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Registered Office as above. Registered in England and Wales No. OC380164, Authorised and regulated by the Financial Conduct Authority

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KKR Credit Advisors (EMEA) LLP (“KCA EMEA LLP” or “the Firm”) is a sub-advisor to various KKR affiliates and is the primary KKR entity executing financial instruments within Europe. KCA EMEA LLP executes trades that have been passed to it by the discretionary portfolio managers at various KKR affiliates. KKR Credit Advisors (UK) LLP (“KCA UK LLP”) performed a similar role for the KKR group prior to KCA EMEA LLP undertaking trading activity for KKR Credit Advisors (Ireland) Unlimited Company (“KKR CAI”) and other KKR affiliates. Responsibility for European trading activity transferred from KCA UK LLP to KCA EMEA LLP in September 2017. KCA UK LLP no longer performs regulated activities and has ceased being regulated by the FCA.

The Firm closely monitors the execution of trades, including the relevance of various execution factors. The most common execution factor for bond trades is price – this is consistent with the Firm’s expectations for liquid traded instruments and in accordance with the Firm’s Best Execution policy. The second most common execution factor is availability of the instrument in the market. This is consistent with our expectations and policy. Not all bonds are traded in a liquid manner and therefore, in accordance with the Firm’s Best Execution policy, the Firm may execute trades with a counterparty when alternative counterparty prices are not available. The Firm tracks execution factors for all trades and reviews these factors on a frequent basis. During the course of 2017 the Firm has observed that the execution factors are consistent with its Best Execution policy.

The Firm has no close links to any of the counterparties that it engages with. The Firm does not receive or make any payments, discounts or rebates, or receive any non-monetary benefits from, these parties. The costs of operating the relationship are borne by the management companies.

The Firm participates in the annual review of the KKR approved counterparty list to ensure that the approved counterparty list is reflective of commercial and regulatory expectations for the underlying clients. During 2017 KCA EMEA LLP participated in the broad review of the counterparty list to ensure that all approved counterparties were in a position to facilitate the effective discharge of our regulatory responsibilities. Following this review the Firm has selectively approved counterparties for the purchase/sale of certain financial instruments in reflection of the MiFID 2 requirements. The Firm is also actively considering using new trading counterparties and mechanisms, to ensure that it can obtain the best possible outcome for its clients.

All of the Firm’s clients are categorised as professional under MiFID. There are no clients classified as retail or eligible clients. All professional clients are treated the same with respect to the execution and allocation of trades.

The following table shows the proportion of volume traded and proportion of orders executed for bonds traded by the Firm. The Firm traded did not trade an average of more than one equity trade per business day during 2017. In order to ensure that the information it publishes is meaningful and representative the Firm does not provide information on this asset class in the tables below.

The Firm does not consider the classification of orders as “passive”, “aggressive” or “directed” to be relevant to its OTC bond trading activity. The relevant columns in the table below are therefore left blank.

Class of Instrument	Bonds				
Notification if <1 average trade per business day in the previous year	N				
Top 5 venues ranked in terms of volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
JP Morgan Securities plc (LEI: K6Q0W1PS1L1O4IQL9C32)	10%	14%	-	-	-
Citigroup Global Markets Limited (LEI: XKZZ2JZF41MRHTR1V493)	13%	14%	-	-	-
Morgan Stanley & Co. International (LEI: 4PQUHN3JPFGFNF3BB653)	8%	12%	-	-	-
Goldman Sachs International (LEI: W22LROWP2IHZNBB6K528)	8%	11%	-	-	-
Deutsche Bank AG (LEI: 7LTFWFZYICNSX8D621K86)	31%	9%	-	-	-