

## **POLICY FOR BEST EXECUTION OF ORDERS**

Governing the relations between Banque de Patrimoines Privés S.A. (hereinafter the “Bank”) and its clients.

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The Policy for Best Execution of Orders sets for the various ways of executing the orders from clients of the Bank, according to the type of financial instrument and based on the factors of pre-selected choices aimed at determining the place of performance to allow the client to obtain the best possible result in the execution of his order.

The Bank shall take all reasonable steps to obtain, during the execution of its clients' orders, the best possible result taking into account price, costs, speed, likelihood of execution and settlement, size, the nature of the order or any other considerations relating to the execution of the order.

The Policy for Best Execution of Orders shall apply to all the clients of the Bank, whatever their classification, excepting – unless there be a special request – eligible counterparties and provided that the service provided by the Bank involves a financial instrument referenced by the Bank in accordance with the General Conditions of the Bank.

### 1. Orders concerned

The orders guaranteed by the Policy for Best Execution of Orders must involve financial instruments referenced by the Bank in accordance with the General Conditions of the Bank.

Specific orders from a client concerning all or part of an order shall not be guaranteed by the Policy for Best Execution of Orders and will be executed, subject to acceptance by the Bank, according to the client's specific instructions.

### 2. Operational processing of the client's order

On receiving an order, the Bank shall strive to execute the said order on the most relevant market as regards the criteria for best execution.

The Bank is able to handle the following orders:

“Limit” rates: the client in the position of buyer or seller specifies to the Bank the price above or below which he wishes his order to be executed or not

“Market” rates: the client wishes his order to be executed at the market price, whatever it may be, when his order is presented on the market. The client is informed that the process of verifying his order and its availability, as well as internal procedures of the Bank and / or the use of intermediaries, do not allow real-time execution of his order, so that the order may

be executed at a market price that is different from the price which may be known to the client when transmitting his order to the Bank.

Good-Til-Cancelled (GTC): Orders where the client wishes to maintain its order in the market until it is completed or cancelled, without having specific considerations over the price to be achieved.

If there is a lack of liquidity on a market in order to meet an entire order, the Bank will send the order to the market deemed to be the most liquid.

When the Bank executes clients' orders over the counter (OTC transactions) outside regulated markets and multilateral trading facilities, the Bank must obtain the client's express consent.

The client is informed that the Bank may group clients' orders, provided this grouping of orders is not detrimental to all the clients whose orders have been grouped.

In cases in which the grouped order is partially executed, the Bank will distribute the amount executed equitably, in the order of receipt of the clients' orders.

Criteria for the selection of places of execution:

- a) Orders on listed financial instruments

The Bank partially executes clients' orders in practice in the following cases:

- i) For specific client's instructions;
- ii) For the Bank's decision, considering that the order's partial execution is most profitable;
- iii) For market reasons, such as illiquid assets or unavailable markets.

The Bank will trade the financial instruments listed on a regulated market or a Multilateral Trading Facility (MTF) according to the market offering the most liquidity or the highest volume of identical financial instruments traded.

The Bank may have recourse to the services of one or more dealers it has selected in order to obtain the best possible result for the execution of the order in question.

- b) Orders for unlisted financial instruments

Unlisted financial instruments will be traded on the market by agreement with a chosen counterparty such as a broker, an issuer or a transfer agent.

In cases where the financial instruments are relatively illiquid, the Bank shall be entitled to refuse a client's order. The client can then entrust the Bank with a specific instruction that is not guaranteed by the Policy for Best Execution of Orders.

### 3. Selection of intermediaries (brokers) and execution venues

Places of execution of orders may be the following: (i) regulated markets; (ii) a Multilateral Trading Facility (MTF) or (iii) an internaliser giving systematic consideration.

When the Bank transmits orders from clients, the Bank must adopt adequate measures in order to obtain the best possible result, considering the following factors:

- Price – the price at which a financial instrument is executed;
- Liquidity – skill to quickly execute transactions with no significant impact on the market;
- Execution costs for the client – including implicit costs such as eventual market impacts, explicit external costs, fees and commissions, etc;
- Speed of execution – the time that takes the execution of the client’s transaction;
- Likelihood and depth of the execution and settlement – the likelihood that the Bank can complete the client’s transaction, assessment of the depth of the market’s order portfolio;
- Order size – client’s order size to be executed vs market depth and how can this affect the execution price;
- Type of order – nature of the transaction

Regarding retail clients, the Bank will determine the best result in terms of total compensation, composed by the financial instrument price and the costs in relation with execution, such as execution and settlement fees and other fees paid to third parties involved in the order execution. The best possible result shall be determined, subject to the availability of liquidity, based on the total cost (price of the financial instrument plus costs related to the execution, namely the fees appertaining to the place of execution, the cost of clearing and settlement and any other fees that may be paid to third parties involved in the execution of the order).

In order to determine the best possible result, if for an order there is more than one venue available, the Bank must assess and compare the results that the client would have obtained in every available execution venue, considering the fees and commissions that the Bank would assume for the order execution at each available trading venue.

As long as price, costs, size, speed and execution likelihood are generally decisive factors for their consideration in order to achieve the best possible result, the total value of the transaction may be affected by others factors that the Bank considers relevant for the order execution. The relative importance of every factor is determined based on the following criteria:

- The characteristics of the client, including their classification;
- The characteristics of the client’s order;
- The characteristics of the financial instruments referred in the order;
- The characteristics of the brokers or trading venues.

Financial Instrument

Relative importance relative to Best Execution factors

Financial Instrument	Relative importance relative to Best Execution factors
<b>Equity</b>	<ul style="list-style-type: none"> <li>▢ Characteristics of the client, including their classification; (10%)</li> <li>▢ Characteristics of the client's order; (40%)</li> <li>▢ Characteristics of the financial instruments referred in the order; (20%)</li> <li>▢ Characteristics of the brokers or trading venues (30%)</li> </ul>
<b>Fixed income</b>	<ul style="list-style-type: none"> <li>▢ Characteristics of the client, including their classification; (10%)</li> <li>▢ Characteristics of the client's order; (30%)</li> <li>▢ Characteristics of the financial instruments referred in the order; (40%)</li> <li>▢ Characteristics of the brokers or trading venues (20%)</li> </ul>
<b>Derivatives</b>	<ul style="list-style-type: none"> <li>▢ Characteristics of the client, including their classification; (10%)</li> <li>▢ Characteristics of the client's order; (40%)</li> <li>▢ Characteristics of the financial instruments referred in the order; (20%)</li> <li>▢ Characteristics of the brokers or trading venues (30%)</li> </ul>
<b>Investment Funds</b>	<ul style="list-style-type: none"> <li>▢ Characteristics of the client, including their classification; (10%)</li> <li>▢ Characteristics of the client's order; (20%)</li> <li>▢ Characteristics of the financial instruments referred in the order (70%)</li> </ul>

#### 4. Controls on selected brokers' execution

The Market Desk & Operations Departments will quarterly develop the following controls regarding the execution of the orders transmitted by the Bank's brokers:

- (i) To monitor and supervise the quality of the execution obtained through the enhancement of the clients' executed transactions accounting and the systems in order to identify potential deficiencies. In this process, the Bank will prudentially review the ponderations and percentages of each factor, which determines the brokers' choice, in order to verify that those are still applicable. To this end, different reports in relation with the execution quality for each type of financial instrument will be analysed.
- (ii) To review, through a random sampling of executed transactions, the process with the objective to check any eventual deficiency.
- (iii) To verify that all documents and confirmations sent by the brokers selected in order to employ them in the drafting of mandatory reports.

Regarding the reception and transmission of orders, the Bank selects and regularly assesses the intermediaries through which sends orders to execution venues on the basis of several pre-selection such as price, access, market, automatic systems of execution or settlement, the execution quality, order tracking, or dividends management.

#### 5. Responsibility of the Bank

Clients' attention is especially drawn to the fact that best execution should be judged overall and not transaction by transaction and that it constitutes only an obligation of means for the Bank.

In compliance with the General Conditions, the Bank may make acceptance of an order from a client conditional upon a special discharge from the Client as per the following:

### **Special Instructions**

It should be noted that in cases when a client gives a specific instruction in relation to the execution of an order (for example the client requests execution of an order on a specific venue), the order will be executed according to these instructions. Notably, a specific instruction as such may or could prevent the Bank from taking all the necessary steps set up in this Policy in order to obtain the best possible result for the client.

The selection of a trade's parameters (such as its price, counterparty, venue, timing and size) by clients who have "direct market access" is considered a specific instruction given to the Bank.

### **6. Annual Reports**

The Bank annually drafts two annual reports with the following content:

- a) the top five brokers to which client orders were routed in the precedent year in trading volumes, for every financial instrument category ("**Top five brokers Annual Report**"); and
- b) a summary of the analysis and conclusions on the monitoring of the execution quality obtained in the trading venues where the clients' orders have been executed during the precedent year, for every financial instrument category ("**Execution Quality Annual Report**").

Regarding the content of the **Top five brokers Annual Report**, it shall exclude information on orders in securities financing transactions (SFTs) and will contain the following information:

- a) class of financial instruments;
- b) broker name and identifier;
- c) volume of client orders transmitted to that broker expressed as a percentage of total executed volume;
- d) number of client orders transmitted to that broker expressed as a percentage of total executed orders;
- e) percentage of the executed orders referred to in point (d) that were passive and aggressive orders;
- f) percentage of orders referred to in point (d) that were directed orders;
- g) confirmation of whether it has executed an average of less than one trade per business day in the previous year in that class of financial instruments.

This Report will include such information distinguishing between the orders issued by clients classified as retail clients and the ones relative to professional clients.

Additionally, the Report must contain the identity of the top five brokers in terms of trading volumes for all executed client orders in SFTs for every class of financial instruments. The publication shall contain the following information:

- a) volume of client orders transmitted to that broker expressed as a percentage of total executed volume;
- b) number of client orders transmitted to that broker expressed as a percentage of total executed orders;
- c) confirmation of whether the Bank has transmitted an average of less than one trade per business day in the previous year in that class of financial instruments.

The format of the Top five brokers Annual Report is established by the Commission Delegated Regulation 2017/576 of 8 June 2016 supplementing MiFID II Directive.

Regarding the **Execution Quality Annual Report** shall include:

- a) an explanation of the relative importance the Bank 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;
- b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;
- c) a description of any specific arrangements with any execution venues 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 listed in the Bank's execution policy, if such a change occurred;
- e) an explanation of how order execution differs according to client categorisation, where the Bank treats categories of clients differently and where it may affect the order execution arrangements;
- 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;
- g) an explanation of how the Bank has used any data or tools relating to the quality of execution;
- h) where applicable, an explanation of how the Bank has used output of a consolidated tape provider established under Article 65 of MiFID II Directive.

The Reports developed in this Section must be published in the Bank's webpage, in a downloadable file for the general public without additional cost and must be annually updated.

The Bank will establish internal proceedings in order to draft this reports and gather all the information received from their brokers when executing clients' orders.

## **7. Modification of the Policy for Best Execution of Orders**

In order to take into account market developments, the Policy for Best Execution of Orders shall be reviewed annually by the Bank and may be amended accordingly. In such a case, the Bank shall communicate the changes to the Policy for Best Execution of Orders to each client, in compliance with the General Conditions of the Bank.

Any material change in the present Policy must be quickly informed to clients in order to obtain again their consent regarding this Policy. To this respect, the following circumstances will be considered as material changes:

- Any internal or external event that may impact on best execution parameters, such as cost, price, speed, execution likelihood, compensation, settlement, size, nature or any other relevant consideration for the order execution;
- Any modification in the ponderations or percentages mentioned in section 4 of this Policy;
- Any change in the brokers selected.

In this absence of objections from the client expressed to the Bank in writing within 30 calendar days following clientthe date of the notification of the changes made to the Policy, clientthe Bank will consider that the client’s consent to the amended policy has been given.

## 8. MiFID Glossary

Eligible counterparties	The following can be considered eligible counterparties; Investment firms, Credit Institutions, Insurance companies, Open-ended investment funds and their management companies, Pension funds and their management companies, Other financial institutions regulated under EU law, Sovereign countries’ governments and their departments.
Execution venue	A regulated market, an MTF, a systematic internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a country situated outside the European Union to the functions performed by any of the foregoing
GTC	Good-til-Cancelled order is an order that exists until the order completed or cancelled
MTF	Multilateral Trading Facility – a multilateral system operated by an investment firm or market operator which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract in accordance with the provisions of Title II of the MiFID
OTC	Over-the-counter transactions which are a two-way dealing in financial instruments outside the regulated market or a MTF.
Professional client	Professional clients are considered to be more experienced, knowledgeable and sophisticated investors and are therefore able to assess their own risk and are afforded fewer regulatory protections.
Regulated Market	A multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorized and functions regularly and in accordance with the provisions of Title III of the MiFID.



Retail client	Retail clients are typically individuals that are less experienced investors and are afforded the most regulatory protection
Systematic Internaliser	An investment firm which, on an organized, frequent and systematic basis, deals on own account by executing client Orders outside a regulated market or an MTF

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