

# Annual Order Execution Quality Report 2020

Date: 30<sup>th</sup> April 2020

## INTRODUCTION

The European Markets in Financial Instruments Directive II (MiFID II) requires BNP Paribas Asset Management UK Limited (BNPP AM UK) to provide annual reporting on the Top 5 Venues on which it executed transactions; and on the quality of that execution.

## SCOPE

BNP Paribas Dealing Services UK Branch was integrated into BNPP AM UK as part of the Global Trading Function (GTF) on 1<sup>st</sup> December 2017. GTF UK provides dealing services for the following entities:

- BNPP AM UK
- BNP Paribas Dealing Services<sup>1</sup>

The Top 5 Venue tables provided by this report also include executions made by GTF in other locations on behalf of UK based portfolio managers. This approach enables to provide more granular information but will be re-assessed next year.

## DISCLOSURES

MiFID II requires BNPP AM UK to provide the following additional information in relation to its trading activities:

- BNPP AM UK is a fully owned subsidiary of BNP Paribas Asset Management (BNPP AM). BNPP AM UK may use the BNP Paribas group's affiliated brokers, who are subject to the same selection and evaluation processes and rules as any third party counterparty;
- We do not have any specific arrangements with any execution venues regarding payments (made or received), discounts, rebates or non-monetary benefits;
- We provide services to professional clients only.

## COUNTERPARTY SELECTION

The list of counterparties used by GTF UK is co-ordinated by BNP Paribas Asset Management (BNPP AM). Selection is broadly based on:

- Ability to provide liquidity in the financial instruments traded;
- Expertise and intelligence in specific markets and financial instruments; and
- Use of technology that can provide value to the execution process.

BNPP AM conducts a quantitative assessment of each counterparty on a quarterly basis, reviewing information such as:

- Trading Cost Analysis (TCA);
- The quality and frequency of axes and indication of interest (IOI); and
- Hit ratios.

Our dealers also provide a qualitative assessment of each counterparty on a quarterly basis, on criteria such as:

- Financial instrument and market coverage;
- Ability to deliver the best service per execution strategy; and
- Quality of daily interactions.

Detailed feedback is then provided with to those counterparties with whom we have consistently traded during the period.

<sup>1</sup> There is a delegation agreement in place between BNPP AM UK and BNP Paribas Dealing Services (BNPP DS) which allows BNPP DS to route orders from other BNPP AM entities for execution by BNPP AM UK.



Since 2019 we shortened our list of counterparties in relation to OTC derivatives, to concentrate on those providing the best access to liquidity and the most efficient process regarding legal documentation.

## MONITORING

We use an external TCA provider to analyse our trading data for equities and forex against market prices and appropriate benchmarks. Deviations from these benchmarks are monitored according to pre-determined thresholds.

In relation to fixed income, we use the TCA service provided by a trading platform that provides benchmarks against which our data is compared.

A central team within BNPP AM manages the TCA process and provides a summary report, highlighting key trends, metrics and findings. GTF UK and BNPP AM UK Compliance also perform independent first and second level best execution controls.

## TOP 5 VENUE AND EXECUTION REPORTS

In order to meet the requirements of MiFID II, BNPP AM UK must provide two sets of Top 5 Venue tables per class of financial instrument. The first in relation to transactions we have executed either directly with a trading venue or counterparty (known as Execution); and the second relating to orders placed with a counterparty, such as a broker, to execute in the market on BNPP AM UK's behalf (known as Reception and Transmission of Orders or RTO).

Where applicable, we have set out both sets of Top 5 Venue tables in this report and included a description of the trading strategies employed by our dealers to ensure they deliver a consistent level of best execution.

In certain circumstances we also use Trading Venues (also known as electronic platforms), such as Bloomberg and FXall, to trade. These platforms facilitate access to counterparties on a request for quote (RFQ) basis, which means we can obtain prices from a number of entities for the same transaction simultaneously.

## PASSIVE AND AGGRESSIVE ORDERS

In the tables below we are required to indicate whether our executions were Passive or Aggressive. A Passive order provides liquidity to the market (i.e. sell order); whereas an Aggressive order takes liquidity from the market (i.e. buy order).

The relevant columns have been populated where we have placed a trade using a counterparties' direct electronic access to a venue, and we have:

1. Specifically directed the trade to a particular venue which has an order book; and
2. Provided or taken liquidity.

## EQUITIES

### SHARES AND DEPOSITARY RECEIPTS

Equities are classified according to their liquidity, there are three categories known as “bands”. As we have traded using both the Execution and RTO methods described above, we are publishing six separate Top 5 Venue tables for these types of equity.

**Table 1 Execution: Equities – Shares and depositary receipts (Tick Size Liquidity Band 1 and 2)**

#### Tick Size liquidity band 1 and 2

Class of Instrument 1 - Equities - Shares & Depositary Receipts											
Notification if <1 average trade per business day in the previous Year Y											
Top 5 Execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume Traded	Volume (€)	Proportion of Orders Executed	Nbr Exec	Nbr Fills	Proportion of Passive Orders	Nbr Passive Orders	Proportion of Aggressive Orders	Nbr Aggressive Orders	Proportion of Directed Orders	Nbr Directed Orders
LIQUIDNET SYSTEMS	95.64%	58,890,919	94.19%	81	720	40.83%	294	35.00%	252	0.00%	0
HSBC CO LTD	3.06%	1,885,259	1.16%	1	1	0.00%	0	0.00%	0	0.00%	0
POSIT MTF (ITGL)	0.81%	495,802	3.49%	3	97	3.09%	3	0.00%	0	0.00%	0
CBOE Europ Equities	0.50%	306,275	1.16%	1	4	0.00%	0	0.00%	0	0.00%	0

**Table 2 Execution: Equities – Shares and depositary receipts (Tick Size Liquidity Band 3 and 4)**

#### Tick Size liquidity band 3 and 4

Class of Instrument 1 - Equities - Shares & Depositary Receipts											
Notification if <1 average trade per business day in the previous Year Y											
Top 5 Execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume Traded	Volume (€)	Proportion of Orders Executed	Nbr Exec	Nbr Fills	Proportion of Passive Orders	Nbr Passive Orders	Proportion of Aggressive Orders	Nbr Aggressive Orders	Proportion of Directed Orders	Nbr Directed Orders
LIQUIDNET SYSTEMS	46.60%	17,706,230	45.45%	25	34	20.59%	7	5.88%	2	0.00%	0
POSIT MTF (ITGL)	23.54%	8,942,422	40.00%	22	368	27.99%	103	24.73%	91	0.00%	0
CBOE Europ Equities	23.12%	8,783,232	7.27%	4	8	0.00%	0	12.50%	1	0.00%	0
CITIGROUP GLOBAL	4.25%	1,615,224	1.82%	1	1	0.00%	0	0.00%	0	0.00%	0
CREDIT SUISSE SEC	1.86%	705,790	1.82%	1	1	0.00%	0	0.00%	0	0.00%	0

**Table 3 Execution: Equities – Shares and depositary receipts (Tick Size Liquidity Band 5 and 6)**

#### Tick Size liquidity band 5 and 6

Class of Instrument 1 - Equities - Shares & Depositary Receipts											
Notification if <1 average trade per business day in the previous Year N											
Top 5 Execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume Traded	Volume (€)	Proportion of Orders Executed	Nbr Exec	Nbr Fills	Proportion of Passive Orders	Nbr Passive Orders	Proportion of Aggressive Orders	Nbr Aggressive Orders	Proportion of Directed Orders	Nbr Directed Orders
CREDIT SUISSE	15.51%	488,306,406	12.35%	435	82,981	38.82%	32,216	13.80%	11,450	0.00%	0
JPMORGAN SECURITIES	13.89%	437,163,853	11.41%	402	81,232	43.26%	35,139	17.10%	13,891	0.00%	0
CITIGROUP GLOBAL	13.28%	417,917,933	18.22%	642	49,683	36.74%	18,253	17.04%	8,467	0.00%	0
BOFA SECURITIES, INC.	9.98%	314,124,196	10.56%	372	39,003	25.64%	10,001	25.42%	9,916	0.00%	0
MORGAN STANLEY & CO.	6.76%	212,876,045	6.22%	219	13,484	23.18%	3,125	19.02%	2,564	0.00%	0

In 2020, the MTF Liquidnet Systems is ranked 1st for 2 of the 3 tick size liquidity bands. This trading platform allows us to match orders within the bid-offer spread, most usually in the middle of the spread, which reduces our trading costs. Furthermore, this MTF offers significant liquidity from both Buy Side and Sell Side firms, and matches interests on an anonymous basis. For all these reasons, we have exposed a large number of our flows to Liquidnet almost 96 % on Tick Size liquidity band 1 & 2, and 46.6% for Tick Size liquidity band 3 & 4.

CBOE who entered in the top five this year, allows us to capture a portion of liquidity that we cannot find necessary in the market. CBOE is a Large In scale platform and we trade only above a minimum size and on a limited scope of markets in Europe.



POSIT remain one of the most used platform by the traders for tracking the liquidity. We have a good access of Small and mid-size stocks with those two platforms.

Some banks has also contributed to the liquidity. We found on the liquidity band 5 & 6 Credit Suisse and JP Morgan; HSBC on liquidity band 1 & 2, and finally Citigroup and Credit Suisse on liquidity band 3 & 4.

Regarding the Passive and Aggressive orders, most of the trading is done with passive strategy, but it's more balanced than the previous year.

**Table 4 RTO: Equities – Shares and depositary receipts (Tick Size Liquidity Band 1 and 2)**

**Tick Size liquidity band 1 and 2**

Class of Instrument 1 - Equities - Shares & Depositary Receipts												
Notification if <1 average trade per business day in the previous Year N												
Top 5 Execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume Traded	Volume (€)	Proportion of Orders Executed	Nbr Exec	Nbr Fills	Proportion of Passive Orders	Nbr Passive Orders	Proportion of Aggressive Orders	Nbr Aggressive Orders	Proportion of Directed Orders	Nbr Directed Orders	
JPMORGAN SECURITIES	21.37%	364,051,952	22.00%	462	72,706	38.13%	27,726	11.31%	8,224	0.00%	0	
CREDIT SUISSE	15.95%	271,750,606	17.71%	372	58,643	37.09%	21,752	11.71%	6,867	0.00%	0	
BOFA SECURITIES, INC.	15.28%	260,364,047	11.76%	247	40,642	39.84%	16,192	25.06%	10,185	0.00%	0	
MORGAN STANLEY & CO.	10.61%	180,752,418	11.57%	243	11,787	25.44%	2,999	15.99%	1,885	0.00%	0	
CITIGROUP GLOBAL	10.26%	174,885,843	17.71%	372	29,828	33.57%	10,012	11.64%	3,472	0.00%	0	

**Table 5 RTO: Equities – Shares and depositary receipts (Tick Size Liquidity Band 3 and 4)**

**Tick Size liquidity band 3 and 4**

Class of Instrument 1 - Equities - Shares & Depositary Receipts												
Notification if <1 average trade per business day in the previous Year N												
Top 5 Execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume Traded	Volume (€)	Proportion of Orders Executed	Nbr Exec	Nbr Fills	Proportion of Passive Orders	Nbr Passive Orders	Proportion of Aggressive Orders	Nbr Aggressive Orders	Proportion of Directed Orders	Nbr Directed Orders	
CITIGROUP GLOBAL	21.91%	65,236,770	7.51%	32	2,255	26.92%	607	2.48%	56	0.00%	0	
CREDIT SUISSE SEC	8.28%	24,658,561	2.35%	10	1,092	68.41%	747	15.20%	166	0.00%	0	
BOFA SECURITIES, INC.	7.91%	23,551,161	3.52%	15	223	30.49%	68	11.21%	25	0.00%	0	
MORGAN STANLEY & CO.	6.65%	19,806,881	0.47%	2	4	0.00%	0	75.00%	3	0.00%	0	
BARCLAYS BANK	6.62%	19,708,255	10.80%	46	4,876	26.93%	1,313	11.51%	561	0.00%	0	

**Table 6 RTO: Equities – Shares and depositary receipts (Tick Size Liquidity Band 5 and 6)**

**Tick Size liquidity band 5 and 6**

Class of Instrument 1 - Equities - Shares & Depositary Receipts												
Notification if <1 average trade per business day in the previous Year N												
Top 5 Execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume Traded	Volume (€)	Proportion of Orders Executed	Nbr Exec	Nbr Fills	Proportion of Passive Orders	Nbr Passive Orders	Proportion of Aggressive Orders	Nbr Aggressive Orders	Proportion of Directed Orders	Nbr Directed Orders	
CREDIT SUISSE	15.51%	488,306,406	12.35%	435	82,981	38.82%	32,216	13.80%	11,450	0.00%	0	
JPMORGAN SECURITIES	13.89%	437,163,853	11.41%	402	81,232	43.26%	35,139	17.10%	13,891	0.00%	0	
CITIGROUP GLOBAL	13.28%	417,917,933	18.22%	642	49,683	36.74%	18,253	17.04%	8,467	0.00%	0	
BOFA SECURITIES, INC.	9.98%	314,124,196	10.56%	372	39,003	25.64%	10,001	25.42%	9,916	0.00%	0	
MORGAN STANLEY & CO.	6.76%	212,876,045	6.22%	219	13,484	23.18%	3,125	19.02%	2,564	0.00%	0	



## SECURITIZED DERIVATIVES – WARRANTS AND CERTIFICATE DERIVATIVES AND OTHER SECURITIED DERIVATIVES

Table 7 RTO: Securitized Derivatives

Class of Instrument		9 - Securitized derivatives										
Notification if <1 average trade per business day in the previous Year		Y										
Top 5 Execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume Traded	Volume (€)	Proportion of Orders Executed	Nbr Exec	Nbr Fills	Proportion of Passive Orders	Nbr Passive Orders	Proportion of Aggressive Orders	Nbr Aggressive Orders	Proportion of Directed Orders	Nbr Directed Orders	
GOLDMAN SACHS	100.00%	7,553,570	100.00%	7	7	0.00%	0	0.00%	0	0.00%	0	

The volume traded in this category is very low and only one counterparty this year was involve with seven executions only.

## CONTRACTS FOR DIFFERENCE

Table 8 Execution: CFD's

CFD trading is executed in RTO mode only and with the prime broker.

Table 9 RTO: CFD's

Class of Instrument		11 - CFD										
Notification if <1 average trade per business day in the previous Year		N										
Top 5 Execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume Traded	Volume (€)	Proportion of Orders Executed	Nbr Exec	Nbr Fills	Proportion of Passive Orders	Nbr Passive Orders	Proportion of Aggressive Orders	Nbr Aggressive Orders	Proportion of Directed Orders	Nbr Directed Orders	
CITIGROUP GLOBAL	47.27%	114,412,387	46.81%	198	23,319	34.06%	7,943	30.26%	7,056	0.00%	0	
CITIGROUP GLOBAL	43.09%	104,294,709	42.32%	179	29,612	49.93%	14,784	4.10%	1,213	0.00%	0	
MORGAN STANLEY & CO.	5.61%	13,570,507	5.44%	23	10,882	0.00%	0	0.00%	0	0.00%	0	
GOLDMAN SACHS	3.74%	9,041,041	4.49%	19	1,741	57.61%	1,003	20.68%	360	0.00%	0	
POSIT MTF (ITGL)	0.11%	255,102	0.24%	1	1	0.00%	0	0.00%	0	0.00%	0	

In 2020 we have traded exclusively with Citigroup.

Volumes has been concentrated on four counterparties especially with Citigroup US and the EU entity, a portion of the trades has been executed with Morgan Stanley and Goldman Sachs. All of this counterparties are prime brokers of the funds.

## EXCHANGE TRADED PRODUCTS – EXCHANGE TRADED FUNDS, EXCHANGE TRADED NOTES AND EXCHANGE TRADED COMMODITIES

Table 10 Execution: Exchange Traded Product

Class of Instrument		12 - Exchange traded products										
Notification if <1 average trade per business day in the previous Year		N										
Top 5 Execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume Traded	Volume (€)	Proportion of Orders Executed	Nbr Exec	Nbr Fills	Proportion of Passive Orders	Nbr Passive Orders	Proportion of Aggressive Orders	Nbr Aggressive Orders	Proportion of Directed Orders	Nbr Directed Orders	
TRADEWEB (TREU)	97.14%	1,930,180,815	98.62%	570	570	0.00%	0	0.00%	0	0.00%	0	
GOLDMAN SACHS	1.12%	22,217,559	0.52%	3	3	0.00%	0	0.00%	0	0.00%	0	
CITIGROUP GLOBAL	0.96%	19,029,688	0.35%	2	2	0.00%	0	0.00%	0	0.00%	0	
FLOW TRADERS B.V.	0.47%	9,329,215	0.35%	2	2	0.00%	0	0.00%	0	0.00%	0	
JANE STREET FINANCIAL	0.31%	6,194,193	0.17%	1	1	0.00%	0	0.00%	0	0.00%	0	

Executions on Exchange Traded Products are generally driven by the price and order size, and then market liquidity and conditions, speed of execution and likelihood of settlement. A small part of the ETP orders are transmitted directly to brokers.



This year traders perform RFQ process to get the best possible results with this platform. To perform its controls for ETF, GTF uses a 'RFQ' report highlighting competing quotes received from counterparties (including justifications when execution prices differ from best quotes of if there have been insufficient number of quotes). Execution quality is regularly reviewed by trading desks (first level controls), Compliance teams (second level controls).

**Table 11 RTO: Exchange Traded Products**

12 - Exchange traded products												
Notification if <1 average trade per business day in the previous Year												
y												
Top 5 Execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume Traded	Volume (€)	Proportion of Orders Executed	Nbr Exec	Nbr Fills	Proportion of Passive Orders	Nbr Passive Orders	Proportion of Aggressive Orders	Nbr Aggressive Orders	Proportion of Directed Orders	Nbr Directed Orders	
FLOW TRADERS B.V.	40.66%	67,138,939	4.72%	10	10	0.00%	0	0.00%	0	0.00%	0	0
CITIGROUP GLOBAL	34.53%	57,013,554	57.55%	122	379	5.28%	20	7.12%	27	0.00%	0	0
MORGAN STANLEY	9.33%	15,400,420	18.87%	40	1,279	33.85%	433	26.51%	339	0.00%	0	0
KEPLER CHEUVREUX	7.10%	11,728,255	15.09%	32	67	2.99%	2	0.00%	0	0.00%	0	0
JANE STREET FINANCIAL	6.85%	11,310,070	0.47%	1	1	0.00%	0	0.00%	0	0.00%	0	0

Executions on Exchange Traded Products are generally driven by the price and order size, and then market liquidity and conditions, speed of execution and likelihood of settlement. On RTO mode, ETP orders are transmitted to brokers. For the RTO mode, we will have only two banks in the top five. The broker dealers has increased their market : Flow Traders is one the top of the list followed by Citigroup and Morgan Stanley, then 2 broker dealers Kepler and Jane Street.

## LISTED DERIVATIVES

### EQUITY DERIVATIVES – OPTIONS AND FUTURES ADMITTED TO TRADING ON A TRADING VENUE

**Table 12 Execution: Equity Derivatives**

8 - Equity derivatives - OTC												
Notification if <1 average trade per business day in the previous Year												
y												
Top 5 Execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume Traded	Volume (€)	Proportion of Orders Executed	Nbr Exec	Nbr Fills	Proportion of Passive Orders	Nbr Passive Orders	Proportion of Aggressive Orders	Nbr Aggressive Orders	Proportion of Directed Orders	Nbr Directed Orders	
J.P. MORGAN AG	45.32%	223,883,481	42.11%	16	16	0.00%	0	0.00%	0	0.00%	0	0
BNP PARIBAS	44.95%	222,091,246	26.32%	10	10	0.00%	0	0.00%	0	0.00%	0	0
SOCIETE GENERALE SA	9.72%	48,000,000	5.26%	2	2	0.00%	0	0.00%	0	0.00%	0	0
CITIGROUP GLOBAL	0.02%	75,176	26.32%	10	10	0.00%	0	0.00%	0	0.00%	0	0

Price is the most important factor and like for the other OTC derivatives, we usually put 3 counterparties in our RFQ in order to obtain the best possible price. In the top 5 you can see a concentration with four banks and the first two banks JP Morgan and BNPP represent almost 90 % of the volume traded.



Table 13 RTO: Equity Derivatives

Class of Instrument 8 - Equity derivatives - Listed												
Notification if <1 average trade per business day in the previous Year N												
Top 5 Execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume Traded	Volume (€)	Proportion of Orders Executed	Nbr Exec	Nbr Fills	Proportion of Passive Orders	Nbr Passive Orders	Proportion of Aggressive Orders	Nbr Aggressive Orders	Proportion of Directed Orders	Nbr Directed Orders	
UBS EUROPE SE	20.29%	555,673,462	13.97%	168	1,959	0.00%	0	0.00%	0	0.00%	0	0
CREDIT SUISSE SEC	16.83%	461,133,059	3.91%	47	107	24.30%	26	0.00%	0	0.00%	0	0
TRADITION SECURITIES	14.40%	394,468,063	6.32%	76	764	19.24%	147	10.99%	84	0.00%	0	0
MORGAN STANLEY & CO.	14.32%	392,359,462	28.01%	337	1,714	0.82%	14	0.12%	2	0.00%	0	0
AUREL BGC	7.95%	217,664,706	1.25%	15	191	3.66%	7	0.00%	0	0.00%	0	0

We mainly trade in equity indices and options, where price is again the key driver. Our dealers aim to identify liquidity pools with a view to approaching at least three counterparties (usually banks) to enter an RFQ process. Counterparties are chosen on the basis of previous performance and market liquidity.

Our dealers will execute with the counterparty which has shown the best price from their selection of market makers.

In 2020, UBS has entered in the top five at the first place followed by Credit Suisse, and Morgan Stanley at the fourth, at the third and fifth places we found two brokers dealers who has been able to compete with banks.

## INTEREST RATE DERIVATIVES – FUTURES AND OPTIONS ADMITTED TO TRADING ON A TRADING VENUE

Table 14 Execution: Interest Rate Derivatives - Listed

Class of Instrument 4 - Interest rates Derivatives - Listed												
Notification if <1 average trade per business day in the previous Year N												
Top 5 Execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume Traded	Volume (€)	Proportion of Orders Executed	Nbr Exec	Nbr Fills	Proportion of Passive Orders	Nbr Passive Orders	Proportion of Aggressive Orders	Nbr Aggressive Orders	Proportion of Directed Orders	Nbr Directed Orders	
UBS EUROPE SE	36.36%	3,151,351,021	27.75%	202	380	0.00%	0	0.00%	0	0.00%	0	0
TRADITION SECURITIES	33.94%	2,941,197,927	37.36%	272	424	0.00%	0	0.00%	0	0.00%	0	0
GFI SECURITIES LIMITED	14.75%	1,278,550,006	6.87%	50	76	86.84%	66	0.00%	0	0.00%	0	0
BNP PARIBAS	5.30%	459,648,271	12.50%	91	117	0.00%	0	24.79%	29	0.00%	0	0
SOCIETE GENERALE SA	4.46%	386,326,320	3.30%	24	34	0.00%	0	0.00%	0	0.00%	0	0

Price is the most important execution factor we consider in relation to trading in credit derivatives. In order to complete orders, liquidity can be a factor in relation to less liquid swaps or large in size orders. The market share of UBS and Tradition has increased and GFI is one of the new comer in the top five like Societe Generale, BNPP Paribas has lost some market share but remain in the top 5.



Table 15 Execution: Interest Rate Derivatives - OTC

4 - Interest rates Derivatives - OTC											
Notification if <1 average trade per business day in the previous Year											
Y											
Top 5 Execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume Traded	Volume (€)	Proportion of Orders Executed	Nbr Exec	Nbr Fills	Proportion of Passive Orders	Nbr Passive Orders	Proportion of Aggressive Orders	Nbr Aggressive Orders	Proportion of Directed Orders	Nbr Directed Orders
J.P. MORGAN AG	38.53%	1,397,865,410	33.80%	72	72	0.00%	0	0.00%	0	0.00%	0
GOLDMAN SACHS	29.95%	1,086,548,954	19.72%	42	42	0.00%	0	0.00%	0	0.00%	0
CITIGROUP GLOBAL	10.46%	379,342,689	19.72%	42	42	0.00%	0	0.00%	0	0.00%	0
MORGAN STANLEY	8.36%	303,207,300	7.04%	15	15	0.00%	0	0.00%	0	0.00%	0
BNP PARIBAS	7.98%	289,434,588	14.08%	30	30	0.00%	0	0.00%	0	0.00%	0

We traded over the counter (OTC) swaps and swaptions in this category of financial instrument.

Our dealers focus mainly on price, and request RFQ's from different counterparties depending on where they expect liquidity to be available. In order to complete orders, liquidity can be a factor in relation to less liquid swaps or large in size orders. Cost is also an important factor, as fees need to be incorporated into the overall execution result. In the top 5 venues, JP Morgan Goldman Sachs and Citigroup remains our top counterparty followed by Morgan Stanley and BNPP Paribas.

As with other OTC products, our list of authorised OTC derivative Counterparts comprises major banks that have satisfied our criteria to protect clients from settlement risk and includes the execution of ISDA/CSA documentation to support Bilateral trading or Clearing agreements. We have adapted our trading architecture so that we are ready to meet modified US and European regulations which require changes to how we clear, trade, report and record eligible derivative contracts.

We have identified and incorporated a specific electronic trading venue for OTC derivatives into our suite of trading applications and we will review our arrangements in this as we do with all other venues.

Table 16 RTO: Interest Rate Derivatives – Listed

4 - Interest rates Derivatives - Listed											
Notification if <1 average trade per business day in the previous Year											
N											
Top 5 Execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume Traded	Volume (€)	Proportion of Orders Executed	Nbr Exec	Nbr Fills	Proportion of Passive Orders	Nbr Passive Orders	Proportion of Aggressive Orders	Nbr Aggressive Orders	Proportion of Directed Orders	Nbr Directed Orders
BNP PARIBAS	45.20%	2,559,429,114	39.39%	423	1,241	24.09%	299	40.13%	498	0.00%	0
SOCIETE GENERALE SA	13.54%	766,506,409	19.18%	206	427	0.00%	0	0.00%	0	0.00%	0
GOLDMAN SACHS & CO.	10.34%	585,392,262	6.61%	71	104	0.00%	0	45.19%	47	0.00%	0
TRADITION SECURITIES	7.53%	426,540,195	14.25%	153	276	0.00%	0	25.00%	69	0.00%	0
JPMORGAN SECURITIES	6.26%	354,288,190	4.84%	52	81	30.86%	25	37.04%	30	0.00%	0

Price is the most important execution factor we consider in relation to trading in credit derivatives. In order to complete orders, liquidity can be a factor in relation to less liquid swaps or large in size orders.

Our top 5 counterparties has slightly evolve in 2020 with Societe Generale who has replaced Deutsche Bank in our 2 best counterparties and BNP Paribas who is standing at the first place in terms of competitive pricing. Followed by Goldman Sachs, Tradition and JP Morgan.

## CREDIT DERIVATIVES – OTHER CREDIT DERIVATIVE



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ASSET MANAGEMENT

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Table 17 Execution: Credit Derivatives

Class of Instrument 5 - Credit derivatives - OTC												
Notification if <1 average trade per business day in the previous Year N												
Top 5 Execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume Traded	Volume (€)	Proportion of Orders Executed	Nbr Exec	Nbr Fills	Proportion of Passive Orders	Nbr Passive Orders	Proportion of Aggressive Orders	Nbr Aggressive Orders	Proportion of Directed Orders	Nbr Directed Orders	
J.P. MORGAN AG	31.58%	868,704,281	27.27%	72	72	0.00%	0	0.00%	0	0.00%	0	0
GOLDMAN SACHS	22.92%	630,263,493	20.83%	55	55	0.00%	0	0.00%	0	0.00%	0	0
MORGAN STANLEY	13.85%	381,001,469	16.67%	44	44	0.00%	0	0.00%	0	0.00%	0	0
BNP PARIBAS	13.83%	380,332,121	12.12%	32	32	0.00%	0	0.00%	0	0.00%	0	0
CITIGROUP GLOBAL	9.27%	255,085,111	14.77%	39	39	0.00%	0	0.00%	0	0.00%	0	0

On Credit derivative OTC, JP Morgan and Goldman Sachs has concentrated more than 50 % of the volume traded, in this category, they were able to provide good prices and some market flow for less liquid swaps and large in size orders.

## FOREIGN EXCHANGE

### CURRENCY DERIVATIVES – SWAPS, FORWARDS, AND OTHER CURRENCY DERIVATIVES

Table 18 Execution: Currency Derivatives – Listed

Class of Instrument 6 - Currency derivatives - Listed												
Notification if <1 average trade per business day in the previous Year Y												
Top 5 Execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume Traded	Volume (€)	Proportion of Orders Executed	Nbr Exec	Nbr Fills	Proportion of Passive Orders	Nbr Passive Orders	Proportion of Aggressive Orders	Nbr Aggressive Orders	Proportion of Directed Orders	Nbr Directed Orders	
TRADITION SECURITIES	39.01%	611,493,030	5.48%	4	12	0.00%	0	0.00%	0	0.00%	0	0
BNP PARIBAS	27.75%	434,929,270	58.90%	43	121	0.00%	0	7.44%	9	0.00%	0	0
AUREL BGC	18.87%	295,805,175	2.74%	2	2	100.00%	2	0.00%	0	0.00%	0	0
SOCIETE GENERALE SA	14.37%	225,214,337	32.88%	24	76	0.00%	0	0.00%	0	0.00%	0	0

Price is the most important factor when executing listed currency derivatives. We usually put 3 counterparties in our RFQ in order to obtain the best possible price. In the top 5 we have traded with two Brokers and two Banks.

Table 19 Execution: Currency Derivatives – OTC

Class of Instrument 6 - Currency derivatives - OTC												
Notification if <1 average trade per business day in the previous Year N												
Top 5 Execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume Traded	Volume (€)	Proportion of Orders Executed	Nbr Exec	Nbr Fills	Proportion of Passive Orders	Nbr Passive Orders	Proportion of Aggressive Orders	Nbr Aggressive Orders	Proportion of Directed Orders	Nbr Directed Orders	
FXALL Multilateral Trading	95.86%	87,142,872,656	98.29%	32,648	32,648	0.00%	0	0.00%	0	0.00%	0	0
CITIGROUP GLOBAL	1.99%	1,808,075,425	0.28%	94	94	0.00%	0	0.00%	0	0.00%	0	0
J.P. MORGAN AG	0.98%	886,992,317	0.09%	30	30	0.00%	0	0.00%	0	0.00%	0	0
GOLDMAN SACHS	0.41%	373,200,689	0.02%	6	6	0.00%	0	0.00%	0	0.00%	0	0
SMBC NIKKO BANK	0.32%	294,941,493	0.73%	243	243	0.00%	0	0.00%	0	0.00%	0	0

We predominantly execute transactions in foreign exchange forwards, swaps, non-deliverable forwards and OTC currency options using an RFQ process. Price is usually the most important factor when we select which counterparty to trade with. For Fixing orders each counterparty has to offer the same price, hence cost is the most important factor. It is a fiduciary responsibility to protect our Clients from FX settlement risk. Our list of authorised Counterparts comprises major banks that have met specific requirements we have set out in terms of acceptable financial strength, proven market share, and price competitiveness. As a result, our list of Counterparts for these financial instruments is purposefully selective. In order to



complete orders, liquidity can be a factor for less liquid currency pairs or where market conditions are challenging. Having pre-arranged credit lines or limits in place can also be a factor in precluding some client orders from trading at the best price provided by the RFQ process. Where we employ algorithms to achieve the best result, counterparties are chosen given the strategy and suitability of the algorithm. In the top 5 venues, we traded the majority of our orders using the trading venue FX ALL (95.86 % of volume traded) When we use electronic trading venues, we are able to ask a greater number of our Counterparties for quotes at the same time and then select the best price.

Using this process is a more efficient way to deliver best execution which explains the high percentage of orders traded using the FX ALL platform (95.86 % of the volume traded in 2020). As a part of our trading framework, we monitor our trading efficiency by employing continuous trade cost analysis (TCA) and by conducting periodic reviews of Counterparties which incorporate hit ratio competitiveness studies

We have done a portion of the volume with counterparty like Citigroup 1.99 % of the volume, JP Morgan less than 1%, Goldman Sachs 0.41 % and SMBC Nikko 0.32%.

**Table 20 RTO: Currency Derivatives – Listed**

Class of Instrument 6 - Currency derivatives - Listed												
Notification if <1 average trade per business day in the previous Year N												
Top 5 Execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume Traded	Volume (€)	Proportion of Orders Executed	Nbr Exec	Nbr Fills	Proportion of Passive Orders	Nbr Passive Orders	Proportion of Aggressive Orders	Nbr Aggressive Orders	Proportion of Directed Orders	Nbr Directed Orders	
SOCIETE GENERALE SA	51.32%	342,806,354	44.34%	141	390	0.00%	0	0.00%	0	0.00%	0	0
BNP PARIBAS	43.31%	289,262,514	51.89%	165	614	30.62%	188	35.99%	221	0.00%	0	0
TRADITION SECURITIES	3.48%	23,230,614	1.89%	6	18	0.00%	0	0.00%	0	0.00%	0	0
UBS EUROPE SE	1.33%	8,905,438	1.26%	4	14	0.00%	0	0.00%	0	0.00%	0	0
HPC	0.56%	3,758,383	0.63%	2	2	0.00%	0	0.00%	0	0.00%	0	0

Price is the most important factor when executing listed currency derivatives. We usually put 3 counterparties in our RFQ in order to obtain the best possible price.

## DEBT INSTRUMENTS

**Table 21 Execution: Bonds**

Class of Instrument 2 - Debt Instruments - Bonds												
Notification if <1 average trade per business day in the previous Year N												
Top 5 Execution venues ranked in terms of trading volumes (descending order)	Proportion of Volume Traded	Volume (€)	Proportion of Orders Executed	Nbr Exec	Nbr Fills	Proportion of Passive Orders	Nbr Passive Orders	Proportion of Aggressive Orders	Nbr Aggressive Orders	Proportion of Directed Orders	Nbr Directed Orders	
Bloomberg Multilateral	29.40%	5,034,302,952	21.51%	2,531	2,531	0.00%	0	0.00%	0	0.00%	0	0
TRADEWEB (TREU)	13.48%	2,307,187,458	17.26%	2,030	2,030	0.00%	0	0.00%	0	0.00%	0	0
J.P. MORGAN AG	5.45%	932,726,799	2.68%	315	315	0.00%	0	0.00%	0	0.00%	0	0
GOLDMAN SACHS	3.08%	527,893,165	2.04%	240	240	0.00%	0	0.00%	0	0.00%	0	0
MARKETAXESS EUROPE	2.99%	512,098,335	7.28%	856	856	0.00%	0	0.00%	0	0.00%	0	0

Trading is conducted following the RFQ process. Price is the most important factor when we select a counterparty. In order to complete orders, liquidity may become the most important factor. This is relevant where the order is of a large size for the market or for the security with limited availability.

We are using predominantly the platforms to trade on Bonds. BMTF is concentrated 29.40% of the volumes and we are using it for Sovereign Bonds, Credit IG/HY and Emerging. We are using also Tradeweb for Sovereign Bonds 13, 48% and Market Axess essentially on IG Credit/HY for Europe and Emerging.



Our Traders have a broad range of eligible Counterparties with which to trade in this classification of delivery versus payment (DVP) instruments.

As our Counterparts capacity to providing competitive prices (liquidity) changes over time, so our Traders will adapt their Counterparty selection and thus we would expect the composition and order of the top 5 venues to also be dynamic.

Our Global Best Execution policy provides Dealers with a framework in terms of selecting an appropriate number of Counterparts given the characteristics of the order and a requirement to document a reason on our audit trail which justifies executions where less than 3 quotes have been recorded.

This is particularly relevant in parts of the market where specific bonds have reached a point in their maturity so that they are no longer widely quoted or traded. Our Traders have access to trading tool which consolidates and sorts Counterparty bond axes in real time. The tool identifies axed Banks or Brokers which can be incorporated into Counterparty selection for any given trade, providing the Trader with the opportunity to negotiate a better execution price.

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