

# Execution venues

annual report 2017

30 april 2018

## Context

The present document constitutes the annual Top 5 execution venues report of Banque Degroof Petercam Luxembourg SA (hereafter the “Bank”), in line with the MiFID II regulatory framework.

As such, it provides detailed information complementing the policy of the Bank for the execution of orders in financial instruments. It aims at providing investors with an accurate understanding of the practical aspects of order execution performed by or through the Bank. To that end, the present report analyses transactions executed for clients categorised as retail or professional under MiFID II, across all asset classes.

### INTERPRETATION OF THE PROVIDED INFORMATION

The information provided in the present document encompasses the period between 1.01.2017 and 31.12.2017.

The present report follows the template provided by the regulator (Regulatory Technical Standards (RTS) 28), detailing the top five execution venues and intermediaries in terms of transaction volume by asset class, by client category.

Transaction data are provided by client category (retail or professional), providing a split of the total volume across the top five execution venues and top five intermediaries (such as brokers). Data are additive by client category: the total volume of client transactions by asset class and by client category is ventilated between execution and routing & transmission).

Due to the entry into force of MiFID II at the beginning of 2018, some information required by law cannot be provided for the year 2017, as explicitly endorsed by the ESMA (please refer to ESMA Q&A On MiFID II and MiFIR investor protection and intermediaries topics, section on best execution, question 6, for additional information on that temporary exception).

## Table of contents

Context	2
Table of contents	3
Analysis of execution facts	4
Equity – Shares & Depositary Receipts	5
Retail clients	
Professional clients	
Debt instruments – Bonds & Money market instruments	6
All clients	
Equity derivatives	6
Retail clients	
Professional clients	
Comments specific to exchange-traded products activities	
Exchange-traded products (funds, notes & commodities)	7
Retail clients	
Professional clients	
Currency derivatives	8
Retail clients	
Comments specific to exchange-traded products activities	

## Analysis of execution facts

For all asset classes, whatever the client category under MiFID (retail or professional client), the Bank ensures quality of execution in line with best market practices and its order execution policy.

The present section details general elements encompassing all asset classes, complemented with specific items in the further sections dedicated to these distinct asset classes.

### RELATIVE IMPORTANCE OF EXECUTION FACTORS

As described in its execution policy, the Bank determines the criteria it deems most appropriate to consider and prioritize in the execution of any transaction. This encompasses:

- the price,
- all implicit or explicit costs,
- the speed and likelihood of execution and settlement,
- the size and nature of the order and
- any other parameters that may impact the quality or total cost of execution.

The Bank interprets the above criteria giving full consideration to:

- characteristics and MiFID classification of the client;
- characteristics of the order;
- characteristics of financial instruments that are the subject of that order; and
- characteristics of the execution venues to which that order can be directed.

### POTENTIAL CONFLICTS OF INTEREST IN SELECTION OF VENUES

Bank Degroof Petercam Luxembourg SA (herein after the "Bank") decides to transmit most of clients's equity (and ETF) orders to Bank Degroof Petrcam SA (located in Belgium) for execution. This entity is the Bank's parent company which has been appointed as the Degroof Petercam Group competence center in equity executions. Therefore it provides all necessary information to Banque Degroof Petercam Luxembourg SA to ensure the Best Execution has been obtained.

The Bank and Bank Degroof Petercam SA hold neither stake nor interest in any other venues of broker they may rely on to execute transactions on behalf of clients.

### RATIONALE UNDERLYING CHANGES IN SELECTED VENUES

All venues and counterparties the Bank may rely on for execution of orders are subject to a formal annual review by the Degroof Petercam Group's Broker Committee, as detailed in the order execution policy of the Bank. The selection of brokers as intermediaries is subject to validation by the Bank's Compliance and Risk Management for many aspects including legal review and counterparty risk. Bank Degroof Petercam SA also conducts a validation in respect of brokers and intermediaries it selects.

No changes were recorded in 2017 to the selected venues and counterparties.

### MONETARY AND NON-MONETARY ARRANGEMENTS WITH VENUES AND INTERMEDIARIES

For 2017, some non-monetary benefits have been received from a limited number of brokers in the form of investment research, as permitted under the applicable regulatory framework at that time. All such non-monetary benefits have been terminated before year-end to ensure compliance with MiFID II / MiFIR requirements as from January 3rd 2018.

### DIFFERENTIATION IN EXECUTION QUALITY BETWEEN CLIENT CATEGORIES

For retail clients, in accordance with regulatory requirements, the best possible outcome depends on the total consideration, taking into account both the price of the financial instrument and the overall cost of executing the transaction - including any fees paid to third parties involved in the execution of the order.

For professional clients, in accordance with regulatory requirements, the best possible outcome depends on the relative evaluation of the aforementioned criteria depending on the market circumstances.

## DETAILS OF APPLICATION OF TOTAL CONSIDERATION IN PROVIDING BEST EXECUTION TO RETAIL CLIENTS

No other criteria were given precedence over total consideration of costs and price for retail clients, in line with the Bank's policy. No exception was recorded in 2017.

### Equity – Shares & Depositary Receipts

Orders from clients on equity and equity-like instruments in main markets are sent to Bank Degroof Petercam SA which may either execute on the market where it is a member (i.e. Euronext and Luxembourg Stock Exchange markets), or route to third party brokers for instructions where the Bank or Bank Degroof Petercam SA cannot directly execute, all in line with the respective policies regarding execution of orders.

In some emerging markets Banque Degroof Petercam Luxembourg SA routes the orders to external brokers (chosen by the Group Broker Committee) for execution.

#### Retail clients

##### Routing and Transmission of Orders (RTO)

Class of Instrument	Equities - Shares & Depositary Receipts		
Notification if <1 average trade per business day in previous year	N		
Top five brokers 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 direct orders
BANK DEGROOF PETERCAM S.A. (549300NBLHT5Z7ZV1241)	84,62%	95,77%	0,00%
INSTINET EUROPE LIMITED (213800MXAKR2LA1VBM44)	14,16%	1,43%	0,00%
EXANE (969500UP76J52A9OXU27)	1,22%	2,80%	0,00%

#### Professional clients

##### Routing and Transmission of Orders (RTO)

Class of Instrument	Equities - Shares & Depositary Receipts		
Notification if <1 average trade per business day in previous year	N		
Top five brokers 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 direct orders
INSTINET EUROPE LIMITED (213800MXAKR2LA1VBM44)	71,42%	12,40%	0,00%
BANK DEGROOF PETERCAM S.A. (549300NBLHT5Z7ZV1241)	28,53%	87,49%	0,00%
EXANE (969500UP76J52A9OXU27)	0,06%	0,11%	0,00%

## Debt instruments – Bonds & Money market instruments

Most orders from clients on debt instruments are executed through Bloomberg, under the status of an MTF (Multilateral Trading Facilities) since mid-2017, for both retail and professional clients.

### All clients

#### Routing and Transmission of Orders (RTO)

Class of Instrument	Bonds & Money Market Instruments		
Notification if <1 average trade per business day in previous year	N		
Top five brokers 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 direct orders
BARCLAYS BANK PLC (G5GSEF7VJP5I7OUK5573)	9,41%	5,33%	0,00%
CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK (1VUV7VQFKUOQSJ21A208)	9,21%	3,60%	0,00%
DEUTSCHE BANK AG (7LTWFZYICNSX8D621K86)	6,57%	5,68%	0,00%
J.P. MORGAN SECURITIES PLC (K6Q0W1PS1L1O4IQL9C32)	6,05%	2,05%	0,00%
ROYAL BANK OF CANADA (ES7IP3U3RHIGC71XBU11)	6,02%	1,65%	0,00%

## Equity derivatives

The Bank provides investments services in listed equity derivatives, which are executed or transmitted to intermediaries depending on the access the Bank has to the market.

Due to the characteristics of this activity, the Bank only works in volume and provides the below figures in volume and not in number of orders.

### Retail clients

#### Routing and Transmission of Orders (RTO)

Class of Instrument	Equity Derivatives - Futures and options admitted to trading on a trading platform	
Notification if <1 average trade per business day in previous year	N	
Top five brokers ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Percentage of direct orders
J.P. MORGAN SECURITIES PLC (K6Q0W1PS1L1O4IQL9C32)	76,91%	0,00%
BANK DEGROOF PETERCAM S.A. (549300NBLHT5Z7ZV1241)	23,09%	0,00%

## Professional clients

### Routing and Transmission of Orders (RTO)

Class of Instrument	Equity Derivatives - Futures and options admitted to trading on a trading platform	
Notification if <1 average trade per business day in previous year	N	
Top five brokers ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Percentage of direct orders
BANK DEGROOF PETERCAM S.A. (549300NBLHT5Z7ZV1241)	82,74%	0,00%
J.P. MORGAN SECURITIES PLC (K6Q0W1PS1L1O4IQL9C32)	17,26%	0,00%

## Comments specific to exchange-traded products activities

### POTENTIAL CONFLICTS OF INTEREST IN SELECTION OF VENUES

Bank Degroof Petercam Luxembourg SA decides to transmit most of his ETD's orders to Bank Degroof Petrcam Belgium. This entity has been appointed as the Group competence center in ETD's executions. Therefore they provide all necessary information to Banque Degroof Petercam Luxembourg SA to ensure the Best Execution has been obtained.

## Exchange-traded products (funds, notes & commodities)

This category encompasses all exchange-traded funds, notes and commodities. The Bank gets access to venues or brokers via Bank Degroof Petercam Belgium. Venues and intermediaries are selected and reviewed annually at the same time as those used for any other asset class.

## Retail clients

### Routing and Transmission of Orders (RTO)

Class of Instrument	Exchange traded products		
Notification if <1 average trade per business day in previous year	N		
Top five brokers 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 direct orders
BANK DEGROOF PETERCAM S.A. (549300NBLHT5Z7ZV1241)	83,12%	88,78%	0,00%
EXANE (969500UP76J52A9OXU27)	16,88%	11,22%	0,00%

## Professional clients

### Routing and Transmission of Orders (RTO)

Class of Instrument	Exchange traded products		
Notification if <1 average trade per business day in previous year	N		
Top five brokers 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 direct orders
BANK DEGROOF PETERCAM S.A. (549300NBLHT5Z7ZV1241)	99,88%	99,33%	0,00%
EXANE (969500UP76J52A9OXU27)	0,07%	0,40%	0,00%
INSTINET EUROPE LIMITED (213800MXAKR2LA1VBM44)	0,05%	0,27%	0,00%

## Currency derivatives

The Bank makes no difference between order execution criteria for Professional or Retail clients. All figures below therefore aggregate activity for both client categories.

## Retail clients

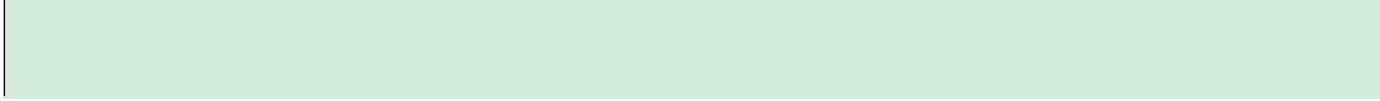
### Routing and Transmission of Orders (RTO)

Class of Instrument	Currency derivatives		
Notification if <1 average trade per business day in previous year	N		
Top five brokers 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 direct orders
SOCIETE GENERALE SA (O2RNE8IBXP4R0TD8PU41)	11,21%	13,65%	0,00%
HSBC BANK PLC (MP6I5ZYZBEU3UXPYFY54)	9,49%	17,11%	0,00%
BNP PARIBAS (R0MUWSFPU8MPRO8K5P83)	9,24%	8,96%	0,00%
COOPERATIEVE RABOBANK UA (DG3RU1DBUFHT4ZF9WN62)	9,12%	3,74%	0,00%
CREDIT AGRICOLE CIB (1VUV7VQFKUOQSJ21A208)	8,64%	7,78%	0,00%

### Comments specific to currency derivatives activities

All currency derivatives transactions are executed with broker counterparties, as displayed in the above table. Note however that about 95% of FX swaps are treated with the specified brokers through Multilateral Trading Facilities (MTF).





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