

Annual report concerning the top five brokers used by BNP Paribas Securities Services, Milan branch in 2020

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BNP PARIBAS

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qui change

Introduction

In conjunction with the implementation of the directive 2014/65/UE of the European Parliament and Council dated May 15th 2014 regarding financial instruments' markets (MIFID II), entities belonging to BNP Paribas must publish once per year information related to the identity of execution platforms and to the execution quality.

To comply with its obligations, BNP Paribas Securities Services, in its quality of operator of services of « receipt and transfer of orders » (hereafter RTO), has the obligation to establish for each category of financial instruments (as defined in MIFID II), the ranking of the five first brokers in terms of volume of transactions through which client orders have been executed during the previous year as well as summary information on the execution quality obtained.

As specified by the regulator, this report is produced on a « Best Effort » basis and leans on the knowledge of BNP Paribas Securities Services concerning year 2020.

This report is available on BNP Paribas Securities Services' website (<https://securities.cib.bnpparibas/regulatory-disclosures-publications/markets-in-financial-instrument-directive-ii-mifid-ii/>).

1. Field of application of the execution quality report

1.1 Scope of activity

This report applies to the activities of BNP Paribas Securities Services concerning:

- Corporate Trust Services (Milan) related to RTO for retail clients
- Clearing, Custody and Settlement (Milan) related to professional clients.

1.2 Financial instrument categories

In 2018, in the framework of its activities, BNP Paribas Securities Services was led to operate on the following categories of financial instruments:

- Financial instruments as defined by MIFID II



1.3 Client types

Orders transiting through BNP Paribas Securities Services come from retail and professional clients.

Please note that in 2020, a high volume of activity is processed by the broker Equita Sim in accordance with our « Best Selection » policy.

1.4 Identity of the top five brokers

In appendix 1 the identity of the top five brokers is revealed in terms of trading volumes on which they have executed client orders by client type and this for each financial instrument liquidity level.

2. Information concerning the execution quality

BNP Paribas Securities Services does not directly execute orders on the market but transfers them to brokers. Therefore, a « Best selection » policy has been defined and its objective is to cover the terms of the selection of its intermediaries.

Thereby, when transmitting orders, BNP Paribas Securities Services ensures that the selected intermediary is bound by an obligation of « Best execution »:

- Either because the intermediary is an entity itself subject to such an obligation and has agreed to consider BNP Paribas Securities as its client, professional or non-professional
- Or because the intermediary legally committed to comply totally or partially with the « Best execution » requirements.

Intermediaries thus selected shall enable BNP Paribas Securities Services to comply with the obligation to obtain the best possible result for its clients.

2.1 Qualitative criteria of selection

Qualitative criteria specified below are a pre-requisite for BNP Paribas Securities Services in selecting its intermediaries:

- Experience
- Reputation
- Financial solvency

2.2 Execution criteria



The intermediaries that meet the qualitative criteria must also be able to implement execution criteria which are listed below. Indeed, BNP Paribas Securities Services considers that, with respect to the scope of the activities concerned (client characteristics, financial instruments and orders executed), these criteria enable it to obtain the best possible result for its clients.

Criteria in decreasing level of importance are:

- Global cost
- Speed and execution reliability
- Probability of execution and settlement
- Size and volume
- Type of order and any other matter regarding the execution of orders.

2.3 Execution platforms

Intermediaries provide the list of the different execution locations that they will have themselves selected, in order to ensure that they do not deprive themselves of the global offer available and to be always in position to obtain, from its intermediaries the best possible result for its clients.

It should be noted that BNP Paribas Securities Services is not closely linked to the execution platforms used. It does not have a conflict of interest with the latter and does not hold a participation. BNP Paribas Securities Services has not concluded any particular agreement with the execution platforms used by the intermediaries, nor discount, rebate or non-monetary benefit.



Appendix 1 - Identity of the five first brokers per client type

■ Non-professional clients

Retail clients		2020			
Notification if < 1 average trade per business day in the previous year		N			
Class of Instrument		Equity - Tick size liquidity band 1 and 2			
Top five Investment firms ranked in terms of trading volumes (descending order)	Proportion of volumes traded as a percentage of total in that class	Proportion of orders traded as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of direct orders
Equita SIM (815600E3E9BFBC8FAA85)	100%	100%	41,50%	58,50%	-
Banca Akros (549300GRXF7D6PNEA68)	0,00%	0,00%	-	-	-

Retail clients		2020			
Notification if < 1 average trade per business day in the previous year		N			
Class of Instrument		Equity - Tick size liquidity band 3 and 4			
Top five Investment firms ranked in terms of trading volumes (descending order)	Proportion of volumes traded as a percentage of total in that class	Proportion of orders traded as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of direct orders
Equita SIM (815600E3E9BFBC8FAA85)	100%	100%	-	100,00%	-
Banca Akros (549300GRXF7D6PNEA68)	0,00%	0,00%	-	-	-

Retail clients		2020			
Notification if < 1 average trade per business day in the previous year		N			
Class of Instrument		Equity - Tick size liquidity band 5 and 6			
Top five Investment firms ranked in terms of trading volumes (descending order)	Proportion of volumes traded as a percentage of total in that class	Proportion of orders traded as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of direct orders
Equita SIM (815600E3E9BFBC8FAA85)	100%	100%	35,79%	64,21%	-
Banca Akros (549300GRXF7D6PNEA68)	0,00%	0,00%	-	-	-



■ Professional clients

Professional clients	2020				
Notification if < 1 average trade per business day in the previous year	Y				
Class of Instrument	Debt instruments*				
Top five Investment firms ranked in terms of trading volumes (descending order)	Proportion of volumes traded as a percentage of total in that class	Proportion of orders traded as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of direct orders
Equita SIM (815600E3E9BFBC8FAA85)	100%	100%			
Banca Akros (549300GRXF7D6PNEA68)	0,00%	0,00%			

*Orders on Debt instruments have been executed OTC. The broker advised that classification of passive/aggressive/direct orders is not applicable.

Professional clients	2020				
Notification if < 1 average trade per business day in the previous year	Y				
Class of Instrument	Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)**				
Top five Investment firms ranked in terms of trading volumes (descending order)	Proportion of volumes traded as a percentage of total in that class	Proportion of orders traded as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of direct orders
Equita SIM (815600E3E9BFBC8FAA85)	100%	100%	39,89%	60,11%	
Banca Akros (549300GRXF7D6PNEA68)	0,00%	0,00%			

**The majority of orders on Exchange Traded Products have been executed OTC. The broker advised that classification of passive/aggressive/direct orders is not applicable.

