

Execution venues - annual report 2017  
**Degroof Petercam Belgium**

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## CONTEXT

The present document constitutes the annual Top 5 execution venues report of Bank Degroof Petercam, 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	5
PROFESSIONAL CLIENTS	6
DEBT INSTRUMENTS – BONDS & MONEY MARKET INSTRUMENTS	7
RETAIL CLIENTS	7
PROFESSIONAL CLIENTS	8
COMMENTS SPECIFIC TO DEBT INSTRUMENTS ACTIVITIES	8
EQUITY DERIVATIVES	9
RETAIL CLIENTS	9
PROFESSIONAL CLIENTS	10
EXCHANGE-TRADED PRODUCTS (FUNDS, NOTES & COMMODITIES)	11
RETAIL CLIENTS	11
PROFESSIONAL CLIENTS	12
CURRENCY DERIVATIVES	13
ALL CLIENTS	13
COMMENTS SPECIFIC TO CURRENCY DERIVATIVES ACTIVITIES	13
OTHER INSTRUMENTS	14
RETAIL CLIENTS	14
PROFESSIONAL CLIENTS	14

## 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 Belgium holds neither stake nor interest in any venue or broker it may rely on to execute transactions on behalf of clients, with a single exception for Debt instruments (see dedicated section for further details). The Bank is however centraliser for execution or routing for several Degroof Petercam group entities.

### 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 3<sup>rd</sup> 2018.

### Rationale underlying changes in selected venues and brokers

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

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

### 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 are either executed on the market where the Bank is a member (i.e. Euronext and Luxembourg Stock Exchange markets), or routed to third party brokers for instructions the Bank cannot directly execute, all in line with the policy of the bank regarding execution of orders.

### RETAIL CLIENTS

#### Execution of orders

Class of Instrument	Equities - Shares & Depository Receipts		
Notification if <1 average trade per business day in previous year	N		
Top five execution venues 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 directed orders
XPAR	54.13%	9.15%	0.00%
XBRU	4.79%	32.21%	0.00%
XAMS	2.27%	6.76%	0.00%
VPXB	0.07%	0.29%	0.00%
XLUX	0.04%	0.67%	0.00%

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

Class of Instrument	Equities - Shares & Depository 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 directed orders
INSTINET EUROPE LIMITED (213800MXAKR2LA1VBM44)	13.33%	22.65%	0.00%
KEPLER CHEUVREUX (9695005EOZG9X8IRJD84)	11.22%	3.15%	0.00%
KCG EUROPE LIMITED (549300346EFUPFCXJT79)	5.18%	6.86%	0.00%
EXANE (969500UP76J52A9OXU27)	4.04%	7.65%	0.00%
SOCIETE GENERALE SA (O2RNE8IBXP4R0TD8PU41)	2.79%	0.02%	0.00%

## PROFESSIONAL CLIENTS

### Execution of orders

Class of Instrument	Equities - Shares & Depository Receipts		
Notification if <1 average trade per business day in previous year	N		
Top five execution venues 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 directed orders
XAMS	2.52%	6.75%	0.00%
XBRU	2.31%	18.23%	0.00%
XPAR	1.18%	8.22%	0.00%
VPXB	0.07%	0.13%	0.00%
XLUX	0.02%	0.34%	0.00%

### Routing and Transmission of Orders (RTO)

Class of Instrument	Equities - Shares & Depository 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 directed orders
INSTINET EUROPE LIMITED (213800MXAKR2LA1VBM44)	31.50%	26.86%	0.00%
EXANE (969500UP76J52A9OXU27)	18.25%	11.18%	0.00%
MORGAN STANLEY & CO. INT PLC (4PQUHN3JPFGFNF3BB653)	8.79%	11.20%	0.00%
MERRILL LYNCH INTERNATIONAL (GGDZP1UYGU9STUHRDP48)	5.20%	1.07%	0.00%
KCG EUROPE LIMITED (549300346EFUPFCXJT79)	4.97%	8.90%	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. This reflects through the different tables below, where Bloomberg as MTF appears for only part of the year.

### RETAIL CLIENTS

#### Execution of orders

Class of Instrument	Bonds & Money Market Instruments		
Notification if <1 average trade per business day in previous year	N		
Top five execution venues 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 directed orders
BMTF	46.42%	49.12%	0.00%
MAEL	1.38%	1.86%	0.00%
XPAR	0.15%	0.68%	0.00%
XBRU	0.10%	0.30%	0.00%
XAMS	0.09%	0.03%	0.00%

#### 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 directed orders
J.P. MORGAN SECURITIES PLC (K6Q0W1PS1L1O4IQL9C32)	13.16%	2.09%	0.00%
ING BANK N.V. (3TK20IVIUJ8J3ZU0QE75)	11.24%	0.44%	0.00%
UBS LIMITED (REYPIEJN7XZHSUI0N355)	2.04%	2.80%	0.00%
BARCLAYS BANK PLC (G5GSEF7VJP5I7OUK5573)	1.81%	1.38%	0.00%
DEUTSCHE BANK AG (7LTFWZYICNSX8D621K86)	1.76%	1.38%	0.00%

## PROFESSIONAL CLIENTS

### Execution of orders

Class of Instrument	Bonds & Money Market Instruments		
Notification if <1 average trade per business day in previous year	N		
Top five execution venues 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 directed orders
BMTF	27.48%	30.85%	0.00%

### 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 directed orders
J.P. MORGAN SECURITIES PLC (K6Q0W1PS1L1O4IQL9C32)	7.76%	5.85%	0.00%
HSBC BANK PLC (MP6I5ZYZBEU3UXPYFY54)	4.80%	4.89%	0.00%
DEUTSCHE BANK AG (7LTFWZYICNSX8D621K86)	4.19%	4.57%	0.00%
UNICREDIT BANK AG (2ZCNRR8UK83OBTEK2170)	4.08%	2.49%	0.00%
MERRILL LYNCH INTERNATIONAL (GGDZP1UYGU9STUHRDP48)	3.75%	3.56%	0.00%

## COMMENTS SPECIFIC TO DEBT INSTRUMENTS ACTIVITIES

### Potential conflicts of interest in selection of venues

As an exception to its standard practices, Bank Degroef Petercam Belgium may in some cases execute orders on debt instruments OTC with its subsidiary Banque Degroef Petercam Luxembourg as counterparty, always in the best interest of the client and exclusively when no other counterparty may offer better conditions.

### Rationale underlying changes in selected venues and brokers

The Bank validated in 2017 the onboarding of a new broker, TPCG, for the needs of the Emerging Bonds expertise on Uruguay and Argentina.



## 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

### Execution of orders

Class of Instrument	Equity derivatives Futures and options admitted to trading on a trading venue	
Notification if <1 average trade per business day in previous year	N	
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Percentage of directed orders
XBRU	12.48%	0.00%
XPAR	9.20%	0.00%
XAMS	8.61%	0.00%

### Routing and Transmission of Orders (RTO)

Class of Instrument	Equity derivatives Futures and options admitted to trading on a trading venue	
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 directed orders
OTCex LLC (549300SFF7YEJGFVDC94)	28.15%	0.00%
J.P. MORGAN SECURITIES PLC (K6Q0W1PS1L1O4IQL9C32)	19.61%	0.00%
BARCLAYS BANK PLC (G5GSEF7VJP5I7OUK5573)	17.06%	0.00%
VANTAGE CAPITAL MARKETS LLP (2138007ZHUXSGBB53N72)	3.39%	0.00%
UBS LIMITED (REYPIEJN7XZHSUI0N355)	1.50%	0.00%

## PROFESSIONAL CLIENTS

### Execution of orders

Class of Instrument	Equity derivatives Futures and options admitted to trading on a trading venue	
Notification if <1 average trade per business day in previous year	N	
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Percentage of directed orders
XPAR	25.12%	0.00%
XAMS	1.27%	0.00%

### Routing and Transmission of Orders (RTO)

Class of Instrument	Equity derivatives Futures and options admitted to trading on a trading venue	
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 directed orders
BARCLAYS BANK PLC (G5GSEF7VJP5I7OUK5573)	34.94%	0.00%
VANTAGE CAPITAL MARKETS LLP (2138007ZHUXSGBB53N72)	31.06%	0.00%
OTCex LLC (549300SFF7YEJGFVDC94)	4.71%	0.00%
J.P. MORGAN SECURITIES PLC (K6Q0W1PS1L1O4IQL9C32)	1.50%	0.00%
SOCIETE GENERALE INT'L LTD (OIKLU6X1B10WK7X42C15)	0.85%	0.00%

## EXCHANGE-TRADED PRODUCTS (FUNDS, NOTES & COMMODITIES)

This category encompasses all exchange-traded funds, notes and commodities. The Bank relies for these asset classes on direct access to venues or brokers, just as for Equities. Venues and intermediaries are selected and reviewed annually at the same time as those used for any other asset class.

## RETAIL CLIENTS

### Execution of orders

Class of Instrument	Exchange traded products		
Notification if <1 average trade per business day in previous year	N		
Top five execution venues 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 directed orders
XPAR	18.38%	13.34%	0.00%
XAMS	6.32%	4.90%	0.00%
XBRU	0.11%	0.25%	0.00%

### 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 directed orders
INSTINET EUROPE LIMITED (213800MXAKR2LA1VBM44)	38.19%	66.02%	0.00%
EXANE (969500UP76J52A9OXU27)	15.59%	6.45%	0.00%
KEPLER CHEUVREUX (9695005EOZG9X8IRJD84)	13.29%	4.65%	0.00%
KCG EUROPE LIMITED (549300346EFUPFCXJT79)	8.12%	4.40%	0.00%

## PROFESSIONAL CLIENTS

### Execution of orders

Class of Instrument	Exchange traded products		
Notification if <1 average trade per business day in previous year	N		
Top five execution venues 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 directed orders
XPAR	10.91%	20.69%	0.00%
XAMS	2.39%	12.45%	0.00%

### 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 directed orders
KCG EUROPE LIMITED (549300346EFUPFCXJT79)	49.65%	28.36%	0.00%
EXANE (969500UP76J52A9OXU27)	18.04%	16.86%	0.00%
INSTINET EUROPE LIMITED (213800MXAKR2LA1VBM44)	15.65%	18.67%	0.00%
MORGAN STANLEY & CO. INT PLC (4PQUHN3JPFGNF3BB653)	3.35%	2.75%	0.00%
KEPLER CHEUVREUX (9695005EOZG9X8IRJD84)	0.01%	0.22%	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.

### ALL 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 directed orders
UBS LIMITED (REYPIEJN7XZHSUI0N355)	70.28%	86.91%	0.00%
KBC BANK NV (6B2PBRV1FCJDMR45RZ53)	20.63%	7.27%	0.00%
ROYAL BANK OF CANADA (ES7IP3U3RHIGC71XBU11)	2.26%	0.76%	0.00%
CREDIT AGRICOLE CIB (1VUV7VQFKUOQSJ21A208)	2.18%	1.27%	0.00%
ROYAL BANK OF SCOTLAND PLC (2138003PI9CYPGNT5G82)	1.82%	0.70%	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).

## OTHER INSTRUMENTS

This category encompasses structured products. The Bank does not execute directly transactions bearing on structured products, and transmits orders to manufacturers of products for which the Bank acts as a distributor. Considering key differences between retail and professional clients, the selected broker may differ from one transaction to the other.

### RETAIL CLIENTS

Class of Instrument	Other instruments - structured 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 directed orders
BNP PARIBAS (R0MUWSFPU8MPRO8K5P83)	39.85%	60.00%	0.00%
CREDIT AGRICOLE SA (969500TJ5KRTCJQWXH05)	30.08%	10.00%	0.00%
SOCIETE GENERALE SA (O2RNE8IBXP4ROTD8PU41)	6.58%	20.00%	0.00%

### PROFESSIONAL CLIENTS

Class of Instrument	Other instruments - structured 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 directed orders
GOLDMAN SACHS INT'L (W22LROWP2IHZNBB6K528)	54.07%	40.91%	0.00%
J.P. MORGAN SECURITIES PLC (K6Q0W1PS1L1O4IQL9C32)	42.24%	13.64%	0.00%
BNP PARIBAS (R0MUWSFPU8MPRO8K5P83)	1.19%	13.64%	0.00%
HSBC BANK PLC (MP6I5ZYBEU3UXPYFY54)	1.10%	9.09%	0.00%
SOCIETE GENERALE SA (O2RNE8IBXP4ROTD8PU41)	0.42%	13.64%	0.00%

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