

A close-up photograph of a pink dahlia flower, showing the intricate layers of its petals. The flower is positioned on the right side of the cover, with its colors ranging from soft pink to deeper magenta. The background is a dark, gradient blue that transitions from a lighter shade at the top to a darker one at the bottom.

# Order execution policy

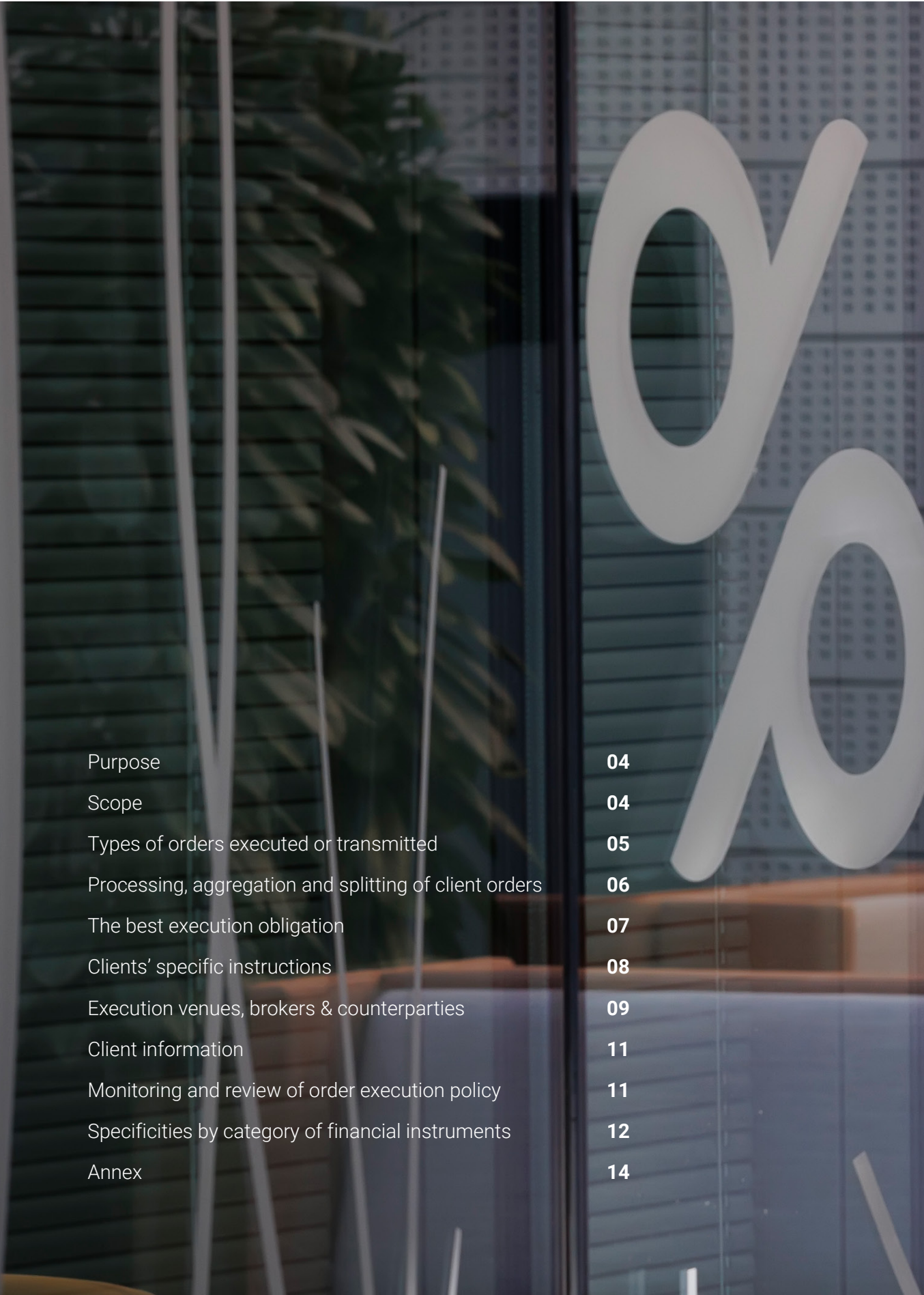
**Banque Degroef Petercam Luxembourg**

Relating to financial instruments

2023

private banking  
asset management  
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## Purpose

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This document describes the Order Execution Policy of Banque Degroof Petercam Luxembourg S.A. (hereafter 'The Bank' or 'BDPL').

The BDPL Order Execution Policy is established in accordance with the European Union Directive 2014/65/EU of 15 May 2014 on markets in financial instruments ('thereafter' MiFID II).

## Scope

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The BDPL Order Execution Policy applies where the Bank:

- Executes client orders;
- Deals on own account with a client; and
- Receives and transmits a client order for execution.

The BDPL Order Execution Policy applies to all financial instruments (including the non-listed financial instruments) defined in the section C of the annex I of MiFID II irrespective of whether they are traded on or outside a trading venue.

The Spot Foreign Exchange or FX Spot are not in the scope of the BDPL Order Execution Policy.

The BDPL Order Execution Policy applies to categories of retail clients and professional clients defined by the annex II of MiFID II. The BDPL Order Execution Policy does not apply where the Bank enters into transactions with eligible counterparties or receives and transmits orders on behalf of eligible counterparties.

## Types of orders executed or transmitted

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The Bank may trade the following types of orders:

- 'Market Order': buy or sale order without price conditions.
- 'Limit Order': buy or sale order with a price condition (maximum buy price or minimum sale price).

In the case of a client limit order relating to shares admitted to trading on an EU trading venue which is not immediately executed under prevailing market conditions, the Bank makes public immediately that client limit order in order to facilitate the earliest possible execution of that order unless the client expressly instructs otherwise.
- 'Stop Order' or 'Stop-Loss Order': buy or sale order which is triggered as soon as the price of the financial instrument reaches a specified threshold ('Stop price'). The price threshold of a buy order is above the current price of the financial instrument. The price threshold of a sale order is below the current price of the financial instrument.
- 'Stop-Limit Order': buy or sale order with a limit price which is triggered as soon the price of the financial instrument reaches a specified threshold ('Stop Price').
- 'Algorithmic Order': order executed via a computer algorithm (TWAP, VWAP, TARGET PARTICIPATION) which automatically determines certain order parameters (e.g. execution frequency). Algorithmic orders are used in particular for large orders in order to minimize their impact on the markets.

# Processing, aggregation and splitting of client orders

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The Bank executes client orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise.

The orders executed on behalf of clients are promptly and accurately recorded and allocated.

The private clients<sup>1</sup> are informed by the Bank about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.

The Bank may aggregate or split client orders before executing them. The aggregation or splitting of client orders may lead to obtaining less favorable conditions than if the orders had been executed separately or together.

However, the client orders will be aggregated or split only if the Bank estimates reasonably that it's unlikely that the aggregation or the splitting of client orders will work overall to the disadvantage of a client.

The aggregated orders of clients are allocated to clients in accordance with a predetermined allocation defined by the Bank.

If an aggregated order is totally executed, each client will receive the requested volume.

If an aggregated order is partially executed, the order will be allocated between the clients on a prorata basis.

<sup>1</sup> No-professional client (retail) as defined by MiFID II.

# The best execution obligation

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Where the Bank executes client orders or transmits client orders to brokers for execution, it takes all sufficient steps to obtain the best possible result for its clients by considering the following best execution criteria:

- The price of the financial instrument;
- The costs related to the order execution;
- The speed of the order execution;
- The likelihood of execution and settlement;
- The size of the order;
- The nature of the order; and
- Any other consideration relevant to the order execution including qualitative criteria (e.g. clearing systems, market impacts etc.)

Where the Bank executes or transmits retail client orders, the best possible result is determined in terms of the total consideration representing the price of the financial instrument and the costs related to the order execution, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the order execution. The other criteria does not have priority on the total consideration for retail clients except if they are decisive to obtain the best possible result.

Where the Bank executes or transmits professional client orders, the best possible result is determined by considering all best execution criteria indicated in the BDPL Order Execution Policy. The choice of the best execution criteria depends on the category of financial instruments and the market circumstances.

The Bank determines the relative importance of each best execution criteria by considering the following factors:

- The characteristics of the client including the categorization of the client as retail or professional;
- The characteristics of the client order ('Market Order', 'Limit Order', 'Stop Order' etc.);
- The characteristics of the financial instrument that is the subject of that order;
- The characteristics of the execution venues to which that order can be directed.

Where the Bank executes a client order or takes decision to deal a financial instrument which is not admitted to trading on execution venues including bespoke products, it verifies the fairness of the price proposed to the client by gathering market data on the price assessment on this financial instrument.

# Clients' specific instructions

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Where a client gives specific instructions on an order (e.g. limit order, choice of a specific execution venue or a broker etc.), the Bank executes or transmits the order in accordance with these specific instructions.

The Bank will be considered as compliant with the best execution obligation when it follows specific instructions from the client relating to the order or some parts of the order.

The best execution obligation will apply only for the parts of the order which are not covered by the specific instructions of the client.



## Execution venues, brokers & counterparties

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The Bank selects the trading venues and brokers it considers most likely to obtain the best execution of its clients' orders. The trading venues and brokers used by the Bank are listed in the annex of the BDPL Order Execution Policy in a non-exhaustive manner for each class of financial instruments.

The Bank may select a single execution venue or a single broker (for example, for a category of financial instruments). In this case, the Bank ensures that the trading venue or the broker selected will allow it to obtain results for its clients which are at least as good as the results that it reasonably could obtain from alternative venues or entities.

The orders are executed:

- On trading venues located in the European Union:
  - A 'regulated market' (RM);
  - A 'multilateral trading facility' (MTF), multilateral system which brings together multiple third-party buying and selling interests in financial instruments in accordance with non-discretionary rules;
  - An 'organized trading facility' (OTF), multilateral system which brings together multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives in accordance with discretionary rules.

- On trading venues located outside the European Union
- With the following counterparties outside a trading venue (OTC transactions<sup>2</sup>):
  - A systematic internalizer (SI), investment firm that deals on own account (as principal) by executing client orders outside a trading venue (OTC transactions) on a frequent, systematic and substantial basis in a financial instrument or a class of financial instruments without operating a multilateral system;
  - A market maker or other liquidity providers;
  - An investment firm that is neither a systematic internalizer nor a liquidity provider.

Where a transaction is executed outside a trading venue, a counterparty risk may arise in the event of settlement default or insolvency of the counterparty. Therefore, the Bank will obtain the prior express consent of its clients before executing a client order outside a trading venue.

The Bank may provide additional information on the consequences of OTC transactions to its clients upon request.

The orders are transmitted to brokers selected by the Bank in accordance with the best execution criteria defined in the BDPL Order Execution Policy.

<sup>2</sup> Over-The-Counter transactions.









## Client information

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The BDPL Order Execution Policy is published on the Bank's website.

For the execution of orders, the Bank makes public for each class of financial instruments on an annual basis the top five execution venues in terms of trading volume where it executed client orders the previous year and a summary on the quality of execution obtained.

For the reception and transmission of orders, the Bank makes public for each class of financial instruments on an annual basis the top five brokers in terms of trading volume where it transmitted client orders the previous year and a summary on the quality of execution obtained.

The Bank publishes this information on its website no later than 30 April following the end of the period to which the report relates.

Upon reasonable request, a client may obtain additional information on the BDPL Order Execution Policy from the Bank.

The client consents to the BDPL Order Execution Policy by accepting the Bank's General Terms.

## Monitoring and review of order execution policy

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The Bank regularly monitors the effectiveness of its Order Execution Policy and, if appropriate, corrects any deficiencies. In particular, the Bank assesses the execution venues and the brokers selected by considering data on the execution quality of transactions carried out by the execution venues and brokers.

The Bank reviews its Order Execution Policy at least on an annual basis and when a material change affects the Bank's ability to obtain the best possible result for its clients.

The Bank considers a change as material when it corresponds to a significant event which could have an impact on the best execution criteria (price, cost, deadline etc.) and lead to a modification of the list of execution venues and brokers selected by the Bank in order to comply with the best execution obligation.

Any material changes relating to the BDPL Order Execution Policy will be published on the Bank's website.

# Specificities by category of financial instruments

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## Shares and exchange traded funds (ETFs)

The Bank transmits its client orders in shares and ETFs to Banque Degroof Petercam (Belgique) for execution.

Banque Degroof Petercam (Belgique) may either:

- Directly execute these orders as market member on the following execution venues:
  - Euronext Bruxelles;
  - Euronext Paris;
  - Euronext Amsterdam;
  - Luxembourg Stock Exchange (LuxSE); or
- transmit the orders to brokers for execution.

Banque Degroof Petercam (Belgique) may also use the Direct Market Access service (DMA service) or use the algorithmic trading service ('Smart Order Routers' or SORs) of its brokers.

## Bonds and money market instruments

The Bank transmits its client orders in bonds and money market instruments to Banque Degroof Petercam (Belgique) for execution.

Banque Degroof Petercam (Belgique) may execute its client orders in bonds either:

- With counterparties via the following MTFs:
  - Bloomberg Multilateral Trading Facilities;
  - MarketAxess Europe;
  - Tradeweb EU; or
- Against its own trading book as principal counterparty.

Banque Degroof Petercam (Belgique) makes a request for quote (RFQ) for a bond with several counterparties in order to offer the best price to the client.

Banque Degroof Petercam (Belgique) transmits client orders in money market instruments to intermediary banks in charge of placing these products.

## Listed derivatives

The listed derivatives are derivatives (futures, options etc.) traded on trading venues.

The Bank transmits its client orders in listed derivatives to Banque Degroof Petercam (Belgique) for execution.

Banque Degroof Petercam (Belgique) processes client orders in listed derivatives:

- By using the Direct Market Access service (DMA service) of its clearing brokers in order to access directly to the network of counterparties; or
- By transmitting client orders to its brokers for execution.

In accordance with the liquidity of derivatives traded, Banque Degroof Petercam (Belgique) may question several brokers or counterparties in order to obtain a better price.

## Unlisted derivatives (OTC derivatives)

The unlisted derivatives are derivatives (futures, options etc.) which are traded over the counter between counterparties.



The Bank executes client orders in unlisted derivatives as principal counterparty and covers the transaction risk with other counterparties (MTF, systematic internalizer, market maker and other liquidity providers).

The Bank is a systematic internalizer for FX forwards since February 2023.

Where the Bank executes client orders in an unlisted derivative, it ensures the fairness of the price offered to the client:

- By comparing with similar or comparable products; or
- By gathering market data to assess its fair price via valuation models.

### **Investment funds**

For investment funds managed by the Degroof Petercam Group, the Bank transmits the orders of subscription and redemption directly to the fund's transfer agent.

For investment funds managed by third party entities, the Bank transmits the orders of subscription and redemption to a processing platform (Vestima – Clearstream - Tressis).

The Bank transmits the orders of subscription and redemption from its clients to the transfer agent or to the processing platform as soon as it receives the orders.

The cut-off time of an investment fund is the time at which the orders of subscription and redemption must be transmitted to the transfer agent in order to execute them at the current Net Asset Value (NAV) of the investment fund.

If the transfer agent receives the order after the cut-off time, the price execution is the next Net Asset Value (NAV).

### **Structured products**

A structured product is a debt security issued by a financial institution whose income is determined on the basis of the performance of underlying assets.

The Bank executes an order in structured products previously selected by the client (and not by the Bank). In other words, the Bank executes client orders in structured products issued by third parties only on specific instructions from a client.

In this case, the Bank contacts the issuer of the structured product in order to execute the order.



# Annex

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## **Annex A**

### **List of execution venues selected by the Bank**

The execution venues used by the Bank are indicated for each category of financial instruments concerned in the section 10. 'Specificities by category of financial instruments'.

## **Annex B**

### **List of brokers selected by the Bank**

#### **Shares (Principal Brokers (2022))**

Virtu  
Instinet  
Morgan Stanley  
Kepler  
Jane Street

#### **Bonds (Principal Brokers (2022))**

BNP Paribas  
Barclays  
Goldman Sachs  
Morgan Stanley  
Nomura

#### **Listed derivatives (Principal Brokers (2022))**

JP Morgan  
Société Générale  
BGC Aurel  
Exane  
BNP Paribas

#### **Unlisted derivatives (Principal Brokers (2022))**

BNP Paribas  
UBS  
HSBC  
Société Générale  
Crédit Agricole



ICBC LONDRES  
ING AMSTERDAM  
JPM CHASE FRANCFORT  
KBC BRUXELLES  
LBBW STUTTGART  
NATIXIS PARIS  
RABO UTRECHT  
RBC LONDRES  
RBS LONDRES  
SANTANDER MADRID  
SOCIETE GENERALE PARIS  
STANDARD CHARTERED LONDRES  
STATE STREET MUNICH  
UBS ZURICH  
UNICREDIT MUNICH  
ZUERCHER KANTONAL BANK ZURICH

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