

# Best Execution and Best Selection Policy

## **1 PREAMBLE**

The best execution or best selection obligation applies when Banque Transatlantique Luxembourg (“the Bank”) is entrusted with the processing of a Client order for a financial instrument, as defined by Directive 2014/65/EU on markets in financial instruments (known as the “MiFID II” Directive) in Section C of the Annex entitled “Financial Instruments.”

This document describes, on the one hand, the Bank’s best selection policy, which is implemented when the Bank does not execute its Clients’ orders directly and instead selects an entity (“selected trader”) to execute the orders with a view to achieving best execution for the Clients.

On the other hand, this document outlines the best execution policy applied when the Bank directly executes a transaction with a selected counterparty (“execution venue”) to deliver the best result for the client.

These policies include, for each major category of financial instruments traded by the Bank, information on the mechanisms through which the Bank transmits for execution or executes its Clients’ orders, as well as the factors influencing the choice of execution venue or trader.

This document also outlines the monitoring framework put in place to ensure the effectiveness of these two policies.

This Best Execution and Best Selection Policy is available on the Bank’s website.

## **2 PROCEDURES FOR HANDLING CLIENT INSTRUCTIONS**

The Bank implements procedures designed to ensure the prompt and fair transmission of a Client’s orders relative to the orders of other Clients. These procedures provide, in particular, that orders are recorded and processed promptly and accurately in the order in which they are received, taking into account market conditions and Client instructions.

In the context of discretionary management, the Bank may aggregate orders to the extent that doing so would yield a better result.

## **3 BEST EXECUTION POLICY**

The Bank implements its best execution policy when processing an order involving

structured products or similar financial instruments.

To this end, the Bank has pre-selected and established agreements with execution platforms. When processing the order, the Bank ensures that the execution platform offers the best result for the Client.

### *Selection of Execution Platforms*

The Bank implements a selection mechanism for execution platforms, which must offer reduced processing costs, security in processing and the transfer of ownership of acquired financial instruments, and ensure a maximum level of liquidity for the traded financial products.

### *Order processing for best execution*

For each order, the Bank implements a process designed to determine which of the selected execution platforms offers the best assurance of a favorable outcome. To do so, the Bank relies on criteria such as the purchase price of the financial instrument (or execution price), the likelihood of order execution and settlement by the counterparty, the size (amount of the purchase or sale), or any other consideration relevant to its execution. More specifically, when the Bank executes an order on behalf of a Retail Client, the best possible result is determined based on the total cost<sup>1</sup>.

Transparency in the price formation process (pre-trade) is of paramount importance in an over-the-counter market to achieve the best execution result. This is why the Bank systematically requests quotes from several execution platforms of its choice that are likely to act as counterparties to the proposed transaction, thereby obtaining appropriate prices.

If an order concerns the secondary market (for example, the resale of a structured product), the Bank also undertakes a process to seek the best possible result. It should be noted that, as a general rule, the Bank requires that all issuers responsible for the issuance and structuring of products commit to underwriting orders in the secondary market.

The Bank nevertheless reserves the right to include only a single execution platform if specific conditions require it and if it can demonstrate that this platform achieves the best possible result. Thus, if a structured product is available for trading on only a single execution platform, the Bank will consider the probability of execution criterion first and foremost and will select that execution platform. Nevertheless, the Bank will strive to obtain reasonable assurance that the proposed price is fair.

When the Bank executes an order outside a regulated market or a multilateral trading facility, Clients are exposed to the counterparty risk of the execution venue

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<sup>1</sup> The total cost is the price of the financial instrument plus the costs associated with execution, which include all expenses incurred by the client directly related to the execution of the order, including venue-specific fees, clearing and settlement fees, and any other fees paid to third parties involved in the execution of the order.

selected. The Client may obtain, upon request, further information regarding the implications of this execution method.

#### **4 BEST EXECUTION POLICY**

As previously indicated, the best execution process applies to orders concerning financial instruments other than structured and similar products and investment funds not traded on a market.

##### *Selection of Execution Venues*

The Bank has established a process for selecting the execution venues responsible for executing orders. The selected execution venues must meet high standards of quality and robustness, and have order execution procedures and mechanisms that align with the objectives set out in the execution policy, particularly regarding the factors and criteria listed below: Price, Cost, Quality of Execution, Quality of Settlement.

##### *Processing of the order for execution by the selected broker*

To route the order to a trader, the bank must analyze each of the criteria listed above and take into account the financial instrument in question, the order size, and the nature of the order to determine which trader will deliver the best result.

To do so, the bank uses the services of an external trading desk, CIC's "CIC Market Solutions," which optimizes the quality of the selection process for a given order.

The service provider CIC Market Solutions has the tools to conduct a comprehensive, objective, and weighted ex-ante assessment of the final execution quality that should be expected from the traders selected by the Bank. Once the best trader has been determined, the Bank's instruction is transmitted to them for execution.

When the Bank selects a trader for an order on behalf of a Retail Client, the best possible result is determined based on total cost<sup>2</sup>.

The execution venue is free to use the execution platforms of its choice to achieve the best result. Thus, it is possible that Client orders transmitted by the Bank to the selected execution venues may *ultimately* be executed outside a regulated market or a multilateral trading facility.

For orders of up to 100,000 euros (or the equivalent amount in another currency) involving a financial instrument that is highly liquid in the markets, the selection process prioritizes speed of execution and therefore favors brokers who are technically integrated with CIC's systems—

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<sup>2</sup> The total cost is the price of the financial instrument plus the costs associated with execution, which include all expenses incurred by the client directly related to the execution of the order, including venue-specific fees, clearing and settlement fees, and any other fees paid to third parties involved in the execution of the order.

Market Solutions.

For amounts exceeding 100,000 euros (or the equivalent in another currency) or if the security's liquidity is deemed insufficient, the order is handled on a dedicated basis by a CIC Market Solutions operator to optimize the best possible result. Speed of execution is no longer necessarily the primary criterion.

## **5 MANAGEMENT OF SPECIFIC CLIENT INSTRUCTIONS**

The Bank makes every effort to meet its Clients' requirements in terms of quality, speed, security, and cost. However, in light of the rules of the relevant markets and under certain market conditions, order execution may be delayed, partial, or impossible, beyond the Bank's control. This is particularly the case when liquidity is insufficient relative to the size of the order, or during a trading halt.

Similarly, if a Client or their representative provides specific instructions regarding the order or a specific aspect of the order (such as the price, the execution venue, or the order type), and if the Bank agrees to process such an order, it will execute it in accordance with the Client's specific instruction(s). As a result, the Bank may find itself in a situation where it can no longer obtain the best possible result, and in such a case, is no longer able to apply the intended execution policy to all or part of the order. However, "best execution" will apply to those aspects of the order not covered by the client's specific instructions. Thus, the best execution policy does not apply to client-directed orders; however, the Bank will be able to provide evidence demonstrating the quality of the order's execution.

## **6 MANAGEMENT OF CONFLICTS OF INTEREST**

The Bank does not receive any payment or non-monetary benefit from third parties in connection with the execution of its orders that would be contrary to Article 24(9) of Directive 2014/65/EU.

Furthermore, the Bank uses one or more entities of Crédit Mutuel Alliance Fédérale, such as CIC Market Solutions, or entities selected as execution venues and/or market makers. To guard against conflicts of interest that might lead to favoring these counterparties at the expense of achieving the best possible result, the Bank's internal control function ensures that a review is conducted, independent of the investment management and client management functions, to verify the fair treatment of counterparties based on the characteristics of the orders and the specific features of the counterparties (for example, verifying that a significant proportion of order transmissions to a Crédit Mutuel Alliance Fédérale entity is duly justified by the Bank).

## **7 INFORMATION ON EXECUTION**

Once the order has been executed, the Bank undertakes to send the Client, or their representative, as soon as possible, a transaction notice containing the details of the executed order in accordance with regulations, including the place and time of execution of the Client's order.

## **8 SYSTEM FOR MONITORING THE QUALITY OF EXECUTION AND SELECTION POLICIES**

The investment department monitors monthly statistical reports and

performance indicators for the best selection processes and ensures the quality of the process.

At least once a year, the execution and selection policies are reviewed by the investment department. If a significant change occurs that affects the Bank's ability to continue consistently achieving the best possible result in the execution of its Clients' orders using the selected execution platforms or brokers, the Bank reserves the right to modify its selection of execution platforms and selected brokers, to terminate relationships with those no longer meeting its selection criteria, and to introduce new execution platforms and brokers.

The list of execution platforms and selected brokers is available in the document *List of Financial Intermediaries* published on the Bank's website.

The Bank's internal control functions have established a regular monitoring system to ensure compliance with these policies. The controls conducted aim to ensure the proper handling of client instructions, verify the performance of best execution and best selection processes (based on regular quantitative reports), demonstrate that fair prices are obtained on over-the-counter transactions (such as structured products, in particular), and validate the quality of information provided to clients.

Finally, the Bank publishes two reports annually on its website: the first report lists the top five execution platforms, and the second report lists the top five selected traders, based on trading volume, financial instrument category, and client type. It also includes, each year, a summary of the analysis and conclusions resulting from the ongoing monitoring of the quality of execution achieved through the execution platforms and selected traders.

## **9 CLIENT'S AGREEMENT TO THE POLICY**

The Client declares that he has read and understands the Bank's current execution and selection policy and that he accepts it.