

Summary of order execution quality in 2024

1 - Preamble

In accordance with European Directive 2014/65/EU, the MIFIR regulation, as well as the various delegated regulations (together "MIFID II") in force since January 3, 2018, Banque Transatlantique Luxembourg (the BTL) annually publishes the list of the top five intermediaries to whom orders on behalf of its customers have been transmitted for execution (made available on the BTL website), and this in terms of volume for each category of customer and financial instrument. BTL also publishes a summary of the analysis and conclusions it draws from monitoring the execution quality of its intermediaries, which is presented below.

2 - Analysis of order execution quality

BTL is not a member of any market or execution platform. Consequently, it does not directly execute its customers' orders. In accordance with its best selection policy, the BTL entrusts the execution of these orders to intermediaries with execution procedures and mechanisms corresponding to the objectives set out in its execution policy. It is important to remember that the BTL has no links or agreements with intermediaries or execution platforms that could generate a conflict of interest or be considered an "advantage". BTL would nevertheless like to point out that it has a strong link with the intermediary/execution platform CIC Market Solutions, which belongs to the same Group as the Bank (Crédit Mutuel Alliance Fédérale). The fact that this entity belongs to the same Group as BTL means that it can benefit from automated order processing chains. In fact, the chain of placing, executing and integrating orders into the information system is now fully automated, and passes through the buy-side trading desk set up by CIC Market Solutions, a Crédit Mutuel Alliance Fédérale entity. As a result, lead times and the risk of error have been reduced, and transaction monitoring made easier.

However, the responsibility for selecting authorized intermediaries for CIC Market Solutions' buy-side trading desk remains with BTL. To this end, the list of intermediaries was reviewed and the number of counterparties reduced, while ensuring that the intermediaries selected provide qualitative coverage of the range of asset classes likely to be traded on behalf of BTL customers. The quantitative and qualitative factors that BTL takes into account when seeking best execution are detailed in its best execution and best selection policy. However, particular importance is attached to the following factors, without necessarily ranking them in order of importance:

- **transaction processing security**: as a general rule, BTL prefers to transmit transactions to counterparties that have implemented automated processing, execution and confirmation procedures, thereby minimizing the risk of error;

- **probability of execution**: BTL has selected intermediaries that provide access to all types of financial instruments traded on behalf of its customers, as well as a broad coverage of regulated markets and

execution platforms for the most liquid instruments, or market makers/counterparties for less liquid instruments or those often traded over-the-counter;

- **speed and price of execution**: these criteria are intrinsically linked and of equal importance, since price is often linked to the speed of acceptance and execution, as well as to the order's impact on the market, which in turn depends, among other things, on the liquidity of the financial instrument;

- **the cost of execution**: the BTL takes into account the cost of executing and settling its orders, given that this cost has an impact on the BTL's expense structure and therefore on the cost ultimately billed to customers. To assess execution quality, BTL uses a variety of internal and external data.

BTL distinguishes between two types of order:

- orders for a maximum amount of 100,000 euros (or equivalent currency value) and relating to a highly liquid financial instrument on the regulated markets. For the latter, the selection process gives priority to speed of execution, and favors intermediaries that are technically integrated with CIC Market Solutions systems (thanks to Direct Market Access). BTL has noted a higher speed of execution as a result of this automation;

- orders for amounts over 100,000 euros (or the equivalent in foreign currency), or for instruments with low liquidity or specific customer instructions. In this case, the order is processed by a dedicated CIC Market Solutions operator to optimize the best possible result. Speed of execution is therefore no longer necessarily the primary criterion. The criteria of probability of execution and settlement-delivery are particularly important in this case.

To date, BTL's analysis of execution quality has revealed no anomalies on the part of CIC Market Solutions (the only intermediary involved in order placement) or the selected intermediaries. CIC Titres is involved in all stages of settlement/delivery of external UCITS transactions. The BTL notes no anomalies on their part. Indeed, the reports available to BTL demonstrate the ability of the various intermediaries selected to execute satisfactorily the entire universe of financial instruments marketed, whatever the geographical area concerned and the market liquidity encountered. It is also important to emphasize that BTL handled all orders on behalf of its customers in the same way, whether they were for professional or retail clients. However, the type of order, and in particular its size and the customer's instructions, may result in different selection and/or execution procedures.

For fixed-income instruments, the BTL transmits orders electronically to the CIC Market Solutions trading desk, which polls the market by putting several authorized counterparties in competition. Execution analysis criteria focus on the ability to find a counterparty to execute the transaction at a price consistent with the price range indicated on Bloomberg. BTL notes that the execution price is always consistent with the indications given by Bloomberg. Furthermore, we attach great importance to the probability of execution, as these instruments can be illiquid. Speed of execution will also be of particular importance. BTL observes that the execution desk provides a satisfactory speed of handling insofar as it has access to several platforms and has expertise in order execution as well as privileged access to liquidity. By definition, the OTC market includes bonds, derivatives and structured products. BTL does not deal in derivatives.

In the case of structured products, the Bank has selected recognized market players capable of offering the coverage in terms of underlyings, quality of execution and monitoring. The Bank is committed to acquiring structured products from a counterparty selected after an invitation to tender and an analysis of the prices obtained. The Bank required the execution platforms (i.e. brokers with

systematic internalizer status in this case) to undertake to insure orders on the secondary market for structured products traded with them.

3 - Conclusion

The various data used by BTL in 2024 to assess the quality of implementation of its best selection/execution policy were diverse and of an internal or independent nature. After analysis by BTL, they enabled us to conclude that the trading desk services provided by CIC Market Solutions and the execution services of the selected intermediaries, as well as the process of selecting execution platforms, enabled us to meet the "best selection / best execution" obligations put forward by BTL.