

**POLICY:  
BEST EXECUTION AND SELECTION OF TRADING VENUES  
AND FINANCIAL INTERMEDIARIES**

APPROVAL		REVIEW	
OWNER	DATE	Version	Review
Board of Directors	15/10/2015	1.0	1.0
Board of Directors	30/01/2017	1.0	2.0
Board of Directors	19/12/2017	2.0	3.0

## CONTENT

1.	INTRODUCTION .....	3
2.	SCOPE OF APPLICATION .....	3
3.	LAWS AND REGULATIONS OF REFERENCE .....	3
4.	SCOPE AND LIMITATION OF ACTIVITIES.....	3
5.	GENERAL PRINCIPLES .....	4
6.	BEST EXECUTION POLICY.....	5
6.1	INTERMEDIARY SERVICES .....	5
6.2	SELECTION OF FINANCIAL INTERMEDIARIES OR EXECUTING AGENT .....	5
6.3	ORDER TYPES AND FINANCIAL INSTRUMENTS.....	6
6.4	PROCESSING OF ORDERS .....	6
6.5	PLACEMENT AND EXECUTION OF ORDERS.....	6
6.5.1	CUSTOMER INSTRUCTIONS .....	7
6.5.2	EXECUTION OF BUNDLED ORDERS.....	7
6.5.3	OWN PORTFOLIO TRANSACTIONS .....	7
6.5.4	FIXED INCOME TRADES WITH COUNTERPARTIES.....	7
6.6	REVIEW OF FINANCIAL INTERMEDIARIES .....	8
7.	INFORMATION REGARDING BEST EXECUTION .....	8
7.1	COMMUNICATION AND ACCEPTANCE OF THE POLICY .....	8
7.2	INCIDENT COMMUNICATION .....	9
7.3	TRANSACTION REPORTING.....	9
7.4	ANNUAL REPORTING .....	9
7.5	CUSTOMER REQUESTS FOR INFORMATION .....	9
8.	OWNER OF THE POLICY.....	9
9.	INTERNAL AUDIT .....	9
10.	REVIEW AND PUBLICATION .....	10
	ANNEXES.....	11

## **1. Introduction**

Fidentiis Equities, S.V., S.A., (henceforth, "Fidentiis Equities"), in compliance with the provisions of the applicable rules and regulations, establishes through this policy (the POLICY), the procedures for best execution of orders and the selection of financial intermediaries and execution venues.

## **2. Scope of Application**

All Board members, Directors and employees of the GROUP are bound to comply with this POLICY and the rules for implementation.

## **3. Laws and Regulations of Reference**

- Directive 2014/65/EC of the European Parliament and of the Council of the 15th May, 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU. (MIFID II)
- Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012, (Level I and Level II) (MIFIR)
- Commission Delegated Regulation (EU) 2017/576 of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution.
- Law on Financial Markets (SPAIN)
- Circular 1/2014 of the 26<sup>th</sup> of February of the National Financial Markets Commission (SPAIN).
- Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

## **4. Scope and limitation of activities**

Fidentiis Equities, as an Investment Firm carries out reception, transmission and execution of customer orders. Fidentiis Equities does not service retail customers.

Fidentiis Equities does not provide investment advice or discretionary portfolio management. As such, Fidentiis Equities is not obliged by rules and regulations on best execution information for these activities.

## 5. General Principles

- Fidentiis Equities will act honestly, fairly and professionally in the best interests of their customers.
- Fidentiis Equities will obtain prior consent from its customers with regards to the POLICY.
- Fidentiis Equities will consider, when executing orders for its customers:
  - The characteristics of the customer order.
  - The characteristics of the financial instrument for which the order is given.
  - The characteristics of the execution venues or intermediaries who may receive the order.
- Fidentiis Equities will, when executing orders for its customers, adopt all reasonable measures to assure best outcomes for those customers.

Best outcomes may not always be defined as being solely the best price, and may refer to other aspects such as, execution costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

- Fidentiis Equities will establish a series of qualitative and quantitative criteria to select Financial Intermediaries through which orders will be processed.
- Exclusively on a customer's specific request, Fidentiis Equities may act on behalf of customers as both buyer and seller on the same transaction and may charge its standard fees or commissions for brokerage.
- Fidentiis Equities will assure resources are available to provide customers with procedures and systems that assure best execution in line with this POLICY.
- Fidentiis Equities will evaluate at least annually, all Financial Intermediaries used for execution of customer orders, in order to verify compliance with the qualitative and quantitative criteria established.
- Fidentiis Equities has no close link with any execution venue used in its brokerage activity.
- Fidentiis Equities receives no monetary or non-monetary benefit or advantage from utilising any Financial Intermediary or execution venue that would be in non-compliance with its Incentives Policy.
- Procedures for complying with laws, regulations and internal rules and procedures, including management of conflicts of interest are fully explained in the Conflict of Interest Policy.
- Fidentiis Equities, with regards to its obligation to Inform, abides by the following principles.

- Inform all potential customers, prior to the undertaking of the service, of the financial intermediaries that may be used, and all costs associated with their use.
- Reply to a reasonable request from customers for information on financial intermediaries and associated costs in a timely manner.
- Make available information related to the quality of execution at execution venues, by financial intermediaries and in financial instruments.
- In reply to a reasonable request from customers, provide any information to prove that an order was received, transmitted and executed in compliance with this POLICY.
- Inform customers of any substantial change to this POLICY.

## **6. Best Execution Policy**

Fidentiis Equities will adopt all necessary measures to obtain the best execution of customer orders. This POLICY defines the strategies to be adopted to achieve this outcome.

Fidentiis Equities is not obligated to achieve the best price in each and every order received from its customers, but it is obligated to apply this POLICY for each and every order received to consistently achieve the best outcome, and to inform all customers of this POLICY prior to placing orders.

This POLICY is established so that all current and future customers may have at their disposal all the necessary information to make informed decisions on their selection of intermediary.

### **6.1 Intermediary Services**

When undertaking intermediary services, Fidentiis Equities may transmit the customer's order to another Financial Intermediary for the order to be executed at an execution venue.

### **6.2 Selection of Financial Intermediaries or Executing Agent**

Intermediaries or Executing Agents are selected based on the following criteria.

- Overall quality of execution (speed, efficiency etc.)
- Quality of execution capabilities on specific sectors or areas.
- Quality of the outcome of trades.
- Economic solvency.
- Reputational solvency.
- Market coverage (Spain, Portugal, Italy, International)

- Full Service Offering (Financial analysis, sales and trading, access to management and back office performance).

Prior to using their services, Fidentiis Equities has reviewed the quality of all its Financial Intermediaries' and Execution Agents' Best Execution Policies, as it does its own, and will review said policies at least once a year.

The Sales Trading Department is responsible for the selection of intermediaries and executing agents. Selection is approved by the Board or CEO.

Execution Venues are selected according to the type of financial instrument included in the customer order.

The Sales Trading Department is responsible for the selection of Execution Venues

### 6.3 Order Types and Financial Instruments

Fidentiis Equities, through its Financial Intermediaries or Execution Agents, identifies order types and the class of financial instruments, so that operations may be best aligned to the customer's interests.

Order types are identified to establish the sequence for execution of orders, based on the order's own criteria, market conditions, products etc. For example, "at market" orders have priority over "limit" or "stop" orders, as these are conditioned orders. "At Market" orders are guaranteed execution, while limit orders guarantee the price when normal market conditions allow.

### 6.4 Processing of Orders

Fidentiis Equities is obliged to place orders in a prompt, timely and fair manner. Orders will be transmitted to the Financial Intermediary for execution in chronological sequence, unless the nature of the order, market conditions, or the need to uphold the customer's best interest deem another sequence necessary.

Fidentiis Equities will communicate any incidents or problems with the order immediately to customers. *See Section 7 of this POLICY.*

### 6.5 Placement and Execution of Orders

Fidentiis Equities places all orders electronically, using Bloomberg SSEOMS.

With prior analysis and evaluation of the type of instrument for which the order is to be placed, Fidentiis Equities has identified the Financial Intermediary or Executing Agent to be used.

#### 6.5.1 Customer Instructions

Any specific instructions for order execution given by customers may put at risk the ability of Fidentiis Equities to abide by the measures designed and implemented through this POLICY.

In the event of receiving specific instructions for an order, Fidentiis Equities will abide with its obligation to ensure best execution for the customer in line with the customer's specific instruction. Fidentiis Equities retains the right to admit these type of orders.

In the context of this POLICY, specific instructions are regarded as those in which the customer provides Fidentiis Equities with instructions on specific Financial Intermediaries, Executing Agents or Execution Venue or the selection of any available alternative.

These instructions will supersede any obligations in this POLICY. Specific instructions are taken in the pretext that the customer waives voluntarily any protection offered in this POLICY and that Fidentiis Equities has undertaken all possible measures to obtain the best outcome for the customer whilst following the specific instructions.

#### 6.5.2 Execution of Bundled Orders

Fidentiis Equities ensures that allocation of orders is done fairly and transparently.

For bundled orders, Fidentiis Equities will apply and respect the principles of fairness and equality, allocating orders on a pro rata basis in the event of partial execution. The rules for allocation of orders is set out in a specific internal policy.

#### 6.5.3 Own Portfolio Transactions

The Compliance Function must approve any order placed for the Fidentiis Equities' own portfolio, having previously verified that the security is not on the restricted security list.

Before accepting any order, the Director of Sales Trading must verify that there are no outstanding orders for that security for any of their customers, except when this may be to the benefit of the customer.

#### 6.5.4 Fixed Income Trades with Counterparties

Fidentiis Equities acts as Prime Broker in fixed income trades and will comply with all legal and regulatory obligations for transparency.

## 6.6 Review of Financial Intermediaries

Fidentiis will continuously monitor Execution Agents and Financial Intermediaries to verify that they still maintain the conditions under which they were selected.

The review process will consider two attributes; firstly, execution efficiency and secondly, financial solvency and reputation.

Fidentiis Equities will annually review financial intermediaries' financial solvency, based on its best professional judgment and analysis of audited financial accounts. Reputational solvency will be continuously monitored through sectorial rankings and publications.

## 7. Information regarding Best Execution

In the context of information regarding best execution, Fidentiis Equities has set out the following measures

### 7.1 Communication and Acceptance of the Policy

Prior to any business relationship, Fidentiis Equities must obtain acceptance of all terms described in this POLICY from its customers. Acceptance and consent may be obtained in a General Services Agreement or Contract, with specific clauses referring to acceptance of this POLICY, or on an order by order basis.

Fidentiis Equities will inform all customers of the most significant aspects of the POLICY. Significant aspects are:

- An explanation of the scoring and ranking system used to evaluate executing agents and financial intermediaries.
- A list of the principle executing agents, intermediaries and execution venues used by Fidentiis Equities.
- A warning of the impact that customer's specific orders may have on this POLICY.

These three aspects along with a synopsis of the objectives of the POLICY will constitute the abbreviated version of the Best Execution Policy.

Any significant change to this POLICY must be communicated to customers through a channel that evidences the reception and acceptance of the new POLICY.



## 7.2 Incident Communication

Incidents regarding orders will be communicated through the following channels:

- Email, telephone, Bloomberg, IB Chat or Bloomberg Message.
- Communications will be made as early as possible after knowledge of the incident, and in real time.

## 7.3 Transaction Reporting

Fidentiis Equities will communicate to the regulator daily, on a d+1 basis, complete and exact information of all trades it has carried out in financial instruments.

## 7.4 Annual Reporting

At least annually, Fidentiis Equities will report with regard to the previous period:

- In terms of volume, the top five financial intermediaries used for each asset class.
- In terms of quality of execution, the top five financial intermediaries used for each asset class.

## 7.5 Customer requests for information

Customers may request from Fidentiis Equities, any reasonable information with regards to the execution of orders or order venues.

Requests must be made through channels established by Fidentiis Equities and that are described in the contractual documentation in force between Fidentiis Equities and the customer.

Any request must be dealt with in a timely manner as set out in this POLICY.

## 8. Owner of the Policy

The Board of Fidentiis Equities is the owner of this POLICY and will approve it on the recommendation of the Compliance Function and in line with applicable laws, rules and regulations. Any modifications must be approved by the Board.

## 9. Internal Audit

Internal Audit, through programmed reviews, is responsible for giving assurance on continued compliance with this POLICY, for reviewing the effectiveness of mechanisms employed for the execution of orders, and assuring that all departments are aware of their responsibilities under the POLICY.

#### **10. Review and Publication**

This POLICY will be reviewed annually, and be communicated and permanently available to all Fidentiis Equities' employees through established channels.

## ANNEXES

### 1. Glossary and Terminology

#### 1.1. Execution

As defined by Article 3 of RTS execution is:

- Reception and transmission of orders related to one or more financial instruments.
- Acting on a customer's order.
- Acting for proprietary or own portfolio trading.
- The taking of an investment decision under a customer's discretionary mandate.
- Transmission of a financial instrument from one account to another.

#### 1.2. Best Execution

In the context of this POLICY and existing legal regulations, best execution is defined as execution when all measures have been taken to assure an optimal outcome for the customer.

#### 1.3. Significant Change

Significant change is any event or fact that changes or modifies the factors for best execution, such as price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order.

#### 1.4. Reasonable Request

Any request for information by a customer regarding the services provided by Fidentiis Equities. This information does not substitute in any case, the obligation to maintain proper records for customers of their trades.

#### 1.5. Timely Manner

Timely manner in relation to a reasonable request for information regarding best execution is considered as being 30 days on receipt of the request. This is considered as being in compliance with established regulations.

#### 1.6. Execution Venue

Execution venue means a regulated market, an MTF, a systematic internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.

#### 1.7. Financial Intermediary or Executing Agent

Authorised firm that receives an order in a market or executing venue and monitors its execution.

#### 1.8. Bundled Order

Bundled orders are understood to be instructions issued by the Fidentiis Equities, to buy or sell simultaneously, any amount of the same security on behalf of a number of different customers.

## 2. Financial Intermediaries Matrix

- AHORRO Y CORPORACION.
- SANTANDER INVESMENT BOLSA.
- SABADELL.
- MORGAN STANLEY.
- MIRABAUD.
- AURIGA.
- BBVA.
- BCP MILLENIUM.
- BI GLOBAL.
- BNP PARIBAS.
- BNP SECURI SERV.
- BPI.
- HAITONG.
- FINCOR.
- BANKINTER SECURITIES
- GPM.
- IBERSECURITIES.
- INTERMONEY.
- INVERSIS BANCO.
- ITG.
- LINK.
- CAIXABANK.
- KEPLER CHEUVREUX
- ICBX