

## **Order Execution Policy (Best Execution Policy)**

**CapitalatWork S.A.**

**CapitalatWork Foyer Group S.A.**

**Update of December 2017**

The policy is made available to the Clients of the CapitalatWork Group through the website. It is applicable and a mandatory reading to all persons working with CapitalatWork S.A. and CapitalatWork Foyer Group S.A.

Reviewed and validated by the Executive Committee of 5 December 2017

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## Introduction

### 1. Legal background

This document is issued pursuant to and in compliance with the EU Directive 2004/39/EC of 21 April 2004 on Markets in Financial Instruments ("MiFID"), the Luxembourg and the Belgian legislation implementing MiFID<sup>1</sup> which apply to the CapitalatWork Companies (hereinafter referred to, together or individually, as "CAW").

This document is intended for the retail and professional clients of CAW and also for internal use by the CAW staff.

### 2. Scope

This document applies to all financial instruments as defined by MiFID and concerns the execution of orders and/or the reception and transmission of orders for the account of retail clients. For the purpose of this Policy, clients benefitting from discretionary asset management services or being private individuals are protected by this Policy as 'retail clients' in the sense of MiFID.

Within CAW, retail clients may be subdivided into two categories: those having their savings deposited at CAW and the other retail clients having deposited their savings elsewhere (CAW acting only as the asset manager). This latter group of clients may also be split into into 2 subcategories, depending on whether CAW acts as a broker or not. When CAW acts only as an asset manager and not as a broker, orders are executed further to the order execution policy and rules of the bank where the client has decided to have an account where his assets are deposited.

Orders on behalf of clients of CapitalatWork S.A., the Belgian subsidiary (including its Dutch Branch) are all executed through CapitalatWork Foyer Group S.A. This Best Execution Policy consequently applies to the same extent to all orders on behalf of clients within the CAW Group.

The Market Desk (part of CapitalatWork Foyer Group S.A.) does not serve professional clients: Units for Collective Investment, group companies and other institutional client are all classified as eligible counterparties which do not benefit from a best execution protection under MiFID. However, the same rules of Best Execution apply to home investment funds, unless the Asset Manager, acting in the best interest of the client, give specific instructions deviating thereof.

<sup>1</sup> The Law of 2 August 2002 and Royal Decree of 3 June 2007 transposing the MiFID rules into Belgian legal order. The Law of 13 July 2007 transposing the MiFID rules into the Luxembourg legal order.

## Approach to Best Execution & preliminary rules

Best execution is the duty for a bank to 'take care' of its investors' interests when doing transactions for their account. CAW will in general take all reasonable steps to obtain timely and globally the best result for the client under the given circumstances, taking into account price, cost, speed, likelihood of execution and settlement, size or any other factor which may be relevant.

CAW owes this Best Execution duty vis-à-vis its clients when performing the following activities:

- The execution of orders on any execution venue
- The reception and transmission of the order to an external broker or dealer on the market.
- The buying and selling of financial instruments on behalf of its clients;

### Preliminary rules

1. As a first rule, CAW executes each client order in such a way so that it takes into account all the specific instructions provided by the client. Without specific instructions, the below best execution rules apply.
2. However, if the order - because of its size and/or because of the poor liquidity of the financial instruments - impacts the market price, CAW will consider this as a so called 'care order'<sup>2</sup>, which will be treated in the best interest of the client and the market. The usual best execution rules will in this specific case not apply.
3. The third rule states that if there are already positions on a specific financial instrument, CAW will serve the client's interests by taking into account the original execution venue and will use the same venues to avoid additional settlement and depositary costs.
4. CAW will have the right of aggregating client orders with orders of other clients, as long as CAW can reasonably assume the aggregation is in the best interest of the client.

In meeting the best execution obligations, CAW makes use of various execution factors such as price, cost, speed of execution, likelihood of execution and settlement of the order etc. Other factors such as the quality of the communication, the easy accessibility, the after sale commitment may also be taken into account.<sup>3</sup>

<sup>2</sup> In the CESR guidelines, this has been referred to as a 'specific order instruction'. N.B. the actual name of CESR is ESMA

<sup>3</sup> CAW makes use of the CESR guidelines as a reference for ensuring compliance with the requirements relating to the Best Execution obligation. Source: CESR/07-320 (May 2007).

## **Execution venues**

The execution venues include regulated markets and MTFs and other venues. CAW may trade through its own direct membership on regulated markets (such as the Euronext Brussels, Paris & Amsterdam stock exchanges, the Luxembourg stock exchange etc. cf. appendix 1) or via external brokers in- and outside regulated markets.

## **Acceptance by CAW clients**

All Clients are deemed to have accepted the present policy and rules by the opening of the account or the signature of an asset management agreement with CAW. These rules are to be considered as part of the general terms and conditions applicable to the business relationship of the Client with CAW.

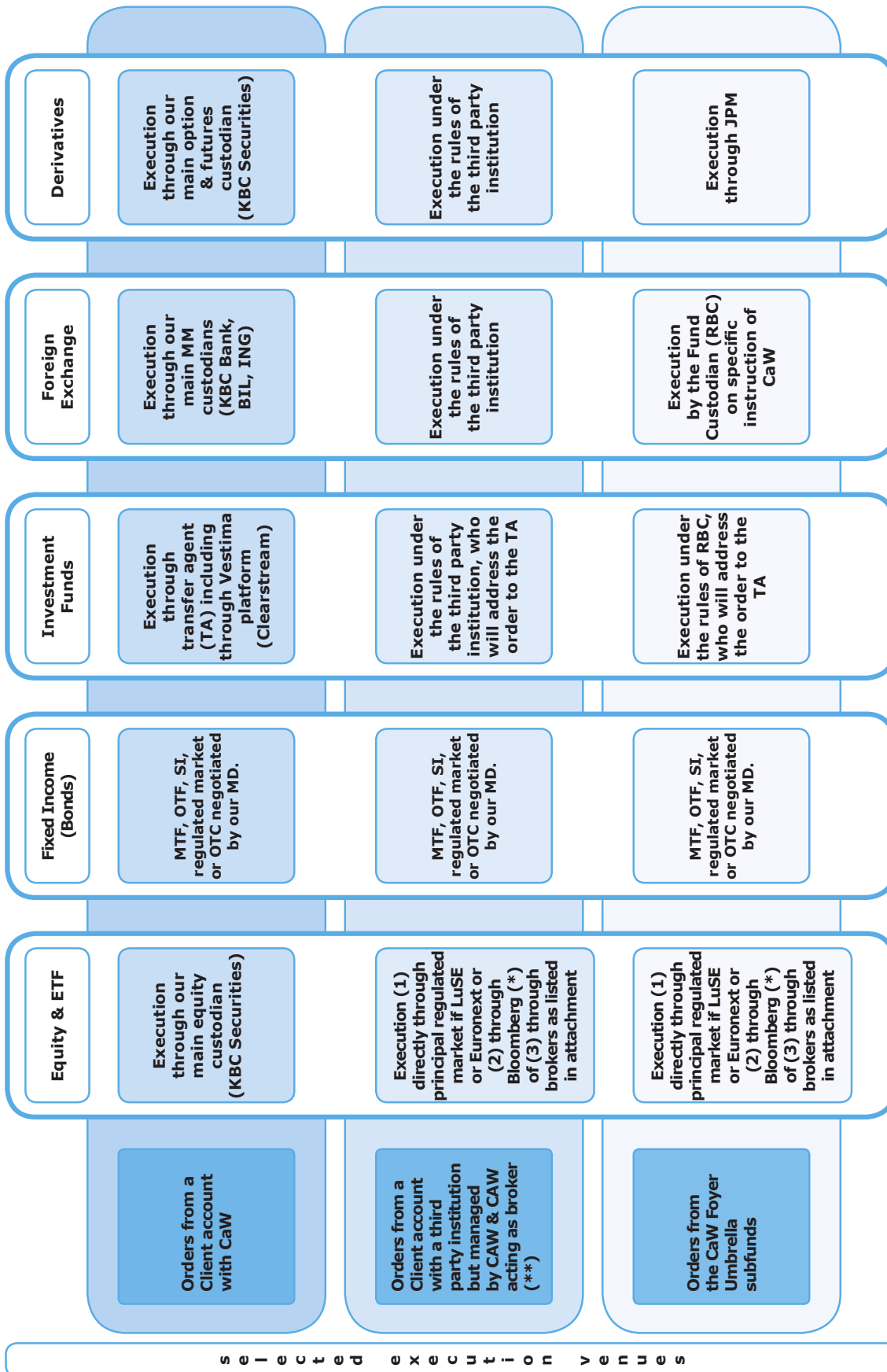
This Policy might be reviewed from time to time. The clients have access to the updated version through the CAW website or can obtain a paper copy of it on simple written request.

Clients have the right of obtaining information about the execution of specific transactions upon simple written request, in order to get evidence that CAW has respected its Best Execution policy.

CAW will keep the information concerning any order during a period of 5 years.

## **Chain of execution & routing of orders**

Taking into account the above mentioned execution factors, CAW has determined the following framework for order execution:



(\*) "through Bloomberg" includes its Execution Management System, a platform or a MTF as listed in attachment, selected in the best interest of the client.  
 (\*\*) When the third party institution acts as broker for the client, the client has to refer to the best execution policy of that institution.

N.B. When the order concerns a specific market (Asia, UK, Ireland...) or is handled in specific situations (workload/urgency) or in a block, it will be executed through brokers listed in attachment, taking into account the price and the cost (among other criteria).

## Appendix I

### A. Execution venues

#### 1) CAW is a direct member of the following regulated markets

- Belgium - Euronext Brussels Stock Exchange
- Netherlands –Euronext Amsterdam Stock Exchange
- Luxembourg - Luxembourg Stock Exchange
- France –Euronext Paris Stock Exchange

#### 2) CAW has also indirect access (through Bloomberg and other execution management systems) to the following regulated markets and MTF's via clearing brokers and established broker relationships)

- Denmark – OMX Copenhagen Exchange
- Finland – OMX Helsinki Exchange
- Germany – Frankfurt Stock Exchange (including Xetra trading platform)
- Italy – Borsa Italiana
- Norway – Oslo Stock Exchange
- Switzerland – SIX Swiss Exchange
- Sweden – OMX Stockholm Exchange
- Canada – Toronto Stock Exchange
- USA – American Stock Exchange
- USA – NASDAQ
- USA – New York Stock Exchange
- ...
- MTF's such as Turquoise, CHI-X, BATS...

#### 3) For options

The Market Desk transfers the order to the custodian.

### B. Custodians

Main Custodians for omnibus accounts, for the time being:

- Equity, ETF, Options & Futures : KBC Securities
- Foreign Exchange instruments: BIL & ING

N.B. For Fixed Income Instruments, the main Custodian is Clearstream

## Appendix II – Definitions and Abbreviations

- **ETF (Exchange Traded Fund):** a UCI that is listed on a regulated market
- **Execution Venue:** means a regulated market, an MTF, a systemic internaliser, 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.

- **Regulated market:** a multilateral system operated and/or managed by a market operator, which brings together or facilitates multiple third party buying and selling interests in financial instruments in a way that results in a contract in respect of the financial instruments admitted to trading under its rules and/or systems and which is authorized and functions regularly and in accordance with the provisions of Title III of the MiFID Directive.
- **MTF (Multilateral Trading Facility):** is a multilateral system, operated by an investment firm or a market operator and which brings together multiple third party buying and selling interests in financial instruments in a way that results in a contract in accordance with the provisions of Title II of the MiFID Directive.
- **S.I. (Systemic Internaliser):** means an investment firm which, on an organised, frequent and systemic basis, deals on own account by executing client orders outside a regulated market, an OTF or an MTF.
- **Financial Instruments:** means those instruments as specified in section C of Annex I of the MiFID Directive.
- **MiFID:** Markets of Financial Instruments Directives (Directive 2004/39/EC & 2006/73/EC) govern the provision of investment services in financial instruments by banks and investment firms and the operation of traditional stock exchanges and alternative trading venues.
- **OTC (Over-the-Counter):** Transactions that are negotiated on a bilateral basis and not on a trading venue.
- **OTF (Organised Trading Facility):** facility or system designed to bring together buying and selling interests or orders related to financial instruments. OTFs were introduced as part of MiFID II and are focused on non-equities.
- **Retail client:** belongs to one of the 3 client categories as defined by MiFID, in opposition to professional clients and eligible counterparties. Retail clients are those clients who benefit from the highest level of protection under MiFID.
- **UCI (Unit for Collective Investment):** an investment vehicle designed for collective investment.

## Appendix III – Main Brokers

[to be reassessed from time to time]

- KBC
- RBC
- JP Morgan
- Exane
- Oddo