

# Best Execution Policy

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## 1 Preamble

The European MiFID Directive, which came into force on 1 November 2007, stipulates that every financial institution must draw up a Best Execution Policy so that its clients can benefit from the best possible conditions upon the execution of a stock market order. 'Best possible conditions' would mean the most advantageous final cost for the private investor.

Leleux Associated Brokers developed a Best Execution Policy for its clients many years ago. This policy is set out in its general terms and conditions. This policy is based on the principle that the most liquid stock market (the one where the highest number of securities is traded each day) is the market where the private investor will find the best prices.

A private investor will automatically benefit from this Best Execution Policy when their stock market order is being placed, unless the investor gives specific instructions about the execution venue for their order. In other words, a private investor can always insist on their order being transacted at a specific execution venue. In the absence of such instructions, Leleux Associated Brokers will apply its Best Execution Policy to the client's stock market order.

## 2 Concept of best trading venue

To give its clients the benefit of its Best Execution Policy, every night Leleux Associated Brokers calculates the best trading venue for each security. This best trading venue is the stock market where the highest average number of securities has been traded over the last 30 days. Clients can look up the best trading venue for a security at any time via our Leleux Online transaction application.

There are two possible types of best trading venue:

### **EXECUTION TRADING VENUE**

This is a trading venue of which Leleux Associated Brokers is a member. The brokerage firm can therefore monitor market depth in real time and send the client's order to the relevant market in a few microseconds. Leleux Associated Brokers is a member of many financial venues in Europe, for a high-quality Best Execution Policy on the European markets.

### **TRANSMISSION TRADING VENUE**

This is a trading venue for which Leleux Associated Brokers transmits your stock market order via an intermediary. In this case, the brokerage firm does not have access to market depth data and cannot therefore verify the execution conditions of your stock market order.

### 3 How we deliver best execution

If the best trading venue is a transmission trading venue, Leleux Associated Brokers will simply send the stock market order to that transmission venue, without any other checks on the order execution conditions. Because we are not a member of that market, we do not have the real-time market information necessary to calculate the possible execution price of the client's order. In that case, the best possible execution is presumed to be on the best trading venue, which is the venue where the largest number of securities has been traded in the last 30 days.

If the best trading venue is an execution trading venue and that venue is open at the time when your stock market order is placed, Leleux Associated Brokers will calculate the price that needs to be achieved to execute the total quantity of its client's order. It calculates this for all the execution trading venues where the security is traded. Based on the likely execution price, the brokerage firm will calculate the net amount of the final statement for the client for each trading venue, and will send the order to the trading venue where the best price for the client will be achieved.

But that is not all. All these simulations and checks are then archived so the client can check at any time that our Best Execution Policy was applied properly. This means that clients with access to Leleux Online can look up the results of these simulations at any time, order by order, to check on the best execution of their order on the stock markets.

### 4 Special cases

The Best Execution Policy developed by Leleux Associated Brokers applies to all orders for which a secondary market exists. However, to guarantee the best possible execution conditions for our clients, five special cases had to be included in our Best Execution Policy.

#### **SELL ORDERS**

The real-time comparison of execution prices only applies to buy orders. The trading venue on which the security was bought also determines the holding venue of the securities thus acquired. In the vast majority of cases, selling a security on a different trading venue from where it was bought will involve rather high custody transfer costs. Because these costs far outweigh the advantages of the Best Execution Policy, the brokerage firm has decided, in the best interests of our clients, to send sell orders to the trading venue where the securities were bought.

#### **NON-EXECUTABLE LIMITED ORDERS**

The real-time comparison of execution prices does not apply to limited orders whose limit is not directly executable in the markets. The condition thus imposed by our client does not allow us to monitor the execution conditions on the other markets when the order is placed, and also does not allow us to deduce on which market the best execution will be possible in the future. In this case, the limited buy order (not executable under the market conditions present at the time when the order is given) will be sent to the best execution venue (defined by the average volume of securities exchanged during the last 30 days).

#### **STOP LOSS AND STOP LIMIT ORDERS**

The real-time comparison of execution prices does not apply to stop loss or stop limit orders. As in the case of non-executable limited orders, the condition imposed by our client does not allow us to monitor the execution conditions on the other markets when the order is placed, and also does not allow us to deduce on which market the best execution will be possible in the future. In this case, the Stop Loss or Stop Limit order will be sent to the best execution venue (defined by the average volume of securities exchanged during the last 30 days).

## **ORDERS ON A PRIMARY MARKET**

When the stock market order concerns a security at the time of issue, the execution conditions of this order on secondary markets cannot be compared. This is particularly true when a new security is listed on the stock market, when a bond is issued, or when subscribing to a fund or SICAV. In that case, the subscription order is transmitted on the primary market.

## **OVER-THE-COUNTER ORDERS**

When the stock market order concerns a security negotiated on an over-the-counter market, i.e. a market of counterparties for which there is no inventory of stock market orders pending execution, it is not possible to compare the execution conditions of the order. This is particularly true when buying bonds on the secondary market or buying transferable securities on the public auction market. In this case, the order on the over-the-counter market is handled manually by our Dealing department, who will look for the counterparty offering the best execution conditions.

## **5 Classification of execution platforms**

In accordance with the obligations arising from the MiFID 2 Directive, the brokerage firm publishes an annual ranking of the top five execution platforms in terms of negotiating volume on which it has executed client orders, as well as a summary concerning the quality of execution obtained over the past year. The tables represent this data for each category of financial instrument handled by the brokerage firm.

Quality of Best Execution:

- The relative importance that Leleux Associated Brokers assigned to the prices, costs, speed and probability of execution is specified in Article 16.4.2 Execution criteria of Leleux Associated Brokers general terms and conditions
- There is no close connection, conflict of interest, or joint holding between one or more of the platforms used to execute orders and Leleux Associated Brokers.
- No specific agreement has been made with execution platforms concerning the payments made or received, discounts, or non-monetary benefits obtained.
- The list of execution platforms mentioned in the Leleux Associated Brokers execution policy has not been modified.
- The company does not apply different processing to the various categories of client when executing orders.
- No criteria other than those specified in the Best Execution policy have taken precedence over the price and immediate costs when executing the orders of retail clients.
- Leleux Associated Brokers does not use data or tools concerning the quality of execution of execution platforms, in particular data published pursuant to delegated regulation (EU) 2017/575.
- Leleux Associated Brokers does not use elements from a consolidated tape provider in accordance with Article 65 of Directive 2014/65/EU.