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# BEST EXECUTION ANNUAL REPORT 2018

## **Results of 2018 Best execution assessment**

Each provider BinckBank uses for order execution was reviewed i.e. on liquidity and quality of execution, speed and probability of execution, number and severity of irregularities as well as pricing. We selected random orders to assess whether our providers have provided us with Best execution. We also performed a review of sample orders executed via our Broker desk comparing the execution conditions with the market circumstances at the moment of execution.

This 2018 Best execution review showed a satisfactory performance and gave no reason for direct further action. BinckBank complies with Best execution provisions set out in the Markets in Financial Instruments Directive II (Mifid II) Delegated Regulation Article 65:7.

## **Background and methods used to assess providers**

The best execution requirements set out in MiFID II require BinckBank to take sufficient steps to obtain the best possible result for their clients, taking into account: price, costs, speed, likelihood of execution and settlement, size, nature and any other consideration relevant to the execution of the order.

In order to comply with the overarching best execution requirements, BinckBank must establish and implement solid execution arrangements and an Order Execution Policy. The "Order Execution Policy" describes the most important and/or relevant elements of those execution arrangements. For more information, please refer to the Order Execution Policy available on the client portal.

In delivering its order execution services, BinckBank shall act in the best interest of the client at all times and pursue the best possible result for its clients. To deliver the best possible result for retail clients, BinckBank applies the concept of "total consideration".

### *What does "Total consideration" mean?*

When BinckBank executes an order on behalf of a retail client, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs related to execution, which shall include all expenses incurred by the client which are directly related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.



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### *Review*

“Review” is an overall assessment of whether the Best Execution Policy and execution arrangements include sufficient steps BinckBank could take to obtain the best possible result for the execution of its client orders.

BinckBank must review:

- The Best Execution Policy and the execution arrangements at least annually;
- Such a review shall also take place whenever a material change occurs that could affect BinckBank’s ability to continue to obtain the best possible result for its clients.

BinckBank should consider whether it could consistently obtain better execution results if it were to:

- Select additional or different execution venues;
- Assign a different importance to the best execution factors;
- Modify any other aspects of its Order Execution Policy or execution arrangements.

### *Monitoring*

“Monitoring” is the assessment, on a regular basis, of particular transactions in order to determine whether BinckBank has complied with its (execution) policy and/or arrangements, and whether the resulting transaction has delivered the best possible result for the client. The monitoring methodology is at the discretion of BinckBank. As monitoring every transaction or a very large number of transactions would be disproportionate, other approaches, such as appropriate methodologies for sampling, are considered as common practice. Where possible we will use sampling to assess Best execution.

Monitoring may include comparing similar transactions:

- On the same execution venue or with the same entity, in order to test whether BinckBank’s judgement about how orders are executed is correct, and/or;
- On different execution venues or entities chosen from the ones stated in the Best Execution Policy, in order to test whether 'best' execution has been achieved on the venue or entity for a given type of transaction.

BinckBank is required to monitor on a regular basis :

- The effectiveness of its Best Execution Policy;
- The execution quality and the performance of the entities selected to execute the orders;
- The effectiveness of its execution policy at least annually (and);
- The effectiveness of the different steps and decisions taken in the chain of execution to deliver the best possible result.



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### **Best execution monitoring committee**

Based on the monitoring requirements, BinckBank at least annually assesses the performance of its Third Party Brokers, its own Broker desk as well as the other execution venues including the markets where BinckBank executes orders via its memberships. For this purpose a Best execution monitoring committee with representatives from different departments within BinckBank has been set up. The responsibility of the committee is to monitor whether client orders are executed in accordance with the order execution policy. Furthermore the committee is responsible for keeping up with regulatory and business developments that may impact best execution (monitoring).

### **Third party brokers and venues used**

Third Party Brokers that BinckBank used for order execution in 2018 were:

- Pershing
- Morgan Stanley
- Goldman Sachs
- Banca Akros
- Fundsettle
- Credit Suisse (large in scale orders for discretionary portfolio management, executed via Broker desk only)
- Bloomberg (OTC bond and ETF- orders, orders executed via Broker desk only)
- Virtu (specific ETF orders for discretionary portfolio management, orders executed via Broker desk only)

The venues BinckBank used for ordering via its own memberships in 2018 were:

- Euronext
- Euronext Derivatives Markets
- Euronext NAV Trading Facility
- Bourse de Luxembourg
- CATS\*

We believe that by using this set up we provided our clients with an appropriate solution in terms of price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order. In principle all BinckBank clients are treated as retail clients for which the highest level of investor protection/a heavy duty of care is applicable.

### **Client communication and request**

At the request of the client, BinckBank must be able to demonstrate to its clients that their orders have been executed in accordance with the BinckBank's best execution arrangements. Such a request must be reasonable and proportionate.



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BinckBank shall notify its clients of any material changes with regards to the order execution arrangements or Order Execution Policy prior to implementing these changes.

### **Conflict of Interest**

BinckBank acts in the capacity of agent for the reception, transmission and execution of orders for its clients. BinckBank does not have any specific arrangements with execution venues in place related to rebates or non-monetary benefits. In line with market standards BinckBank may be eligible to bulk discounts offered by execution venues. In case of BinckBank this concerns Binck turbo's. With respect to this product, BinckBank (formally) also acts towards its clients in the capacity of counterparty ('principal'). However, the inherent market making activities are outsourced to UBS. Therefore, BinckBank has no (direct) interest in the Binck turbo linked market making revenues.

BinckBank does not have any questionable close links or common ownerships with respect to any execution venue used by BinckBank to execute orders.

Considering the above, the residual risk of (potential) conflict(s) of interest related to Order execution is qualified by BinckBank as low.



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## Quality of execution statement

Regulatory Technical Standard 28 Article 3(3), Directive 2014/65/EU (hereinafter MiFID II).

The following report is a summary of the analysis and conclusions BinckBank N.V. (hereinafter Binck) has drawn from the detailed monitoring of the quality of execution obtained on the execution venues and through brokers for all client orders executed in the previous year.

The report provides a general summary covering all asset classes for which a Top 5 of execution venues is published. These can be found after the Quality of execution statement.

### **BinckBank N.V. (hereinafter Binck) – Quality of execution statement 2018**

- A. What relative importance did Binck give to the Execution Factors including, but not limited to price, costs, speed, and likelihood of execution when assessing the quality of execution?

Binck always strives to offer her clients the best execution possible. This requires a careful consideration of weighing different execution factors, such as cost, price, speed and likelihood of settlement and execution. For all our clients and especially for our retail clients, we deem the factors of price and cost of the highest importance.

- B. Did Binck have any close-links, conflicts, or common ownerships with respect to any execution venue used to execute orders?

Binck did not have any close-links, conflicts, and/or common ownerships with respect to any execution venue used to execute orders. Binck took reasonable care not to discriminate between execution venues other than on the basis of the Execution Factors relevant to the order concerned.

- C. Did Saxo have any specific arrangements with any execution venue regarding payments made or received, discounts, rebates or non-monetary benefits received?

Binck did not have any specific arrangements with any execution venue regarding payments made or received, discounts, rebates or non-monetary benefits received.

- D. What venues did Binck access and did any factors lead to a change in the list of execution venues listed in the firm's execution policy?

No additional execution venues have been added or removed during 2018.



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- E. Did order execution differ according to client categorization and if so where may it have affected the order execution arrangements?

Under MiFID II, Binck is required to put in place an order execution and handling policy (MiFID II order execution policy) and to take all sufficient steps to obtain the best possible result (best execution) either when executing client orders or receiving and transmitting orders on behalf of its retail clients, and it extends the same treatment to its professional clients.

- F. When and why might other criteria have been given precedence over immediate price and cost when executing retail client orders and how would these other criteria have been instrumental in delivering the best possible result?

Not applicable.

- G. How has Binck used data or tools in relation to the quality of execution, including data published by execution venues under RTS 27?

Binck has performed Transaction Cost Analysis for certain markets to determine execution quality. Furthermore Binck performs a quarterly check on a sample of orders in different asset classes to assess the quality of order execution received via our suppliers.

- H. How has Binck used output of a consolidated tape provider or any other algorithms to optimise and assess execution performances (where available)?

There was no consolidated tape provider established under Article 65 MiFID II and therefore other data sets and algorithms to optimize and assess execution were used. Binck will continue to monitor for any development of the consolidated tape service in Europe.



## Top 5 Execution venues per asset class for 2018

Class of instrument	Equities – Shares & Depository Receipts - Exchange: Ticksizeliquidity bands 5 and 6: from 2000 trades per day				
Less than average 1 trade per business day	N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Euronext (XAMS,XBRU,XLIS,XPAR)	100%	100%	60%	40%	0%

Class of instrument	Equities – Shares & Depository Receipts - Brokers: Ticksizeliquidity bands 3 and 4: 80 to 1999 trades per day				
Less than average 1 trade per business day	N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Pershing (ZI8Q1A8EI8LQFJNM0D94)	63%	63%	79%	21%	0%
Banca Akros (549300GRXFI7D6PNEA68)	27%	27%	75%	25%	0%
KCG (OYLND20HCVC12JS4WU59)	5%	5%	n.a.	n.a.	0%
Credit Suisse (549300506SI9CRFV9Z86)	5%	5%	n.a.	n.a.	0%



Class of instrument

Derivatives - Exchange: Ticksiz liquidity bands 5 and 6: from 2000 trades per day

Class of instrument	Derivatives - Exchange: Ticksiz liquidity bands 5 and 6: from 2000 trades per day				
Less than average 1 trade per business day	N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Euronext(XAMS,XBRU,XLIS,XPAR)	100%	100%	71%	29%	0%

Class of instrument

Derivatives - Brokers: Ticksiz liquidity bands 3 and 4: 80 to 1999 trades per day

Class of instrument	Derivatives - Brokers: Ticksiz liquidity bands 3 and 4: 80 to 1999 trades per day				
Less than average 1 trade per business day	N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Goldman Sachs (W22LROWP2IHZNBB6K528)	87,7%	87,7%	59%	41%	0%
Banca Akros (549300GRXFI7D6PNEA68)	5,9%	5,9%	74%	26%	0%
Morgan Stanley (4PQUHN3JPFQFNF3BB653)	5,7%	5,7%	77%	23%	0%
Pershing (ZI8Q1A8EI8LQFJNM0D94)	0,7%	0,7%	80%	20%	0%





Class of instrument

Fixed Income - Exchange: Ticksiz liquidity bands 1 and 2: from 0 to 79 trades per day

Less than average 1 trade per business day	N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Euronext (XAMS)	97%	97%	67%	33%	0%
Euronext Bourse de Luxembourg (XLUX)	3%	3%	82%	18%	0%

Class of instrument

Fixed Income - Brokers: Ticksiz liquidity bands 1 and 2: from 0 to 79 trades per day

Less than average 1 trade per business day	N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Banca Akros (549300GRXFI7D6PNEA68)	100%	100%	82%	18%	0%



Class of instrument

Securitized derivatives - Exchange: Ticksiz liquidity bands 5 and 6: from 2000 trades per day

Less than average 1 trade per business day						
N						
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders	
Euronext (XAMS,XBRU,XLIS,XPAR)	100%	100%	87%	13%	0%	

Class of instrument

Securitized derivatives - Brokers: Ticksiz liquidity bands 5 and 6: from 2000 trades per day

Less than average 1 trade per business day						
N						
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders	
CATS (529900TW3YXY9C6T1G09)	91,095%	91,095%	82%	18%	0%	
Banca Akros (549300GRXFI7D6PNEA68)	8,899%	8,899%	66%	34%	0%	
Pershing (ZI8Q1A8EI8LQFJNM0D94)	0,004%	0,004%	86%	14%	0%	



Class of instrument

Exchange Traded Products - Exchange: Ticksizeliquidity bands 5 and 6: from 2000 trades per day

Less than average 1 trade per business day	N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Euronext (XAMS,XBRU,XLIS,XPAR)	100%	100%	58%	42%	0%

Class of instrument

Exchange Traded Products - Brokers: Ticksizeliquidity bands 3 and 4: 80 to 1999 trades per day

Less than average 1 trade per business day	N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Pershing (ZI8Q1A8EI8LQFJNM0D94)	55%	55%	80%	20%	0%
Banca Akros (549300GRXFI7D6PNEA68)	45%	45%	75%	25%	0%