

Order execution and transmission strategy

Professional clients

1. Introduction

This document seeks to illustrate the Order Execution and Transmission Strategy ('Strategy') of Banca Akros S.p.A. ('Bank'), as revised by European regulations on financial instrument markets ('MiFID') and for each type of product traded on behalf of third parties.

1.1 Regulations

European and national regulations state that the purpose of a broker's order execution and transmission strategy is to achieve 'best execution' for customer orders on a long-standing basis, requiring brokers to take all sufficient steps to achieve this objective.

1.2 Scope of application

Banca Akros has drawn up an Order execution and transmission strategy based on

- the type of customers the Bank serves;
- the type of financial instrument handled;
- the characteristics of the reference markets for each type of financial instrument;
- the characteristics of the orders received on individual financial instruments.

2. Key factors

To achieve the 'best execution' for its customers, the Bank takes the following into account, in order of importance:

- the price of the financial instrument, commissions and any other charges the Bank applies to the customer;
- speed of execution;
- quantity and nature of the order;
- likelihood of execution and settlement;
- any other characteristic of the order that relates to its execution.

Considering the conditions prevailing on the individual markets when the customers' orders are received, the Bank seeks to ensure best execution for its customers, speed, and the highest likelihood of order execution and settlement.

The 'best execution' for customers is that which relates to the specific combination of the above-indicated execution factors and the execution venues chosen in advance by the Bank, listed below by type of financial instrument, and not in absolute terms, namely considering all of the possible execution venues for the specific financial instrument. It follows that, at the customer's request, the Bank can demonstrate that the execution is in line with its Strategy. As required by the regulations, the Bank regularly monitors the effectiveness of its Transmission and Execution Strategy and reviews it at least once a year.

3. Operating model for the execution of customer orders

The Bank acts as broker-dealer for its customers, offering, for each financial instrument traded in the execution venues identified by the Bank, a service to access one or more of these execution venues, directly or through appropriately selected brokers, as well as, for equities, bonds, certificates and ETFs, a service to automatically identify the best result possible for the customer's order (known as dynamic best execution) among the different execution venues obtained, taking into account the execution factors in this Strategy.

When deciding which execution venues to include in the Strategy, listed by type of financial instrument attached hereto, the Bank mainly considers:

- for regulated markets and multilateral trading facilities:
 - liquidity;
 - execution costs, settlement likelihood and the relative costs;
 - speed of execution;
- with regard to identifying systematic internalisers and market makers subsequently reached within MTFs with a Request For Quote structure:
 - standing (credit rating, reliability, professionalism, market share);
 - the ratio of orders accepted to orders received;
 - the ability to state prices that reflect market conditions;
 - the technology adopted in the supply chain (specifically, for receiving orders and advising of their execution);
 - settlement likelihood and the relative costs;
 - speed of execution;

When selecting the execution venues and when establishing the relative applicable commissions, Banca Akros undertakes to avoid undue discrimination between execution venues.

If Banca Akros does not have direct access to the regulated markets and multilateral trading facilities, it will take into account the following when selecting brokers to which it will transmit customer orders for execution:

- standing (credit rating, reliability, professionalism, market share);

- the level of complexity of access to markets and/or systems and/or order execution mechanisms;
- the technology adopted in the supply chain (specifically, for receiving orders and advising of their execution);
- execution costs;
- likelihood of settlement and the relative costs.

3.1 Dynamic best execution model

To select the execution venues on which to trade orders relating to equity instruments, bonds, ETFs and certificates that are or are not admitted for trading on regulated markets or Italian and foreign MTFs, Banca Akros adopts an order execution strategy that enables it to dynamically identify the best execution venue (known as "dynamic best execution"). The approach adopted enables it to assess, on receipt of the order and in real-time, the trading conditions offered on the different execution venues identified and obtained by the Bank. The model identifies the best execution venue for the customer's order, based on the best execution factors and the selection criteria specified in this document and in the technical documents available on the Bank's website.

Execution of orders in bond instruments and certificates

Banca Akros uses its own system of automatic search for dynamic best execution called SABE Bond, 'Sistema Automatico per la Best Execution' (Automatic System for Best Execution), capable of searching for the best possible result for the customer's order by pitting different execution venues against each other, such as:

- Italian and foreign regulated markets;
- Italian and foreign multilateral trading facilities, hereinafter MTFs;
- Market makers (external and Banco BPM), whose prices are included within MTFs, through a 'request for quote' microstructure;

The information document on the operation of Banca Akros' SABE Bond system is available on the Bank's website.

Execution of orders in equity instruments

To select the execution venue where orders in **domestic and European** equity instruments admitted to trading on regulated markets or MTFs will be traded, Banca Akros uses its own automatic search system for the best dynamic execution called SABE EQUITY (Sistema Automatico Best Execution Equity), which is able to identify the best possible outcome for the customer's order by placing different execution venues, operating within the same settlement circuit as the reference market for the instrument, in competition with one another.

SABEEquity, in pursuing best execution, places the regulated market of reference for the relevant

instrument (European equity) in competition with any alternative execution venues on which the same instrument is traded. The information document on the operation of Banca Akros' SABE-EQUITY system is available on the Bank's website.

For customer orders in **foreign US** equity instruments, in compliance with the National Market System Rule 611 (Order Protection Rule), all orders on equities placed on a US trading venue are executed, by the Broker used by Banca Akros, on the US execution venue that, at the time the order is transmitted, guarantees the best execution price, regardless of the instructions given by the customer.²

Execution of orders in ETFs

Banca Akros uses its automatic search system for the dynamic best execution, called SABE-ETF: 'Automatic System for Best Execution of ETFs', which can search for the best execution for the customer's order by placing different execution venues in competition with each other, including regulated markets, MTFs with an 'order driven' or 'request for quote' structure.

The information document on the operation of Banca Akros' SABE-ETF system is available on the Bank's website.

3.2 Grouping orders

The Bank does not usually group customer orders, except in certain circumstances; more specifically, it groups them in compliance with the provisions of the laws in force, when:

- customers or their delegates give instructions to group orders in the same financial instrument, treating them as a single order for their execution on the market;
- when placing the order, customers or their delegates quantify the proportions for its division in the event of total or partial execution.

The execution price allocated to customers will, in any event, be the average weighted price of the total order.

3.3 Specific customer instructions

When executing orders, Banca Akros accepts and complies with any specific instructions received from customers regarding the execution of separate orders. It advises that complying with these instructions can affect achieving the 'best execution' for the customer, by preventing all or some of the execution factors, or their relative importance, which leads to the achievement of the 'best execution' as specified above. The Bank considers as specific instructions, inter alia, the indication of the execution market, orders transmitted through direct market access, limited price and/or volume orders, care and/or at 'volume weighted average price' (VWAP) orders.

It should be noted that, in the case of orders issued, through an electronic channel, on a foreign market to which Banca Akros is not a direct member, the Bank transmits such orders to a broker, who executes them according to its own execution strategy; however, for individual orders, customers may agree on a

² Further information is available at the following link <https://www.ecfr.gov/cgi-bin/text-idx?node=17:4.0.1.1.3&rgn=div5>.

specific execution venue with the Bank.

ANNEXES

Execution venues by financial instrument type Professional clients

Financial Instruments	Execution venues (which Banca Akros accesses directly or through Brokers)
Italian and foreign Government bonds and securities	Italian and foreign regulated markets Italian and foreign multilateral trading facilities Systematic Internalisers of leading Italian and foreign brokers Access to these execution venues can be direct or via brokers.
Italian and European shares and ETFs	Italian and foreign regulated markets Italian and foreign multilateral trading facilities Systematic Internalisers of leading Italian and foreign brokers. Access to these execution venues can be direct or via brokers.
US foreign shares and ETFs	All American execution venues envisaged by Rule 611 (Order Protection Rule). For execution on these execution venues, Banca Akros uses external brokers.
Covered warrant and certificates	Regulated markets, multilateral trading facilities and Systematic Internalisers. Access to these execution venues can be direct or via brokers.
Italian, European and non-European regulated derivatives	Regulated Markets, such as: • Eurex • EEX • CME, CBOT, CBOE, NYMEX, COMEX • ICE

Financial Instruments	Execution venues (which Banca Akros accesses directly or through Brokers)
	• Euronext • Idem Other European and non-European regulated markets through foreign brokers.