

Characteristics of Banca Akros' BEX_e system

Professional clients servicing retail customers

This document summarises the main characteristics of the **BEX_e 1.0** system ("**BestEX**ecution **e**quity version **1.0**"; hereinafter: **BEX_e**), i.e. the system developed and created by Banca Akros for its professional clients to ensure the 'best possible result' for orders involving equities and ETFs traded on Euronext Milan and, if applicable, on other trading venues. BEX_e is not a trading system but a system which searches for the '**best possible result**' for the orders of professional clients who are, in particular, servicing retail customers. The information and functional characteristics of BEX_e allow professional clients targeted by Banca Akros to process the orders and executions of their retail customers easily and in a highly automated fashion.

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1 Types of equity instruments

The categories of instruments on which BEX_e ensures the search for the 'best possible result' are:

- Shares
- ETF

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2 Factors for the search for the 'best possible result'

In searching for the 'best possible result' for customers, BEX_e takes account of the following factors, listed in order of decreasing importance:

1. **Price of the equity instrument** being ordered;
2. **costs payable by the customer**, typically made up of the cost of executing the order, applied by the individual trading venue used, and the settlement cost. These costs are included in the trading commission applied by Banca Akros. Any tax expenses relating to trading activities and payable by Banca Akros are charged to the customer. BEX_e is able to also separately take into account the costs that Banca Akros' professional clients apply to their retail customers, if the latter are communicated to Banca Akros for registration in BEX_e. BEX_e considers the '**total consideration**' a key factor in achieving the 'best possible result' for customers, i.e. the sum of the price of the equity instrument and the costs and/or expenses

applied to customers, as prescribed by the regulations governing the orders of retail customers;

3. **likelihood and speed of execution.** Given the same price and total consideration, BEX_e selects the trading venue considered the most 'reliable' from an execution perspective. The degree of reliability, statistically determined by the system, is updated every day based on:
 - (i) the number of orders accepted by the individual venue with respect to the total number of orders sent by Banca Akros;
 - (ii) the average response times to the trading requests executed by Banca Akros.

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3 Selection of trading venues

As specified in the *disclosure on the order execution strategy* - on which customers must express their prior consent pursuant to Art. 46, Paragraph 2, of the Consob Regulation on Brokers -, in executing orders, Banca Akros mainly takes into account:

- the liquidity, typically represented by the average price difference between the purchase and sale proposals and the average depth of the trading book;
- the execution costs, the settlement likelihood and the corresponding costs;
- the number and type of instruments traded;
- the speed of execution.

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4 List of selected trading venues: markets

For the execution of orders on equity instruments, BEX_e can put the following trading venues in competition with one another:

- Euronext Milan
- Equiduct

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5 Any use of own account trading

BEX_e never makes any provision for own account trading.

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6 Technical appendix

6.1 Description of the technical functionalities of the BEX_e system

- Direct and automatic connection with the most widely used order collection systems through FIX protocol;
- automatic downloading of the prices of the selected trading venues for each order received;
- calculation of the corresponding costs of the trading venues for the purposes of determining the total consideration;
- "sweeping"¹ functionality;
- advanced management of GTD orders. The 'sweeping' functionality is only active for the first day of order trading, the order is then positioned in Euronext Milan's trading book;
- conditional use of Equiduct. The following conditions must be met simultaneously:

- the security being ordered is listed in Equiduct;
- the size of the order is lower than or equal to the 'PEX'² size;
- the security being ordered is at the trading phase on Euronext Milan;
- the order is an aggressive one;
- conditional use of Euronext Milan. At least one of the following conditions must be verified:
 - the security being ordered is listed in Equiduct;
 - the size of the order is lower than or equal to the 'PEX' size;
 - the security being ordered is at the trading phase on Euronext Milan;
 - the order is a passive one;

¹In general, 'sweep' orders cover different markets and collect the most units of financial instruments possible on them. In this case, a 'sweep' order on the MTA entails the continuous monitoring of Equiduct conditions to verify the existence of favourable conditions for a full execution.

²The maximum quantity for which Equiduct's market makers guarantee an order execution price better than or equal to the best price that can be obtained on Equiduct's trading venues.