

Characteristics of Banca Akros' SABE ETF system

Professional clients servicing retail customers

This document summarises the main characteristics of the **SABE ETF** system ("Automatic Best Execution System for **Exchange Traded Funds**"; hereinafter: **SABE ETF**), i.e. the system developed and created by Banca Akros for its professional clients to ensure the 'best possible result' for orders involving ETFs traded on regulated markets and on other trading venues. SABE ETF is not a trading system but a system which searches for the '**best possible result**' for the orders of professional clients, active in particular with retail customers. The information and functional characteristics of SABE ETF allow professional clients targeted by Banca Akros to process the orders and executions of its retail customers easily and in a highly automated fashion.

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1 Types of instruments

The categories of instruments on which SABE ETF ensures the search for the 'best possible result' are the following ETPs:

- ETF;
- ETC;
- ETN.

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

In searching for the 'best possible result' for customers, SABE ETF 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 composed 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. SABE ETF 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 SABE ETF. SABE ETF 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, SABE ETF 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 out of the total number of orders transmitted by Banca Akros for securities that can be traded on that venue;
 - (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, settlement likelihood and the relative costs;
- the number and type of instruments traded;
- the speed of execution;
- the market microstructure.

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4 List of selected trading venues: markets

For the execution of orders on equity instruments, SABE ETF is able to put the following trading venues in competition with one another (the trading venues are indicated below by geographical name):

- Euronext Amsterdam (XAMS);
- Athens Stock Exchange (XATH);
- Bloomberg BMTF (BTFE);
- Euronext Brussels (XBRU);
- Copenhagen Stock Exchange (XCSE);
- Euronext Dublin (XDUB);
- Helsinki Stock Exchange (XHEL);
- Euronext Lisbon (XLIS);
- London Stock Exchange (XLON);
- Euronext Lisbon (XLIS);
- [Borsa Italiana ETFplus¹ \(ETFP\)](#);

¹On 5 December 2016, the Request For Quote – RFQ functionality was introduced to the ETFplus market for large orders. The functionality allows the insertion of a Request for Quote (RFQ) with reference to a specific financial instrument, to which operators authorised to use the “quote response” functionality can respond. This functionality is fully supported by SABE ETF.

- Nasdaq (XNAS)
- NYSE (XNYS)
- Euronext Oslo (XOSL);
- Euronext Paris (XPAR);
- Stockholm Stock Exchange (XSTO);
- [Tradeweb \(TWEM\)](#);
- Wiener Borse (WBAH);
- Xetra (XETR);
- Swiss Stock Exchange (XSWX);
- Toronto Stock Exchange (XTSE).

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5 Possible use of own account trading

In relation to trading on behalf of third parties performed through SABE ETF, and without prejudice to the elements contained in previous point 2, Banca Akros can carry out own account trading in the following cases:

- ETPs listed by *market makers* not selected but highly specialised in the reference market and which show the best quotes with respect to the execution venues shown in point 4 above. Said order management and execution procedure is recommended in particular for orders regarding ETPs not traded by the selected execution venues or in the event in which said venues do not accept their execution.

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6 Technical appendix

6.1 Description of the technical functionalities of the SABE ETF 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;
- personalised policy *for the customer*;
- management of orders on the trading book;
- support for the RFQ functionality on the segment by the same name of ETFplus and on the BMTF and Tradeweb markets.
- Periodic creation of documents containing statistics on the operations managed by the system in the observation period.