Characteristics of Banca Akros' SABE equity system

Professional clients servicing retail customers and Institutional Customers

This document summarises the main characteristics of the SABE equity system (Sistema Automatico Best Execution Equity), i.e. the system developed and created by Banca Akros for its professional clients to ensure the 'best possible result' for orders involving European shares. SABE equity is a system that seeks the '**best possible result**' for orders from professional clients (in particular Banks acting on behalf of their retail clients and institutional investors, such as mutual funds and SICAVs). Technically, the system is configured as an AOR (Automatic Order Router). The information and functional characteristics of SABE equity allow professional clients targeted by Banca Akros to process the orders and executions of its retail customers easily and in a highly automated fashion.

1   Types of equity instruments

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

- Shares traded on European trading venues.

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

In searching for the 'best possible result' for customers, SABE equity 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 equity 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 equity 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 time to the trading requests executed by Banca Akros.

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

4   List of selected trading venues: markets

For the execution of orders on equity instruments, SABE equity is able to place the following European trading venues in competition with the regulated markets of reference for the relevant share:

- Equiduct,
- Vorvel MTF, equity segment,
- Tradeweb MTF, equity segment.

For each of the above-mentioned venues, use is subject to specific conditions, as set out in the Technical Appendix.
List of Regulated Markets of reference for the shares subject to the application of dynamic best execution, as provided for under the Bank's evolving policy:

- Euronext Milan (MTAA)*
- Euronext Brussels (XBRU)*

- Euronext Paris (XPAR)*
- Euronext Oslo (XOSL)*
- Euronext Amsterdam (XAMS)*
- Euronext Lisbon (XLIS)*
- Wiener Borse (WBAH)
- Copenhagen Stock Exchange (XCSE)
- Helsinki Stock Exchange (XHEL)
- London Stock Exchange (XLON)
- Xetra (XETR)
- Athens Stock Exchange (XATH)
- Euronext Dublin (XDUB)
- Bolsa de Madrid (XMCE)
- Stockholm Stock Exchange (XSTO)
- Swiss Stock Exchange (XSWX)

(*) These are the regulated markets accessed directly by Banca Akros following the signing of the Membership agreement.

5   Technical appendix

5.1 Description of the technical functionalities of the SABE equity system

The SABE equity system offers the following functions:

- direct and automatic connection to the most widely used order collection systems via FIX protocol and other protocols that can be used for the transmission of orders on financial instruments;
- automatic download of prices and Requests For Quote (RFQ) from 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[2]. The '*sweeping*' functionality is only active on the first day of trading of the order; subsequently, the order is placed in the trading book of the relevant share market.
- conditional use of Equiduct. The following conditions must be met:
    - the security being ordered is traded on Equiduct;

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[1] In general, sweep orders cover several markets with an order book structure. In this case, a sweep order on one of these markets involves continuously monitoring the conditions on Equiduct and Vorvel equity segment to verify the existence of conditions favourable to execution.

[2] Good Till Date.

- the size of the order is less than or equal to the 'PEX size'[3] of the instrument covered by the order;
- the security covered by the order is being traded on the relevant market for the share;
- the order is aggressive in nature[4];

- conditional use of Vorvel MTF, equity segment. The following conditions must be met:
  - the security subject to the order is traded on Vorvel MTF, equity segment;
  - the size of the order is less than or equal to a K Threshold[5];
  - the security subject to the order is currently being traded on the share's reference market.

- conditional use of Tradeweb, equity segment. The following conditions must be met:
  - the security subject to the order is traded on Tradeweb MTF, equity segment;
  - the security subject to the order is not traded on either Equiduct or Vorvel MTF equity segment, or the order size exceeds the 'PEX size' (in the case of listing on the Equiduct market) and/or the K threshold (in the case of listing on Vorvel MTF);
  - the security subject to the order is currently being traded on the share's reference market.

If the share does not meet any of the conditions indicated above, the order will be handled by SABE equity, taking into account only the prices of the reference market for the share covered by the order.

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3 The maximum quantity for which Equiduct market makers are engaged.
4 Order sent to the market with potential for immediate full execution.
5 The threshold below which SABE equity, in the case of instruments listed here, takes into account the prices in the Vorvel market book, equity segment.