

Best Execution Analysis Report - RTS28

Period: January to December 2018

Context :

In accordance with Article 3 (3) of the RTS28, HSBC is required to take all necessary measures to obtain the best possible result for its customers when executing orders on their behalf and to publish annually the ranking of the top 5 brokers / intermediaries in terms of volumes and summary information on the quality of execution obtained.

This is to establish the ranking of the 5 most used brokers by HSBC for the transmission of orders.

The RTS28 reporting presented below was reviewed and submitted for the validation by the broker committee on 28/03/2019, before being published on the website <https://www.hsbc.fr/mentions-legales/directive-mif/>

Quantitative evaluation :

Category : Professionals

Instrument Category	Shares and Similar Instruments - shares & depositary receipts	
Indicate if <1 order executed on average per working day of the previous year	Yes	
Top Five Brokers / Intermediaries Ranked by Trading Volume (Descending order)	Proportion of order volume executed as a percentage of total volume in this	Proportion of the number of executed orders as a percentage of the total number in this category
KEPLER CHEUVREUX - 9695005EOZG9X8IRJD84	94,91%	6,38%
NEM - NATIXIS EQUITY MARKETS - KX1WK48MPD4Y2NCUIZ63	4,59%	90,43%
BOURSE DIRECT - 969500GFIL2Z81YKUM35	0,50%	3,19%

Instrument Category	Debt Instruments - Bonds	
Indicate if <1 order executed on average per working day of the previous year	No	
Top Five Brokers / Intermediaries Ranked by Trading Volume (Descending order)	Proportion of order volume executed as a percentage of total volume in this	Proportion of the number of executed orders as a percentage of the total number in this category
HSBC Bank PLC - MP6I5ZYZBEU3UXPYFY54	99,9924%	99,9219%
SOCIETE GENERALE - O2RNE8IBXP4R0TD8PU41	0,0046%	0,0468%
CREDIT AGRICOLE CIB - 1VUV7VQFKUOQSJ21A208	0,0020%	0,0156%
GOLDMAN SACHS - W22LROWP2IHZNBB6K528	0,0007%	0,0078%
ODDO - 9695002I9DJHZ3449O66	0,0003%	0,0078%

Instrument Category	Interest Rate Derivatives – Swaps, forwards and other interest rate derivatives	
Indicate if <1 order executed on average per working day of the previous year	No	
Top Five Brokers / Intermediaries Ranked by Trading Volume (Descending order)	Proportion of order volume executed as a percentage of total volume in this category	Proportion of the number of executed orders as a percentage of the total number in this category
HSBC Bank PLC - MP6I5ZYZBEU3UXPYFY54	99,47%	98,09%
The Hongkong and Shanghai Banking Corporation Limited - 2HI3YI5320L3RW6NJ957	0,53%	1,91%

Instrument Category	Credit Derivatives – Other credit derivatives	
Indicate if <1 order executed on average per working day of the previous year	No	
Top Five Brokers / Intermediaries Ranked by Trading Volume (Descending order)	Proportion of order volume executed as a percentage of total volume in this category	Proportion of the number of executed orders as a percentage of the total number in this category
HSBC Bank PLC - MP6I5ZYZBEU3UXPYFY54	100,00%	100,00%

Instrument Category	Currency Derivatives – Swaps, forwards and other currency derivatives	
Indicate if <1 order executed on average per working day of the previous year	No	
Top Five Brokers / Intermediaries Ranked by Trading Volume (Descending order)	Proportion of order volume executed as a percentage of total volume in this category	Proportion of the number of executed orders as a percentage of the total number in this category
HSBC Bank PLC - MP6I5ZYZBEU3UXPYFY54	99,88%	99,91%
The Hongkong and Shanghai Banking Corporation Limited - 2HI3YI5320L3RW6NJ957	0,12%	0,09%

Instrument Category	Exchange Traded Products (ETP), Exchange Traded Funds (ETF), Exchange Traded Notes (ETN) and Exchange Traded Commodities	
Indicate if <1 order executed on average per working day of the previous year	Yes	
Top Five Brokers / Intermediaries Ranked by Trading Volume (Descending order)	Proportion of order volume executed as a percentage of total volume in this category	Proportion of the number of executed orders as a percentage of the total number in this category
HSBC Bank PLC - MP6I5ZYZBEU3UXPYFY54	99,88%	99,91%
The Hongkong and Shanghai Banking Corporation Limited - 2HI3YI5320L3RW6NJ957	0,12%	0,09%
HSBC Bank PLC - MP6I5ZYZBEU3UXPYFY54	99,88%	99,91%

Category : Retail

Instrument Category	Shares and Similar Instruments – shares and depositary receipts	
Indicate if <1 order executed on average per working day of the previous year	No	
Top Five Brokers / Intermediaries Ranked by Trading Volume (Descending order)	Proportion of order volume executed as a percentage of total volume in this category	Proportion of the number of executed orders as a percentage of the total number in this category
NEM - NATIXIS EQUITY MARKETS -	53,92%	71,39%
HSBC Bank PLC - MP6I5ZYZBEU3UXPYFY54	36,63%	15,61%
BOURSE DIRECT - 969500GFIL2Z81YKUM35	6,72%	6,58%
Exane BNP Paribas - 969500UP76J52A9OXU27	1,48%	4,94%
CIC SECURITIES - N4JDFKKH2FTD8RKFXO39	0,81%	0,41%

Instrument Category	Debt Instruments - Bonds	
Indicate if <1 order executed on average per working day of the previous year	No	
Top Five Brokers / Intermediaries Ranked by Trading Volume (Descending order)	Proportion of order volume executed as a percentage of total volume in this category	Proportion of the number of executed orders as a percentage of the total number in this category
HSBC Bank PLC - MP6I5ZYZBEU3UXPYFY54	92,10%	63,39%
HSBC FRANCE PARIS - FOHUI1NY1AZMJMD8LP67	5,33%	2,70%
CREDIT AGRICOLE CIB - 1VUV7VQFKUOQSJ21A208	0,75%	7,37%
SOCIETE GENERALE - O2RNE8IBXP4R0TD8PU41	0,58%	7,28%
Exane BNP Paribas - 969500UP76J52A9OXU27	0,40%	4,13%

Instrument Category	Debt Instruments – Money market Instruments	
Indicate if <1 order executed on average per working day of the previous year	Yes	
Top Five Brokers / Intermediaries Ranked by Trading Volume (Descending order)	Proportion of order volume executed as a percentage of total volume in this category	Proportion of the number of executed orders as a percentage of the total number in this category
Natixis Ixis - KX1WK48MPD4Y2NCUIZ63	100,00%	100,00%

Instrument Category	Securitized derivatives - Warrants and derivatives on preferential certificates	
Indicate if <1 order executed on average per working day of the previous year	No	
Top Five Brokers / Intermediaries Ranked by Trading Volume (Descending order)	Proportion of order volume executed as a percentage of total volume in this category	Proportion of the number of executed orders as a percentage of the total number in this category
NEM - NATIXIS EQUITY MARKETS - KX1WK48MPD4Y2NCUIZ63	74,76%	98,80%
Exane BNP Paribas - 969500UP76J52A9OXU27	13,59%	0,04%
CIC SECURITIES - N4JDFKKH2FTD8RKFXO39	11,09%	0,62%
HSBC Bank PLC - MP6I5ZYZBEU3UXPYFY54	0,38%	0,04%
BOURSE DIRECT - 969500GFIL2Z81YKUM35	0,17%	0,49%

Instrument Category	Securitized Derivatives - Other Securitized Derivatives	
Indicate if <1 order executed on average per working day of the previous year	No	
Top Five Brokers / Intermediaries Ranked by Trading Volume (Descending order)	Proportion of order volume executed as a percentage of total volume in this category	Proportion of the number of executed orders as a percentage of the total number in this category
NEM - NATIXIS EQUITY MARKETS - KX1WK48MPD4Y2NCUIZ63	93,17%	96,06%
HSBC Bank PLC - MP6I5ZYZBEU3UXPYFY54	3,87%	2,90%
CIC SECURITIES - N4JDFKKH2FTD8RKFXO39	1,96%	0,41%
BOURSE DIRECT - 969500GFIL2Z81YKUM35	1,00%	0,62%

Instrument Category	Exchange Traded Products (ETP), Exchange Traded Funds (ETF), Exchange Traded Notes (ETN) and Exchange Traded Commodities	
Indicate if <1 order executed on average per working day of the previous year	No	
Top Five Brokers / Intermediaries Ranked by Trading Volume (Descending order)	Proportion of order volume executed as a percentage of total volume in this category	Proportion of the number of executed orders as a percentage of the total number in this category
HSBC Bank PLC - MP6I5ZYZBEU3UXPYFY54	72,21%	49,77%
NEM - NATIXIS EQUITY MARKETS -	19,87%	31,31%
SOCIETE GENERALE - O2RNE8IBXP4R0TD8PU41	5,26%	17,19%
CIC SECURITIES - N4JDFKKH2FTD8RKFXO39	2,29%	1,10%
BOURSE DIRECT - 969500GFIL2Z81YKUM35	0,32%	0,62%

Instrument Category	Other Instruments	
Indicate if <1 order executed on average per working day of the previous year	Yes	
Top Five Brokers / Intermediaries Ranked by Trading Volume (Descending order)	Proportion of order volume executed as a percentage of total volume in this category	Proportion of the number of executed orders as a percentage of the total number in this category
HSBC Bank PLC - MP6I5ZYZBEU3UXPYFY54	93,59%	33,33%
NEM - NATIXIS EQUITY MARKETS - KX1WK48MPD4Y2NCUIZ63	6,41%	66,67%

Qualitative evaluation:

a) Explain the relative importance given to price, cost, timeliness and probability of execution or any other factors, including quality, in the assessment of the quality of execution:

As part of its receipt and orders transmission, HSBC selects third-party brokers according to a criteria grid, the main ones of which are:

- Adequate structure, organization and internal control systems
- Quality of order execution systems (access to execution venues, liquidity, price)
- Connectivity
- Solid financial situation
- "Order's Best Execution" procedure and a commitment to comply with regulatory requirements
- Quality of Middle and Back Office operations (quality of the settlements, timeliness of confirmations, delivery of operations, error monitoring, quality of service in terms of availability and customer service, management of incidents and complaints)
- Documentation provided in terms of execution policy and best selection (allowing HSBC to comply with its obligations in this area)
- Quality of the relationship and service offered,
- Quality of order execution and post-trade management, taking into account the speed of transmission of the order, response procedures of executions, security of the settlement-delivery, etc ...
- Cost of order execution (pricing), taking into account the pricing applicable to each class of instruments, induced settlement-delivery costs, cost of processing small orders, etc.

- Events during the year (incidents ...),
- Business continuity plan and ability to take back the orders flow in the event of another HSBC intermediary's failure,

Regarding the Global Market (GM) business line, generally the best result is the total cost, ie the price and the costs. When GM determines a price, all actions necessary to minimize the impact of order execution on the market are taken into account, including pre-existing market conditions and understanding of customer preferences.

(b) Description of any close ties, conflicts of interest and joint interests with one or more of the Brokers used to execute the orders:

Non – professional Customers :

- Close links: A large volume of retail activity is entrusted to the NEM broker,
- Conflicts of interest: HSBC had no conflicts of interest for the period.

Professional customers covered by Global Markets activity:

HSBC France may send orders for execution to another member of the HSBC group. In doing so, HSBC will adhere to best execution principles. In this respect, the transmission of an order to another HSBC Group entity will make it possible, among other things, to increase the probability of its execution and to benefit from easier communication.

Moreover, as the processes and procedures are common, the choice of an intra-group entity makes it possible to offer the same guarantees.

(c) Description of any particular agreement with Brokers regarding payments made or received, discounts, rebates or non-monetary benefits obtained

HSBC had no commercial or proprietary interest with the Brokers used to process products for the period.

(d) Explanation of the factors that led to the modification of the list of execution venues mentioned in the execution policy

HSBC has not changed the list of execution platforms.

Private Bank has not changed the list of execution platforms since we benefit as HSBC from a number of execution platforms (Bats, Chaix, Turquoise...)

(e) Explanation of how execution of orders varies by client category

Execution of orders is identical for retail bank clients (RBWM) and Commercial Bank clients regardless of their classification (nonprofessional or professional).

Order execution is identical regardless of client within Private Bank.

The Global Market (GM) business line does not have a specific order execution policy based on client category.

(f) Indicated whether or not other criteria were favored over the price and immediate costs of executing orders from retail customers, and an explanation of how these other criteria were relevant in achieving the best possible result in terms of total cost to the customer.

In addition to the price and cost criteria during execution, we refer to the broker order execution and selection policy.

In 2018, Global Markets (GM) provided the order reception and transmission service on interest rate derivatives and foreign exchange derivatives to a professional clientele population only. For all these transactions, customer orders and RFQs were sent for execution to HSBC Bank plc and The Hongkong and Shanghai Banking Corporation Limited (HSBC Hong Kong), which have order execution systems equivalent to those of HSBC France GM.

(g) Explain how the broker used data or tools related to execution quality, including data published under RTS 27.

Information on execution quality by instrument are detailed in the dedicated report, RTS27 data are available quarterly on the HSBC website

(h) Explain how the investment firm used material from a consolidated publishing system provider.

Not applicable

Monitoring execution policy and best selection:

HSBC continuously monitors the quality of execution services provided by selected intermediaries.

The Brokers committee re-examines its Best Intermediaries Selection Policy at least once a year as well as after each material change in the chosen environment or when a material change has occurred which could affect HSBC's ability to comply with its best execution obligations.

The Global Market (GM) business line has put in place controls consistent with relevant execution factors. A restitution is presented and discussed during the Best Execution Committee each quarter, which involves the 1st and 2nd lines of defense.

In addition to the general terms and conditions, which are available at the link at the bottom of this page, the publication of execution quality information (RTS 27) and the 5 main execution platforms (RTS 28) for HSBC France at the link <https://www.hsbcnet.com/bestexecution> are subject to the following terms and conditions :

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