

## Best execution analysis report – RTS28 period: January to December 2019

### Context :

In accordance with article 3 (3) of RTS28, HSBC France must try to deliver the best results for its clients when executing orders in their name. It must publish an annual ranking of the top 5 brokers/intermediaries in terms of volumes, and information about the quality of execution. The RTS28 reporting presented below was examined and submitted for validation by the broker committee on 03/10/2020, before being published on the HSBC website.

### Optimised translation:

#### Category: Non Professional

Instrument category	Actions and similar arrangements – representative actions and certificates	
On average, was less than 1 order executed per business day over the last year	Yes	
Top 5 brokers/intermediaries by volume (decreasing order)	Percentage volume of orders executed	Percentage number of orders executed
ODDO ET CIE PARIS	43,49%	49,62%
HSBC BANK PLC	26,30%	10,08%
NATIXIS/EX NATIXIS SECURITIES	20,68%	26,26%
BOURSE DIRECT	6,55%	6,60%
EXANE	2,98%	7,44%
Instrument category	Debt instruments - Bonds	
On average, was less than 1 order executed per business day over the last year	No	
Top 5 brokers/intermediaries by volume (decreasing order)	Percentage volume of orders executed	Percentage number of orders executed
HSBC BANK PLC	45,60%	18,15%
HSBC France	22,62%	0,40%
CREDIT AGRICOLE CIB	11,06%	26,21%
SOCIETE GENERALE	10,78%	31,45%
BARCLAYS BANK LONDRES	9,94%	23,79%
Instrument category	Securitised derivatives – warrants and derivatives on preferential certificates	
On average, was less than 1 order executed per business day over the last year	Yes	

Top 5 brokers/intermediaries by volume (decreasing order)	Percentage volume of orders executed	Percentage number of orders executed
HSBC BANK PLC	48,07%	0,20%
ODDO ET CIE PARIS	34,13%	62,27%
NATIXIS/EX NATIXIS SECURITIES	16,04%	37,46%
CM-CIC MARKET SOLUTIONS	0,88%	0,03%
BANQUE PARIBAS PARIS	0,87%	0,03%

Instrument category	Securitised derivatives – other securitised derivatives	
On average, was less than 1 order executed per business day over the last year	Yes	
Top 5 brokers/intermediaries by volume (decreasing order)	Percentage volume of orders executed	Percentage number of orders executed
ODDO ET CIE PARIS	47,88%	57,07%
NATIXIS/EX NATIXIS SECURITIES	34,62%	41,62%
SOCIETE GENERALE -BACK OFFICE PARI	15,95%	0,26%
CM-CIC MARKET SOLUTIONS	1,23%	0,52%
HSBC BANK PLC	0,31%	0,52%

Instrument category	Exchange Traded Commodities (ETCs) and Exchange Traded Funds (ETFs)	
On average, was less than 1 order executed per business day over the last year	Yes	
Top 5 brokers/intermediaries by volume (decreasing order)	Percentage volume of orders executed	Percentage number of orders executed
HSBC BANK PLC	46,33%	45,59%
ODDO ET CIE PARIS	21,44%	24,99%
NATIXIS/EX NATIXIS SECURITIES	12,00%	13,43%
SOCIETE GENERALE	10,69%	6,18%
BANQUE PARIBAS PARIS	9,54%	9,81%

Instrument category	Other instruments	
On average, was less than 1 order executed per business day over the last year	No	
Top 5 brokers/intermediaries by volume (decreasing order)	Percentage volume of orders executed	Percentage number of orders executed
ODDO ET CIE PARIS	100,00%	100,00%

Instrument category	Actions and similar arrangements – representative actions and certificates	
---------------------	--	--

On average, was less than 1 order executed per business day over the last year	Yes	
Top 5 brokers/intermediaries by volume (decreasing order)	Percentage volume of orders executed	Percentage number of orders executed
CREDIT SUISSE ZURICH	55,25%	0,02%
HSBC BANK PLC	33,08%	96,98%
JP MORGAN LONDON	4,23%	1,01%
EXANE	3,85%	1,06%
BANCA POPOLARE DI SONDRIO	3,60%	0,93%

Instrument category	Debt instruments - bonds	
On average, was less than 1 order executed per business day over the last year	Yes	
Top 5 brokers/intermediaries by volume (decreasing order)	Percentage volume of orders executed	Percentage number of orders executed
HSBC BANK PLC	99,83%	7,36%
SOCIETE GENERALE	0,06%	31,83%
CREDIT AGRICOLE CIB	0,05%	29,81%
GOLDMAN SACHS LONDRES	0,03%	19,24%
BARCLAYS BANK LONDRES	0,03%	11,76%

Instrument category	Interest rate derivatives – swaps, forwards and other interest rate derivatives	
On average, was less than 1 order executed per business day over the last year	No	
Top 5 brokers/intermediaries by volume (decreasing order)	Percentage volume of orders executed	Percentage number of orders executed
HSBC BANK PLC	100,00%	100,00%

Instrument category	Credit derivatives – other credit derivatives	
On average, was less than 1 order executed per business day over the last year	No	
Top 5 brokers/intermediaries by volume (decreasing order)	Percentage volume of orders executed	Percentage number of orders executed
HSBC BANK PLC	100,00%	100,00%

Instrument category	Currency derivatives – swaps, futures contracts and other currency derivatives	
On average, was less than 1 order executed per business day over the last year	No	

Top 5 brokers/intermediaries by volume (decreasing order)	Percentage volume of orders executed	Percentage number of orders executed
HSBC BANK PLC	96,43%	50,00%
The Hongkong and Shanghai Banking Corporation Limited	3,57%	50,00%

Instrument category	Securitised derivatives – warrants and derivatives on preferential certificates	
On average, was less than 1 order executed per business day over the last year	No	
Top 5 brokers/intermediaries by volume (decreasing order)	Percentage volume of orders executed	Percentage number of orders executed
CM-CIC MARKET SOLUTIONS	100,00%	100,00%

Instrument category	Securitised derivatives – other securitised derivatives	
On average, was less than 1 order executed per business day over the last year	No	
Top 5 brokers/intermediaries by volume (decreasing order)	Percentage volume of orders executed	Percentage number of orders executed
CM-CIC MARKET SOLUTIONS	100,00%	100,00%

Instrument category	Raw materials and emission quota derivatives	
On average, was less than 1 order executed per business day over the last year	No	
Top 5 brokers/intermediaries by volume (decreasing order)	Percentage volume of orders executed	Percentage number of orders executed
HSBC BANK PLC	100,00%	100,00%

Instrument category	Exchange traded notes and exchange traded commodities	
On average, was less than 1 order executed per business day over the last year	Yes	
Top 5 brokers/intermediaries by volume (decreasing order)	Percentage volume of orders executed	Percentage number of orders executed
HSBC BANK PLC	49,79%	66,83%
BANQUE PARIBAS PARIS	20,15%	32,07%
EXANE	11,05%	0,61%
JP MORGAN LONDON	9,93%	0,24%
BANCA POPOLARE DI SONDRIO	9,07%	0,24%

## **Qualitative assessment:**

### **(a) How significant prices, costs, speed and any other factors, can be when assessing the quality of execution.**

As part of our service, HSBC selects some tier brokers according to a list of criteria, including their:

- Organisational and internal control procedures
- Quality of executions (access to markets, cash flow, price)
- Connectivity
- Strong financial condition
- Commitment best practice and compliance with all obligations in force
- Quality of middle and back-office support (payment quality, confirmation times, operation delivery, monitoring suspended accounts; quality of customer service and availability; management of incidents and claims)
- Execution and selection policies (to help HSBC comply with our obligations)
- Quality of relationship and service
- Quality of order execution and 'after-market' management, including speed of transmission, forms of answers for the executions, security of payment delivery
- Cost to execute orders (pricing), including instrument pricing, induced payment-delivery costs, costs for processing small orders
- Events or incidents during the year
- Continuity planning and capacity to resume orders if another HSBC intermediary fails

In general, regarding Global Market (GM), the best result is equivalent to the total cost, which means prices and costs. When GM decides on a price, it also considers the actions necessary to minimise the effect of the order's execution on the market, the market's pre-existing conditions and the client's preferences.

### **(b) Possible close links, conflicts of interests and joint participations with one or several brokers used to execute the orders:**

- Close links: A high volume of the retail business is left to the broker ODDO
- Conflicts of interests: HSBC didn't have any conflict of interest over the period

Professional clients covered by Global Markets activity:

HSBC France can send orders to another member of the HSBC group. In doing so, HSBC will respect the principles of best execution.

Sending an order to another member of the HSBC group can, among other things, increase the chance of it being executed.

In addition, since they use the same processes and procedures, using another member of the group makes it possible to offer the same security.

### **(c) Specific agreements made with brokers about payments made or received, price cuts, discounts or non-monetary advantages obtained.**

HSBC doesn't have any commercial interest in the brokers used during this time.

### **(d) Why the list of execution platforms mentioned in the execution policy has changed**

HSBC hasn't changed the list of execution platforms. Nor has the Private Bank, considering we benefit through HSBC from several execution platforms (Bats, Chaix, Turquoise...).

**(e) How order execution can vary depending on client category**

Order execution is identical for personal and online banking clients (RBMW) and business clients (CMB), whatever their category (non-professional or professional).

Order execution is identical no matter who the client is within the Private Bank.

Global Markets (GM) hasn't determined a specific order execution policy dependant on client category.

More information about HSBC execution policy is available at <http://www.business.hsbc.fr/mifid>. As a reminder, in general, the best result corresponds to the total cost, meaning the price and costs.

When GM decides on a price, it also considers the actions necessary to minimise the effect of the order's execution on the market, the market's pre-existing conditions and the client's preferences.

**(f) What other requirements affected the price and immediate costs of executing orders for retail clients, and how did they achieve the best possible result in terms of total cost for the client.**

Apart from price and cost requirements during the execution, we refer to the order execution and broker's selection policy. Over 2019, Global Markets (GM) sent and received orders for debt instruments and raw materials derivatives, for professional clients only. For all those transactions, the orders and request for quote (RFQ) from clients were executed by HSBC Bank plc and Hong Kong and Shanghai Banking Corporation Limited (HSBC Hong Kong), which have order execution measures similar to those used by HSBC France.

**(g) How each broker used data and tools to execute orders, particularly data regarding RTS 27, is available on the brokers' websites.**

**(h) How the investment company used elements coming from a provider of publishing consolidated system.**

This point is not applicable to our business.

Monitoring the execution and best selection policy: HSBC continuously monitor the quality of execution services provided by selected intermediaries.

The 'brokers' board reviews its Policy of Best Selection of Intermediaries at least once a year. It also does so every time there's a substantial change in the chosen environment, or that could affect HSBC's ability to conform to the obligation of best execution.

Global Market (GM) review the transactions made to guarantee they meet all the terms of best execution. A reproduction of it is presented and discussed during the End-of-term Committee of Best Execution which involves the 1st and 2nd lines of defence.

In addition to the general terms and conditions on the link below, the publication of information about the quality of execution (RTS 27) and the 5 main execution platforms (RTS 28) for HSBC France on the website: <https://www.hsbcnet.com/bestexecution> are subject to the following terms and conditions:

HSBC France provides this data to comply with its regulatory obligations to share it with the public.

HSBC doesn't allow any 3rd party to sell this data, or to sell a product using this data, without its prior agreement.