

Orders execution on best terms

Summary of the analysis of the execution quality achieved in 2018

In accordance with the Directive 2014/65/EU and its implementing and transposing regulations (MIFID II), Mediobanca has published on the 30th April 2019 on its website:

- i) its updated Execution and Transmission Strategy, which defines the measures adopted to obtain the best possible result for its clients' orders; and
- ii) the reports with the information on: the top five execution venues by trading volumes where it has executed its clients' orders in the past year; the top five investment firms by trading volumes to which it has transmitted its clients' orders in the last year; and the top five counterparties used for orders execution through the RFQ system of a trading venue.

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This document contains the assessment made by Mediobanca of the quality of the execution achieved on the venues where its clients' orders have been executed in 2018 and has to be read jointly with the aforementioned reports.

1. Execution factors relative to the client classification

Mediobanca has followed the importance assigned to the execution factors defined in the Strategy adopted during 2018, namely:

- Price of financial instrument
- Costs of execution
- Speed of execution
- Probability of execution and settlement
- Size of order
- Nature of order
- Other characteristics of the order relevant to its execution

Mediobanca has deemed the "total consideration" (which consists of the "price" of the instrument and the "cost of execution") to be the principal factor in determining the best result possible in the execution of orders submitted by clients classified as "retail".

The Bank has also considered the "speed of execution" and the "probability of execution and settlement" as factors which could take priority over the "total consideration" to obtain the best result possible in the execution of orders submitted by clients classified as "professional".

For the retail clients, it has been adopted a dynamic execution strategy which entails systematic and exclusive access to execution venues that guarantee pre-trade transparency.

For professional clients, it has been adopted a dynamic execution strategy which also entails access to execution venues that operate in exemption to the pre-trade transparency obligations (i.e. "reference price waiver"), unless the same clients have required to have an execution strategy which entails systematic and exclusive access to execution venues that guarantee pre-trade transparency.

For each class of instruments traded in 2018, the Bank has transmitted and/or executed its clients' orders in compliance with the factors defined in the Strategy adopted during the year.

2. Conflicts of interest

Mediobanca does not have any close link, conflict of interest or cross-ownership arrangement with the execution venues used in 2018, nor has it entered into any specific agreement with such venues regarding payments made or received, or regarding discounts, reductions or non-monetary benefits obtained outside of the standard terms and conditions.

The Bank pays the commissions defined by brokers and does not accept incentives from them.

Here below are listed the roles performed by Mediobanca on the different venues where clients' orders have been executed in 2018:

- EUROTLX: market maker on debt instruments (bonds) and liquidity provider on certificates;
- MOT Borsa Italiana: liquidity provider and specialist on debt instruments;
- IDEM Borsa Italiana: market maker on equity derivatives instruments (equity options);
- MTA Borsa Italiana: liquidity provider and specialist on shares;
- EUREX: market maker on equity derivatives instruments.

3. Execution and Transmission Strategy

Mediobanca during 2018 has not made any change to the list of execution venues listed in its Strategy.

During the month of April 2019 the Bank has updated its Strategy in order to enhance its execution quality, making available to professional clients only, at their request, a dynamic execution strategy that allows them to have access - through brokers - also to execution venues that are systematic internalisers for equity and exchange traded products; and update the list of authorized venues and brokers.

4. Summary of the main trading venues for class of instrument (2018)

Here below is listed the main trading venue on which the Bank has executed clients' orders during 2018, through direct access mode (for each class of instrument). The venue listed here below has resulted the main one for trading volumes for the execution of clients' orders.

i) Equities – shares and depositary receipts

On the basis of the tick size liquidity bands of the instruments

- MTA Borsa Italiana S.p.A. (both for retail and professional clients)

- AIM di Borsa Italiana (for retail clients) and Cboe Europe (for professional clients)

ii) Debt instruments - bonds

- Bloomberg MTF (both for retail and professional clients)

iii) Debt instruments – money market instruments

- Bloomberg MTF (both for retail and professional clients)

iv) Securitized derivatives – warrants and certificate derivatives

- SeDeX Borsa Italiana S.p.A. (for retail clients)
- AIM Borsa Italiana S.p.A. (for professional clients)

v) Securitized derivatives – other securitized derivatives

- MTA Borsa Italiana S.p.A. (both for retail and professional clients)

vi) Exchange traded products (exchange traded funds, exchange traded notes, exchange traded commodities)

- ETF Plus Borsa Italiana S.p.A. (both for retail and professional clients)

vii) Other instruments

- XETRA Deutsche Borse AG (for retail clients)
- Bloomberg MTF (for professional clients)

5. Execution of orders via request for quote (RFQ) system of a trading venue

Mediobanca during 2018 has executed clients' orders via the request for quote (RFQ) system provided by Bloomberg MTF; the main five counterparties for each class of instrument and typology of client classification are listed in the specific published report. Mediobanca does not have any close link or conflict of interests with the counterparties included in the aforementioned report, with the only exception of Banca Akros, that is a related party of Mediobanca, belonging to the BPM Group. Mediobanca, during the normal course of its business, may have provided and provide investment services and/or hold positions in instruments issued by the counterparties mentioned below.

- ✓ FLOW TRADERS B.V.
- ✓ JANE STREET FINANCIAL LIMITED
- ✓ SUSQUEHANNA INTERNATIONAL SECURITIES LIMITED
- ✓ OPTIVER V.O.F.
- ✓ COMMERZBANK
- ✓ SOCIETE GENERALE
- ✓ MPS CAPITAL SERVICES BANCA PER LE IMPRESE S.P.A.
- ✓ THE TORONTO-DOMINION BANK
- ✓ HSBC BANK PLC
- ✓ ZÜRCHER KANTONALBANK
- ✓ BARCLAYS BANK PLC

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- ✓ NOMURA INTERNATIONAL PLC
- ✓ MERRILL LYNCH INTERNATIONAL
- ✓ DAIWA CAPITAL MARKETS EUROPE LIMITED
- ✓ BNP PARIBAS
- ✓ ROYAL BANK OF CANADA
- ✓ JEFFERIES INTERNATIONAL LIMITED
- ✓ ING BANK N.V.
- ✓ MORGAN STANLEY BANK INTERNATIONAL LIMITED
- ✓ CITIGROUP GLOBAL MARKETS LIMITED
- ✓ BANCA AKROS SPA
- ✓ JPMORGAN CHASE BANK, NATIONAL ASSOCIATION
- ✓ BANCA IMI S.P.A.