

# RTS 28 Qualitative Summary Report

## Reporting Period: January – December 2019

This asset class specific qualitative summary report is prepared pursuant to the obligations set out in Article 27 (6) of Directive 2014/65/EU ("MiFID II") and Article 3 of Commission Delegated Regulation (EU) 2017/576 ("RTS 28"), and outlines a summary of the analysis and conclusions drawn from our monitoring of the quality of execution obtained on the execution venues where we executed client orders in the previous year for each asset class.

This report makes specific reference to the quality of execution obtained with regards to Securities Financing Transactions for Credit Suisse AG, London, CS AG London further referred to as "CS".

This report covers executed trades from the period January 1, 2019 to December 31, 2019.

### **A. Explanation of the importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when making assessments of the quality of execution**

The assessment of Execution Venues and Brokers is based on the factors as described in our policies that enable the desks to obtain the best possible result when executing orders for their clients. The current Client Order Execution Policy further referred to as "the Policy" is available at

<https://www.credit-suisse.com/media/assets/investment-banking/docs/financial-regulatory/client-order-execution-policy.pdf>

In order to achieve the best possible result for a client, CS will give consideration to a range of execution factors when determining the best outcome. Some of the below factors are considered to be more important than others as further described in the Policy; however, there are situations where the relative importance of these factors may change in accordance with instructions that the client provides or broader market conditions.

The execution factors that CS will consider are:

- Price – this is the price a financial instrument is executed at;
- Costs – this includes implicit costs such as the possible market impact, explicit external costs e.g. exchange or clearing fees and explicit internal costs which represents Credit Suisse's own remuneration through commission or spread;
- Likelihood of execution or settlement – the likelihood that we will be able to complete a client transaction;
- Speed – time it takes to execute a client transaction including settlement;
- Size – this is the size of the transaction executed for a Client accounting for how this affects the price of execution; and
- Nature of the transaction or any other consideration relevant to the execution of the transaction – this is how the particular characteristics of a client transaction can affect how best execution is received.

Asset class specific policies are contained as appendices to the Policy which contains further information on how execution factors are considered for achieving best execution per asset class. Whilst they set out the order of relative priority, a variety of criteria are taken into account and appropriate consideration will be made on a transaction by transaction basis.

The above execution factors list indicates the importance exercising appropriate judgment in the best interests of the client given the differing needs and requirements of each client transaction and the broader market.

### **B. Description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders**

CS maintains appropriate policies governing conflicts of interest which are strictly applied in relation to the bank's use of and interests in execution venues. A summary of our Global Conflicts of Interest Policy is available at

<https://www.credit-suisse.com/media/assets/investment-banking/docs/financial-regulatory/summary-conflicts-policy.pdf>

**C. Description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received**

CS periodically assesses brokers and venues as described in the bank's Client Order Execution Policy. The periodic venue or broker selection process is based solely on their ability to help CS deliver the best result for clients in compliance with best execution on a consistent basis. At the point of trade execution, the selection of venues and brokers is undertaken by personnel who are not incentivized by payments from venues or brokers made or received, discounts, rebates or non-monetary benefits. CS policy governing the giving and receiving of gifts and entertainment which is designed to mitigate conflicts of interest risk is strictly applied.

**D. Explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred**

During the reference period, the list of execution venues was reviewed and updated. Venues were added or removed in light of the evolution of the market to ensure that CS continues to have access to appropriate liquidity pools across each asset class where CS is active, and to reflect performance assessments of the venues and brokers where relevant.

In CS, all Securities Financing Transactions during the reporting year were executed in a Risk Principal capacity by CS. Hence, the use of other execution venue or the need to select an execution venue did not occur.

**E. Explanation of how order execution differs according to client categorization, where the firm treats such category of client differently and where it may affect order execution arrangements**

Under CS's Client Order and Execution Policy, the bank does not usually differentiate between clients of different classifications or categorizations in determining how to execute client orders aiming to achieve the best result. For professional clients, best execution may apply depending on whether the clients place legitimate reliance on CS.

**F. Explanation of when other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client**

Securities Financing Transactions did not execute any orders with or for any Retail clients during the reporting period.

**G. Explanation of how the investment firm has used any data or tools relating to the quality of execution including any data published under 27(10)(a) of Directive 2014/65/EU (execution quality reports published by execution venues)**

The Securities Financing Transactions business in CS did not use any data or tools relating to the quality of execution during the reporting period.

**H. Explanation of how the investment firm has used, if applicable, output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU which will allow for the development of enhanced measures of execution quality or any other algorithms used to optimize and assess execution performances.**

CS did not utilize a consolidated tape provider during the reporting period.