

# 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 Equities: Shares & Depositary Receipts for Credit Suisse Securities (Europe) Limited, CSSEL 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**

Credit Suisse has minority equity stakes in a number of execution venues. CS routing decisions are not influenced by shareholding. Potential related conflicts are managed through our existing governance forums which include the Best Execution Governance Committee, Execution Framework Governance Meeting and the eTrading Significant Change Compliance and Risk Meeting.

Additionally 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**

A number of venues offer rebates for posting however such arrangements are not specific to CS. CS routing decisions are not influenced by venue rebates. Potential related conflicts are managed through our existing governance forums and policy framework.

**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**

CS's strategy is to connect to all venues that offer meaningful liquidity in a manner which is likely to benefit our clients. Changes are discussed and agreed by an execution committee that meets on a periodic basis. During the reference period venues were added or removed in light of the evolution of the market to ensure that CS continues to have access to appropriate liquidity.

**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**

As per CS's Client Order Execution Policy clients are treated as professional clients (the "client") of CS regardless of whether they are an elective professional client or a per se professional. This policy is not directed at, or intended for retail clients and should not be considered for such persons. CS does not differentiate between clients of different categorizations in determining how to execute client orders aiming to achieve the best result.

**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**

CSSEL Cash Equities did not have 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)**

CS offers Clients a venue report showing where their orders have executed, as well as performance analysis of their algorithmic orders. Credit Suisse's Smart Order Routing technology solution determines factors relevant to the quality of the execution on a particular venue dynamically intraday. In addition to this, CS conducts regular execution price monitoring reviews to monitor for potential execution outliers. For the electronic flows, CS also provides real-time population of the FIX tags (e.g., Tag 30, 29 and 851) that can assist clients with their own best execution analysis.

**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 does not use output from a consolidated tape provider. CS receives market data feeds both direct from trading venues (where available) and from independent, third party data providers, providing data verification and fail-over capabilities. These data feeds are used to calculate a synthetic European Best Bid Offer ("EBBO") for execution performance purposes.

**I. Additional Information**

CS uses Average Daily Number of Trades (ADNT) information from ESMA to determine the liquidity bands for Cash Equities instruments. For instruments where the ADNT information is not available, they have been defaulted to the lowest liquidity band and included in the relevant report.

Additionally, due to the fact that ADNT information is not available for certain instruments, CS has chosen not to use liquidity bands for its top 5 brokers report.