

**MiFID II Best Execution  
Information on Execution Quality Obtained  
Credit Suisse (Luxembourg) S.A.**

**2019**

## Introduction

This execution quality report refers to the obligations set out in Art. 27.6 of Directive 2014/65/EU and article 65 (6) of the Commission Delegated Regulation (EU) 2017 (“MiFID II”) and Art. 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 client orders were executed in the previous year by Credit Suisse (Luxembourg) S.A. (“CS Lux” or “the Bank”).

This report covers the period from 1 January 2019 to 31 December 2019 and should be read in conjunction with the CS Lux’s Best Execution Policy. The current version is available at on the Bank’s website: <https://www.credit-suisse.com/lu/en/private-banking/best-execution.html>

For clients serviced by Credit Suisse legal entities other than Credit Suisse (Luxembourg) S.A., note that there may be separate Best Execution Policies and reports with information on execution quality obtained by those legal entities.

Please contact your relationship manager for further information or any additional questions.

## RTS 28 Execution quality reporting

### All asset classes

### Jan-Dec 2019

*Unless stated otherwise, the following information relates to all asset classes included in the RTS 28 Top 5 Venue Reports. A full list of all asset classes executed/received and transmitted by the Bank in 2019 can be found on section additional explanations and in the Top 5 Execution Venues and Top 5 Brokers of Credit Suisse (Luxembourg) S.A..*

#### **A. Explanation of the importance the Bank 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**

As described in the Bank's Best Execution Policy, when executing or transmitting client orders, we will take all sufficient steps to achieve the best possible result for clients taking into account the execution factors relevant to the order. The below execution factors are considered when determining the best result:

- 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 the Bank'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 of execution - time it takes to execute a client transaction including settlement;
- Size of the order - 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.

For Retail Clients, MiFID II requires the best possible result primarily to be defined in terms of the Total Consideration.

The Total Consideration is composed of the execution price of the financial instrument and of all costs directly related to the execution of it. The cost of a transaction includes brokerage, clearing and exchange fees, as well as settlement costs and other third party fees. While MiFID II allows to determine the best possible result differently for Professional Clients compared to Retail Clients, the Bank has chosen to also apply the Total Consideration as determining element for the best possible result also to Professional Clients.

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

CS Lux shares an integrated execution platform with other Credit Suisse Group entities and routes a significant volume of orders to other entities via this platform as this offers a unique speed and likelihood of execution to clients. We believe this set up to be in the interests of our clients and that it allows us to achieve Best Execution when executing and transmitting orders on their behalf.

- Cash Equities: The Bank does not hold direct exchange membership with any trading venue and has relied on Credit Suisse Securities (Europe) Limited ("CSSEL") order management system (Advanced Execution Services, or "AES") for predominantly low touch orders. In addition, we have used CSSEL's high touch dealers for orders that could not be executed directly on the AES platform.

Foreign Exchange and other OTC derivatives are executed by Credit

Suisse (Luxembourg) S.A. who then exclusively use an integrated execution platform via Credit Suisse (Switzerland) Ltd. . Given the dynamics of the market it is not feasible to obtain multiple competing quotes from dealers prior to execution. We believe this set up to be in the interests of our clients and that through this set up Best Execution was achieved.

- Listed Derivatives / Exchange Traded Derivatives (excepted Securitized derivatives) are transmitted exclusively via Credit Suisse (Switzerland) Ltd. through an integrated execution platform. Securitized derivatives, are transmitted mainly to Credit Suisse Securities (Europe) Limited in addition to Credit Suisse (Switzerland) Ltd.
- Debt Instruments and Structured Finance Instruments and other instruments were regularly transmitted to Credit Suisse (Switzerland) Ltd. via our integrated execution platform.
- In addition, Exchange Traded Products were transmitted to Credit Suisse Securities (Europe) Ltd London via our integrated execution platform and Credit Suisse (Switzerland) Ltd.

In order to ensure that this setup continues to benefit clients, CS Lux conducts a periodic review of all execution venues used, including Group entities, in order to assess whether Best Execution is achieved on a consistent basis. In particular, all intermediaries will be chosen after due diligence that demonstrates that CS Lux's criteria for Best Execution are guaranteed by the broker / intermediary on a consistent basis. Additional general information on the identification and management of conflicts of interest can be found in the brochure "Your Banking Relationship with CREDIT SUISSE (LUXEMBOURG) S.A. available on the Bank's website: <https://www.credit-suisse.com/lu/en/private-banking/general-information.html>

#### **C. Description of any specific arrangements with any execution**

**venues regarding payments made or received, discounts, rebates or non-monetary benefits received**

In relation to Structured Products and Mutual Funds, the Bank may receive inducements from Credit Suisse group entities and third parties intermediaries based on the amount invested. Such payments are disclosed in more detail in the brochure Your Banking Relationship with CREDIT SUISSE (LUXEMBOURG) S.A. available on the Bank's website: <https://www.credit-suisse.com/lu/en/private-banking/general-information.html>

For all other asset classes, the Bank does not have any specific arrangements with any execution venues regarding payments made or received, discounts or non-monetary benefits received.

**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 Lux relies on the equity broker assessment performed by the parent company Credit Suisse (Switzerland) Ltd.. As a reminder, the list of brokers was changed during the calendar year 2017 with the main driver being the new regulatory requirement in relation to unbundling of research and execution fees. In compliance with MiFID II, research was excluded as a criteria in selecting intermediaries / brokers.

For all other asset classes, the Bank made no changes to the list of execution venues listed in the firm's execution policy during the period. This list was approved by the local broker assessment board.

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

As described in the Bank's Best Execution Policy, no difference is made in treating orders from retail and professional client. The total

consideration is the primary execution factor considered when selecting intermediaries or execution venues.

**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**

Across all asset classes, immediate Price and Costs ("Total Consideration") prevails for Retail and Professional client orders.

However, there may be circumstances where the primary execution factors vary and the price is no longer the dominant execution factor; for example, for transactions in illiquid securities, likelihood of execution and market impact become more important. In order to determine the relative importance of the above mentioned factors, the Bank also considers the characteristics of the client, the order, the specific Financial Instrument in question as well as the Execution Venue(s) or Broker such order could be directed to.

**G. Summary of Best Execution Monitoring Process**

In order to ensure active monitoring of Best Execution, the Bank has implemented several Transaction and Cost Analysis reports (as further defined in the below Additional explanations document) which are produced on a daily or monthly basis and identify all the execution deviations based on different criteria by asset class.

The results of the analysis are presented to relevant stakeholders during the bi-annual Best Execution Governance Committee. Based on this review, the committee decides if changes to the current choice of the execution venue/broker or general best execution arrangements have to be made.

## RTS 28 Execution quality reporting

### Additional explanations

### Jan-Dec 2019

#### 1. Transactions and Cost Analysis Reports Summary

Report Objective	Asset Class(es)	Frequency
Comparison of executed price versus the Bloomberg benchmark price at the time the order was executed.	Debt instrument	Daily
Comparison of executed price versus the Bloomberg benchmark price at the time the order was executed.	Currency and commodities derivatives	Monthly
Analysis of the execution delays versus the VWAP during the same period	Equity and Exchange Traded Products	Daily
Analysis of the executed price versus the limit adjusted VWAP	Equity Derivatives	Daily

#### Conclusion of the Review performed:

In case deviations are detected between the benchmark and the executed price or time of the transaction, a review is conducted and plausible justifications have to be provided. Where no justifications can be presented, appropriate action will be taken and the broker assessment will be reviewed. For 2019, all the deviations identified during the daily monitoring have been reviewed and concluded that they are in line with the Bank's Best Execution policy. The summary of the analysis has been presented to our Local best Execution Governance Committee and no change in the broker or execution venues has therefore been decided during 2019.

2. A large part of CS Lux's debt instruments volume are traded in Execution capacity on the Bloomberg Multilateral Trading Facility (BMTF). This trading venue is listed in the relevant Top 5 reports. However, regulatory requirements also ask the Bank to performed a so called "look through", i.e. to disclose the identity of the Top 5 counterparties the Bank trades with on this venue via a request for quote system.

### Debt Instruments (Bonds) - Retail Clients

Class of Instrument	Debt instruments (bonds)				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>Citigroup Global Markets Limited</b> XKZZ2JZF41MRHTR1V493	2,03%	6,63%	7,27%	92,72%	0,30%
<b>Morgan Stanley &amp; Co.</b> 4PQUHN3JPFQFN3BB653	1,66%	9,21%	10,91%	89,08%	0,00%
<b>Deutsche Bank AG</b> 7LTFWZYICNSX8D621K86	1,39%	3,31%	9,69%	90,30%	0,60%
<b>Stonex Financial Europe</b> 5493009FOGEUTR4HFR55	1,33%	2,33%	13,79%	86,20%	0,00%
<b>Barclays Bank Plc</b> G5GSEF7VJP5I7OUK5573	1,32%	3,94%	10,20%	89,79%	0,51%

### Debt instruments (Bonds) - Professional clients

Class of Instrument	Debt instruments (bonds)				
Notification if <1 average trade per business day in the previous year					
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>Citigroup Global Markets Limited</b> XKZZ2JZF41MRHTR1V493	11,53%	6,59%	38,03%	61,96%	1,22%
<b>Stonex Financial Europe</b> 5493009FOGEUTR4HFR55	8,25%	2,95%	56,16%	43,83%	1,36%
<b>UBS AG London</b> BFM8T61CT2L1QCEMIK50	7,93%	15,85%	69,89%	30,10%	0,51%
<b>HSBC Bank PLC</b> MP6I5ZYZBEU3UXPYFY54	6,95%	4,24%	21,90%	78,09%	0,00%
<b>Morgan Stanley &amp; Co.</b> 4PQUHN3JPFQFN3BB653	5,85%	7,76%	28,64%	71,35%	0,00%

### Debt Instruments (Money Markets) - Retail Clients

Class of Instrument	Debt instruments (Money market)				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>Citigroup Global Markets</b> XKZZ2JZF41MRHTR1V493	38,86%	17,64%	0,00%	100,00%	0,00%
<b>Morgan Stanley &amp; Co.</b> 4PQUHN3JPFGENF3BB653	19,80%	7,84%	0,00%	100,00%	0,00%
<b>TD Securities Ltd</b> H71H6FPHX49CGFTF4J23	18,01%	6,86%	0,00%	100,00%	0,00%
<b>Goldman Sachs International</b> W22LROWP2IHZNBB6K528	9,07%	4,90%	0,00%	100,00%	0,00%
<b>Credit Agricole London Branch</b> 2138007P96W5GXQCJL28	3,72%	2,94%	0,00%	100,00%	0,00%

### Debt Instruments (Money Markets) - Professional Clients

Class of Instrument	Debt instruments (Money Market)				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>Citigroup Global Markets</b> XKZZ2JZF41MRHTR1V493	32,27%	19,14%	0,00%	100,00%	0,00%
<b>Credit Suisse Switzerland Ltd.</b> 549300CWROWOBCS9Q144	15,89%	31,91%	0,00%	100,00%	0,00%
<b>Societe Generale Paris</b> 0IKLU6X1B10WK7X42C15	11,65%	8,51%	0,00%	100,00%	0,00%
<b>Royal Bank of Canada</b> 2138000DGVROVDV4N89	7,83%	6,38%	0,00%	100,00%	0,00%
<b>Goldman Sachs International</b> W22LROWP2IHZNBB6K528	7,66%	6,38%	0,00%	100,00%	0,00%

3. During 2019, Credit Suisse (Luxembourg) S.A. executed or received and transmitted orders on behalf of clients in the following financial instrument classes:
  - a. Equities (shares & depositary receipts)
  - b. Debt instruments (bonds)
  - c. Debt instruments (money market instruments)
  - d. Interest rates derivatives (Futures and options admitted to trading on a trading venue)
  - e. Currency derivatives (Options and Futures admitted to trading on a trading venue)
  - f. Currency derivatives (swaps and forwards)
  - g. Equity derivatives (Options and Futures admitted to trading on a trading venue)
  - h. Structured finance instruments
  - i. Securitized derivatives (warrants and certificate derivatives)
  - j. Commodities derivatives and emission allowances derivatives (Other commodity derivatives and emission allowances derivatives)
  - k. Exchange traded products (Exchange Traded Funds, Exchange Traded Notes and Exchange Traded Commodities)
  - l. Other instruments

## Annex 1: Definitions

<b>Aggressive Order</b>	'Aggressive order' means an order entered into the order book that took liquidity. The orders have been interpreted as market orders.
<b>Broker</b>	Means street-side counterparties or intermediary through which Credit Suisse executes or transmits orders.
<b>Client Order</b>	Client Order is a verbal, electronic (e.g. Bloomberg, FIX) or written agreement to execute a transaction on behalf of a client regardless of whether Credit Suisse is acting in a principal, riskless principal or agency capacity in any of the Financial Instruments listed in Schedule 1 of the Credit Suisse Best Execution Policy.
<b>Directed Order</b>	'Directed order' means an order where a specific execution venue was specified by the client prior to the execution of the order.
<b>Eligible Counterparty</b>	Eligible Counterparties are Investment Firms; credit institutions; insurance companies; UCITS and their management companies; pension funds and their management companies; other financial institutions authorized or regulated under community legislation or the national law of a Member State; undertakings exempted from the application of this Directive under Article 2(1)(k) and (l); national governments and their corresponding offices including public bodies that deal with public debt; central banks; and supranational organizations (Definition Directive 2004/39/EC, art. 24 (2)).
<b>Execution Venue</b>	Execution Venue refers to Regulated Markets, MTFs or OTFs and other liquidity providers or entities that perform a similar function.
<b>Investment Firm</b>	Investment Firm means any legal person whose regular occupation or business is the provision of one or more investment services to third parties and/or the performance of one or more investment activities on a professional basis.
<b>MiFID II</b>	Markets in Financial Instruments Directive 2014/65/EU of 15 May 2014 ("MiFID II").
<b>Passive Order</b>	'Passive order' means an order entered into the order book that provided liquidity. The orders have been interpreted as limit orders.
<b>Professional Client</b>	Professional Client means a client who possesses the experience, knowledge and expertise to be able to appropriately assess the risks associated with their own investment decisions (e.g. financial institutions, other authorized or regulated institutions, collective investment schemes and management companies of such schemes, pension funds, and other institutional investors). Retail Clients who fulfill two out of three criteria set up to demonstrate their knowledge and experience might also be considered Professional Clients upon their own request.
<b>Retail Client</b>	Retail Client means a client who is not a Professional Client.
<b>RTO</b>	RTO means the order handling process when Credit Suisse receives and transmits a client order to an intermediate Broker.
<b>Total Consideration</b>	Price of the Financial Instrument and the costs relating to execution, which shall include all expenses incurred by the client that are directly relating to the execution of the order, including Execution Venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.
<b>Trading Venue</b>	Trading Venue means any Regulated Market, MTF or OTF as defined under MiFID II.
<b>VWAP</b>	The volume weighted average price (VWAP) is a benchmark that gives the average price a security has traded at throughout the day, based on both volume and price.



**CREDIT SUISSE (LUXEMBOURG) S.A.**

5, rue Jean Monnet

2180 Luxembourg

Luxembourg

Tel.: +352 460011-1

[www.credit-suisse.com/lu](http://www.credit-suisse.com/lu)

**Important Notes**

This document (updated version – November 2021) has been produced for information purposes only and is not investment advice or otherwise based on a consideration of the personal circumstances of the addressee nor is it the result of objective or independent research. The information provided herein does not constitute an offer or invitation to enter into any type of financial transaction. The information provided herein was produced by Credit Suisse Group AG and/or its affiliates (hereafter "CS") with the greatest of care and to the best of its knowledge and belief. The information and views expressed herein are those of CS at the time of writing and are subject to change at any time without notice. They are derived from sources believed to be reliable.

CS provides no guarantee with regard to the content and completeness of the information and does not accept any liability for losses that might arise from making use of the information. If nothing is indicated to the contrary, all figures are unaudited. The information provided herein is for the exclusive use of the recipient. Neither this information nor any copy thereof may be sent, taken into or distributed in the United States or to any U. S. person (within the meaning of Regulation S under the US Securities Act of 1933, as amended). It may not be reproduced, neither in part nor in full, without the written permission of CS.

Copyright © 2019 Credit Suisse Group AG and/or its affiliates. All rights reserved