

## **INFORMATION ON THE ORDER EXECUTION POLICY OF KBC SECURITIES FOR PROFESSIONAL CLIENTS**

### **1. Scope of best execution**

In accordance with the Markets in Financial Instruments Directive (MiFID) KBC Securities has established and implemented arrangements, including an order execution policy, designed to deliver best execution.

The present document provides the clients with information on the order execution policy of KBC Securities.

The order execution policy has been applied as from 1<sup>st</sup> May, 2010 to clients that have been classified as professional clients of KBC Securities and to financial instruments in scope of MiFID.

When executing an order on behalf of its professional clients in respect of financial instruments covered by MiFID, KBC Securities will, subject to any specific instruction, take all reasonable steps to obtain the best possible execution result in accordance with its order execution policy, taking into account the factors identified below.

### **2. Approach to best execution**

#### **2.1. Execution factors**

Various factors such as price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order, may affect the order execution.

In order to determine the relative importance of the different factors, KBC Securities takes into account the following criteria:

- the characteristics of the client, i.e. the categorisation of the client as a professional client;
- the characteristics and nature of the order, including whether any specific instructions are given;
- the characteristics of the financial instruments that are subject of that order;
- the characteristics of the execution venues to which that order can be directed.

Although in most instances price and costs will merit a high relative importance in obtaining the best possible result, there can be circumstances where other factors such as market impact, speed, likelihood of execution and settlement, size and nature of the order or any other consideration relevant to the execution of the order may be more important in determining the best possible execution result.

KBC Securities may, at its own discretion, prioritise such other factors in certain circumstances, for certain client orders, financial instruments or markets for example where there is insufficient immediately available liquidity on the relevant execution venue to execute the order in full, where the client gives an order above standard market size or in illiquid instruments. Thus KBC Securities may appropriately determine that obtaining the best immediately available price may not be the best possible result for its client.

#### **2.2. Execution venues and methods**

The order execution policy includes, in respect of each class of instruments, information on the different venues where KBC Securities executes its client orders and the factors affecting the choice of execution venue. The policy includes at least those venues that KBC Securities enable to obtain on a consistent basis the best possible result for the execution of client orders.

In meeting its obligation to take all reasonable steps to obtain on a consistent basis the best possible result for the execution of client orders, KBC Securities may use one or more of the following venue types when executing an order on behalf of its client:

- regulated markets;
- multilateral trading facilities(MTF);
- systematic internalisers;
- KBC Securities' own account (including KBC Group, KBC Securities, their branches and affiliates dealing as principal);
- third party investment firms, brokers and/or affiliates acting as market maker or other liquidity providers;
- transfer agents;
- non EU entities performing similar functions;

Although it is its policy to apply the same standards with respect to best execution across the different markets and financial instruments, the diversity of those markets and instruments will however KBC Securities oblige to take into account different factors when assessing its execution policy in the context of those different markets and financial instruments. For example the fact of execution may itself constitute best execution in markets with low liquidity. For certain financial instruments the choice of venue may be limited to only one platform/market.

Subject to any specific instruction that KBC Securities may receive from a client, KBC Securities will execute the order in accordance with its execution policy by using one (or a combination) of the following methods:

- (1) The order can be executed directly on the regulated market or MTF or, where KBC Securities is not a direct member of the relevant market or MTF, KBC Securities can transmit the order to a third party market participant, with whom KBC Securities will have arrangements in place for handling orders for that regulated market or MTF.
- (2) The order can be transmitted to another broker or dealer or another KBC Group', KBC Securities' branch or affiliate for execution, in which case KBC Securities will either determine the ultimate execution venue and instruct the other broker or dealer accordingly or satisfy itself that the broker or dealer has arrangements in place that enable KBC Securities to comply with its own execution policy.
- (3) The order execution policy provides for the possibility that a client order may be executed outside a regulated market or an MTF, for example by KBC Securities acting as execution venue itself, where KBC Securities believes to obtain the best possible result for execution of that order. However in order to be able to execute the order outside a regulated market or an MTF, KBC Securities has to obtain the prior express consent of the client.

Where the client has provided its consent, the entity to which the order is transmitted by KBC Securities, may execute it outside a regulated market or MTF or similar non EU market or venue.

- (4) The order can, in case of units in collective investment undertakings, be transmitted to a transfer agent.

### 3. Specific instruction

To the extent that the client gives a specific instruction in relation to an order or any aspect of an order, including the selection of a particular execution venue, in executing the order in accordance with these specific instructions, KBC Securities will be deemed to have taken all reasonable steps to provide the best possible result in respect of that order of aspect of that order.

Where the client gives specific instructions for example via an electronic order routing system, KBC Securities will execute that order in accordance with those specific instructions.

Any specific instruction from a client may prevent KBC Securities from taking the steps that it has designed and implemented in its order execution policy to obtain the best possible result for the execution of those orders in respect of the elements covered by such instruction.

#### **4. Monitoring and Review**

KBC Securities will monitor the effectiveness of its order execution arrangements and its execution policy in order to identify and, where appropriate, correct any deficiencies.

In particular, KBC Securities will assess, on a regular basis, whether the execution venues included in the order execution policy provide for the best possible result for the client, or whether changes to the execution arrangements need to be made.

KBC Securities will review its order execution arrangements and order execution policy at least annually.

KBC Securities shall notify its clients of any material changes to its order execution arrangements or execution policy.