

Report RTS 28

Period: January to December 2021

Date: 30 April 2022



HSBC

PUBLIC

Best Execution Analysis Report – RTS28

Period of time: January to December 2021

Context

HSBC is required to take all necessary measures to obtain the best possible result for its clients when executing orders on their behalf and to publish annually the ranking of the top 5 brokers/intermediaries in terms of volumes and summary information on the quality of execution obtained in accordance with:

- article 27 of directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 (MiFID 2 directive),
- Article 65 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016.

“The aim is to establish the ranking of the 5 market intermediaries or “brokers” most used by HSBC for the transmission of orders” as well as “the ranking of the 5 venues”. This second ranking is available by clicking on this [link](#).

Quantitative assessment

◆ Category : Non Professionnal Clients

Class of instrument	(a) Equities - Shares & Depositary Receipts (iii) Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)	
Notification if <1 average trade per business day in the previous year	Y	
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
ODDO BHF SCA	71,40%	82,93%
HSBC CONTINENTAL EUROPE	18,93%	10,57%
BOURSE DIRECT	8,68%	5,05%
SOCIETE GENERALE	0,75%	1,43%
CM-CIC MARKET SOLUTIONS	0,25%	0,03%

Class of instrument	(b) Debt instruments (i) Bonds	
Notification if <1 average trade per business day in the previous year	Y	
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
HSBC BANK PLC	84,79%	23,93%
HSBC CONTINENTAL EUROPE	10,87%	31,94%
BARCLAYS BANK IRELAND	2,50%	28,74%
BNP PARIBAS ARBITRAGE	1,20%	10,14%
CREDIT SUISSE BANK (EUROPE), S.A.	0,64%	5,25%

HSBC Continental Europe - Société Anonyme au capital de 491 155 980 euros - SIREN 775 670 284 RCS Paris - Siège social : 38, avenue Kléber - 75116 Paris - Banque et intermédiaire en assurance immatriculé auprès de l'ORIAS (Organisme pour le Registre des Intermédiaires en Assurance - orias.fr) sous le n° 07 005 894

Class of instrument	(h) Securitized Derivatives (i) Warrants and Certificate Derivatives	
Notification if <1 average trade per business day in the previous year	Y	
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
ODDO BHF SCA	86,86%	99,74%
CM-CIC MARKET SOLUTIONS	7,21%	0,17%
HSBC CONTINENTAL EUROPE	3,70%	0,05%
BARCLAYS BANK IRELAND	1,28%	0,02%
UBS AG	0,95%	0,03%

Class of instrument	(h) Securitized Derivatives (ii) Other securitized derivatives	
Notification if <1 average trade per business day in the previous year	Y	
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
ODDO BHF SCA	99,90%	99,47%
BOURSE DIRECT	0,06%	0,18%
CM-CIC MARKET SOLUTIONS	0,04%	0,18%
HSBC CONTINENTAL EUROPE	0,00%	0,18%

Class of instrument	(k) Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)	
Notification if <1 average trade per business day in the previous year	Y	
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
ODDO BHF SCA	52,31%	42,98%
HSBC CONTINENTAL EUROPE	46,16%	51,56%
SOCIETE GENERALE	1,38%	5,41%
CM-CIC MARKET SOLUTIONS	0,11%	0,04%
CREDIT INDUSTRIEL ET COMMERCIAL	0,04%	0,01%

Class of instrument	(m) Other instruments	
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
ODDO BHF SCA	98,82%	33,33%
HSBC BANK USA, NATIONAL ASSOCIATION	0,94%	33,33%
CLEARSTREAM BANKING S.A.	0,24%	33,33%

◆ **Category : Professionnal Clients**

HSBC Continental Europe - Société Anonyme au capital de 491 155 980 euros - SIREN 775 670 284 RCS Paris - Siège social : 38, avenue Kléber - 75116 Paris - Banque et intermédiaire en assurance immatriculé auprès de l'ORIAS (Organisme pour le Registre des Intermédiaires en Assurance - orias.fr) sous le n° 07 005 894

Class of instrument	(a) Equities - Shares & Depositary Receipts (i) Tick size liquidity bands 5 and 6 (from 2000 trades per day)	
Notification if <1 average trade per business day in the previous year	Y	
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
INSTINET GERMANY GMBH	52,29%	40,96%
HSBC BANK PLC	38,00%	51,18%
BANCO SANTANDER SA	6,79%	7,68%
LIQUIDNET EU LIMITED (IRELAND)	1,89%	0,02%
LIQUIDNET EUROPE LTD	1,03%	0,15%

Class of instrument	(a) Equities - Shares & Depositary Receipts (ii) Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)	
Notification if <1 average trade per business day in the previous year	Y	
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
HSBC BANK PLC	38,99%	48,29%
HSBC SECURITIES INCORPORATED	24,74%	7,83%
INSTINET GERMANY GMBH	22,61%	35,11%
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	12,46%	3,90%
WOOD & CO FINANCIAL SERVICES	1,20%	4,87%

Class of instrument	(a) Equities - Shares & Depositary Receipts (iii) Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)	
Notification if <1 average trade per business day in the previous year	Y	
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
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	58,27%	47,04%
HSBC SECURITIES INCORPORATED	28,49%	32,79%
HSBC BANK PLC	8,59%	14,29%
INSTINET GERMANY GMBH	4,44%	5,40%
KEPLER CHEUVREUX	0,21%	0,47%

Class of instrument	(b) Debt instruments (i) Bonds	
Notification if <1 average trade per business day in the previous year	Y	
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
BARCLAYS BANK IRELAND	24,67%	28,12%
GOLDMAN SACHS INTERNATIONAL	23,90%	28,43%
BOFA SECURITIES EUROPE SA	18,05%	17,70%
HSBC CONTINENTAL EUROPE	17,91%	9,52%
BNP PARIBAS	15,46%	16,23%

HSBC Continental Europe - Société Anonyme au capital de 491 155 980 euros - SIREN 775 670 284 RCS Paris - Siège social : 38, avenue Kléber - 75116 Paris - Banque et intermédiaire en assurance immatriculé auprès de l'ORIAS (Organisme pour le Registre des Intermédiaires en Assurance - orias.fr) sous le n° 07 005 894

Class of instrument	(f) Structured finance instruments	
Notification if <1 average trade per business day in the previous year	Y	
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
HSBC BANK PLC	47,96%	13,87%
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	32,09%	23,42%
HSBC SECURITIES INCORPORATED	9,46%	33,50%
INSTINET GERMANY GMBH	8,08%	16,29%
BANCO SANTANDER SA	2,41%	12,92%

Class of instrument	(g) Equity Derivatives (i) Options and Futures admitted to trading on a trading venue	
Notification if <1 average trade per business day in the previous year	Y	
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
HSBC BANK PLC	48,49%	51,64%
HSBC SECURITIES (USA) INC	47,89%	34,30%
JP Morgan AG	3,44%	13,02%
CIMD SV SA	0,17%	1,04%
SIF - AFS GROUP	0,01%	0,00%

Class of instrument	(h) Securitized Derivatives (i) Warrants and Certificate Derivatives	
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
UBS AG	100,00%	100,00%

Class of instrument	(k) Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)	
Notification if <1 average trade per business day in the previous year	Y	
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
HSBC BANK PLC	36,01%	23,14%
HSBC SECURITIES INCORPORATED	17,62%	56,65%
INSTINET GERMANY GMBH	16,67%	19,08%
SOCIETE GENERALE	15,26%	0,66%
GOLDMAN SACHS INTERNATIONAL	14,44%	0,46%

Qualitative assessment

◆ (a) Explanation of the relative importance given to price, costs, speed and likelihood of execution or any other factor, in assessing the quality of execution.

As part of our service, HSBC Continental Europe selects the brokers (third-party), according to a list of criteria, the main ones of which are:

- A structure of an organization and an adequate internal control system,
- The quality of order execution systems (access to markets, liquidity, price),
- Connectivity,
- Strong financial condition
- Commitment best practice and compliance with all obligations in force
- The quality of Middle and Back-Office support (payment quality, confirmation times, operation delivery, monitoring suspended accounts; quality of customer service and availability; incidents and claims management)
- The documentation provided in terms of execution and best selection policy (allowing HSBC Continental Europe to comply with its obligations in this area),
- The quality of the relationship and the service offered,
- The quality of the execution of orders and of "post-trade" management, including the speed of transmission of the order, the methods of response to executions, security of settlement-delivery, etc.
- The cost of executing orders (pricing), taking into account the pricing applicable to each class of instruments, the settlement-delivery costs incurred, the cost of processing small orders, etc.
- Events or incidents during the year,
- The business continuity plan and the ability to resume order flow in the case of the failure of another HSBC Continental Europe intermediary.

In general, regarding Global Market (GM), the best result is the total cost, namely price and costs. When GM determines a price, it also considers any actions necessary to minimize the impact of order execution on the market, pre-existing market conditions and understanding the client's preferences.

◆ (b) Possible close links, conflicts of interest and joint participations with one or more of the brokers used to execute the orders:

- Close links: A high volume of retail business is entrusted to the ODDO BHF SCA broker,
- Conflicts of Interest: HSBC Continental Europe has not identified any conflict of interest for the period.

Professional clients covered by the of Global Markets activity:

HSBC Continental Europe can transmit orders for execution to another member of the HSBC group. In doing so, HSBC Continental Europe will respect the principles of best execution. In this regard, the transmission of an order to another entity of the HSBC Group will, among other things, increase the probability of its execution and benefit from facilitated communication. Moreover, since they use the same processes and procedures, using another member of the group makes it possible to offer the same security.

◆ (c) Specific agreements made with brokers about payments made or received, price cuts, discounts or non-monetary advantages obtained.

HSBC Continental Europe has had no commercial interests with the brokers used to trade products during this time.

◆ **(d) Explanation of the factors that led to the modification of the list of execution place mentioned in the execution policy.**

HSBC Continental Europe has not changed the list of execution platforms.

The Private Bank has not modified the list of execution place since we benefit through HSBC from several execution platforms (Bats, Chaix, Turquoise, ...).

◆ **(e) Explanation of how the order execution can vary depending on client category.**

The order execution is identical for Retail Banking (RBWM) and Corporate Banking (CMB) clients regardless of their classification (non-professional or professional).

The order execution is identical regardless of the client within the Private Bank.

The Global Market (GM) business line has not determined a specific order execution policy according to client categories. As a reminder, in general, the best result corresponds to the total cost, namely the price and the costs. When GM determines a price, it also takes into account any actions necessary to minimize the impact of order execution on the market, pre-existing market conditions and understand the client's preferences.

◆ **(f) Indication of whether or not other criteria affected the price and immediate costs when executing retail client orders, and an explanation of how these other criteria achieve the best possible result in terms of total cost to the client.**

In addition to the price and cost criteria during execution, we refer to the order execution and broker's selection policy.

In 2021, Global Market (GM) provided the order reception and transmission service for interest rate derivatives and foreign exchange derivatives to a population of professional and non-professional clients.

For all of these transactions, the orders and request for quote (RFQ) from clients were executed by HSBC Bank Plc, which has order execution facilities similar to those of HSBC Continental Europe GM.

◆ **(g) Explanation of how HSBC Continental Europe has used data or tools to execute orders, in particular data published under RTS 27, is available on the websites of the various brokers.**

Information relating to the quality of execution by instrument is analyzed and used by the Bank as part of the activity of monitoring the execution of orders on behalf of its clients by selected intermediaries.

◆ **(h) Explanation of how the investment company used elements coming from a provider of publishing consolidated system.**

This point is not applicable for our establishment.

Monitoring of the execution and best selection policy:

HSBC Continental Europe continuously monitors the quality of the execution services provided by the selected intermediaries.

The "brokers" board reviews its Best Selection of Intermediaries Policy, at least once a year but also whenever there is a substantial change in the chosen environment or when a significant change has occurred which could have affected the capacity of HSBC Continental Europe to comply with the best execution obligation.

The Global Market (GM) business line examines the transactions carried out to ensure that they comply with the conditions of best execution. A report is presented and discussed during the quarterly Best Execution Committee, which involves the 1st and 2nd lines of defence.

In addition to the general terms and conditions, which are available on the link below, the publication of information concerning the 5 main execution platforms (RTS 28) for HSBC Continental Europe on the site <https://www.hsbcnet.com/bestexecution> are subject to the following terms and conditions:

HSBC Continental Europe provides the data on the site in order to fulfill its regulatory obligations, which require that this data be made available to the public.

HSBC Continental Europe does not authorize any third party to sell the data published on the site or to sell a product that uses the data published on the site, without its prior consent.

