

Report RTS 28

Period: January to December 2020

Date: 30 April 2021



Best Execution Analysis Report – RTS28

Period of time: January to December 2020

Context

In accordance with Article 3 (3) of RTS28, HSBC Continental Europe 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.

This is to establish the ranking of the 5 market intermediaries or "brokers" the most used by HSBC for order transmission.

Quantitative assessment

◆ Category : Non Professional Clients

Class of instrument	(a) Equities – Shares & Depository Receipts	
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	60,53%	82,16%
HSBC BANK PLC	30,77%	10,02%
BOURSE DIRECT	7,44%	7,53%
BNP PARIBAS	0,73%	0,25%
CM-CIC MARKET SOLUTIONS	0,52%	0,05%

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	47,45%	77,04%
BARCLAYS BANK PLC	19,07%	7,20%
BNP PARIS ARBITRAGE	13,94%	5,54%
GOLDMAN SACHS	9,87%	4,33%
SOCIETE GENERALE	9,67%	5,88%

Class of instrument	(b) Debt instruments (ii) Money markets 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	100,00%	100,00%

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	47,45%	98,51%
HSBC BANK PLC	38,51%	0,53%
CM-CIC MARKET SOLUTIONS	13,21%	0,56%
SOCIETE GENERALE	0,65%	0,01%
BOURSE DIRECT	0,18%	0,39%

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	96,99%	99,22%
SOCIETE GENERALE	2,54%	0,16%
HSBC BANK PLC	0,29%	0,23%
BOURSE DIRECT	0,19%	0,39%

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	63,27%	51,98%
ODDO BHF SCA	22,80%	27,87%
BNP PARIBAS	5,89%	2,64%
SOCIETE GENERALE	4,79%	11,22%
PAREL	3,25%	6,29%

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	100,00%	100,00%

◆ **Category : Professional Clients**

Class of instrument	(a) Equities – Shares & Depositary Receipts	
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	81,73%	58,57%
ODDO BHF SCA	14,77%	38,17%
BNP PARIBAS	2,89%	2,23%
BOURSE DIRECT	0,52%	0,96%
CM-CIC MARKET SOLUTIONS	0,08%	0,08%

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
HSBC BANK PLC	99,98%	99,79%
HSBC SECURITIES INCORPORATED	0,02%	0,20%
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	0,00%	0,00%

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	80,70%	70,13%
HSBC SECURITIES INCORPORATED	15,50%	21,71%
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	3,80%	8,16%

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
HSBC BANK PLC	59,32%	37,84%
HSBC SECURITIES INCORPORATED	20,86%	25,63%
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	19,82%	36,53%

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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	82,19%	93,60%
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	17,50%	0,36%
BNP PARIBAS	0,11%	1,97%
HSBC CONTINENTAL EUROPE	0,10%	2,23%
JP MORGAN SECURITIES	0,10%	1,84%

Class of instrument	(b) Debt instruments, (ii) securities financing transactions	
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	100,00%	100,00%

Class of instrument	(c) Interest rates derivatives (i) Futures and options 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	100,00%	100,00%

Class of instrument	(c) Interest rates derivatives, (ii) Swaps, forwards, and other interest rates 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
HSBC BANK PLC	100,00%	100,00%

Class of instrument	(d) credit derivatives, (ii) Other credit 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
HSBC BANK PLC	100,00%	100,00%

Class of instrument	(e) Currency derivatives (i) Futures and options 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	100,00%	100,00%

Class of instrument	(e) currency derivatives, (ii) Swaps, forwards, and other currency 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
HSBC BANK PLC	100,00%	100,00%

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	92,70%	61,86%
HSBC SECURITIES INCORPORATED	3,68%	24,44%
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	3,62%	13,71%

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	100,00%	99,96%
HPC SA	0,00%	0,04%

Class of instrument	(i) Commodities derivatives and emission allowances Derivatives (i) Options and Futures admitted to trading on a trading venue	
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
HSBC BANK PLC	100,00%	100,00%

Class of instrument	(i) Commodities derivatives and emission allowances Derivatives, (ii) Other commodities derivatives and emission allowances 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
HSBC BANK PLC	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	96,15%	85,62%
SOCIETE GENERALE	1,79%	8,49%
GOLDMAN SACHS	1,18%	3,35%
TRADITION LONDON CLEARING LTD	0,46%	1,40%
KEPLER CHEUVREUX	0,41%	1,13%

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-part), 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 2020, Global Market (GM) sent and received orders for interest rate derivatives and foreign exchange derivatives for 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) reviews completed transactions to ensure they meet best execution conditions. A restitution is presented and discussed during the quarterly Best Execution Board, which involves the 1st and 2nd lines of defense.

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 data to comply with its regulatory obligations to share it with the public. HSBC Continental Europe does not authorize any third party to sell data published on the site or to sell a product that uses data published on the site without their prior consent.

