

Order execution on best terms

Summary of analysis of execution quality achieved in 2022

In accordance with Directive 2014/65/EU and the regulations implementing and transposing it (MIFID II), Mediobanca has published the following information on its website:

- i) On 21 November 2022 its updated Order Transmission and Execution Strategy, which defines the measures adopted to obtain the best possible result for its clients orders; and
- ii) On 28 April 2023 the reports on: its top five execution venues by trading volumes at which it executed its clients' orders last year; its five top investment firms by trading to which it transmitted client orders last year, and the top five counterparties via which it executed client orders last year through the request for quote (RFQ) system made available by the trading venues.

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This document contains an assessment made by Mediobanca of the quality of the execution achieved at the venues where its clients' orders were executed in 2022, and is to be read in conjunction with the reports referred to above.

1. Execution factors relative to client classification

Mediobanca has followed the importance assigned to the execution factors defined in the Strategy adopted in 2022, namely:

- price of financial instrument
- costs of execution
- speed of execution
- probability of execution and settlement
- size of order
- nature of order
- other characteristics of the order relevant to its execution

Mediobanca has considered the "total amount" (which consists of the "price" of the instrument and the "cost of execution") to be the principal factor in determining the best result possible in the execution of orders submitted by clients classified as "retail". The cost factor is considered in the definition of the commission plan for the execution of clients' orders.

The Bank has also considered the "speed of execution" and the "probability of execution and settlement" as factors which could take priority over the "total consideration" to establish the best result possible in the execution of the orders for clients classified as "professional".

For retail clients a dynamic execution strategy has been adopted which entails systematic and exclusive access to execution venues that guarantee pre-trade transparency, except for those retail clients that have expressly requested a static execution strategy to be applied.

For professional clients, a dynamic execution strategy has been adopted which entails access also to execution venues which operate in exemption to pre-trade transparency obligations (i.e. "reference price waiver"), except for those clients that have expressly requested a dynamic execution strategy to be applied that entails systematic and exclusive access to execution venues that guarantee pre-trade transparency.

For each of the classes of financial instruments traded in 2022, the orders were substantially executed and/or transmitted in accordance with the criteria set in the Strategy implemented by the Bank in the course of the year.

2. Conflicts of interest

Mediobanca does not have any close links or cross-ownership arrangements with the execution venues which it used in 2022 to execute its clients orders, nor has it entered into any specific agreements with such venues regarding payments made or received, or regarding discounts, reductions or non-monetary benefits obtained outside of the standard terms and conditions. Mediobanca pays the brokers selected by it the commissions finalized with them and does not accept incentives from such brokers.

The roles played by Mediobanca on the various markets where its clients' orders were executed in 2022 are also shown below:

- EUROTXX: liquidity provider in credit certificates and specialist in debt instruments;
- MOT, Borsa Italiana: specialist in debt instruments and liquidity provider in certificates and equity linked notes;
- IDEM, Borsa Italiana: market maker in equity derivative instruments;
- Euronext Milan, Borsa Italiana: liquidity provider and specialist in shares;
- Euronext Growth, Borsa Italiana: specialist in shares;
- EUREX: market maker in equity derivative instruments.

3. Order transmission and execution strategy

Mediobanca made changes to its Order Execution and Transmission Strategy during 2022 to:

- update the list of execution venues to which Mediobanca has direct or indirect access. In particular it should be noted the introduction of Equiduct for the execution of orders on equity instruments, under certain conditions (par. 5.2 of the Strategy) and only for the orders of the clients who, regardless of the chosen Strategy model (e.g. Reference Market, or Lit, or lit and Dark), have expressed consent to the use of that venue. Equiduct aggregates the quotes provided by the official stock exchanges (Borsa Italia, Xetra, Euronext - Paris, Lisbon, Amsterdam and Bruxelles) and the various alternative venues (Multilateral Trading Facility - CBOE Europe, Turquoise, Equiduct) creating a so-called "consolidated book" representing the available liquidity on equities;
- update the list of brokers;
- specify the execution rules applied to orders on currencies (FX forwards and spot), also considering that Mediobanca joined the Global FX Code on 29 March 2022.

4. Summary of leading trading venues, by class of financial instrument (2022)

The leading trading venue at which the Bank executed its clients' orders via direct access (by class of instrument) in 2022 is shown below.

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- i) Equity financial instruments – shares and certificates
 - Euronext Milan, Borsa Italiana S.p.A. (both for clients classified as retail and professional)
- ii) Debt instruments – bonds
 - MOT (for clients classified as retail)
 - Bloomberg MTF (for clients classified as professional)
- iii) Debt instruments – bonds and money market instruments
 - MOT (for clients classified as retail)
 - Bloomberg MTF (for clients classified as professional)
- iv) Structured financial instruments
 - Sedex (for clients classified as retail)
 - EuroTLX (for clients classified as professional)
- v) Securitized derivative financial instruments – warrants and derivatives in the form of certificates
 - Sedex (for clients classified as retail)
 - Bloomberg MTF (for clients classified as professional)
- vi) Securitized derivative financial instruments – other securitized derivatives
 - ETF Plus, Borsa Italiana S.p.A. (for clients classified as retail)
 - Euronext Milan Borsa Italiana S.p.A. (for clients classified as professional)
- vii) Listed indexed products (ETF funds, ETN notes, ETC commodities)
 - ETF Plus, Borsa Italiana S.p.A. (both for clients classified as retail and professional)
- viii) other instruments
 - Xetra (for clients classified as retail)
 - Euronext Growth, Borsa Italiana S.p.A. (for clients classified as professional)

5. Explanation of the means by which the Bank has used data published by the execution according to Commission Delegated Regulation (EU) 2017/575 in order to revise the Strategy

In view of the temporary suspension of the publication obligation of the reports required by the EU Delegated Regulation 2017/575 (RTS27), provided by the Directive 2021/388 until 28 February 2023 and of the ESMA Statements on this matter, Mediobanca did not use these reports for the review of its Order Execution and Transmission Strategy, in particular to verify the quality of execution on debt instruments on which it directly applies the dynamic best execution model.

6. Order execution using a trading venue's request for quote (RFQ) system

In 2022 Mediobanca also executed client orders using the Bloomberg MTF request for quote (RFQ) system with the five leading counterparties stated in the relevant report, broken down by classes of financial instruments and client classification.

Mediobanca does not have close links or conflicts of interest with any of the parties included in this report and listed below. In the normal course of the exercise of its business, Mediobanca may have provided, or may provide, principal and/or accessory investment services to these counterparties and/or hold positions in instruments issued by them.

- AURIGA GLOBAL INVESTORS SOCIEDAD DE VALORES SA - 213800TFSEDK4Y98VZ05
- BANCO BILBAO VIZCAYA ARGENTARIA SOCIEDAD ANONIMA - K8MS7FD7N5Z2WQ51AZ71
- BANCO SANTANDER, S.A. - 5493006QMFDDMYWIAM13

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- BARCLAYS BANK IRELAND PUBLIC LIMITED COMPANY - 2G5BKIC2CB69PRJH1W31
- BNP PARIBAS - R0MUWSFPU8MPRO8K5P83
- Citigroup Global Markets Europe AG - 6TJCK1B7E7UTXP528Y04
- DANSKE BANK A/S - MAES062Z21O4RZ2U7M96
- Flow Traders B.V. - 549300CLJI9XDH12XV51
- Goldman Sachs Bank Europe SE - 8IBZUGJ7JPLH368JE346
- HSBC CONTINENTAL EUROPE – F0HUI1NY1AZMJMD8LP67
- JANE STREET FINANCIAL LIMITED - 549300ZHEHX8M31RP142
- J.P. Morgan SE - 549300ZK53CNGEEI6A29
- Mizuho Securities Europe GmbH - 213800G8QEXN34A2YG53
- MORGAN STANLEY EUROPE SE - 54930056FHWP7GIWYY08
- NATIXIS - KX1WK48MPD4Y2NCUIZ63
- Nomura Financial Products Europe GmbH - 5493002XYZZ0CGQ6CB58
- Optiver V.O.F. - 7245009KRY SAYB2QCC29
- SOCIETE GENERALE - O2RNE8IBXP4R0TD8PU41
- Zürcher Kantonalbank - 165GRDQ39W63PHVONY02