

# **BEST EXECUTION REPORT**

**BANKINTER LUXEMBOURG S.A.**

**June 2021**

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## **I. Introduction**

*Bankinter Luxembourg S.A., with registered office at 37 Avenue J.F. Kennedy, L-1855 Luxembourg, registered in the Registre de Commerce et des Sociétés under the number B-29522, VAT LU 13987758. Regulated by the Commission de Surveillance du Secteur Financier - 283, route d'Arlon, L-1150 Luxembourg (Registration number: B00000177). Member of the Deposit Guarantee Scheme of Luxembourg (Fonds de garantie des Dépôts Luxembourg « FGDL »).*

In compliance with the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, the Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing the Directive 2014/65/EU as regards to organisational requirements and operating conditions for investment firms and define terms for the purpose of that Directive, the Commission Delegated Regulation (EU) 2017/576 of 8 June 2016 with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of the execution ("RTS28"), as well as ESMA Guidelines and Questions & Answers, Bankinter Luxembourg S.A. (hereinafter referred to as "Bankinter" or "Bank") publishes its Best Execution Report.

The purpose of this Report is to enable investors to evaluate the quality of Bankinter execution practices and, to identify the top five intermediaries (brokers) in terms of, trading volumes per class of financial instruments, as well as allow them to assess the effectiveness of the monitoring carried out in relation to those intermediaries (brokers).

The information contained in this document refers to the period between 01.01.2020 and 31.12.2020.

## II. Information related to the Top Five Intermediaries (brokers) in terms of Trading Volumes

As per the articles 3(1), 4 and Annex II, Tables 1 and 2 of the Commission Delegated Regulation (EU) 2017/576 of 8 June 2016, Bankinter presents the information related to the Top Five Intermediaries (brokers) in terms of trading values, duly segregated by Retail and Professional customers.

### II.I Retail Customers

Retail Clients					
Class of Instrument	EQUITIES				
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 total in that class	Proportion of orders traded as a percentage total in that class	Percentage of passive Orders	Percentage of aggressive orders	Percentage of directed orders
BANKINTER S.A. (LEI: VWMYAEQSTOPNV0SUGU82)	27.19	19.01	18.01	81.99	---
CITIBANK GLOBAL MARKETS EUROPE AG (LEI: 6TJCK1B7E7UTXP528Y04)	72.81	80.99	10.68	89.32	---
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Retail Clients					
Class of Instrument	DEBT INSTRUMENTS (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 total in that class	Proportion of orders traded as a percentage total in that class	Percentage of passive Orders	Percentage of aggressive orders	Percentage of directed orders
BANKINTER S.A. (LEI: VWMYAEQSTOPNV0SUGU82)	100	100	35.05	64.95	---
CITIBANK GLOBAL MARKETS EUROPE AG (LEI: 6TJCK1B7E7UTXP528Y04)	---	---	---	---	---
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Retail Clients					
Class of Instrument	ETFs				
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 total in that class	Proportion of orders traded as a percentage total in that class	Percentage of passive Orders	Percentage of aggressive orders	Percentage of directed orders
BANKINTER S.A. (LEI: VWMYAEQSTOPNV0SUGU82)	1.26	2.46	10	90	---
CITIBANK GLOBAL MARKETS EUROPE AG (LEI: 6TJCK1B7E7UTXP528Y04)	98.74	97.54	1.76	98.24	---
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## II.II Professional Customers

Professional Clients					
Class of Instrument	EQUITIES				
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 total in that class	Proportion of orders traded as a percentage total in that class	Percentage of passive Orders	Percentage of aggressive orders	Percentage of directed orders
BANKINTER S.A. (LEI: VWMYAEQSTOPNV0SUGU82)	---	---	---	---	---
CITIBANK GLOBAL MARKETS EUROPE AG (LEI: 6TJCK1B7E7UTXP528Y04)	100	100	100	---	---
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Professional Clients					
Class of Instrument	DEBT INSTRUMENTS (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 total in that class	Proportion of orders traded as a percentage total in that class	Percentage of passive Orders	Percentage of aggressive orders	Percentage of directed orders
BANKINTER S.A. (LEI: VWMYAEQSTOPNV0SUGU82)	100	100	80	20	---
CITIBANK GLOBAL MARKETS EUROPE AG (LEI: 6TJCK1B7E7UTXP528Y04)	---	---	---	---	---
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Professional Clients					
Class of Instrument	ETFs				
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 total in that class	Proportion of orders traded as a percentage total in that class	Percentage of passive Orders	Percentage of aggressive orders	Percentage of directed orders
BANKINTER S.A. (LEI: VWMYAEQSTOPNV0SUGU82)	---	---	---	---	---
CITIBANK GLOBAL MARKETS EUROPE AG (LEI: 6TJCK1B7E7UTXP528Y04)	100	100	---	100	---
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## III. Information on the Quality of the Execution obtained per class of financial instrument

The Best Execution Policy of Bankinter (hereinafter referred as "Policy") describes the measures taken by the Bank, in order to obtain the best possible result for its Customers, when placing or transmitting their orders to the selected intermediaries (brokers) for final execution. For achieving the best possible result for its Customers, Bankinter and its selected intermediaries (brokers), takes into consideration some of the following factors: price, liquidity, execution costs, speed and probability of execution and settlement, size and nature of the transaction.

This being said and taking into account the abovementioned legal and regulatory framework, Bankinter has performed a quality assessment of the traffic sent to its intermediaries (brokers) on the following financial instruments subject to reporting.

**a. Equities**

Bankinter, as stated on its Best Execution Policy, identifies the above mentioned factors as the key variables to be taken into account by its designated intermediaries (brokers) when executing equity related transactions on Pan-European, North American and Asian exchanges and/or venues.

Bankinter's intermediaries (brokers) for 2020 were split on access providers for Spanish related equities and, for the rest of exchanges, except Spanish related equities. Bankinter S.A. and Citigroup Global Markets Europe AG, were the two designated intermediaries for this business respectively.

During 2020, Bankinter did not perform any changes on its intermediaries (brokers) selected list.

Bankinter does not apply specific execution factors based on the customer categorization. Moreover, the majority of Bankinter customers are classified as retail customers.

Most of Bankinter's transactions dealt on 2020 has a relatively low size versus the daily turnover of the underlying product. Taking that into consideration, the price and likelihood of execution and settlement, were prioritized over other factors such as volume or size.

Bankinter, as pure transmitter of transactions to its intermediaries (brokers), did not held or identifies any conflict of interest whatsoever, that could may have affected the proper transaction flow chain. Consequently, Bankinter did not interfere on the actions performed by the intermediary itself, nor on its internal execution processes, hence on the execution price delivered to Bankinter customers.

Bankinter has agreed a commission scheme with its intermediaries (brokers) that clearly identify the costs imbedded for each transaction dealt on the Bank's behalf. Such commission scheme is tailor-made per execution country. It is understandable that countries with more liquid markets than others will consequently be cheaper than those illiquid ones. On those grounds, intermediaries set forth their own commission structures.

Bankinter has no arrangements in place with the intermediaries (brokers) used for the execution of client orders. No payments, discounts, rebates or non-monetary benefits have been received.

In addition, the relationship that Bankinter has with its intermediaries (brokers) is directly related to the relationship with its custodians. Bankinter has custody agreements with Bankinter S.A. and Citibank International Luxembourg S.A.

Bearing that in mind, the Best Execution factor related to the likelihood of settlements, is fully covered on an STP ("Straight Through Processing") basis, reducing the chances of an unsettled situation, to a minimum which in the end reduces the costs and, charges of any buyback or overdraft situation.

Most of Bankinter's transactions, were dealt on a DMA ("Direct Market Access") basis. That implies that the selected intermediaries (brokers), applied their own Best Execution Algorithms, which mostly implied to prioritize price and costs. For those Bankinter's transactions that were not treated on a DMA basis, the liquidity had a leading role followed by price and the rest of factors outlined above.

As Bankinter does not act as an intermediary (brokers) as such, the access to consolidated tape information is not available. Bankinter does not have any automated interface to use and, treat this type of information nor the capability or the need to do so.

The data published under the Commission Delegated Regulation (EU) 2017/575 of 8 June 2016 was not relevant for the reporting period.

**b. Debt Instruments – Bonds**

Referring to the Best Execution Policy, and bearing in mind that the Debt Instruments activity it is based on a bilateral approach, where transactions happen on a quote and trade basis, the factors that were key for the previous point equities, slightly differ. Notably, speed and probability of execution and settlement, execution costs, among others.

Bankinter's intermediaries (brokers) for 2020 were split on, access providers for Non-US debt instruments (bonds) and, US debt instruments (bonds). Bankinter S.A. and Citigroup Global Markets Europe AG were, the two designated intermediaries for this business respectively.

During 2020, Bankinter did not perform any changes on its intermediary (brokers) selected list.

Bankinter does not apply specific execution factors based on the customer categorization. Moreover, the majority of Bankinter customers are classified as retail customers.

During 2020 the number of transactions performed by our intermediaries (brokers) increased slightly. Those transactions still had a relatively low size, versus the daily turnover of the underlying product. Taking this into account, the price and liquidity were prioritized over other factors such as, speed of execution.

Bankinter, as pure transmitter of transactions to its intermediaries (brokers), did not held or identified any conflict of interest whatsoever, that could may have affected the proper transaction flow chain.

Consequently, Bankinter did not interfere on the actions, performed by the intermediary itself, nor on its internal execution processes, hence on the execution price delivered for Bankinter customers.

Costs imbedded on debt instruments (bonds) transactions related to intermediaries (brokers) are included on the transaction gross price. No commission scheme from intermediaries (brokers) were applied to, this type of transactions. Depending on the liquidity of the debt instrument (bonds), the margin applied by the intermediaries (brokers) may differ.

Bankinter has no arrangements in place with the intermediaries (brokers) used for the execution of client orders. No payments, discounts, rebates or non-monetary benefits have been received.

In addition, the relationship that Bankinter has with its intermediaries (brokers) is directly related to the relationship with its custodians. Bankinter has custody agreements with Bankinter S.A. and, with Citibank International Luxembourg S.A.

As stated at the beginning of point b., transactions on debt instruments (bonds) are bilateral. No STP ("Straight through Processing"), nor DMA ("Direct Market Access") processes were applicable. All transactions had to be dealt through the dealing desks of each of the mentioned intermediaries (brokers), on a trade by trade basis.

As Bankinter does not act as an intermediary (brokers) as such, the access to consolidated tape information is not available. Bankinter does not have any automated interface to use and treat this type of information nor the capability or the need to do so.

The data published under the Commission Delegated Regulation (EU) 2017/575 of 8 June 2016 was not relevant for the reporting period.

**c. Exchange Traded Products (ETFs)**

For Exchanged traded products (Exchange traded funds, exchange traded notes and exchange traded commodities) the assumptions made on point a. above, are fully applicable for this type of financial instruments.

**IV. Conclusions**

Based on the monitoring performed by Bankinter to its intermediaries (brokers), on the quality of the execution, and the low un-settle situations occurred during the reporting period, the Bank concludes that, the relationship with the mentioned intermediaries (brokers), is fully compliant with the Best Execution principles of the Bank.

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