

Saxo Bank

MiFID II RTS 28 – Annual Best Execution Disclosure 2021
Top 5 Brokers and Top 5 Venues
Quality of Execution Statement

Saxo Bank

Top 5 Brokers and Venues 2021

Results of 2021 Best execution assessment

Saxo Bank is a trading name of BinckBank N.V. Each provider Saxo Bank uses for order execution was reviewed i.e. on liquidity and quality of execution, speed and probability of execution, number and severity of irregularities as well as pricing. We selected random orders to assess whether our providers have provided us with Best execution. We also performed a review of sample orders executed via our Broker desk comparing the execution conditions with the market circumstances at the moment of execution.

This 2021 Best execution review showed a satisfactory performance and gave no reason for direct further action. Saxo Bank complies with Best execution provisions set out in MiFID II Delegated Regulation Article 65:7.

Background and methods used to assess providers

The best execution requirements set out in the Markets in Financial Instruments Directive II (MiFID II) require Saxo Bank to take all sufficient steps to obtain the best possible result for their clients, taking into account: price, costs, speed, likelihood of execution and settlement, size, nature and any other consideration relevant to the execution of the order.

In order to comply with the overarching best execution requirements, Saxo Bank must establish and implement solid execution arrangements and an Order Execution Policy. The "Order Execution Policy" describes the most important and/or relevant elements of those execution arrangements. For more information, please refer to the Order Execution Policy available on the client portal.

In delivering its order execution services, Saxo Bank shall always act in the best interest of the client and pursue the best possible result for its clients. To deliver the best possible result for retail clients, Saxo Bank applies the concept of "total consideration".

What does "Total consideration" mean?

When Saxo Bank executes an order on behalf of a retail client, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs related to execution, which shall include all expenses incurred by the client which are directly related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.

Review

"Review" is an overall assessment of whether the Order Execution Policy and execution arrangements include sufficient steps Saxo Bank could take to obtain the best possible result for the execution of its client orders.

Saxo Bank must review:

- The Order Execution Policy and the execution arrangements at least annually;
- Such a review shall also take place whenever a material change occurs that could affect Saxo Bank's ability to continue to obtain the best possible result for its clients.

Saxo Bank should consider whether it could consistently obtain better execution results if it were to:

- Select additional or different execution venues;
- Assign a different importance to the best execution factors;
- Modify any other aspects of its Order Execution Policy or execution arrangements.

Monitoring

"Monitoring" is the assessment, on a regular basis, of particular transactions in order to determine whether Saxo Bank has complied with its (execution) policy and/or arrangements, and whether the resulting transaction has delivered the best possible result for the client. The monitoring methodology is at the discretion of Saxo Bank. As monitoring every transaction or a very large number of transactions would be disproportionate, other approaches, such as appropriate methodologies for sampling, are considered as common practice. Where possible we will use sampling to assess Best execution.

Monitoring may include comparing similar transactions:

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- On the same execution venue or with the same entity, in order to test whether Saxo Bank's judgement about how orders are executed is correct, and/or;
- On different execution venues or entities chosen from the ones stated in the Order Execution Policy, in order to test whether 'best' execution has been achieved on the venue or entity for a given type of transaction.

Saxo Bank is required to monitor on a regular basis:

- The effectiveness of its Order Execution Policy;
- The execution quality and the performance of the entities selected to execute the orders;
- The effectiveness of its execution policy at least annually (and);
- The effectiveness of the different steps and decisions taken in the chain of execution to deliver the best possible result.

Best execution monitoring committee

Based on the monitoring requirements, Saxo Bank at least annually assesses the performance of its Third-Party Brokers, its own Broker desk as well as the other execution venues including the markets where Saxo Bank executes orders via its memberships. For this purpose, a Best execution monitoring committee with representatives from different departments within Saxo Bank has been set up. The responsibility of the committee is to monitor whether client orders are executed in accordance with the order execution policy. Furthermore, the committee is responsible for keeping up with regulatory and business developments that may impact best execution (monitoring).

Third party brokers and venues used

Third Party Brokers that Saxo Bank used for order execution in 2021 were:

- Saxo Bank A/S
- Pershing
- Morgan Stanley
- Goldman Sachs
- Banca Akros
- Fundsettle
- Credit Suisse (large in scale orders for discretionary portfolio management, executed via Broker desk only)
- Bloomberg (OTC bond and ETF- orders, orders executed via Broker desk only)
- Virtu (specific ETF orders for discretionary portfolio management, orders executed via Broker desk only)

The venues Saxo Bank used for ordering via its own memberships in 2021 were:

- Euronext
- Euronext Derivatives Markets
- Euronext NAV Trading Facility
- Bourse de Luxembourg
- CATS

We believe that by using this set up we provided our clients with an appropriate solution in terms of price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order. In principle all Saxo Bank clients are treated as retail clients for which the highest level of investor protection/heavy duty of care is applicable.

Client communication and request

At the request of the client, Saxo Bank must be able to demonstrate to its clients that their orders have been executed in accordance with the Saxo Bank's best execution arrangements. Such a request must be reasonable and proportionate.

Saxo Bank shall notify its clients of any material changes with regards to the order execution arrangements or Order Execution Policy prior to implementing these changes.

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Conflict of Interest

Saxo Bank acts in the capacity of agent for the reception, transmission and execution of orders for its clients. Saxo Bank does not have any specific arrangements with execution venues in place related to rebates or non-monetary benefits. In line with market standards Saxo Bank may be eligible to bulk discounts offered by execution venues. In case of Saxo Bank this concerns Binck turbos. With respect to this product, Saxo Bank (formally) also acts towards its clients in the capacity of counterparty ('principal'). However, the inherent market making activities are outsourced to UBS. Therefore, Saxo Bank has no (direct) interest in the Binck turbo linked market making revenues.

Saxo Bank is a wholly owned subsidiary of Saxo Bank A/S, a private company incorporated in Denmark since 2019. As part of ongoing consolidation and harmonization of processes and systems Saxo Bank has started using Saxo Bank A/S as third party broker as of December 2020. This process is aimed to be completed in the course of 2022 whereby it is foreseen that Saxo Bank A/S will be executing all Saxo Bank's client orders on its behalf.

Neither Saxo Bank nor Saxo Bank A/S has any questionable close links or common ownerships with respect to any execution venues used to execute orders.

Considering the above, the residual risk of (potential) conflict(s) of interest related to Order execution is qualified by Saxo Bank as low.

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Quality of execution statement

Regulatory Technical Standard 28 Article 3(3), Directive 2014/65/EU (hereinafter MiFID II).

The following report is a summary of the analysis and conclusions Saxo Bank draws from the detailed monitoring of the quality of execution obtained on the execution venues and through brokers for all client orders executed in the previous year.

The report provides a general summary covering all asset classes for which a Top 5 of execution venues is published. These can be found after the Quality of execution statement.

Saxo Bank – Quality of execution statement 2021

- A. What relative importance did Saxo Bank give to the Execution Factors including, but not limited to price, costs, speed, and likelihood of execution when assessing the quality of execution?

Saxo Bank always strives to offer her clients the best execution possible. This requires a careful consideration of weighing different execution factors, such as cost, price, speed and likelihood of settlement and execution. For all our clients and especially for our retail clients, we deem the factors of price and cost of the highest importance.

- B. Did Saxo Bank have any close-links, conflicts, or common ownerships with respect to any execution venues used to execute orders?

Saxo Bank did not have any close-links, conflicts, and/or common ownerships with respect to any execution venues used to execute orders. Saxo Bank took reasonable care not to discriminate between execution venues other than on the basis of the Execution Factors relevant to the order concerned.

- C. Did Saxo Bank have any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received?

Saxo Bank did not have any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.

- D. What venues did Saxo Bank access and did any factors lead to a change in the list of execution venues listed in the firm's execution policy?

No additional execution venues have been added or removed during 2021.

- E. Did order execution differ according to client categorization and if so, where may it have affected the order execution arrangements?

Under MiFID II, Saxo Bank is required to put in place an order execution and handling policy (MiFID II order execution policy) and to take all sufficient steps to obtain the best possible result (best execution) either when executing client orders or receiving and transmitting orders on behalf of its retail clients, and it extends the same treatment to its professional clients.

- F. When and why might other criteria have been given precedence over immediate price and cost when executing retail client orders and how would these other criteria have been instrumental in delivering the best possible result?

Not applicable.

- G. How has Saxo Bank used data or tools in relation to the quality of execution, including data published by execution venues under RTS 27?

Saxo Bank has performed Transaction Cost Analysis for certain markets to determine execution quality. Furthermore, Saxo Bank performs a quarterly check on a sample of orders in different asset classes to assess the quality of order execution received via our suppliers.

- H. How have Saxo Bank used output of a consolidated tape provider or any other algorithms to optimise and assess execution performances (where available)?

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There was no consolidated tape provider established under Article 65 MiFID II and therefore other data sets and algorithms to optimize and assess execution were used. Saxo Bank will continue to monitor for any development of the consolidated tape service in Europe.

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Class of Instrument		Equities – Shares & Depository Receipts - Exchange				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders	
Euronext (XAMS,XBRU,XLIS,XPAR)	100%	100%	57%	43%	0%	

Class of Instrument		Equities – Shares & Depository Receipts - Brokers				
Notification if <1 average trade per business day in the previous year		N				
Top five execution brokers 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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders	
Pershing (Z18Q1A8E18LQFJNM0D94)	47,6%	54,3%	75%	25%	0%	
Saxo Bank A/S (549300TL5406IC1XKD09)	46,2%	42,1%	49%	51%	0%	
Banca Akros (549300GRXFI7D6PNEA68)	4,7%	3,6%	69%	31%	0%	
Virtu (213800EEC95PRUCEUP63)	1,0%	0,03%	n.a.	n.a.	0%	
Credit Suisse (549300506SI9CRFV9Z86)	0,5%	0,04%	n.a.	n.a.	0%	

Class of Instrument		Derivatives - Exchange				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders	
Euronext (XAMS,XBRU,XLIS,XPAR)	100%	100%	78%	22%	0%	

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Class of Instrument		Derivatives - Brokers			
Notification if <1 average trade per business day in the previous year		N			
Top five execution brokers 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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Saxo Bank A/S (549300TL5406IC1XKD09)	46,3%	21,3%	86%	14%	0%
Goldman Sachs (8IBZUGJ7JPLH368JE346)	45,6%	5,8%	73%	27%	0%
Morgan Stanley (54930056FHWP7GIWYY08)	5,7%	54,3%	78%	22%	0%
Banca Akros (549300GRXFI7D6PNEA68)	1,3%	2,4%	84%	16%	0%
Pershing (Z18Q1A8E18LQFJNM0D94)	1,1%	16,2%	76%	24%	0%

Class of Instrument		Fixed Income - Exchanges			
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Euronext (XAMS)	93,0%	88,4%	68%	32%	0%
Euronext Bourse de Luxembourg (XLUX)	7,0%	11,6%	73%	27%	0%

Class of Instrument		Fixed Income - Brokers			
Notification if <1 average trade per business day in the previous year		N			
Top five execution brokers 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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Banca Akros (549300GRXFI7D6PNEA68)	92,6%	11,2%	79%	21%	0%
Saxo Bank A/S (549300TL5406IC1XKD09)	7,4%	88,8%	n.a.	n.a.	0%

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Class of Instrument		Securitized derivatives - Exchanges			
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Euronext (XAMS,XBRU,XLIS,XPAR)	100%	100%	91%	9%	0%

Class of Instrument		Securitized derivatives - Brokers			
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
CATS (529900TW3YXY9C6T1G09)	95,1%	97,8%	64%	36%	0%
Banca Akros (549300GRXFI7D6PNEA68)	4,4%	1,9%	69%	31%	0%
Saxo Bank A/S (549300TL5406IC1XKD09)	0,5%	0,3%	70%	30%	0%

Class of Instrument		Exchange Traded Products - Exchange			
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Euronext (XAMS,XBRU,XLIS,XPAR)	100%	100%	62%	38%	0%

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Class of Instrument		Exchange Traded Products - Brokers				
Notification if <1 average trade per business day in the previous year		N				
Top five execution brokers 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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders	
Pershing (ZI8Q1A8E18LQFJNM0D94)	39,4%	34,9%	76%	24%	0%	
Saxo Bank A/S (549300TL5406IC1XKD09)	39,0%	40,5%	29%	71%	0%	
Banca Akros (549300GRXFI7D6PNEA68)	21,6%	24,6%	61%	39%	0%	

Class of Instrument		Contracts for difference - Brokers				
Notification if <1 average trade per business day in the previous year		N				
Top five execution brokers 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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders	
Saxo Bank A/S (549300TL5406IC1XKD09)	100%	100%	23%	77%	0%	

Class of Instrument		Currency derivatives - Swaps, forwards, and other currency derivatives - Brokers				
Notification if <1 average trade per business day in the previous year		N				
Top five execution brokers 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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders	
Saxo Bank A/S (549300TL5406IC1XKD09)	100%	100%	n.a.	n.a.	0%	