



Report of information on the identity of execution venues and on the quality of execution



2019

Introduction

1. Introduction

Bearing in mind the prevailing legal framework, composed of, inter alia, Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 ("MiFID II") and Commission Delegated Regulation 2017/576 of 8 June 2016 (the "Delegated Regulation") which sets customer protection and transparency objectives, information is provided on the quality of execution achieved by Haitong Bank, S.A. (the "Bank" or "Haitong").

2. Scope

The legal framework provides for the annual publication by investment firms of a report with the information on the identification of execution venues and on the quality of execution in relation to client orders.

3. Summary of analysis and conclusions on the quality of execution of clients orders.

Under MiFID II, Haitong is under an obligation to establish and comply with an order transmission and execution policy (the "Policy") which provides for sufficient steps to obtain the best possible result for its clients.

When transmitting an order, the bank must ensure that any financial intermediary to which the orders are transmitted has, at the date of the transmission of the order, order execution mechanisms that enable it to perform its obligation to obtain the best possible result for its clients. The bank must select the financial intermediaries to which the orders are transmitted as provided for above and document their selection process.

Where the Bank directly executes the orders, it will review the factors involved in the selection of execution venues. The Bank's decision will be documented.

Where permissible, Haitong will directly execute the orders received. This will not be the case when the Bank is not a member of the relevant market or is unable to execute the order directly as a result of a technical constraint. In this case, the Bank will transmit the orders received from its clients to a financial intermediary for execution. The financial intermediary will be selected in line with the nature of the financial instrument in question, aiming to obtaining the best execution possible for the client.

Introduction (cont.)

These financial intermediaries will be selected by means of an assessment process that will take into account their ability to offer the best possible result pursuant to the provisions of this Policy. The “Relevant factors in transmission and execution”, as well the reputation and creditworthiness of the market operator, will be taken into account in the assessment process.

The bank will ensure that all financial intermediaries to which it transmits orders have order execution mechanisms that enable the Bank to perform its obligation to execute on terms most favorable to the clients.

The Bank will transmit the orders immediately and in line with the time of their reception, unless the client indicates otherwise, waiving his/her priority.

In this context, in compliance with the prevailing legislation, Haitong will ensure, through relevant and appropriate documentation, the possibility of recreating the internal circuit followed by orders until their transmission or execution.

4. Relevant factors in transmission and execution

4.1. Relevant factors

Haitong takes a set of factors into account when it executes or transmits client orders, including:

- a) price;
- b) costs;
- c) speed;
- d) likelihood of execution and settlement;
- e) size;
- f) nature of the order; and
- g) any other considerations deemed relevant for the execution of the order.

Introduction (cont.)

4.2. Relative weight of each factor

The following are taken into account to determine the relative weight of the aforementioned factors:

- a) the client's characteristics, including whether it is categorized as a retail or a professional client;
- b) the characteristics of the client order, including the size of the order and its nature and, if applicable, whether it involves any securities-based lending;
- c) the characteristics of the financial instruments underlying the order; and
- d) the characteristics of the execution venues to which the order is transmitted for execution.

Where Haitong transmits or executes orders on behalf of retail clients, the most favorable terms will be determined on the basis of the overall cash consideration represented by the price of the financial instrument and any execution-related costs, which will include all expenses directly or indirectly incurred by the client in the execution of the order, including the fees of the trading venue, settlement or clearing fees and any other fees paid to third parties involved in the execution of the order.

Where Haitong transmits or executes orders on behalf of professional clients, the most favorable terms will also, in most cases, be determined on the basis of the overall cash consideration. However, Haitong may, under certain circumstances, consider that certain factors are more relevant than others, with a view to obtaining the best possible result.

Introduction (cont.)

Eligible counterparties do not benefit from the obligation to execute on terms most favorable to the clients. However, should they so wish and Haitong accepts, Haitong may be subject to this obligation by contract.

Haitong takes into account the market knowledge and experience of its clients, their trading profile and the nature of the service required by them, as well as the specific and generic instructions given to it and which enable Haitong to execute client orders.

5. Specific client instructions

Without prejudice to the specific rules of each trading venue or restrictions on the actions of a certain financial intermediary, when a client gives specific instructions to Haitong in respect of an order, including by specifying its execution by a certain financial intermediary or in a specific trading venue, Haitong will execute the order in accordance with the client's instructions. By these means, Haitong complies with its obligation to implement sufficient steps to obtain the best possible result for its clients.

Any specific instruction given by a client may prevent Haitong, in respect of the particulars covered by such instruction, from following all or some of the steps of its Policy. These steps have been designed to obtain the best possible result in the execution of orders.

The existence of any specific instruction in respect of any particular aspect of an order will not release Haitong from its obligation to execute orders on terms most favorable to the client in respect of any other aspect not covered by such specific instruction.

6. Monitoring and review

6.1. Annual assessments

Haitong will assess the effectiveness of this Policy and of its order execution agreements each year, with a view to identifying and making any necessary improvements.

The Bank will also assess each year whether the execution venues stated in this Policy and the financial intermediaries to which Haitong transmits orders for execution meet the requirements of this Policy.

Haitong will also review the factors used in the selection of venues and financial intermediaries.

Introduction (cont.)

6.2. Monitoring

The bank will monitor the Policy, the execution by the financial intermediaries to which it transmits orders and the effectiveness of the execution venues from which its client orders are executed, in order to review this Policy in the event of any material change that might affect the bank's ability to continue to comply with the requirements of this Policy, with a view to obtaining the best result for its clients.

This review will take place whenever any material change – any event which might affect parameters of execution on terms most favorable to the clients – occurs that affects Haitong's ability to continue to obtain the best possible results for its clients. In this event, the Bank should consider introducing changes to the execution venues on which it depends, by altering the relative weight of execution factors on terms most favorable to the clients.

7. The financial intermediaries to which Haitong transmits orders for execution

Bearing in mind the Bank obligation to adopt sufficient steps to obtain the best possible result for its clients, Haitong transmits orders received from its clients to the following financial intermediaries, unless indicated otherwise by the client:

*Morgan Stanley makes available to the bank algorithms that may be used to execute orders, in order to obtain the best possible result in the execution of orders for the clients. No additional fees are charged for this service.

8. Payments, discounts , rebates or non-monetary benefits received.

The bank has no special arrangements in relation to payments made or received, no agreed discounts, no significant non-monetary rebates nor benefits in place with the execution venues used to execute orders.

9. Conflicts of interest

The bank had no conflicts of interest, and common ownerships with respect to any execution venues used to execute orders.



EQUITIES and RIGHTS

Top 5 Venues and the quality of execution Equities + Rights – GENERAL

EQUITIES + RIGHTS						
< 1 Daily Operation	No					
EXCHANGE	MIC CODE	Volume %	Orders %	Passive Orders %	Agressive Orders %	Directed Orders %
WARSAW STOCK EXCHANGE	XWAR	54,25%	69,21%	8,25%	60,97%	0,00%
EURONEXT - EURONEXT LISBON	XLIS	26,25%	23,00%	9,93%	13,06%	0,00%
MERCADO CONTINUO ESPANOL - CONTINUOUS MARKET	XMCE	15,44%	6,98%	0,19%	6,80%	0,00%
NEW YORK STOCK EXCHANGE, INC.	XNYS	2,09%	0,14%	0,04%	0,10%	0,00%
EURONEXT - EURONEXT PARIS	XPAR	1,95%	0,67%	0,21%	0,45%	0,00%
	TOTAL	100%	100%	19%	81%	0%

Top 5 Venues and the quality of execution Equities + Rights - GENERAL

Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)						
EQUITIES + RIGHTS						
< 1 Daily Operation	No					
EXCHANGE	MIC CODE	Volume %	Orders %	Passive Orders %	Agressive Orders %	Directed Orders %
WARSAW STOCK EXCHANGE	XWAR	54.25%	69.21%	8.25%	60.97%	0.00%
EURONEXT - EURONEXT LISBON	XLIS	26.25%	23.00%	9.93%	13.06%	0.00%
MERCADO CONTINUO ESPANOL - CONTINUOUS MARKET	XMCE	15.44%	6.98%	0.19%	6.80%	0.00%
NEW YORK STOCK EXCHANGE, INC.	XNYS	2.09%	0.14%	0.04%	0.10%	0.00%
EURONEXT - EURONEXT PARIS	XPAR	1.95%	0.67%	0.21%	0.45%	0.00%
TOTAL		100%	100%	19%	82%	0%

Tick size liquidity band 3 and 4 (from 80 to 1999 trades per day)						
EQUITIES + RIGHTS						
< 1 Daily Operation	Yes					
EXCHANGE	MIC CODE	Volume %	Orders %	Passive Orders %	Agressive Orders %	Directed Orders %
N/A	0.00	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL		0%	0%	0%	0%	0%

Non-Professional Clients Information Equities + Rights

Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)

255

EQUITIES + RIGHTS

< 1 Daily Operation		No				
EXCHANGE	MIC CODE	Volume %	Orders %	Passive Orders %	Agressive Orders %	Directed Orders %
WARSAW STOCK EXCHANGE	XWAR	54,25%	69,21%	8,25%	60,97%	0,00%
EURONEXT - EURONEXT LISBON	XLIS	26,25%	23,00%	9,93%	13,06%	0,00%
MERCADO CONTINUO ESPANOL - CONTINUOUS MARKET	XMCE	15,44%	6,98%	0,19%	6,80%	0,00%
NEW YORK STOCK EXCHANGE, INC.	XNYS	2,09%	0,14%	0,04%	0,10%	0,00%
EURONEXT - EURONEXT PARIS	XPAR	1,95%	0,67%	0,21%	0,45%	0,00%
	TOTAL	100%	100%	19%	81%	0%

Tick size liquidity band 3 and 4 (from 80 to 1999 trades per day)

255

EQUITIES + RIGHTS

< 1 Daily Operation		Yes				
EXCHANGE	MIC CODE	Volume %	Orders %	Passive Orders %	Agressive Orders %	Directed Orders %
N/A	0,00	0,00%	0,00%	0,00%	0,00%	0,00%
	TOTAL	0%	0%	0%	0%	0%

Professional Clients Information Equities + Rights

Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)

EQUITIES + RIGHTS

< 1 Daily Operation		No				
EXCHANGE	MIC CODE	Volume%	Orders %	Passive Orders %	Agressive Orders %	Directed Orders %
WARSAW STOCK EXCHANGE	XWAR	55,19%	70,62%	8,41%	62,21%	0,00%
EURONEXT - EURONEXT LISBON	XLIS	25,35%	21,67%	9,27%	12,40%	0,00%
MERCADO CONTINUO ESPANOL - CONTINUOUS MARKET	XMCE	15,64%	7,07%	0,18%	6,88%	0,00%
EURONEXT - EURONEXT PARIS	XPAR	1,92%	0,61%	0,20%	0,41%	0,00%
NEW YORK STOCK EXCHANGE, INC.	XNYS	1,90%	0,03%	0,02%	0,01%	0,00%
Total		100%	100%	18%	82%	0%

Tick size liquidity band 3 and 4 (from 80 to 1999 trades per day)

EQUITIES + RIGHTS

< 1 Daily Operation		Yes				
EXCHANGE	MIC CODE	Volume%	Orders %	Passive Orders %	Agressive Orders %	Direct Orders %
N/A	N/A	0,00%	0,00%	0,00%	0,00%	0,00%
Total	Total	0%	0%	0%	0%	0%



BONDS and DEBT

Top 5 Venues and the quality of execution BONDS + DEBT – GENERAL

BONDS AND DEBT INSTRUMENTS						
< 1 Daily Operation	No					
EXCHANGE	MIC CODE	Volume %	Orders %	Passive Orders %	Agressive Orders %	Directed Orders %
EURONEXT - EURONEXT LISBON	XLIS	100,00%	100,00%	66,39%	33,61%	0,00%
	TOTAL	100%	100%	66%	34%	0%

Non Professional Clients Information BONDS + DEBT

BONDS AND DEBT INSTRUMENTS						
< 1 Daily Operation	Yes					
EXCHANGE	MIC CODE	Volume%	Orders %	Passive Orders %	Agressive Orders %	Directed Orders %
EURONEXT - EURONEXT LISBON	XLIS	100,00%	100,00%	66,67%	33,33%	0,00%
Total		100%	100%	67%	33%	0%

Professional Clients Information BONDS + DEBT

BONDS AND DEBT INSTRUMENTS						
< 1 Daily Operation	No					
EXCHANGE	MIC CODE	Volume%	Orders %	Passive Orders %	Agressive Orders %	Directed Orders %
EURONEXT - EURONEXT LISBON	XLIS	100,00%	100,00%	66,67%	33,33%	0,00%
Total	Total	100%	100%	67%	33%	0%



ETFs and UPs

Top 5 Venues and the quality of execution ETFs + Ups

ETF's						
< 1 Daily Operation	No					
EXCHANGE	MIC CODE	Volume %	Orders %	Passive Orders %	Agressive Orders %	Directed Orders %
EURONEXT - EURONEXT PARIS	XPAR	51,58%	57,54%	4,23%	53,31%	0,00%
XETRA	XETR	30,79%	27,60%	2,21%	25,39%	0,00%
LONDON STOCK EXCAHNGE	XLON	13,80%	8,46%	0,77%	7,70%	0,00%
Euronext - Euronext Amsterdam	XAMS	2,14%	4,23%	0,14%	4,10%	0,00%
NASDAQ - ALL MARKETS	XNAS	1,70%	2,16%	1,67%	0,50%	0,00%
	TOTAL	100%	100%	9%	91%	0%

Non-Professional Clients Information ETFs + UPs

ETF's + UP's						
< 1 Daily Operation	No					
EXCHANGE	MIC CODE	Volume%	Orders %	Passive Orders %	Agressive Orders %	Directed Orders %
NASDAQ - ALL MARKETS	XNAS	91,09%	49,46%	39,78%	9,68%	0,00%
XETRA	XETR	4,97%	25,81%	4,30%	21,51%	0,00%
EURONEXT - EURONEXT PARIS	XPAR	3,30%	19,35%	1,08%	18,28%	0,00%
Euronext - Euronext Amsterdam	XAMS	0,45%	2,15%	0,00%	2,15%	0,00%
LONDON STOCK EXCAHNGE	XLON	0,19%	3,23%	0,00%	3,23%	0,00%
Total		100%	100%	45%	55%	0%

Professional Clients Information ETFs + UPs

ETF's						
< 1 Daily Operation	No					
EXCHANGE	MIC CODE	Volume%	Orders %	Agressive Orders %	Passive Orders %	Directed Orders %
EURONEXT - EURONEXT PARIS	XPAR	52,78%	59,25%	54,85%	4,40%	0,00%
XETRA	XETR	30,65%	27,64%	25,56%	2,08%	0,00%
LONDON STOCK EXCAHNGE	XLON	14,36%	8,76%	7,95%	0,80%	0,00%
Euronext - Euronext Amsterdam	XAMS	2,22%	4,35%	4,21%	0,14%	0,00%
Total		100%	100%	93%	7%	0%



WARRANTS

Top 5 Venues and the quality of execution WARRANTS - GENERAL

WARRANTS						
< 1 Daily Operation	No					
EXCHANGE	MIC CODE	Volume %	Orders %	Passive Orders %	Agressive Orders %	Directed Orders %
EURONEXT - EURONEXT LISBON	XLIS	100,00%	100,00%	71,22%	28,78%	0,00%
	TOTAL	100%	100%	71%	29%	0%

Non-Professional Clients Information WARRANTS

WARRANTS						
< 1 Daily Operation	Yes					
EXCHANGE	MIC CODE	Volume%	Orders %	Passive Orders %	Agressive Orders %	Directed Orders %
N/A	N/A	0,00%	0,00%	0,00%	0,00%	0,00%
Total		0%	0%	0%	0%	0%

Professional Clients Information WARRANTS

WARRANTS						
< 1 Daily Operation	No					
EXCHANGE	MIC CODE	Volume%	Orders %	Passive Orders %	Agressive Orders %	Directed Orders %
EURONEXT - EURONEXT LISBON	XLIS	100,00%	100,00%	71,22%	28,78%	0,00%
Total	Total	100%	100%	71%	29%	0%

Policy of Order Execution and Transmission / Policy of Order Aggregation / Trade Allocation

Policy of Order Execution and Transmission and Policy of Order Aggregation and trade Allocation can be consult in the following site:

English version:

<https://www.haitongib.com/en/about-haitong/compliance/financial-intermediation>

Portuguese version:

<http://www.haitongib.com/pt/haitong/compliance/intermediacao-financeira>