

Annual publication of the Top 5 execution venues, the financial intermediaries and on the quality of execution

REPORT 2022 - ACTIVITY 2021

In compliance with Commission Delegated Regulation (EU) 2017/576 of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council 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 execution, MeDirect Bank S.A./N.V. (hereafter “MeDirect” or “the Bank”) provides its “top five execution venues” report which contains quantitative data for each class of financial instrument, as well as a qualitative assessment of the performance of the parties to which Medirect transmits these orders.

SUMMARY OF THE ANALYSIS ON THE ORDER EXECUTION QUALITY

Introduction

The Bank transmits all client’s orders¹ to its mother company MeDirect Bank (Malta) plc for execution and therefore reports MeDirect Bank (Malta) plc as the sole entity to whom orders are transmitted for execution. The qualitative information also reflects this systematic transmission of orders.

The Bank annually reviews and updates its Best Selection Policy to ensure that it constantly addresses the requirements stemming from the applicable regulations.

(a) an explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution

In accordance with its Best Selection Policy, the Bank takes all sufficient steps to obtain the best possible result for the customer taking into account the following parameters: price, Implicit and Explicit costs, speed, likelihood of execution and settlement, size and nature of the order or any other consideration relevant to the execution of the order.

The Bank only serves Retail customers; consequently, for all asset classes, total consideration of execution price and cost is the key driver of Best Execution, encompassing execution venue fees, clearing and settlement fees and any other fees paid to agents involved in the execution of the Order.

(b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders

The Bank is a fully owned subsidiary of MeDirect Bank (Malta) plc to which it transmits all orders of its clients.

The Bank has no link, conflict of interest, or shareholder relation with any execution venue on which the orders in financial instruments can be executed.

(c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received

The Bank has no specific arrangement with its mother company, with any intermediary or with execution venues regarding the receipt of payments, rebates, discounts or any other non-monetary compensations.

(d) an explanation of the factors that led to a change in the list of execution venues listed in the firm’s execution policy, if such a change occurred;

During the year under review, the transmission to MeDirect Bank (Malta) Plc, of all client’s orders, for all classes of financial instruments, was not changed as there was no indication that this would improve results for the execution of orders.

¹ For all classes of financial instruments – Equities, Bonds, ETFs and Mutual Funds

(e) an explanation of how order execution differs according to client categorization, where the firm treats categories of clients differently and where it may affect the order execution arrangements

The Bank transmits all client's orders to its mother company.

All MeDirect clients are all categorized as Retail clients; thus, there is no differentiation among clients.

(f) an explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client;

In case of a specific instruction received from a customer that contradicts part of or all the arrangements of the Bank to ensure Best Execution as detailed in the Best Selection Policy, the specific instruction will take precedence over the standard approach of the Bank. In case a customer instructs the Bank to execute an order considering a specific execution factor, the Bank will, where possible, transmit the order in accordance with this specific instruction. A specific instruction issued for a transaction is valid only for that single transaction.

In no other case is another criteria given precedence over immediate price and cost when executing retail client orders.

(g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation EU 2017/575;

The Bank outsourced the monitoring of the quality of execution of its clients' orders to its mother company – MeDirect Bank (Malta) plc.

As securities listed on the Malta Stock Exchange (MSE) are never quoted outside the regulated market, the customer will always get the best price.

When executing orders on international Bonds, MeDirect Bank (Malta) plc uses tools like Bloomberg to control liquidity levels and compare prices. These data and tools are used on an ex-ante basis to choose the best price offered.

Orders on international equities and ETFs are transferred to Instinet whose "Best Execution Committee" and "Best Execution Working Group" use quantitative and qualitative metrics to assess the execution's quality of their brokers, algorithms and execution desk. Metrics used include analysis of spread moves at time intervals after fills on different venues, comparison of prices achieved by the Smart Order Router with the consolidated list orderbook at the time of sending, and performance of algorithms against a range of benchmarks including, among other, Volume Weighted Average Price.

(h) where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.

The Bank does not use any consolidated tape provider.

CLASS OF INSTRUMENT	DEBT INSTRUMENTS (BONDS)				
Notification if <1 average trade per business day in the previous year	Yes				
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	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
MeDirect Bank (Malta) Plc (529900SYUCFQHI3JZQ05)	100.00%	100.00%	34.21%	65.79%	0.00%

CLASS OF INSTRUMENT	EQUITIES – SHARES & DEPOSITORY RECEIPTS				
Notification if <1 average trade per business day in the previous year	No				
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	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
(i) Tick size liquidity bands 5 and 6 (from 2000 trades per day)					
MeDirect Bank (Malta) Plc (529900SYUCFQHI3JZQ05)	54.02%	50.64%	19.12%	80.88%	0.00%
(ii) Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)					
MeDirect Bank (Malta) Plc (529900SYUCFQHI3JZQ05)	39.37%	40.70%	21.86%	78.14%	0.00%
(iii) Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)					
MeDirect Bank (Malta) Plc (529900SYUCFQHI3JZQ05)	5.78%	7.70%	19.00%	81.00%	0.00%
Tick size liquidity band not available					
MeDirect Bank (Malta) Plc (529900SYUCFQHI3JZQ05)	0.83%	0.96%	9.34%	90.66%	0.00%

CLASS OF INSTRUMENT	EXCHANGE TRADED FUNDS (ETFs)				
Notification if <1 average trade per business day in the previous year	No				
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	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
MeDirect Bank (Malta) Plc (529900SYUCFQHI3JZQ05)	100.00%	100.00%	13.5%	86.5%	0.00%