



MeDirect Bank SA

Best Selection and Order Handling Policy

Public

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1 Introduction

In accordance with our legal and regulatory requirements, this document sets out MeDirect Bank SA (hereinafter referred to as the “Bank”) intermediary selection policy in respect of its reception and transmission of orders and its portfolio management activity.

As a general principle, the Bank is required to take all reasonable measures to obtain the best possible execution for its Clients’ orders when transmitting orders arising from its clients directly or orders arising from its decisions to trade in financial instruments on behalf of its Clients.

This document only applies in relation to the following types of financial instruments (the instruments that are tradable by the Bank’s clients):

- ✓ equities listed on a trading venue,
- ✓ non-complex bonds listed on a trading venue,
- ✓ non-complex exchange traded funds (ETFs) listed on a trading venue,

Non-complex unlisted mutual funds are not in scope of the current policy, with the exception of point 8 – order handling - as subscriptions and redemptions are considered primary market transactions (executed at NAV) and not secondary market transactions (executed on trading venue).

2 Consent

The present best selection policy is deemed to be accepted by the client when the client gives an order for execution to the Bank.

By giving an order to the Bank, the client also consents that its order may be transferred to a counterparty that may execute it outside of a Trading Venue.

3 Definitions

Trading venue

Under MiFIR, the types of trading venues are:

- (a) “Regulated Market” or “RM” – a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments in accordance with non-discretionary rules
- (b) “Multilateral Trading Facility” or “MTF” – a multilateral system operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments in accordance with non-discretionary rules
- (c) “Organised Trading Facility” or “OTF” – a multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract. Unlike RMs and MTFs, operators of an OTF have some discretion in execution

4 Best Execution Factors

When selecting the entity that will execute client orders, the Bank must take all sufficient steps to obtain the best possible result, taking into account the following factors (the best execution factors as defined in article 27 §1 of Directive 2014/65/EU):

- ✓ Price – depending on the type of instrument and the liquidity of the market, several trading venues may offer execution at different prices;
- ✓ Costs related to the execution of an Order (commissions, arrangement and clearing fees) which are charged to customers – even though the Bank generally works with fixed transaction costs for the customer orders, there might be cases where non-fixed or additional costs are charged to the customer (like stamp duties);
- ✓ Speed and likelihood of execution and settlement – limited liquidity or constraints on certain markets may affect the execution and / or the settlement of the transaction;
- ✓ Order size - the size of the transaction may impact the overall quality of execution of orders on financial instruments. In cases where a security has a minimum trade size, the customer will only be able to trade at the minimum trade size required;
- ✓ Nature of the order - characteristics of an order might affect the performance of its execution.

Furthermore, other considerations relevant to the efficient execution of the order such as the nature of the relevant market, prevailing market conditions and the attempt to minimize market impact should be taken into account.

5 Ranking of the best execution factors

In line with article 64 §1 of the Delegated Regulation 2017/565, the Bank takes into account the following criteria to determine the relative importance of the factors listed in point 4:

- Characteristics of the client - the Bank only serves retail clients as defined in the Market in Financial Instruments Directive.
- Characteristics of the client order – the Bank does not allow securities financing transaction.
- Characteristics of the execution venues to which the order can be directed – the Bank does not define the type of execution venues to which the orders could be directed.
- Characteristics of the financial instruments that are subject of the order.

The selection criteria withheld by the Bank for the selection of an execution intermediary are the following, in order of relative importance:

- The costs related to the execution of orders (commissions, arrangement and clearing fees) which are charged to the Bank: these costs influence directly the fees eventually charged to the end-customer;
- The speed and likelihood of execution and settlement: whatever the volatility or the liquidity of financial instruments, the execution entity should provide the fastest execution possible;
- The overall offer with regard to the type of financial instruments, the type of orders and the type of accessible trading venues;
- The nature and overall execution quality of the executing entity, particularly the downtime periods and the handling of complaints; and
- The IT-set up of the execution entity enabling easy and fast routing of orders to the executing entity and the reception of trade confirmation information.

6 Specific instruction(s)

If the Bank receives an order that includes a specific instruction or specific instructions in relation to the handling and execution of the entire order or a particular aspect or aspects of the order (like executing at a particular price) then, subject to its legal and regulatory obligations, the Bank will transfer the order to be executed in accordance with the specific instruction(s).

This may prevent the Bank from taking steps designed and implemented to obtain the best possible result for those orders. It also means that to the extent of the specific instruction(s), the Bank's obligation of best selection will be satisfied by following the order in accordance with the specific instruction (as defined in article 64 §2 of Delegated Regulation 2017/565).

Where the specific instruction covers only a portion of an order, and the Bank has discretion over the other elements of the order, then the Bank will continue to owe an obligation of best selection in respect of the elements of the order that are not covered by the specific instruction(s).

7 Selected Intermediary

The Bank has selected its parent company, MeDirect (Malta) Plc as sole intermediary for the execution of client orders for every authorized class of financial instruments. MeDirect (Malta) Plc is authorized as a credit institution by the Maltese Financial Services Authority (MFSA) and is therefore obliged to comply with best execution standards.

The Bank's selection is based on the following factors:

- ✓ the high best execution standards maintained by MeDirect (Malta) Plc, which are consistent with the Bank's policies. The execution factors used by MeDirect Malta are ranked depending on the type of Financial Instruments in relation to which the orders are made (bonds, equities and exchange traded funds) and matches the ones defined by the Bank;
- ✓ the synergies between the Bank's electronic systems and those used by MeDirect Bank (Malta) Plc, which ensure the rationalization of flows and offer secured procedures and operational efficiency; and
- ✓ the stable and competitive costs applied by MeDirect (Malta) Plc for executing/transmitting and settling (MeDirect Bank (Malta) plc is the sole sub-custodian of MeDirect Bank SA) client orders.

In light of the above, the Bank believes the execution of client orders by MeDirect Bank (Malta) Plc will enable it to obtain the best possible result for its clients on a consistent basis.

MeDirect Bank (Malta) Plc will always execute the clients' orders in accordance with its order execution policy. Upon reasonable request, the Bank can provide its clients with further information regarding MeDirect Bank (Malta) Plc, including a copy of its order execution policy.

8 Information to clients

The Bank publishes on an annual basis, in line with the legal requirements, a "Top 5 Execution Venues" report. The report details, for each instrument type the five most important selected financial intermediaries the Bank relied on for the past twelve months, along with key statistics. This report is published on the Bank's website by no later than the 30th April of each year (in Dutch, French and English).

The current policy is published on the Bank's website (without RACI and approval & version control tables).

9 Handling of orders

As a standard, the Bank ensures the prompt, fair and expeditious execution of all orders in line with the applicable regulatory requirements and that the orders are promptly and accurately recorded and allocated.

Comparable instructions from different customers will be treated promptly and sequentially in the order they are received, except if specific instructions or circumstances require a different treatment.

Customer orders may be aggregated with orders from other customers or orders from the Bank or affiliated companies. Orders will only be aggregated where the Bank or the respective executing entity reasonably believes it is unlikely that the aggregation will be detrimental to the customer. In some cases, aggregation may however work to the disadvantage of the customer.

The Bank does generally not aggregate its own orders or orders of any of its affiliated companies with orders of a customer. Should it ever happen, the Bank shall not allocate the related trades in a way that is detrimental to a customer.

The Bank takes all reasonable steps to ensure that securities or money received in settlement of an executed order are promptly and correctly delivered to the account of the appropriate customer.

In the event of a material difficulty in executing a customer order in accordance with this Policy, the Bank shall inform the customer who placed the order promptly upon becoming aware of this difficulty.

10 Policy review

In accordance with applicable regulations, the Bank reviews its best selection policy at least on an annual basis and in any case, after the occurrence of a material change that affects the Bank's ability to continue to obtain the best possible result for its clients. A material change is a significant event that could impact the best execution factors. When reviewing this policy, the Bank will assess the quality of execution provided to its clients. This will include, in particular, ensuring that MeDirect Bank (Malta) Plc complies with its order execution policy. Pursuant to this review and if necessary, the Bank will work closely with MeDirect Bank (Malta) Plc to improve the services provided to its clients and make any changes when necessary. If the Bank determines that MeDirect Bank (Malta) Plc is unable to perform its best execution duties in accordance with applicable regulations, the Bank will transmit its clients' orders to other third parties.