

Summary of execution quality analysis - 2018

(pursuant to Regulation (2017/576/EU))

1. Introduction and regulatory framework

Directive 2014/65/EU (hereinafter also "MiFID II"), the Delegated Regulation 2017/576/EU, and Article 47, paragraph 7 of the Intermediaries Regulation, in order to increase the degree of transparency and understanding of the practices adopted by investment firms to ensure best execution to their clients, require intermediaries who execute and/or transmit orders to publish the following information:

- a report on the top five execution venues where orders were executed or transmitted by trading volume for each class of financial instrument indicated;
- a report on the quality of execution obtained, summarising the conclusions drawn from monitoring execution in the places where the intermediary operated in the previous year.

The aim of these reports is to provide clients with significant information in order to assess the quality of execution of orders placed during the year, as well as provide useful information to verify compliance with the intermediary's execution policy.

Within the framework of Community law, it should be noted that intermediaries are obliged to take all necessary actions to obtain the best possible result for the client when executing orders transmitted by him.

By virtue of the above, Directa, when executing or transmitting orders, having chosen not to exercise discretion as regards the execution venue and not to internalise transactions under any circumstances, believes it can in this way always ensure the best possible result for clients and ensure the broad protection of investors, whether retail or professional.

With regard to clients classified as "Eligible Counterparties", pursuant to Article 30(1) and (2) of MiFID II, best execution obligations do not apply to transactions closed with them, unless the same counterparty asks specifically to be treated as a client.

The measures adopted by the intermediary for the execution or transmission of orders on the most favourable terms for the client apply without distinction to all financial instruments regardless of the execution venue and/or investment service provided by the intermediary to its clients.

This document presents the analyses made and conclusions reached by the intermediary regarding the quality of execution achieved at venues where client orders were executed in 2018 and should be read in conjunction with the reports containing, for each class of financial instrument traded, a list of the top five execution venues by volume of trade.

A) Indication of the relative importance attached by the company to the factors of price, cost, speed, likelihood of execution or other considerations relating to qualitative factors in its assessment of execution.

The Sim has always endeavoured to offer its clients the primary execution venues of the various listed securities, which therefore have a significant trading volume in respect of the different classes of financial instruments, taking into account the different possibilities of direct or indirect access (through another intermediary). It does not include the possibility that Directa will act as a counterparty to internalise the orders received.

By choice, each financial instrument is proposed for execution at a specific venue and, even where several alternative venues are possible, orders are always organised in a targeted manner. The factors taken into consideration by the regulations, therefore, can only come into play in the phase of prior assessment of the venues to be made available, but never during the actual execution phase.

B) Description of any close ties, conflicts of interest and common ownership links between the investment firm and the execution venue where it intends to execute orders

There are no potential conflicts of interest between Directa and its clients since Directa has not entered into any specific agreement with the trading venues with a view to obtaining advantages in terms of discounts or commissions for orders that are executed by its clients.

Directa does have an irrelevant percentage shareholding in L-Max (1.66%), where we send orders on Forex and other contracts for difference, which does not influence our policy of choosing that venue over others. In any case, the MTF is particularly liquid and applies competitive prices, and in the absence of viable alternatives, no significant conflicts are considered to exist.

C) Description of any specific agreements entered into with the execution venue concerning payments made or received and discounts, reductions or non-monetary benefits obtained.

Directa's use of regulated markets is governed by standard contractual and economic agreements, common to all those using the market; not having entered into any specific agreements, Directa does not receive remuneration, does not benefit from personalised discounts and reductions and does not receive non-monetary benefits.

D) Explanation of the factors that led to a change in the list of execution venues in the firm's order execution strategy

In 2018 there were no changes to the list of trading venues in the company's execution policy.

E) Explanation of the differences in order execution according to client classification, the discriminating factors that lead to a different treatment of different categories of clients and the possible influence of the client on the way orders are executed

The client's classification does not affect the processing of orders in any way.

F) Indication of whether other criteria have been given precedence over the immediate consideration of price and cost in the execution of retail client orders and how such other criteria have resulted in the best possible result for the client in terms of the total fee

The various factors referred to in point A) above must be understood as being intended solely for the purpose of determining execution venues for the various financial instruments, from an entirely ex-ante point of view. Subsequently, as mentioned, it is always the client who guides the choice without other possibilities for Directa to intervene in such a decision. With this conduct, Directa believes that it has always achieved the best possible result for its clients in terms of total fee, since the venues identified always represent the primary listing venues, or comparable alternatives when available.

G) Explanation of how the investment company used data or instruments related to the quality of execution, including data published in accordance with Delegated Regulation (EU) 2017/575.

Due to the characteristics of its order execution model, Directa believes that it cannot use the data on execution quality in a useful way, specifically so that it never enters the decision-making process of its order routing.

H) Explanation of how the investment company has used the result of the activity of a provider of a consolidated publication system established under Article 65 of Directive 2014/65/EU

Due to the characteristics of its order execution model, Directa believes that it cannot use the data on execution quality in a useful way, specifically so that it never enters the decision-making process of its order routing.

Turin, 23 April 2019

DIRECTA SIM SPA – Main execution venues for retail and professional clientele divided by class of financial instruments - 2018

Clientele Retail

Class of instrument	a) Equities
< 1 trade per day	No

Execution venues	Volume in %	Orders in %	% Passive ord	% Aggressive ord	% Directed ord
Borsa Italiana MTA	93.61	90.13	41.87	58.12	100.00
Nasdaq	2.58	3.40	36.84	63.15	100.00
Xetra	1.26	1.08	26.29	73.70	100.00
Nyse	1.19	1.37	37.13	62.86	100.00
Borsa Italiana AIM	0.75	2.50	34.40	65.59	100.00

Class of instrument	b) Debt
< 1 trade per day	No

Execution venues	Volume in %	Orders in %	% Passive ord	% Aggressive ord	% Directed ord
Borsa Italiana MOT	93.29	91.97	26.28	73.71	100.00
EuroTLX	5.92	5.75	26.03	73.96	100.00
ExtraMOT	0.61	1.08	48.16	51.83	100.00
Borsa Italiana AIM	0.08	0.77	35.89	64.10	100.00
Borsa Italiana MTA	0.07	0.40	29.62	70.37	100.00

Class of instrument	c) Interest rate der
< 1 trade per day	No

Execution venues	Volume in %	Orders in %	% Passive ord	% Aggressive ord	% Directed ord
Eurex	97.60	96.26	32.66	67.33	100.00
CME	2.39	3.73	64.07	35.92	100.00

Class of instrument	e) Currency der
< 1 trade per day	No

Execution venues	Volume in %	Orders in %	% Passive ord	% Aggressive ord	% Directed ord
LMAX	82.66	93.23	51.09	48.90	100.00
CME	17.33	6.76	40.33	59.66	100.00

Class of instrument	g) Equity der
< 1 trade per day	No

Execution venues	Volume in %	Orders in %	% Passive ord	% Aggressive ord	% Directed ord
IDEM	47.22	72.16	24.94	75.05	100.00
Eurex	34.65	17.97	29.34	70.65	100.00
CME	17.86	9.46	40.67	59.32	100.00
Liffe- Euronext	0.25	0.38	40.17	59.82	100.00

Passive orders = Orders that involve a proposed trade of opposite sign already present in the book

Aggressive orders = Orders that are entered in the book waiting to be "taken out" by trading proposals of opposite sign

Directed orders = Orders that are issued by the client for execution at a specific execution venue

DIRECTA SIM SPA – Main execution venues for retail and professional clientele divided by class of financial instruments - 2018

Clientele Retail

Class of instrument	h) Securitized der
< 1 trade per day	No

Execution venues	Volume in %	Orders in %	% Passive ord	% Aggressive ord	% Directed ord
Sedex	91.64	90.85	53.33	46.66	100.00

Clientele Professional

Class of instrument	a) Equities
< 1 trade per day	No

Execution venues	Volume in %	Orders in %	% Passive ord	% Aggressive ord	% Directed ord
Borsa Italiana MTA	86.13	85.44	34.45	65.55	100.00
Nasdaq	6.20	1.87	28.95	71.05	100.00
Borsa Italiana AIM	5.49	9.21	69.60	30.40	100.00
Nasdaq	1.12	2.26	31.74	68.26	100.00
Xetra	0.94	0.93	36.85	63.15	100.00

Class of instrument	b) Debt
< 1 trade per day	No

Execution venues	Volume in %	Orders in %	% Passive ord	% Aggressive ord	% Directed ord
EuroTLX	47.34	46.63	99.63	0.37	100.00
Borsa Italiana MOT	43.05	42.21	90.40	9.60	100.00
ExtraMOT	9.34	11.14	99.14	0.86	100.00
Borsa Italiana AIM	0.25	-0.00	100.00	-0.00	100.00

Class of instrument	c) Interest rate der
< 1 trade per day	No

Execution venues	Volume in %	Orders in %	% Passive ord	% Aggressive ord	% Directed ord
Eurex	100.00	100.00	100.00	-0.00	100.00

Class of instrument	e) Currency der
< 1 trade per day	No

Execution venues	Volume in %	Orders in %	% Passive ord	% Aggressive ord	% Directed ord
LMAX	98.19	98.53	100.00	-0.00	100.00
CME	1.80	1.46	100.00	-0.00	100.00

Class of instrument	g) Equity der
< 1 trade per day	No

Execution venues	Volume in %	Orders in %	% Passive ord	% Aggressive ord	% Directed ord
Eurex	50.72	32.46	100.00	-0.00	100.00
IDEM	42.54	59.60	100.00	-0.00	100.00
CME	6.73	7.92	100.00	-0.00	100.00

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Clientele Professional

Class of instrument	h) Securitized der
< 1 trade per day	No

Execution venues	Volume in %	Orders in %	% Passive ord	% Aggressive ord	% Directed ord
EuroTLX	84.25	72.14	100.00	-0.00	100.00

EuroTLX	7.33	3.41	63.78	36.21	100.00
AIM	0.79	4.43	27.84	72.15	100.00
Borsa Italiana MTA	0.23	1.29	22.94	77.05	100.00
MIV	-0.00	-0.00	25.00	75.00	100.00

Class of instrument	i) Commodity der
<= 1 trade per day	No

Execution venues	Volume in %	Orders in %	% Passive ord	% Aggressive ord	% Directed ord
CME	99.28	99.53	41.22	58.77	100.00
Liffe- Euronext	0.71	0.46	25.00	75.00	100.00

Class of instrument	j) Cfd
<= 1 trade per day	No

Execution venues	Volume in %	Orders in %	% Passive ord	% Aggressive ord	% Directed ord
LMAX	100.00	100.00	50.28	49.71	100.00

Class of instrument	k) Etf
<= 1 trade per day	No

Execution venues	Volume in %	Orders in %	% Passive ord	% Aggressive ord	% Directed ord
Borsa Italiana ETF-Plus	87.09	95.93	46.31	53.68	100.00
Nasdaq	10.06	2.15	40.45	59.54	100.00
Nyse	1.82	1.27	42.11	57.88	100.00
American Stock Exchange	0.77	0.42	42.30	57.69	100.00
Xetra	0.25	0.20	34.72	65.27	100.00

Class of instrument	m) Altri strumenti
<= 1 trade per day	No

Execution venues	Volume in %	Orders in %	% Passive ord	% Aggressive ord	% Directed ord
Borsa Italiana - ATF Fund	100.00	100.00	100.00	-0.00	100.00

Passive orders = Orders that involve a proposed trade of opposite sign already present in the book
Aggressive orders = Orders that are entered in the book waiting to be "taken out" by trading proposals of opposite sign
Directed orders = Orders that are issued by the client for execution at a specific execution venue

Sedex	15.50	24.65	100.00	-0.00	100.00
AIM	0.24	3.19	100.00	-0.00	100.00

Class of instrument	i) Commodity der
<= 1 trade per day	No

Execution venues	Volume in %	Orders in %	% Passive ord	% Aggressive ord	% Directed ord
CME	99.43	99.47	100.00	-0.00	100.00
Liffe- Euronext	0.56	0.52	100.00	-0.00	100.00

Class of instrument	j) Cfd
<= 1 trade per day	No

Execution venues	Volume in %	Orders in %	% Passive ord	% Aggressive ord	% Directed ord
LMAX	100.00	100.00	100.00	-0.00	100.00

Class of instrument	k) Etf
<= 1 trade per day	No

Execution venues	Volume in %	Orders in %	% Passive ord	% Aggressive ord	% Directed ord
Borsa Italiana ETF-Plus	43.34	32.87	100.00	-0.00	100.00
Nasdaq	29.77	15.93	100.00	-0.00	100.00
American Stock Exchange	15.63	32.57	100.00	-0.00	100.00
Nyse	11.16	18.43	100.00	-0.00	100.00
Xetra	0.07	0.17	100.00	-0.00	100.00

Class of instrument	m) Altri strumenti
<= 1 trade per day	No

Execution venues	Volume in %	Orders in %	% Passive ord	% Aggressive ord	% Directed ord
Borsa Italiana - ATF Fund	100.00	100.00	100.00	-0.00	100.00