

MiFID II: Quality of execution Top Five Execution Venue Reporting and Financial Intermediaries Reporting

SUMMARY OF THE ANALYSIS OF EXECUTION QUALITY OF ORDERS

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 (Malta) plc (hereafter "MeDirect" or "the Bank") provides "top five execution venues" report (for orders executed by the Bank and orders transferred to third parties for execution) for each class of financial instrument, as well as a quantitative and qualitative assessment of the performance of the parties through which MeDirect executes these orders.

Introduction

The Bank annually reviews and updates its Best Execution Policy to ensure that it constantly addresses the requirements stemming from the regulations mentioned above. In line with the RTS28, the Bank is also making public the below information.

(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 Execution 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 treats all its customers as 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

MeDirect has no links, conflicts of interest, or shareholder relations 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

MeDirect has no specific arrangements 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, all orders on Maltese listed securities were executed on the Malta Stock Exchange. In Q4 2021, the Bank selected Saxo Bank AS as its only broker and as a result it no longer executes orders for International Bonds on BMTF and Tradeweb Europe.

(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 offers two different types of order execution services:

- receiving and transmitting of client orders to financial intermediaries;
- execution of orders by the Bank, on behalf of the client.

All MeDirect clients are considered as non-professional clients, thus there is no differentiation between the execution rules and framework for MeDirect clients, based upon their classification as professional or non-professional 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 Execution 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, execute 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;

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

Up until November 2021:

- when executing orders on international Bonds, the Bank 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.

After November 2021, all order in international Bonds, Equities and ETFs are transferred to Saxo Bank. In reviewing the quality of executions, Saxo Bank follows a governance process whereby executions are assessed for outliers. These outliers are reviewed using internal as well as external, independent data sources. In addition to this, Transaction Cost Analysis available from Saxo's Executing Brokers and Venues of execution is also being used for execution quality monitoring. Any systematic deviations are rectified by making necessary changes, for example, configuration of smart order routers. In addition to internal monitoring, Saxo Bank benchmarks as follows:

- International Equities and ETFs - Saxo uses an external, independent vendor for benchmarking of equity trades. Benchmarking of client executions occurs on the basis that the benchmark price should reflect the best possible execution an order could achieve should an order be sent to the LIT execution venues with the best price available at the time of the execution.
- International Bonds - Saxo uses an external, independent vendor for benchmarking of fixed income client executions. Benchmarking occurs on the basis that the benchmark price indicates the best possible price in the market when trading institutional sizes. As the benchmark price is indicative, and because Saxo clients mostly trade retail sizes, the benchmark price is however only part of the overall assessment of the fairness in the execution 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 CTP for its Best execution analysis

EXECUTION OF ORDERS ON BEHALF OF CUSTOMERS

CLASS OF INSTRUMENT	DEBT INSTRUMENTS (BONDS)				
Notification if <1 average trade per business day in the previous year	Y				
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
Malta Stock Exchange 5299009CKES2S5E3YG94	92.52%	93.76%	100.00%	0.00%	0.00%
Bloomberg Trading Facility Ltd 549300ROEJDDAXM6LU05	7.27%	6.08%	50.79%	49.21%	0.00%
Trade Web Europe limited 2138001WXZQOPMPA3D50	0.21%	0.16%	80.00%	20.00%	0.00%

CLASS OF INSTRUMENT	EQUITIES – SHARES & DEPOSITORY RECEIPTS				
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 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)					
-	-	-	-	-	-
(ii) Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)					
-	-	-	-	-	-
(iii) Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)					
Malta Stock Exchange 5299009CKES2S5E3YG94	100%	100%	100%	0.00%	0.00%

RECEPTION AND TRANSMISSION OF ORDERS

CLASS OF INSTRUMENT	DEBT INSTRUMENTS (BONDS)				
Notification if <1 average trade per business day in the previous year	Y				
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
SAXO Bank AS 549300ROEJDDAXM6LU05	100.00%	100.00%	85.71%	14.29%	0.00%

CLASS OF INSTRUMENT	EQUITIES – SHARES & DEPOSITORY RECEIPTS				
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 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)					
Instinet Europe Limited 213800MXAKR2LA1VBM44	85.08%	91.85%	44.44%	55.56%	0.00%
SAXO Bank AS 549300ROEJDDAXM6LU05	14.92%	8.15%	47.83%	52.17%	0.00%
(ii) Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)					
Instinet Europe Limited 213800MXAKR2LA1VBM44	87.87%	91.42%	50.00%	50.00%	0.00%
SAXO Bank AS 549300ROEJDDAXM6LU05	12.13%	8.58%	38.89%	61.11%	0.00%
(iii) Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)					
Instinet Europe Limited 213800MXAKR2LA1VBM44	48.66%	90.84%	50.00%	50.00%	0.00%
SAXO Bank AS 549300ROEJDDAXM6LU05	51.34%	9.16%	38.46%	61.54%	0.00%
Tick size liquidity band not available					
Instinet Europe Limited 213800MXAKR2LA1VBM44	85.84%	87.86%	20.00%	80.00%	0.00%
SAXO Bank AS 549300ROEJDDAXM6LU05	14.16%	12.14%	33.33%	66.67%	0.00%

CLASS OF INSTRUMENT	EXCHANGE TRADED PRODUCTS (ETFs)				
Notification if <1 average trade per business day in the previous year	Y				
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
INSTINET EUROPE LIMITED 213800MXAKR2LA1VBM44	92.37%	89.91%	17.92%	82.08%	0.00%
SAXO Bank AS 549300ROEJDDAXM6LU05	7.63%	10.09%	31.70%	68.30%	0.00%