



## **RTS28 – Transmission report**

# **Report about used brokers when transmitting client orders and their quality results**

**2018**

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## 1. INTRODUCTION

This report complies with client protection and transparency requirements set forth in stock market regulations, Delegated Regulation (EU) 2017/576 of the Commission, dated 8 June 2016 which complements Directive 2014/65/EU of the European Parliament and the Council regarding the technical regulation standards for the annual publication by investment firms of information on the identity of the execution venues and on the quality of the execution (hereinafter, the “**Delegated Regulation**” or “**RTS28**”).

The European Securities Market Authority (ESMA) requires that the companies that provide investment services publish the identity of the top five venues for client order execution for each financial instrument category, as well as information regarding the quality of the executions obtained by the company.

The information to publish is divided in two parts:

1. *Best Execution Report*: information required in compliance with Article 3, Sections 1 and 2, of Delegated Regulation (EU) 2017/576.
2. *Analysis and Conclusions of Order Executions*: information required in compliance with Article 3, Section 3, of Delegated Regulation (EU) 2017/576.

For a certain class of financial instruments, an investment services company can provide order execution services, order retransfer services or both. These companies must provide two separate reports in relation to these services. These reports must be differentiated insofar as investment companies must state the top five execution venues on the one hand and, on the other, the top five intermediaries (broker) used to execute their clients' orders during the relevant period.

This report, *Report about used brokers when transmitting client orders and their quality results – Transmission Report*, has taken into account the nature of each financial instrument to provide a summary of the top five brokers used by CaixaBank, S.A. (hereinafter, “**CaixaBank**” or the “**Company**”) for transmitting the execution of its clients' orders; however, it is presented in consolidated form where the information is common to several or all classes of financial instruments, as regards close ties, conflicts or shared ownership, as well as information on payments, reimbursements and profits.

The report below contains detailed information regarding the kinds of instruments on which CaixaBank transmit through several brokers its clients' orders. Other kinds of instruments on which CaixaBank provides another type of service have been omitted from the report.

ESMA requires the information to be published before 30 April of the year following the year of analysis and that it remain available in the public domain for a minimum of two years.

This document contains the information required by the aforementioned Delegated Regulation, published by CaixaBank in a computer-readable electronic format that can be downloaded by the public via the website of the Company ([www.caixabank.es](http://www.caixabank.es)).

## 2. EQUITIES, SHARES AND DEPOSITARY RECEIPTS

### 2.1 EQUITY

Information on the top five brokers as regards trading volume, in which CaixaBank has transmitted its clients' orders.

#### RETAIL CLIENT

CLASS OF INSTRUMENT	EQUITY. TICK SIZE LIQUIDITY BANDS 5 AND 6 (FROM 2000 TRADES PER DAY)				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>MORGAN STANLEY</b>	92,5	86,6	18,7	81,3	4,3
<b>GOLDMAN SACHS</b>	7,5	13,4	21,8	78,2	9,4

CLASS OF INSTRUMENT	EQUITY. TICK SIZE LIQUIDITY BANDS 3 AND 4 (FROM 80 TO 1999 TRADES PER DAY)				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>MORGAN STANLEY</b>	97,7	95,8	23,6	76,4	15,5
<b>GOLDMAN SACHS</b>	2,3	4,2	42,9	57,1	15,8

CLASS OF INSTRUMENT	EQUITY. TICK SIZE LIQUIDITY BANDS 1 AND 2 (FROM 0 TO 79 TRADES PER DAY)				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>MORGAN STANLEY</b>	99,4	99,5	34,8	65,2	28,5
<b>GOLDMAN SACHS</b>	0,6	0,5	47,3	52,7	12,1

## PROFESSIONAL CLIENT

CLASS OF INSTRUMENT	EQUITY. TICK SIZE LIQUIDITY BANDS 5 AND 6 (FROM 2000 TRADES PER DAY)				
Notification if < 1 average trade per business day in the previous year	<b>N</b>				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>MORGAN STANLEY</b>	97,5	98,5	15,1	84,9	98,6
<b>CITIGROUP GLOBAL</b>	2,3	1,3	18,8	81,2	100,0
<b>GOLDMAN SACHS</b>	0,2	0,1	14,6	85,4	12,2
<b>UBS AG</b>	0,0	0,0	0,0	100,0	100,0

CLASS OF INSTRUMENT	EQUITY. TICK SIZE LIQUIDITY BANDS 3 AND 4 (FROM 80 TO 1999 TRADES PER DAY)				
Notification if < 1 average trade per business day in the previous year	<b>N</b>				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>MORGAN STANLEY</b>	95,5	97,1	40,3	59,7	96,2
<b>CITIGROUP GLOBAL</b>	4,2	2,8	22,6	77,4	100,0
<b>GOLDMAN SACHS</b>	0,3	0,1	43,3	56,7	23,9
<b>UBS AG</b>	0,0	0,0	0,0	100,0	100,0

CLASS OF INSTRUMENT	EQUITY. TICK SIZE LIQUIDITY BANDS 1 AND 2 (FROM 0 TO 79 TRADES PER DAY)				
Notification if < 1 average trade per business day in the previous year	<b>N</b>				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>MORGAN STANLEY</b>	99,8	99,7	34,4	65,6	56,7
<b>GOLDMAN SACHS</b>	0,1	0,3	10,7	89,3	10,7
<b>CITIGROUP GLOBAL</b>	0,0	0,0	0,0	100,0	100,0

## 2.2 ETFs

Information on the top five brokers as regards trading volume, in which CaixaBank has transmitted its clients' orders.

### RETAIL CLIENT

CLASS OF INSTRUMENT	ETFs				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>MORGAN STANLEY</b>	90,0	87,2	14,3	85,7	8,6
<b>GOLDMAN SACHS</b>	10,0	12,8	13,3	86,7	43,9

### PROFESSIONAL CLIENT

CLASS OF INSTRUMENT	ETFs				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>MORGAN STANLEY</b>	93,6	96,0	12,3	87,7	59,5
<b>GOLDMAN SACHS</b>	3,6	4,0	17,5	82,5	10,0
<b>CITIGROUP GLOBAL</b>	0,1	0,0	0,0	100,0	100,0



### 3. DEBT INSTRUMENTS

#### 3.1 MONEY-MARKET INSTRUMENTS

Information on the top five brokers as regards trading volume, in which CaixaBank has transmitted its clients' orders.

RETAIL CLIENT

CLASS OF INSTRUMENT	MONEY-MARKET INSTRUMENTS				
Notification if < 1 average trade per business day in the previous year	<b>N</b>				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>GOLDMAN SACHS</b>	100,0	100,0	0,0	100,0	20,0

## 4. CURRENCY DERIVATIVES

### 4.1 FUTURES AND OPTIONS ADMITTED TO TRADING ON A TRADING VENUE

Information on the top five brokers as regards trading volume, in which CaixaBank has transmitted its clients' orders.

#### RETAIL CLIENT

CLASS OF INSTRUMENT	FUTURES AND OPTIONS ADMITTED TO TRADING ON A TRADING VENUE				
Notification if < 1 average trade per business day in the previous year	<b>N</b>				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>Santander ETDS</b>	100,0	100,0	n/a	n/a	n/a

#### PROFESSIONAL CLIENT

CLASS OF INSTRUMENT	FUTURES AND OPTIONS ADMITTED TO TRADING ON A TRADING VENUE				
Notification if < 1 average trade per business day in the previous year	<b>N</b>				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>Santander ETDS</b>	100,0	100,0	n/a	n/a	n/a

## 5. EQUITY DERIVATIVES

### 5.1 OPTION AND FUTURES ADMITTED TO TRADING ON A TRADING VENUE

Information on the top five brokers as regards trading volume, in which CaixaBank has transmitted its clients' orders.

#### RETAIL CLIENT

CLASS OF INSTRUMENT	OPTIONS AND FUTURES ADMITTED TO TRADING ON A TRADING VENUE				
Notification if < 1 average trade per business day in the previous year	<b>N</b>				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>Santander ETDS</b>	100,0	100,0	n/a	n/a	n/a

#### PROFESSIONAL CLIENT

CLASS OF INSTRUMENT	OPTIONS AND FUTURES ADMITTED TO TRADING ON A TRADING VENUE				
Notification if < 1 average trade per business day in the previous year	<b>N</b>				
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 a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>Santander ETDS</b>	100,0	100,0	n/a	n/a	n/a

## 6. SUMMARY OF THE ANALYSIS AND CONCLUSIONS OBTAINED BY CAIXABANK REGARDING THE QUALITY OF THE EXECUTIONS OBTAINED ON TRADING VENUES WHERE ORDERS HAVE BEEN EXECUTED OR TRANSMITTED DURING 2018

An evaluation of the quality of execution obtained in all the venues used is included below to provide a clear view of the execution tools and strategies used to assess execution quality in these venues.

This information is aggregated to all the financial instruments under consideration, given that the factors and circumstances analysed are common to all of them.

### 6.1 RELATIVE IMPORTANCE OF THE FACTORS

Included below is an explanation of the relative importance that CaixaBank conferred during 2018 to each of the factors that determines best execution for orders received from clients according to its Best Execution Policy currently in force throughout the financial year.

Please note that CaixaBank updated its Best Execution Policy, effective on 23 October 2017, to adapt it to MiFID II regulatory requirements.

Client type	Price	Liquidity	Execution speed	Transaction costs	Nature of operation	Characteristics order	Total
<b>Retail</b>	Total Consideration						<b>100%</b>
<b>Professional</b>	50%	20%	10%	10%	5%	5%	<b>100%</b>

### 6.2 EXPLANATION OF HOW ORDER EXECUTION DIFFERS DEPENDING ON CLIENT CATEGORY WHEN THE COMPANY HANDLES CLIENT CATEGORIES DIFFERENTLY AND HOW THIS CAN AFFECT ORDER EXECUTION.

The criterion used by CaixaBank to determine best execution for retail clients is Total Consideration.

CaixaBank is a member of the Barcelona Stock Exchange, Bilbao Stock Exchange, Valencia Stock Exchange and Madrid Stock Exchange, Latibex and the Alternative Equity Market, all of which are Regulated Markets and Multilateral Trading Systems, where quoted national equity securities are traded, and it is also a member of Euronext, where a large part of international equity securities are traded.

The retail client orders of CaixaBank are executed directly in the markets where it is a member of and transferred via brokers to those markets that it is not a member of.

On the other hand, determination of best execution in the category of professional clients takes into consideration asset prices and transaction costs, in addition to other factors such as liquidity, speed of execution, nature of the trade and characteristics of the order.

For institutional clients (Institutional Trading Desk), which includes both professional and eligible counterparties, CaixaBank decided the implementation, since the beginning of 2018, of a *Smart Order Router*<sup>1</sup> (SOR). The orders of this client type are transferred to the markets via brokers that interpose their SOR to determine how to route each order.

The use of different procedures, depending on the type of client and service channel, obtains different results in the quality of execution of one group versus another, although both results are of very high quality.

The conclusion is that the Best Execution Policy of CaixaBank, applied during 2018, has consistently obtained the best possible results for its clients. Therefore, it does not seem necessary to change the weighting of the

<sup>1</sup> *Smart Order Router* (SOR) is an algorithm capable of discerning in real-time which venue offers the best price at that precise moment - in milliseconds - according to which it decides where to send the order.

factors that determine the Best Execution for each type of client, or to change the selection of execution venues or brokers.

However, the results analysed also highlight some room for improvement, not as regards the Best Execution Policy, the coherence of which has been demonstrated, but of current processes, systems and tools. However, it is also true that the supervisors have not yet provided instructions regarding mandatory thresholds to be used by companies to undertake corrective measures. As a result, any recommendation for improvement pursues the goal of service excellence from a self-critical point of view.

CaixaBank has imposed upon itself the need to strictly review its Best Execution Policy by committing internally to quarterly reports, instead of the regulatory requirement of annual reviews. As a result, a series of recommendations were obtained as early as Q12018, which were internally validated after submission to the Steering Committee on 9 September 2018, which duly approved said recommendations and ordered their implementation to be coordinated by the Markets area.

At the close of this report, some of those improvement proposals (related to international equity securities) have already been implemented, and the improvement of results is expected to be seen starting from the first quarter of 2019.

### 6.3 EXPLANATION OF WHETHER OTHER CRITERIA HAVE BEEN GIVEN PREFERENCE OVER IMMEDIATE PRICE AND COST CRITERIA WHEN EXECUTING RETAIL CLIENT ORDERS AND AN EXPLANATION OF HOW THOSE OTHER CRITERIA HAVE BEEN DECISIVE TO ACHIEVE THE BEST POSSIBLE RESULT IN TERMS OF TOTAL AMOUNTS FOR THE CLIENT.

The only criterion taken into consideration for retail clients is Total Consideration.

### 6.4 POSSIBLE CLOSE TIES

There are no ties of any kind between CaixaBank and any of the execution venues used in 2018, and no conflicts of interest have taken place that have not been able to be managed via the measures established in the CaixaBank Conflicts of Interest Policy.

### 6.5 CONFLICTS OF INTEREST

During the financial year under analysis, no conflicts of interest have been registered with regard to any of the brokers used to transmit client orders.

### 6.6 COMMON SHARES

CaixaBank does not maintain any common shares with regard to any of the broker used to transmit its clients' orders.

### 6.7 SPECIFIC AGREEMENTS IN RELATION TO PAYMENTS MADE OR RECEIVED, DISCOUNTS, REDUCTIONS OR NON-MONETARY PROFITS

CaixaBank does not maintain any specific agreements on payments made or received, nor discounts or reductions, with regard to any of the broker used to transmit its clients' orders, other than those disclosed in the public rates applied to each of them.

### 6.8 CHANGES IN THE CHOICE OF EXECUTION VENUES

The conclusions of the analysis of execution quality show that CaixaBank has consistently been able to obtain the best possible results for its professional clients, whether by executing orders directly in the regulated markets or transferring them via a variety of financial brokers.

During 2018 CaixaBank decided to include some broker as Citigroup Global or UBS AG which are the case. But in practice their smooth incorporation represented a quite low volume traded by 2018.

UBS AG joined the brokers panel as a consequence of the joint venture between BPI Investimento and CaixaBank about Portuguese market. As that joint venture finally became into the CaixaBank Portugal Branch established by the 7<sup>th</sup> of January, that represented that UBS AG was not completely involved by 2018 at all.

Both incorporations required considerable efforts on development and investment which in practice was translated in a smooth implementation beginning with immaterial trade volumes over concrete types of assets, because a prudential principle.

The list of execution venues, included as an appendix to the Best Execution Policy, can be also consulted by the public via the website of the Company ([www.caixabank.es](http://www.caixabank.es)).

## 6.9 EXPLANATION OF HOW CAIXABANK HAS USED ALL DATA OR INSTRUMENTS REGARDING THE QUALITY OF THE EXECUTION, INCLUDING ALL DETAILS PUBLISHED IN COMPLIANCE WITH DELEGATED REGULATION (EU) 2017/575.

The services of “BME InnTech” have been contracted to analyse the Best Execution results obtained by CaixaBank for its clients, as an external source of information to prepare the “Transaction Cost Analysis” (hereinafter, “TCA”), that provides CaixaBank with a third party verification of the integrity of the results, order by order.

To prepare the TCA report, BME InnTech takes into consideration the order books of each market at the time each order is sent, from which a consolidated book is drawn up. Depending on the type of order and its nature (buy/sell), the information of the best possible scenario (*benchmark*) is extracted.

Using the *benchmark* as a reference, BME InnTech compares it with the actual execution of each order and obtains two diagnoses:

1. **Achievement of the best result.** These data are binary. Best result achieved (yes/no).
2. **Deviation with regard to the *benchmark*.** Calculates the % of price deviation over the best possible result. The result is expressed in basis points of deviation of the actual result obtained over the *benchmark*.

Among other data, the TCA report shows an aggregate of the results of each order; it shows the % of total orders that have achieved best execution (% of “yes” versus total) and the weighted mean - for the cash of each order - of basis points of deviation.

## 6.10 EXPLANATION OF HOW CAIXABANK HAS USED THE INFORMATION FROM A CONSOLIDATED INFORMATION PROVIDER, IN COMPLIANCE WITH ARTICLE 65 OF DIRECTIVE 2014/65/EU.

CaixaBank has not used information from a Consolidated Information Provider (CIP).

**CAIXABANK, S.A.**

## 7. APPENDIX

List of the main brokers.

### EQUITY

<b>Intermediarios financieros</b>
Morgan Stanley & CO PLC / Morgan Stanley Bank International Limited
Nomura internacional Plc
Goldman Sachs International
Citigroup
J.P. Morgan
Deutsche Bank
BNP Exane
Société Générale
UBS
HSBC
Credit Suisse

### DERIVATIVES AND FX

<b>Intermediarios financieros</b>
Santander ETDS (Exchange Trade Derivatives)
Ahorro Corporación
Altura Markets
Barclays Capital
BGC
Capital Markets
CIMD
GFI Brokers
ICAP Europe Limited
Key Capital Partners
RP Martin Brokers Group
Tullet Prebon
Tradition
Carl Kleim
JB Drax Honore
Makor Securities

## FIXED INCOME

Intermediarios financieros
Ahorro Corporación
All Trading
Altura Markets
Barclays Capital
BGC
Capital Markets
Carl Kliem
CIMD
Finacor
GFI Brokers
ICAP Europe Limited
Tullet
Tradition

**CAIXABANK, S.A.**