

• **POLICY FOR THE SELECTION  
OF INTERMEDIARIES –  
COUNTERPARTIES AND  
ORDER EXECUTION**

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- **1. SCOPE FOR APPLICATION**

This policy applies to Ostrum Asset Management.

**Client categorization:** this policy applies to Ostrum Asset Management's professional and non-professional clients as defined by the Markets in Financial Instruments Directive (MiFID) II.

**Status and framework applicable to asset management companies:** Ostrum Asset Management is an asset management company. Ostrum Asset Management primarily conducts collective management operations, discretionary asset management and reception and transmission of orders (RTO) for third parties. Ostrum Asset Management is governed by MiFID II as regards "**best execution and best selection**" for the activity of collective management and management under mandate.

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- **2. DETAILED DESCRIPTION**

## 2.1. BACKGROUND

European directive 2014/65/EU (MiFID II) came into force on January 3, 2018 and introduces changes in terms of **investor protection**.

Under MiFID II and the French Financial Markets Authority's (*Autorité des Marchés Financiers*) General Regulation<sup>1</sup>, **the obligation to obtain the best possible result** for clients during order execution **was bolstered**. Asset management companies must fulfil their obligation to take all **"reasonable" measures** to achieve the best possible result for their clients.

In accordance with requirements set out in MiFID II, this document is aimed at describing the scope and conditions for application for the **"best selection" and "best execution"** policy implemented by Ostrum Asset Management to meet its obligation to **achieve the best possible results**.

**The asset management company regularly monitors the effectiveness of its policy and in particular the quality of execution for entities selected as part of this policy.**

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<sup>1</sup> Article 321-114: When they transmit for execution orders resulting from their decisions to trade financial instruments on behalf of UCITS that they manage to other entities, asset management companies shall comply with the obligation referred to in Article 321-100 to act in the best interest of the UCITS that they manage.

## 2.2. PRINCIPLE OF BEST SELECTION

The asset management company has an obligation to act in the best interests of the UCI<sup>23</sup> as part of its collective asset management business. The principle of **Best selection<sup>4</sup> of intermediaries** enables the asset management company to achieve the best possible result for its clients when it transmits orders on behalf of portfolios it manages to duly approved intermediaries.

The “best selection” obligation also applies to asset management companies as part of the provision of portfolio management services for third parties (discretionary management) and as part of the provision of RTO services. When the asset management company sends the orders received from clients or that result from management decisions to a third party for execution, the asset management company must take all reasonable measures to obtain the best possible results.

A substantial portion of orders is entrusted to Natixis Tradex Solutions as part of its intermediation business for execution to a broker selected<sup>5</sup> by Natixis Tradex Solutions, apart from some transactions executed directly by Ostrum Asset Management.

In accordance with the Markets in Financial Instruments Directive (MiFID) II and provisions transposed into the AMF General Regulation, this policy outlines Ostrum Asset Management’s overall set-up and the basic principles it applies broadly speaking for the selection of intermediaries, as well as execution of orders placed directly as part of its collective asset management operations.

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<sup>2</sup> In terms of AIF, section 2 of chapter IV of Title I bis of the AMF General Regulation refers to articles 25 to 29 of Commission Delegated Regulation No. 23/2013, which came into effect before MiFID II and reflect concerns on best execution.

<sup>3</sup> AMF General Regulation 321-114: When they transmit for execution orders resulting from their decisions to trade financial instruments on behalf of UCITS that they manage to other entities, asset management companies shall comply with the obligation referred to in Article 321-100 to act in the best interest of the UCITS that they manage.

<sup>4</sup> Ostrum Asset Management has set up an accreditation process to select intermediaries to which orders are sent for execution.

<sup>5</sup> Natixis Tradex Solutions selects intermediaries on the basis of costs and quality of order handling from a list of counterparties/brokers authorized by Ostrum Asset Management (following the accreditation process). Counterparties in charge of execution comply with the “Best Execution” principle set out in MiFID II.



## 2.3. BASIC PRINCIPLES APPLIED BY OSTRUM ASSET MANAGEMENT

As an asset management professional, Ostrum Asset Management has a responsibility to conduct its business entirely independently and in the exclusive interests of its clients.

In accordance with the Markets in Financial Instruments Directive II, Ostrum Asset Management has set out and abides by the following principles:

- Respect for market integrity, transparency and security;
- Compliance with applicable regulation in this area as well as general rules of good conduct defined by the profession;
- Putting the client's best interests first.

This policy applies when the asset management company manages portfolios directly, apart from portfolios where the company delegates management to a third party.

This policy is reviewed on a yearly basis and is subject to change without prior notice at any time.

This document is also available on request from Client Services at Ostrum Asset Management by email to the following address: [contact@ostrum.com](mailto:contact@ostrum.com) or by post by contacting:

Ostrum Asset Management  
Client Experience department  
43, Avenue Pierre Mendès France  
CS 41432  
75648 Paris cedex 13

This policy applies to Ostrum Asset Management's professional and non-professional clients as defined by MiFID II.

## 2.4. INTERMEDIARY SELECTION POLICY

Pursuant to the Markets in Financial Instruments Directive (MiFID) II, Ostrum Asset Management has set up an overall organization with a view to securing the **best possible result for its clients** during the order transmission and execution process.

Ostrum Asset Management has opted for the “professional client” status in its dealings with intermediaries and counterparties.

### Intermediary accreditation process:

**Best selection** is conducted on the basis of a list of authorized counterparties, which is approved by Ostrum Asset Management.

The counterparty selection process follows the principles set out in the formal request for accreditation, the documentation for the entire process and the at least yearly review and on occurrence of an event that may lead to the suspension of an approved counterparty and where appropriate, its removal from the approved list.

This section outlines the two programs adopted by Ostrum Asset Management for the selection of intermediaries to achieve the best results for its clients.

### Ostrum Asset Management has Natixis Tradex Solutions handle its orders for its intermediation business<sup>6</sup>

Ostrum Asset Management transmits a large portion of its orders resulting from investment decisions on financial instruments to Natixis Tradex Solutions<sup>7</sup>.

The reliance on an external intermediation expert is designed to help Ostrum AM serve its clients' interests effectively and obtain the best outcome: Natixis Tradex Solutions is an intermediation specialist with ad hoc tools and processes. It operates entirely independently, and in view of the volumes it handles, it is able to obtain the best prices and reduce operational risk. This infrastructure means that orders can be handled in the best interests of its clients.

Natixis Tradex Solutions is a subsidiary of Groupe BPCE and is accredited as a banking and investment services provider by the ACPR (French banking and insurance supervisory authority).

Ostrum Asset Management may at any time request that Natixis Tradex Solutions treat the company as a non-professional client and thus enjoy stronger protection. In this respect, the main criterion will be the total cost representing the price of the instrument or financial contract along with all costs related to execution.

Ostrum Asset Management may also send specific orders to Natixis Tradex Solutions such as orders at closing, contingency orders and limit orders.

### Specific transactions traded directly

Ostrum Asset Management may also send orders to approved intermediaries for specific transactions directly: **some specific OTC transactions are handled directly**. In this case, Ostrum Asset Management opts for the status as professional client with intermediaries/counterparties.

Additionally, following the combination of Ostrum Asset Management's and La Banque Postale Asset Management's fixed-income and insurance-related investment management businesses, a team of traders authorized to place orders on the markets joined Ostrum Asset Management. Its work is strictly devoted to portfolios added during the business combination with La Banque Postale Asset Management. This team works with the same counterparties as Natixis Tradex Solutions.

The list of specific transactions is not exhaustive in any case.

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<sup>6</sup> Natixis Tradex Solutions has an execution policy. Ostrum Asset Management has set up a permanent control procedure to monitor and ensure correct implementation (section 5).

<sup>7</sup> Natixis Tradex Solutions selects intermediaries on the basis of costs and quality of order handling among the list of counterparties/brokers authorized by Ostrum Asset Management (following the accreditation procedure). Counterparties in charge of execution follow the “Best Execution” principle as outlined in MiFID II.

## 2.5. EXECUTION POLICY

### Ostrum Asset Management

Ostrum Asset Management's execution policy is based on the principles below:

#### *Instructions received from the client*

In the event that the client gives instructions as regards the organization, choice of an intermediary, or only a part or a specific aspect of an order, Ostrum Asset Management cannot guarantee that it will secure the best possible result when executing the order.

Similarly, in the event of instructions from Ostrum Asset Management to Natixis Tradex Solutions, the latter may be exempt from its best selection and best execution obligations in order to comply with this instruction first and foremost.

#### *Authorized counterparties*

Orders on the over-the-counter market are handled with a counterparty authorized by Ostrum Asset Management.

#### *Products involved*

Products involved are financial instruments covered by MiFID II.

#### *Principles for allocation and distribution of orders*

Ostrum Asset Management takes all reasonable steps to ensure that all financial instruments are quickly and correctly allocated to the account of the portfolio in question.

Ostrum Asset Management sets out the allocation of orders it issues a priori.

#### *Aggregated orders*

Ostrum Asset Management and Natixis Tradex Solutions may aggregate several client orders in accordance with article 321-108 of the AMF General Regulation.

Equal handling of partial executions of aggregated orders is conducted by Natixis Tradex Solutions using an algorithm that takes on board the nominal of each allocation or pre-allocation of the order, all with the same price.

### Natixis Tradex Solutions

#### *Main execution venues for orders executed by Natixis Tradex Solutions*

Ostrum Asset Management transmits its orders to Natixis Tradex Solutions, which has its own execution policy and can benefit from a wide range of execution venues (cf. appendix 2) with a view to providing the best selection of intermediaries and best execution.

While not comprising an exhaustive list, execution venues offered by Natixis Tradex Solutions are:

- Regulated markets (via an intermediary authorized by Ostrum Asset Management);
- Multilateral trading facilities (via an intermediary authorized by Ostrum Asset Management);
- The over-the-counter market (with a counterparty authorized by Ostrum Asset Management).

Ostrum Asset Management authorizes Natixis Tradex Solutions to execute an order outside a regulated market or a multilateral trading facility. The OTC market carries counterparty risk and does not have an order book system.

The list of execution venues selected by Natixis Tradex Solutions, or trading facilities where Natixis Tradex Solutions may execute orders is outlined in the appendix.

### *Selection criteria*

The factors for selection and execution taken on board by Natixis Tradex Solutions to ascertain conditions for client order transmission and execution are outlined in appendix 2 "Selection criteria".

### *Execution costs*

Intermediation costs and amounts allocated for execution (brokerage) are monitored regularly. This process takes on board remuneration paid to Natixis Tradex Solutions.

Natixis Tradex Solutions has its own "Best execution/Best Selection" policy, which is communicated to Ostrum Asset Management.

## 2.6. REGULATORY INFORMATION REGARDING MIFID II

### Appendix 1 – Information on Ostrum Asset Management’s orders

Reporting available on the website site [www.ostrum.com](http://www.ostrum.com)

#### *REPORT ON INTERMEDIATION COSTS PAID OVER FISCAL YEAR 2019*

Pursuant to the AMF’s General Regulation, this report outlines the conditions under which Ostrum Asset Management relied on investment decision-making and order execution services in 2019.

#### *ANNUAL REPORT ON TOP FIVE EXECUTION VENUES*

### Appendix 2 – Natixis Tradex Solutions – Selection criteria

By way of information, you will find below the link to Natixis Tradex Solutions’ overall program for its intermediation services.

The annual report of the top five execution venues for 2019 is available online at the following address:  
<https://www.tradex-solutions.natixis.com/fr/transparence>  
Source: Natixis Tradex Solutions

“Best Execution and Best Selection” policy

Source: Natixis Tradex Solutions

Natixis Tradex Solutions has an execution policy. The best execution and best selection policy is available online at the following address: <https://www.tradex-solutions.natixis.com/fr/transparence>

## 2.7. REVIEW OF EFFECTIVENESS OF SET-UP

Summary documents setting out the annual reassessment of this policy are filed for at least five years. Ostrum Asset Management regularly checks<sup>8</sup> that the execution procedure set out in this policy ensures the best possible result for the client or whether the company needs to make changes to its execution set-up. Best execution and/or best selection do not necessarily apply to individual transactions on a line-by-line basis, but rather are assessed on the basis of all transactions executed over a given period of time. Ostrum Asset Management has details to attest to best execution for orders handled by Natixis Tradex Solutions: these include information and reporting that Natixis Tradex Solutions has set up. By way of example, Natixis Tradex Solutions provides Ostrum Asset Management with the following reporting information:

1. Dashboard for cash equity business (monthly), listing amounts of fees paid to brokers;
2. Intermediation statistics (monthly) that provide details of the distribution of orders among brokers by financial instrument;
3. Overall summary of the result of broker votes (annual);
4. Cost Analysis transaction reporting (six-monthly basis);
5. Presentation by Natixis Tradex Solutions to Ostrum Asset Management of each change and annual presentation of its policy.

Ostrum Asset Management has implemented a program to monitor intermediaries and counterparties and conducts an annual review of intermediaries/counterparties selected. A review is also conducted in the event of any significant change that could have an impact on the ability to achieve the best possible result for clients. This program is based on the organization of two different committees, which meet on a half-yearly basis:

- The portfolio management committee. Participants in this committee are the heads of portfolio management departments at Ostrum Asset Management, the CEO and the head of trading at Natixis Tradex Solutions,
- The control committee organized by internal control at Ostrum Asset Management.

Ostrum Asset Management then takes the relevant corrective measures depending on any potential failings observed.

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<sup>8</sup> Article 321-114 V. - Asset management companies shall monitor the effectiveness of the policies established for the purposes of IV on a regular basis, especially with regard to the quality of the execution provided by the entities selected under their policies.

## 2.8. APPENDIX 1

Extract from the REPORT ON INTERMEDIATION COSTS PAID OVER FISCAL YEAR 2019 available on Ostrum Asset Management's website.

Intermediation fees involved operations conducted on UCITS/AIF as well as portfolios managed on a discretionary basis. These intermediation fees paid for the 2019 year break down as follows:

- 100% for fees relative to order reception and transmission services and order execution services,
- 0% for fees related to investment decision-making and order execution services.

Extract from the ANNUAL REPORT ON TOP FIVE VENUES available on Ostrum Asset Management's website.

*Equities and similar instruments, according to liquidity*

Tick size liquidity bands 1 and 2 (0 to 79 trades per day)

Class of financial instrument	a) Equities and similar instruments - equities and depository receipts				
	iii) Tick size liquidity bands 1 and 2 (0 to 79 trades per day)				
State if <1 order was executed on average per business day in the previous year	Y				
Top five execution venues ranked by trading volume (descending order)	Volume of executed orders as a percentage of the total volume in this category	Number of executed orders as a percentage of the total number in this category	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
CITIGROUP GLOBAL MARKETS LTD (XKZZ2JZF41MRHTR1V493)	48.42%	50.00%	Not applicable	Not applicable	0.00%
INSTINET FRANCE SA (213800MXAKR2LA1VBM44)	37.43%	16.67%	Not applicable	Not applicable	0.00%
BARCLAYS BANK IRELAND PLC (2G5BKIC2CB69PRJH1W31)	11.22%	16.67%	Not applicable	Not applicable	0.00%
UBS (5299007QVIQ7IO64NX37)	2.93%	16.67%	Not applicable	Not applicable	0.00%

Tick size liquidity bands 3 and 4 (80 to 1,999 trades per day)

Class of financial instrument	a) Equities and similar instruments - equities and depository receipts				
	ii) Tick size liquidity bands 3 and 4 (80 to 1,999 trades per day)				
State if <1 order was executed on average per business day in the previous year	Y				
Top five execution venues ranked by trading volume (descending order)	Volume of executed orders as a percentage of the total volume in this category	Number of executed orders as a percentage of the total number in this category	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
EXANE (969500UP76J52A9OXU27)	41.88%	17.72%	Not applicable	Not applicable	0.00%
SG SECURITIES NEW YORK (O2RNE8IBXP4R0TD8PU41)	11.04%	10.13%	Not applicable	Not applicable	0.00%
CREDIT SUISSE SECURITIES (959800TMGPWX7NYM4R72)	9.52%	11.39%	Not applicable	Not applicable	0.00%
BOFA SECURITIES EUROPE S.A (549300FH0WJAPHTIQ77)	7.12%	7.59%	Not applicable	Not applicable	0.00%
BANQUE FEDERALE BANQUES POPUL. (VBHFXSYT7OG62HNT8T76)	4.95%	8.86%	Not applicable	Not applicable	0.00%

## Tick size liquidity bands 5 and 6 (over 2,000 trades per day)

Class of financial instrument State if <1 order was executed on average per business day in the previous year	a) Equities and similar instruments - equities and depository receipts				
	i) Tick size liquidity bands 5 and 6 (over 2,000 trades per day)				
Top five execution venues ranked by trading volume (descending order)	Volume of executed orders as a percentage of the total volume in this category	Number of executed orders as a percentage of the total number in this category	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
EXANE (969500UP76J52A9OXU27)	12.27%	12.09%	Not applicable	Not applicable	0.00%
UBS (5299007QVIQ7IO64NX37)	9.38%	10.70%	Not applicable	Not applicable	0.00%
CITIGROUP GLOBAL MARKETS LTD (XKZZ2JZF41MRHTR1V493)	8.92%	5.86%	Not applicable	Not applicable	0.00%
GOLDMAN SACHS INTERNATIONAL (W22LROWP2IHZNBB6K528)	8.60%	6.26%	Not applicable	Not applicable	0.00%
BOFA SECURITIES EUROPE S.A (549300FH0WJAPEHTIQ77)	8.18%	8.50%	Not applicable	Not applicable	0.00%

## Debt instruments

Class of financial instrument State if <1 order was executed on average per business day in the previous year	b) Debt instruments				
	N				
Top five execution venues ranked by trading volume (descending order)	Volume of executed orders as a percentage of the total volume in this category	Number of executed orders as a percentage of the total number in this category	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
BNP PARIBAS (ROMUWSFPU8MPRO8K5P83)	15.08%	5.14%	Not applicable	Not applicable	0.00%
CITIGROUP GLOBAL MARKETS LTD (XKZZ2JZF41MRHTR1V493)	6.72%	5.83%	Not applicable	Not applicable	0.00%
CA CIB (1VUV7VQFKUOQSJ21A208)	6.25%	4.31%	Not applicable	Not applicable	0.00%
JP MORGAN (K6Q0W1PS1L1O4IQL9C32)	6.11%	7.27%	Not applicable	Not applicable	0.00%
BARCLAYS (G5GSEF7VJP5I7OUK5573)	5.98%	2.41%	Not applicable	Not applicable	0.00%

## Interest-rate derivatives

Class of financial instrument State if <1 order was executed on average per business day in the previous year	c) Interest-rate derivatives				
	Y				
Top five execution venues ranked by trading volume (descending order)	Volume of executed orders as a percentage of the total volume in this category	Number of executed orders as a percentage of the total number in this category	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
JP MORGAN (K6Q0W1PS1L1O4IQL9C32)	92.28%	52.38%	Not applicable	Not applicable	0.00%
NATEXIS BANQUES POPULAIRES/PARIS (KX1WK48MPD4Y2NCUIZ63)	6.46%	46.03%	Not applicable	Not applicable	0.00%
AUREL BGC (5RJTDGZG4559ESIYLD31)	1.25%	1.59%	Not applicable	Not applicable	0.00%

## Credit derivatives

Not applicable



### Currency derivatives

Class of financial instrument		e) Currency derivatives			
State if <1 order was executed on average per business day in the previous year	Y				
Top five execution venues ranked by trading volume (descending order)	Volume of executed orders as a percentage of the total volume in this category	Number of executed orders as a percentage of the total number in this category	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
AUREL BGC (5RJTDGZG4559ESIYLD31)	33.96%	53.42%	Not applicable	Not applicable	0.00%
MORGAN STANLEY & CO. INTERNATIONAL PLC (4PQUHN3JPFQFNF3BB653)	16.62%	5.48%	Not applicable	Not applicable	0.00%
BOFA SECURITIES EUROPE S.A (549300FH0WJAPEHTIQ77)	16.17%	5.48%	Not applicable	Not applicable	0.00%
GFI (GUNTJCA81C7IHNBG1392)	13.70%	2.74%	Not applicable	Not applicable	0.00%
BNP PARIBAS (R0MUWSFP08MPRO8K5P83)	8.08%	9.59%	Not applicable	Not applicable	0.00%

### Structured financial instruments

Not applicable

### Equity derivatives

Class of financial instrument		g) Equity derivatives			
State if <1 order was executed on average per business day in the previous year	Y				
Top five execution venues ranked by trading volume (descending order)	Volume of executed orders as a percentage of the total volume in this category	Number of executed orders as a percentage of the total number in this category	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
CREDIT SUISSE AG (ANGGYXNX0JLX3X63JN86)	53.94%	30.77%	Not applicable	Not applicable	0.00%
BNP PARIBAS HOME LOAN SFH (96950007DJZNM0F0Z036)	24.08%	10.26%	Not applicable	Not applicable	0.00%
CREDIT SUISSE SECURITIES (959800TMGPWX7NYM4R72)	10.43%	7.69%	Not applicable	Not applicable	0.00%
JP MORGAN (K6Q0W1PS1L1O4IQL9C32)	5.53%	2.56%	Not applicable	Not applicable	0.00%
BARCLAYS BANK IRELAND PLC (2G5BKIC2CB69PRJH1W31)	3.54%	5.13%	Not applicable	Not applicable	0.00%

### Securitized derivatives

Not applicable

### Commodity and emission allowance derivatives

Not applicable

### Contracts for differences

Not applicable

## Exchange-traded products

Class of financial instrument State if <1 order was executed on average per business day in the previous year	k) Exchange-traded products					
	Y	Volume of executed orders as a percentage of the total volume in this category	Number of executed orders as a percentage of the total number in this category	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Top five execution venues ranked by trading volume (descending order)						
NATEXIS BANQUES POPULAIRES/PARIS (KX1WK48MPD4Y2NCUIZ63)		40.02%	35.71%	Not applicable	Not applicable	0.00%
SG SECURITIES NEW YORK (O2RNE8IBXP4R0TD8PU41)		25.43%	7.14%	Not applicable	Not applicable	0.00%
FLOW TRADERS B.V. (549300CLJI9XDH12XV51)		23.43%	14.29%	Not applicable	Not applicable	0.00%
TRADE WEB EUROPE LTD (TREU)		6.04%	21.43%	Not applicable	Not applicable	0.00%
TRADITION (969500ULC0Y1IG0A4O72)		2.33%	3.57%	Not applicable	Not applicable	0.00%

## Emission allowances

Not applicable

## Other instruments

Class of financial instrument State if <1 order was executed on average per business day in the previous year	m) Other instruments					
	Y	Volume of executed orders as a percentage of the total volume in this category	Number of executed orders as a percentage of the total number in this category	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Top five execution venues ranked by trading volume (descending order)						
BNP PARIBAS (ROMUWSFPU8MPRO8K5P83)		59.50%	31.91%	Not applicable	Not applicable	0.00%
EBS MTF (IEBS)		14.35%	28.72%	Not applicable	Not applicable	0.00%
FX ALL (FXRQ)		13.49%	34.04%	Not applicable	Not applicable	0.00%
NATEXIS BANQUES POPULAIRES/PARIS (KX1WK48MPD4Y2NCUIZ63)		12.62%	2.13%	Not applicable	Not applicable	0.00%
BNP PARIBAS S.A. - TOKYO BRANCH (549300KQ32SQU4AZLP35)		0.05%	3.19%	Not applicable	Not applicable	0.00%

## 2.9. APPENDIX 2: NATIXIS TRADEX SOLUTIONS – SELECTION CRITERIA<sup>9</sup>

Selection and execution factors taken on board to ascertain conditions for client order transmission and execution are as follows, at the very least:

Asset class (financial instruments and currency trading)	Execution venues	Factor 1 (MiFID): Price	Factor 2 (MiFID): Cost <sup>10</sup>	Factor 3 (MiFID): Speed of execution	Factor 4 (MiFID): Likelihood of execution and settlement	Factor 5 (MiFID): Size of order	Factor 6 (MiFID): Type of order
<b>Equities</b>	<ul style="list-style-type: none"> <li>▶ Multilateral Trading Facilities<sup>11</sup></li> <li>▶ Systematic internalizers</li> <li>▶ Market-maker</li> <li>▶ Other liquidity providers</li> </ul>	1	1	2	2	1	2
<b>Exchange-traded products</b>	<ul style="list-style-type: none"> <li>▶ Multilateral Trading Facilities</li> <li>▶ Systematic internalizers</li> <li>▶ OTC</li> </ul>	1	1	2	2	1	2
<b>Convertibles</b>	<ul style="list-style-type: none"> <li>▶ Multilateral Trading Facilities</li> <li>▶ OTC</li> <li>▶ Systematic internalizers</li> </ul>	1	0	1	2	1	2
<b>Debt instruments</b>	<ul style="list-style-type: none"> <li>▶ Multilateral Trading Facilities</li> <li>▶ OTC</li> <li>▶ Systematic internalizers</li> </ul>	1	0	1	2	1	2
<b>Currencies (FX, spot)</b>	<ul style="list-style-type: none"> <li>▶ Multilateral Trading Facility</li> <li>▶ OTC</li> </ul>	1	0	1	2	1	2
<b>Listed derivatives</b>	<ul style="list-style-type: none"> <li>▶ Multilateral Trading Facilities</li> <li>▶ OTC</li> <li>▶ Systematic internalizers</li> </ul>	1	3	1	1	1	2
<b>Credit derivatives</b>	<ul style="list-style-type: none"> <li>▶ Multilateral Trading Facilities</li> <li>▶ OTC</li> <li>▶ Systematic internalizers</li> </ul>	1	0	1	2	1	2
<b>Swaps and forwards (interest-rate and currency derivatives)</b>	<ul style="list-style-type: none"> <li>▶ Organized Trading Facility</li> <li>▶ OTC</li> <li>▶ Systematic internalizers</li> </ul>	1	0	2	2	2	2
<b>Primary market</b>	<ul style="list-style-type: none"> <li>▶ Primary dealer (Market-makers)</li> <li>▶ Other liquidity providers</li> </ul>	0	0	0	1	0	0
<b>Securities financing (REPO, borrowing, lending)</b>	<ul style="list-style-type: none"> <li>▶ Multilateral Trading Facilities</li> <li>▶ Intermediaries and Counterparties</li> </ul>	1	0	0	2	2	2

<sup>9</sup> September 2019

<sup>10</sup> The cost criterion is only taken on board to the extent of information of which Natixis Tradex Solutions is aware. This may for example include intermediary fees. However, costs for handling an operation (for example by the Middle Office or custodian of the client or taxes) for which Natixis Tradex Solutions does not have information cannot be taken on board in the allocation decision. Similarly the choice of a specific broker to decrease the tax impact (purchase/sale in same day) can only be factored in if the Client clearly stipulates it in the instructions.

<sup>11</sup> Multilateral trading facilities: Regulated markets, Organized trading facility and other Multilateral trading facilities.

### List of terms:

- **Score:** 1 (crucial), 2 (important), 3 (to be considered), 0 (not applicable)
- **Criteria:**
  - o **Cost:** Brokerage, fees and taxes
  - o **Likelihood of execution and settlement:** reflects the risk of not being able to handle the entire order and/or settle post-trade
  - o **Size of the order:** reflects the risk of weighing on the market and the strategy to implement to address this risk
  - o **Type of order or instrument** refers to the following situations:
    - A specific instruction takes precedence over default execution criteria
    - An investment/divestment strategy combining several instruments requires a strategy to handle the order that tends to obtain the best overall result and not instrument by instrument
    - Implementing legal documentation (mostly ISDA master agreement) as well as bilateral credit lines (on behalf of clients) are two prerequisites to trade OTC contracts, and the skill and speed of potential counterparties in this area are crucial.

## 2.10. APPENDIX 3: GLOSSARY

Term	Definition	Sources
<b>Brokers</b>	Also known as third-party dealers, brokers are intermediaries authorized to trade financial assets on a regulated market on behalf of third parties. Traders in the asset management company contact brokers to ensure the best possible execution conditions for their orders, resulting from investment decisions by portfolio managers.	<b>AFG</b> www.afg.asso.fr
<b>Dark MTF</b>	Alternative execution venue, for example the OTC market.	<b>Ostrum Asset Management</b>
<b>Dark pool</b>	The term “dark pool” generally refers to exchanges for trading securities that operate with no pre-trade transparency.	<b>AMF</b> www.amf-france.org
<b>EMTN</b>	Euro Medium Term Notes Listed debt securities issued as part of an issue program.	<b>Ostrum Asset Management</b>
<b>Future</b>	Futures contracts are traded on an organized market between two parties (buyer and seller). They comprise a commitment to buy (for the buyer of the future), or sell (for the seller) an underlying asset (equities, bonds, currencies, commodities, stockmarket indices, etc.) at a set price for delivery and settlement at a future date specified in the contract. Futures do not provide any capital guarantee. They are designed for qualified investors.	<b>AMF</b> www.amf-france.org
<b>Index</b>	A stockmarket index measures share price changes for a sample of listed companies. It reflects the general trend on a market, sector or category of companies. Euronext Paris SA calculates several share indices, such as the SBF 120 and the CAC 40.	<b>AMF</b> www.amf-france.org
<b>Systematic internalization</b>	Systematic internalizers are investment service providers that execute client orders on own account by acting as counterparty in an organized, frequent and systematic way. Internalizers are governed by provisions in articles L. 425-1 and following of the French Monetary and Financial Code and articles 531-1 and following of the AMF General Regulation.	<b>AMF</b> www.amf-france.org
<b>MTF: Multilateral Trading Facility</b>	Multilateral trading facilities are systems that – while not having the quality of a regulated market – ensure that multiple buyers and sellers of financial instruments (equities, bonds, derivatives, etc.), can come into contact and conclude transactions on these instruments. They may be managed by an approved investment services provider or by a market operator. They are supervised by the regulatory authorities (in France, the AMF in connection with the ACPR), which approve the rules and constantly ensure that they operate correctly. The main difference with a regulated market is the degree of information disclosed to investors (generally higher for a regulated market).	<b>AMF</b> www.amf-france.org

Term	Definition	Sources
<b>Regulated markets (via an intermediary approved by the client)</b>	IT platform or system, managed by a market operator that ensures that multiple buyers and sellers of financial instruments (equities, bonds, derivatives, etc.) can come into contact and conclude transactions on these instruments. This kind of market is closely supervised by the regulatory authorities (in France, the AMF in connection with the ACPR) which approve its rules, supervise its members, ensure it operates correctly and monitor information disclosed to investors.	<b>AMF</b> www.amf-france.org
<b>Over-the-counter market</b>	'OTC derivative' or 'OTC derivative contract' means a derivative contract the execution of which does not take place on a regulated market as within the meaning of Article 4(1)(14) of Directive 2004/39/EC or on a third-country market considered as equivalent to a regulated market in accordance with Article 19(6) of Directive 2004/39/EC.	<b>EMIR (REGULATION (EU) No 648/2012 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 4 July 2012</b>
<b>Primary market</b>	To address funding needs, companies, States and public authorities can issue shares, bonds and debt securities. The issue of these securities takes place on the so-called primary market e.g. initial public offerings, rights issues, bond issues.	<b>AMF</b> www.amf-france.org
<b>Nominal</b>	Value of a security at issue Example for a bond: the nominal value of the debt equates to the amount of the debt divided by the number of bonds issued. It can come to €1, but there are also issues with a nominal value of €100 or even €100,000.	<b>AMF</b> www.amf-france.org
<b>Option</b>	Financial instrument whereby an investor has the right to buy (call) or sell (put) a financial asset at a future date (share, bond, currency, etc.) at a price set in advance. Options are risky products.	<b>AMF</b> www.amf-france.org
<b>Underlying</b>	Financial asset (share, bond, etc.) on which an investment is based. Changes in the value of the underlying determine the change in value of the investment.	<b>AMF</b> www.amf-france.org
<b>Swap</b>	Contract to swap future cash flows between two counterparties over a given period. Swap contracts can be standard and generally listed or OTC.	<b>Abrégé des marchés financiers</b>
<b>Market-maker</b>	A person who holds himself out on the financial markets on a continuous basis as being willing to deal on own account by buying and selling financial instruments against that person's proprietary capital at prices defined by that person.	<b>DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 May 2014</b>
<b>Securitization</b>	Financial technique that enables financial institutions to transform receivables they hold on corporates or individuals into marketable securities.	<b>Ostrum Asset Management</b>

Term	Definition	Sources
<b>Volatility</b>	Volatility is the extent of fluctuations in the price of a financial asset and is used as a parameter to assess the asset's risk. When volatility is high, potential gains are usually higher, but the risk of losses is also higher.	<b>Ostrum Asset Management</b>

# ADDITIONAL NOTES

## **Ostrum Asset Management**

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