

2020 full year execution summary

Introduction

Pareto Securities AS is the market facing entity of the Pareto Securities group and this report pertains to the group as a whole.

When executing orders, we are required to take all sufficient measures to achieve the best possible result for our clients, assessing this effort on the fulfilment of relevant execution factors, and where the degree of these factors' relevance may vary on the circumstances.

This report provides a summary of the analysis and conclusions drawn from our best execution monitoring in addition to a list of our top five execution venues for executed client orders in accordance with Commission Delegated Regulation 2017/576 (RTS 28).

Equities

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;

We take into account the price, volume, speed of execution, likelihood of execution, execution costs, likelihood of settlement and other considerations such as need to minimise footprint or risk of signalling when executing client orders.

The degree of relevance attached to each execution factor may vary as a subjective function of one or more variables, such as the client's instructions, the client's preferences, the order's characteristic, the instrument's characteristics, the characteristics of the trading venues on which parts of the order can be filled, the prevailing market conditions and other circumstances of importance or other criteria conceivable.

The client's specific instructions or standard preferences may point to the achieved price compared with a given post-trade benchmark as the paramount execution factor. If a different post-trade benchmark should stand out as more relevant on account of the other variables above, the client's instruction shall nevertheless take precedence

Description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;

Not applicable.

Description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;

Not applicable.

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;

There has been no change to the execution venues for the reporting period.

Explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements;

Non-professional clients can always place legitimate reliance on us to protect their interests. However, we do not discriminate based on client classification when executing client orders.

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;

Subject to any specific instruction from the client, we generally do not give precedence over immediate price and cost when executing retail client orders.

Explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575;

We use an external TCA tool to monitor the effectiveness of our execution capabilities. This gives us valuable statistical information on the execution performance and enables us to evaluate the performance in a proper manner.

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.

Not applicable.

Top five execution venues and executing brokers

Separately for professional and retail client equity order flow, we list the top five execution venues and executing brokers, respectively. We do this even though we do not discriminate based on client classification when executing client orders.

We distinguish between stocks by degree of liquidity and present the data grouped into equity sub-asset classes i to iii based on average daily number of trades.

Professional clients – equity sub-asset class iii (top 5 venues – most illiquid names)

| Class of Instrument | Equity sub-asset class iii (ADT ≤ 79) | | | | |
|---|--|--|------------------------------|---------------------------------|-------------------------------|
| 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 |
| XOSL | 36 % | 4 % | 36 % | 63 % | 0 % |
| XOAS | 8 % | 6 % | 24 % | 75 % | 0 % |
| XNGM | 4 % | 1 % | 53 % | 47 % | 0 % |
| XSTO | 3 % | 2 % | 34 % | 65 % | 0 % |
| SSME | 3 % | 8 % | 57 % | 42 % | 0 % |

Professional clients – equity sub-asset class ii (top 5 venues – illiquid names)

| Class of Instrument | Equity sub-asset class ii (80 ≤ ADT ≤ 1999) | | | | |
|---|--|--|------------------------------|---------------------------------|-------------------------------|
| 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 |
| XOSL | 53 % | 46 % | 48 % | 49 % | 0 % |
| XSTO | 23 % | 23 % | 15 % | 84 % | 0 % |
| SSME | 10 % | 6 % | 55 % | 43 % | 0 % |
| XOAS | 6 % | 2 % | 41 % | 52 % | 0 % |
| MERK | 7 % | 1 % | 34 % | 58 % | 0 % |

Professional clients – equity sub-asset class i (top 5 venues – liquid names)

| Class of Instrument | Equity sub-asset class i (2000 ≤ ADT) | | | | |
|---|--|--|------------------------------|---------------------------------|-------------------------------|
| 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 |
| XOSL | 81 % | 31 % | 40 % | 36 % | 0 % |
| XSTO | 9 % | 2 % | 59 % | 36 % | 0 % |
| AQXE | 2 % | 4 % | 85 % | 15 % | 0 % |
| CHIX | 2 % | 2 % | 52 % | 47 % | 0 % |
| MERK | 1 % | 1 % | 47 % | 44 % | 0 % |

Retail clients – equity sub-asset class iii (top 5 venues – most illiquid names)

| Class of Instrument | Equity sub-asset class: Liquidity band iii | | | | |
|---|--|--|------------------------------|---------------------------------|-------------------------------|
| 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 |
| AIMX | 29 % | 40 % | 12 % | 88 % | 0 % |
| XOSL | 33 % | 45 % | 41 % | 56 % | 0 % |
| XSTO | 4 % | 11 % | 18 % | 81 % | 0 % |
| XAKT | 3 % | 4 % | na | na | 0 % |
| XOAS | 2 % | 3 % | 37 % | 58 % | 0 % |

Retail clients – equity sub-asset class ii (top 5 venues – illiquid names)

| Class of Instrument | Equity sub-asset class: Liquidity band ii | | | | |
|---|--|--|------------------------------|---------------------------------|-------------------------------|
| 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 |
| XOSL | 49 % | 68 % | 47 % | 52 % | 0 % |
| XSTO | 19 % | 19 % | 43 % | 57 % | 0 % |
| XAKT | 7 % | 1 % | na | na | 0 % |
| XOAS | 2 % | 1 % | 58 % | 38 % | 0 % |
| SSME | 1 % | 2 % | 54 % | 44 % | 0 % |

Retail clients – equity sub-asset class i (top 5 venues – liquid names)

| Class of Instrument | Equity sub-asset class: Liquidity band i | | | | |
|---|--|--|------------------------------|---------------------------------|-------------------------------|
| 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 |
| XOSL | 88 % | 57 % | 51 % | 45 % | 0 % |
| XSTO | 5 % | 16 % | 55 % | 44 % | 0 % |
| CHIX | 2 % | 13 % | 42 % | 43 % | 0 % |
| AQXE | 1 % | 2 % | 73 % | 27 % | 0 % |
| MERK | 1 % | 1 % | 39 % | 58 % | 0 % |

Professional clients – equity sub-asset class iii (top 5 brokers – most illiquid names)

| Class of Instrument | | Equity sub-asset class iii (ADT ≤ 79) | | | | |
|---|--|--|------------------------------|---------------------------------|-------------------------------|--|
| 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 | |
| INSTINET 213800A7BEQATAOUAN40 | 52 % | 40 % | 34 % | 24 % | 0 % | |
| VIRTU 213800EEC95PRUCEUP63 | 38 % | 41 % | 33 % | 62 % | 0 % | |
| J.P. MORGAN 549300ZK53CNGEEI6A29 | 8 % | 17 % | 26 % | 67 % | 0 % | |

Professional clients – equity sub-asset class ii (top 5 brokers – illiquid names)

| Class of Instrument | | Equity sub-asset class ii (80 ≤ ADT ≤ 1999) | | | | |
|---|--|--|------------------------------|---------------------------------|-------------------------------|--|
| 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 | |
| VIRTU 213800EEC95PRUCEUP63 | 67 % | 55 % | 34 % | 30 % | 0 % | |
| J.P. MORGAN 549300ZK53CNGEEI6A29 | 20 % | 28 % | 44 % | 45 % | 0 % | |
| INSTINET 213800A7BEQATAOUAN40 | 11 % | 17 % | 48 % | 43 % | 0 % | |

Professional clients – equity sub-asset class i (top 5 brokers – liquid names)

| Class of Instrument | | Equity sub-asset class i (2000 ≤ ADT) | | | | |
|---|--|--|------------------------------|---------------------------------|-------------------------------|--|
| 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 | |
| VIRTU 213800EEC95PRUCEUP63 | 55 % | 44 % | 64 % | 30 % | 0 % | |
| J.P. MORGAN 549300ZK53CNGEEI6A29 | 29 % | 27 % | 42 % | 53 % | 0 % | |
| INSTINET 213800A7BEQATAOUAN40 | 16 % | 28 % | 44 % | 51 % | 0 % | |
| LIQUIDNET 2138005NSTO2UJR67I36 | 1 % | 1 % | 23 % | 12 % | 0 % | |

Retail clients – equity sub-asset class iii (top 5 brokers – most illiquid names)

| Class of Instrument | | Equity sub-asset class iii (ADT ≤ 79) | | | | |
|---|--|--|------------------------------|---------------------------------|-------------------------------|--|
| 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 | |
| INSTINET 213800A7BEQATAOUAN40 | 63 % | 70 % | 7 % | 45 % | 0 % | |
| J.P. MORGAN 549300ZK53CNGEEI6A29 | 31 % | 14 % | 18 % | 78 % | 0 % | |
| VIRTU 213800EEC95PRUCEUP63 | 6 % | 15 % | 45 % | 52 % | 0 % | |

Retail clients – equity sub-asset class ii (top 5 brokers – illiquid names)

| Class of Instrument | | Equity sub-asset class ii (80 ≤ ADT ≤ 1999) | | | | |
|---|--|--|------------------------------|---------------------------------|-------------------------------|--|
| 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 | |
| INSTINET 213800A7BEQATAOUAN40 | 49 % | 43 % | 21 % | 42 % | 0 % | |
| VIRTU 213800EEC95PRUCEUP63 | 30 % | 39 % | 14 % | 15 % | 0 % | |
| J.P. MORGAN 549300ZK53CNGEEI6A29 | 20 % | 17 % | 10 % | 11 % | 0 % | |

Retail clients – equity sub-asset class i (top 5 brokers – liquid names)

| Class of Instrument | Equity sub-asset class i (2000 ≤ ADT) | | | | |
|---|--|--|------------------------------|---------------------------------|-------------------------------|
| 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 |
| J.P. MORGAN 549300ZK53CNGEEI6A29 | 59 % | 6 % | 31 % | 40 % | 0 % |
| INSTINET 213800A7BEQATAOUAN40 | 28 % | 86 % | 21 % | 21 % | 0 % |
| VIRTU 213800EEC95PRUCEUP63 | 13 % | 7 % | 7 % | 5 % | 0 % |

Bonds

Note that bonds in general are traded in price driven as opposed to order driven conditions. In all but very sporadic exceptions the orders to trade bonds in fact constitute acceptances of offers, not firm working orders. Note also that the bulk of our trading flow in fixed income instruments pertains to professional clients. Lastly, a proportion of this trading flow is executed as over the counter trades which are not reported to, or according to the rules of, trading venues. We do not route bond orders to executing brokers.

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;

These instruments are traded on a request for quote basis. We will through a price discovery process, in which the client is an actively instructing part, seek to achieve a price that is reasonable given the market position. Given the market practice for clients to shop around for quotes, we do not consider clients to invoke legitimate reliance on us.

Description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;

Not applicable.

Description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;

Not applicable.

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;

Not applicable.

Explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements;

Not applicable.

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;

Not applicable.

Explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575;

Not applicable.

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.

Not applicable.

Top five venues

In order to enable the public to evaluate the quality of our bond execution we publish the following table according to Commission Delegated Regulation 2017/576 (RTS 28) in which we for the fixed income trading flow list the top five execution venues.

Professional clients – fixed income (top 5 venues)

| Class of Instrument | Equity sub-asset class: Bonds | | | | |
|---|--|--|------------------------------|---------------------------------|-------------------------------|
| 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 |
| XOSL | 50 | 51 | N/A | N/A | N/A |
| XSTO | 33 | 32 | N/A | N/A | N/A |
| XFRA | 5 | 3 | N/A | N/A | N/A |
| BMTF | 3 | 6 | N/A | N/A | N/A |
| XDUB | 3 | 4 | N/A | N/A | N/A |

Retail clients – fixed income (top 5 venues)

| Class of Instrument | Equity sub-asset class: Bonds | | | | |
|---|--|--|------------------------------|---------------------------------|-------------------------------|
| 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 |
| XSTO | 67 | 45 | N/A | N/A | N/A |
| XOSL | 29 | 48 | N/A | N/A | N/A |
| XFRA | 1 | 2 | N/A | N/A | N/A |
| XDUB | 1 | 1 | N/A | N/A | N/A |
| XCSE | 1 | 2 | N/A | N/A | N/A |

NOTE: Regulations require the data provided in this document and appurtenant csv-files to be made available by Pareto Securities AS to the public. Pareto Securities AS does not countenance any sale or publication of this data by any third party without prior agreement.