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# MiFID II - Best Execution Report (RTS 28)

(April 2023)

## SMBC Bank EU AG

**Legal entity identifier (LEI): 967600700UF5YB3QPR03**

The information herein is provided by SMBC Bank EU AG in connection with the requirements of Commission Delegated Regulation (EU) 2017/576 (RTS 28), Article 65 (6) Commission Delegated Regulation (EU) 2017/565, and § 82 (9) German Securities Trading Act (WpHG) for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution.

The reporting period is for the calendar year ending 31 December 2022 and is based on certain assumptions and interpretations made in good faith.

Note: On April 25, 2022, SMBC Nikko Capital Markets Europe GmbH (LEI Code 5493008794GM6YH5G766) was officially transferred to SMBC Bank EU AG. For relevant data relating to the former SMBC Nikko Capital Markets Europe GmbH's business prior to this date, please refer to the relevant report for SMBC Nikko Capital Markets Europe GmbH on our website.

## I. Currency Derivatives

### RTS 28 Execution Venue Report:

SMBC Bank EU AG	CLASS_OF_INSTRUMENT	Notification if <1 average trade per business day in the previous year	Top five execution venues ranked in terms of trading volumes	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
SMBC Bank EU AG (967600700UF5YB3QPR03)	currency_derivatives: swaps__forwards__and_other__currency_derivatives	N	SMBC Bank	92.5%	80.4%	N/A	N/A	N/A

SMBC Bank EU AG (967600700UF5Y B3QPR03	currency_derivatives:_swaps__forwards__and_other__currency_derivatives	N	FXALL	4.3%	17.08%	N/A	N/A	N/A
SMBC Bank EU AG (967600700UF5Y B3QPR03	currency_derivatives:_swaps__forwards__and_other__currency_derivatives	N	Bloomberg	3.2%	2.52%	N/A	N/A	N/A

**RTS 28 Quality of Execution Summary:**

**(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.**

Please refer to the SMBC Bank EU AG Order Execution Policy for an explanation of the relative importance SMBC Bank EU AG gives to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution.

SMBC Bank EU AG takes into consideration the below execution factors when assessing the quality of execution:

- Price – the price at which a financial instrument is executed
- Cost of execution – the implicit cost such as the possible market impact, explicit external costs e.g., exchange or clearing fees and explicit internal costs which represent our own remuneration through commission or spread
- Speed of execution – the time it takes to execute a client transaction
- Size of the order – the size of the transaction executed for a client accounting for how this affects the price of execution
- Nature of the transaction and/or market – the characteristics of a client transaction can affect how Best Execution is received
- Likelihood of execution and settlement – the likelihood that we will be able to complete a client transaction and the likelihood that the transaction settles
- Creditworthiness of the counterparties

For Professional Clients and, generally, for all products where Best Execution applies, we consider that the price is the most important factor. However there may be some circumstances, when coming to our determination of the priority of such execution factors, that a variety of criteria are taken into account which may include, but are not limited to, the type of financial instrument that is the subject of the order, the type of order and its specific characteristics, such as the size of the order or the liquidity of the underlying, as well as the execution venues to which the order could be directed. Appropriate consideration will be made based on a transaction-by-transaction basis and will vary by asset class.

**(b) A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders.**

SMBC Bank EU AG does not have any “close links”, interests or co-ownerships, in respect to third-party execution venues. Any conflicts of interest that may arise from time to time will be managed in accordance with the Conflicts of Interest Policy.

**(c) A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.**

SMBC Bank EU AG’s FX derivative business is undertaken over the counter (OTC) and through selected trading venues. For FX derivative business conducted OTC SMBC Bank EU AG is always the execution venue. Regarding FX derivatives transacted through trading venues SMBC Bank EU AG does not have any arrangements in place with the execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.

All SMBC Bank EU AG’s interest rate derivative business is undertaken OTC and SMBC Bank EU AG is the execution venue.

**(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.**

A list of the execution venues and the factors for choosing such venues is detailed in SMBC Bank EU AG Order Execution Policy.

**(e) An 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.**

Professional Clients

In SMBC Bank EU AG, Best Execution will be provided to all Professional Clients.

Retail Clients

SMBC Bank EU AG is authorised to transact with Retail Clients, however for the period 1 January 2022 to 31 December 2022 SMBC Bank EU AG did not undertake any investment business with Retail 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 business result in terms of the total consideration to the client.**

Not applicable.

**(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 to be inserted before publication [RTS 27].**

SMBC Bank EU AG has in place a post execution monitoring framework which utilises market data to assess client transactions against an internal pricing framework. Monitoring is undertaken via a best execution monitoring system.

**(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.**

Not applicable.

## II. Equities – Shares and depository receipts

In order to access Japanese exchanges and markets in relation to Japanese equities, consistent with its Order Execution Policy, SMBC Bank EU AG has execution agreements with SMBC Nikko Capital Markets Limited (“CM Ltd”) as well as SMBC Nikko Securities Inc. (“SMBC Nikko”), a Japanese-based affiliate which shall typically use one or more of the Japanese execution venues to execute orders. Consequently, in this report SMBC Bank EU AG is reporting the Top Five Execution Venues, and the Top Five Execution Brokers. Further details of the ultimate execution venue accessed by SMBC Bank EU AG’s brokers are available to clients on request from their SMBC Bank EU AG representative.

The data provided below is reflective of trading activity undertaken within the relevant reporting period.

### RTS 28 Execution Venue Report:

Class of Instrument	Execution Venue Report - Equity financial instruments - Tick size 1 & 2				
Notification if <1 average trade per business day in the previous year (Y / N)	Y				
Top five execution venues ranked in terms of trading volumes (desc)	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
SMBC Nikko Capital Markets Limited (LEI: G7WFA3G3M75YH8CHG81)	100%	100%	Information not applicable	Information not applicable	Information not applicable

#### Assumptions / Limitations:

\* Data includes all client activity undertaken with Professional Clients and (where it cannot be excluded), some Eligible Counterparties.

\* Data for passive orders, aggressive orders and directed orders is not available for 2022. Where transactions are executed as principal with SMBC Bank EU AG this is stated as "not applicable".

### RTS 28 Quality of Execution Summary:

- Please refer to the Order Execution Policy (available on SMBC Bank EU AG website) for an explanation of the relative importance SMBC Bank EU AG gives to the execution factors of price, costs, speed and likelihood of execution or any other consideration, including qualitative factors when assessing the quality of execution.
- The Order Execution Policy also provides details of the factors affecting choice of execution venue and the treatment of execution of orders for different client categorisations.
- Execution venues used by SMBC Nikko are included in the Order Execution Policy. There were no changes to this list during the year ending 31 December 2022. Details of the ultimate execution venues used are available on request.

- SMBC Bank EU AG has “close links” with CM Ltd which is part of the same financial group and also with SMBC Nikko, which is its majority shareholder and part of the same financial group. SMBC Nikko holds 3.65% shares of the Japan Exchange Group, Inc. which is a parent company of Tokyo Stock Exchange.
- SMBC Bank EU AG was not a member of any exchanges or other regulated markets, nor was it a Systematic Internaliser in any class of shares or depository receipts for the disclosure period. For the purposes of gaining access to Japanese exchanges and markets in relation to Japanese equities, SMBC Bank EU AG has entered into execution agreements with SMBC Nikko.
- The quality of execution is monitored and reviewed using a variety of data sources and going forward data published under Commission Delegated Regulation (EU) 2017/575 of 8 June 2017 (RTS 27).
- SMBC Bank EU AG deals with third-party execution venues on an arms-length basis and, to its knowledge there are no specific financial arrangements in relation to dealings with these execution venues, payments, discounts, rebates or non-monetary benefits, which are otherwise not available to other parties using them.

**Article 65 (6) Execution Broker Report:**

Class of Instrument	Broker Report - Equity financial instruments - Tick size 1 & 2				
Notification if <1 average trade per business day in the previous year (Y/N)	N				
Top five execution venues ranked in terms of trading volumes (desc)	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
SMBC Nikko Securities Inc. (LEI:549300HIK4TTS0OCL437)	100%	100%	Information not available	Information not available	Information not applicable

*Assumptions / Limitations:*

\* Data includes all client activity undertaken with Professional Clients and (where it cannot be excluded), some Eligible Counterparties.

\* Data for passive orders, aggressive orders and directed orders is not available for 2022. Where transactions are executed as principal with SMBC Bank EU AG this is stated as "not applicable".

**III. Debt Instruments – Bonds and Money Market Instruments**

From 1 April 2022, SMBC Bank EU AG became a Systematic Internaliser in certain debt instruments (please refer to the Order Execution Policy for more details). For the purposes of this RTS 28 report, the execution data for SMBC Bank EU AG’s SI and non-SI status has not been separately presented, however it would be available on request.

There are no broker data reported below, as SMBC Bank EU AG, during the relevant reporting period did not transmit orders to brokers.

**RTS 28 Execution Venue Report:**

Class of Instrument	Debt instruments: Bonds				
Notification if <1 average trade per business day in the previous year (Y/N)	N				
Top five execution venues ranked in terms of trading volumes (desc)	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
BLOOMBERG TRADING FACILITY B.V. (MC: BTFE)	71.61658	88.77647	Information not available	Information not available	Information not applicable
SMBC BANK EU AG - SYSTEMATIC INTERNALISER (MC: SMFF)	14.4958	5.71703	Information not available	Information not available	Information not applicable
MARKETAXESS NL B.V. (MC: MANL)	8.80894	3.32613	Information not available	Information not available	Information not applicable
MARKETAXESS CORPORATION (MC: MTXX)	2.15373	1.02768	Information not available	Information not available	Information not applicable
TRADEWEB EU BV - MTF (MC: TWEM)	1.07769	0.40922	Information not available	Information not available	Information not applicable

*Assumptions / Limitations:*

- \* Data includes all client activity undertaken with Professional Clients and (where it cannot be excluded), some Eligible Counterparties.
- \* Data for passive orders, aggressive orders and directed orders is not available for 2022. Where transactions are executed as principal with SMBC Bank EU AG this is stated as "not applicable".

Class of Instrument	Debt instruments: Money market instruments				
Notification if <1 average trade per business day in the previous year (Y/N)	N				
Top five execution venues ranked in terms of trading volumes (desc)	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
SMBC Nikko Capital Markets Europe GmbH (LEI: 96760070UUF5YB3QPR03)	98.12003	25.01509	Information not available	Information not available	Information not applicable
SMBC BANK EU AG - SYSTEMATIC INTERNALISER (MC: SMFF)	1.03179	44.64809	Information not available	Information not available	Information not applicable
TRADEWEB EU BV - MTF (MC: TWEM)	0.64431	29.34243	Information not available	Information not available	Information not applicable
BLOOMBERG TRADING FACILITY B.V. (MC: BTFE)	0.18939	0.98978	Information not available	Information not available	Information not applicable
MARKETAXESS NL B.V. (MC: MANL)	0.00895	0.00286	Information not available	Information not available	Information not applicable

*Assumptions / Limitations:*

- \* Data includes all client activity undertaken with Professional Clients and (where it cannot be excluded), some Eligible Counterparties.
- \* Data for passive orders, aggressive orders and directed orders is not available for 2022. Where transactions are executed as principal with SMBC Bank EU AG this is stated as "not applicable".

**RTS 28 Quality of Execution Summary:**

- Please refer to our Order Execution Policy (available on SMBC Bank EU AG website) for an explanation of the relative importance SMBC Bank EU AG gives to the execution factors of price, costs, speed, and likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution.
- The Order Execution Policy also provides details of the factors affecting choice of execution venue and the treatment of execution of orders for different client categorisations.

- Execution Venues used by SMBC Bank EU AG are included in the Order Execution Policy. There were no changes to this list during the year ending 31 December 2022.
- SMBC Bank EU AG does not believe it has any “close links” as defined by MiFID II or any interests or co-ownerships in respect to the third-party execution venues, and any conflicts of interest that may arise from time to time will be managed in accordance with the Conflicts of Interest Policy.
- In accordance with our Order Execution Policy, debt instruments are typically executed by way of a “Request for Quote” and may be executed by SMBC Bank EU AG as principal or through a range of execution venues. The quality of execution by SMBC Bank EU AG is monitored and reviewed using a variety of data sources and going forward data published under Commission Delegated Regulation (EU) 2017/575 of 8 June 2017 (RTS 27).
- SMBC Bank EU AG deals with third-party execution venues on an arms-length basis and, to its knowledge, there are no specific financial arrangements in relation to dealings with these execution venues, payments, discounts, rebates or non-monetary benefits, which are otherwise not available to other parties using them.