



# Order Execution Policy – Global Delivery

## State Street Bank International GmbH - Italy Branch

State Street Bank International GmbH - Italy Branch ('SSBI Italy') provides the following investment services to its clients:

- Transmission and Execution of Orders

In compliance with MiFID II regulations, brokers who execute orders on financial instruments on behalf of their customers are obliged to take the necessary steps to obtain the best possible result (Best Execution). Such result shall not be understood as the best possible result at any given moment for a given financial instrument, but rather as the best result achievable by the Branch taking and all appropriate and reasonable measures in compliance with this Policy.

Best Execution applies without distinction to all financial instruments, whether or not they are listed on a regulated market and regardless of the trading venue (regulated markets, multilateral trading facilities or outside said markets/facilities) with regard to order execution services, but also, albeit to a differing degree, to order receipt and transmission services.

To the extent applicable, SSBI Italy is required to take all sufficient steps on a consistent basis to obtain the best possible result for clients when executing receipt and transmission of orders taking into account factors such as price of the financial instrument, costs of execution, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order. Generally, SSBI Italy will satisfy the requirement to obtain the best possible result for its clients by following specific instructions from the client.

Aside from a duty to avoid deliberate breach of fiduciary responsibilities, fraud or bad faith, SSBI Italy does not owe any fiduciary responsibilities as a result of the matters set out in the Policy, over and above the specific regulatory obligations placed upon SSBI, or as contractually agreed with SSBI Italy's clients.

### 1. Policy Statements

Best Execution obligation: general principles and reference legal framework.

In setting out their order transmission and execution policy, brokers must take the following factors into consideration:

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**ORDER EXECUTION POLICY – GLOBAL DELIVERY**

- Price of the financial instrument and execution costs;
- Speed of execution;
- Probability of execution and settlement;
- Size of order;
- Nature of order;
- Other order characteristics relevant to execution.

Brokers assign a specific order of importance to the aforesaid factors for each category of financial instrument and for each customer type, and, on this basis, they select the execution venues and/or the trading brokers to be used for order execution that provide long-term guarantee of the best execution.

In this regard, State Street has adopted its own Policy to ensure best possible execution of its customers' orders, taking into account the nature of the orders, the execution venues to which the Branch has access and the types of financial instruments.

- More specifically, State Street has assigned a specific order of importance to the above-listed Best Execution factors, considering the following criteria:
  - Characteristics of its customers;
  - Characteristics of the client order, including where the order involves a securities financing transaction (SFT);
  - Characteristics of financial instruments that are the subject of orders;
  - Characteristics of execution venues to which the orders can be directed.

The Policy respects the principle that, if the customer provides special instructions, State Street shall execute/transmit the order in accordance with said Instructions, even if this may prevent the Branch from complying with the execution measures established by its Policy. In any case, the Branch shall always act within the limits permitted by its technical-operating infrastructure and in compliance with its own operating model.

If the specific instruction only refers to one part of the order, State Street shall apply the Policy to the aspects of the order that are not covered by the specific instruction issued by the customer.

If a specific instruction is issued for a particular order, this may mean that it is impossible to apply all or part of the Policy and therefore obtain Best Execution.

If the order is refused because it proves impossible to fully or partially comply with the specific instructions, the customer shall be informed through the channel by which the order was received.

State Street's commitment consists in implementing its Order Transmission and Execution Policy without this implying guarantee that the best total consideration possible shall be obtained in every single case.

State Street has authorised the executing brokers to execute, in some cases, orders issued by the customer outside a regulated market or a multilateral trading facility, according to the terms and conditions established by applicable legislation and regulations.

State Street shall promptly provide the customer with the essential information on order execution.

Upon the customer's request, State Street shall provide information on the status of the order.

The Best Execution obligation shall not however apply when State Street:

- provides a quote in response to specific request from a customer concerning a specific financial instrument;
- negotiates the terms and conditions of a transaction directly with the customer.

In these last cases, and in any other case in which the Best Execution model set out in the Policy shall not apply, the Branch undertakes to adopt appropriate models and pricing procedures in compliance with the good practice principles established by legislation.

## **2. Execution Venues**

Order execution venues means:

- Regulated markets;
- Multilateral trading facilities (MTF);
- Organised Trading Facility (OTF);
- Systematic internalisers;

- Market makers or other liquidity provider;
- Entity that performs a similar function in a third country to the functions performed by any of the foregoing.

### 3. Best Execution model

State Street Bank International GmbH – Succursale Italia and in general the State Street Group, to which the Branch belongs, is one of the main international players in the custody services sector, providing custody and administration services, including Custodian Bank, Administrative Outsourcing and/or Local Paying Agent services. The performance of all these services constitutes the core business of State Street and the Group.

The Branch provides Order Receipt and Transmission (“RTO”) service only to customers already using custody services. Such ancillary service is applied only to units/shares of UCI (usually foreign) and FX forwards.

In order to explain the contents of this Policy, we intend to clarify how, in view:

- of the completely marginal impact of traded volumes, even in terms of daily transactions, on performance of the aforesaid investment service;
- of the specific nature of the transactions/financial instruments forming the subject of the orders entrusted to the Branch for Execution in its customers’ interest;
- of the proven fact that State Street’s customers do not expect performance of said investment services to be included in the ordinary operating activity implemented by said customers; State Street’s intervention is in fact generally directed at settlement of transactions of the type mentioned above and only insofar as their subject is financial instruments held in custody with the Branch;

the customers’ interest was considered best served by adopting an operating approach based on use of so-called “indirect access” to execution venues, instead of seeking conditions for direct access. To this end, precedence was given to pursuit of efficiency in terms of production and results, by selecting main brokers on which to concentrate operating activity. As the reasons stated below show, this solution is considered to be able to ensure that, in performing the services, State Street can comply with the Best Execution principle, according to the terms and conditions established by applicable legislation.

#### 4. Order Receipt and Transmission

In order transmission, State Street shall adopt all reasonable measures to obtain the best possible result for its customers, taking into account the price, costs, speed and probability of execution and settlement, the size and nature of the order, as well as any other pertinent aspects.

Specifically, the operating procedure adopted is based on the use of technological media and operating processes of the highest standard which can ensure that orders are rapidly and efficiently sorted and directed to the most appropriate markets, thus allowing the best settlement conditions to be found for the transactions ordered by customers.

Without prejudice to the above, when specific instructions are issued by the customer, or if considered advisable in view of (i) the nature of the customer, (ii) the characteristics of the order, (iii) the nature of the financial instrument or (iv) the volumes, depending on the Execution Policy, State Street may transmit the order to other brokers, specially selected on the basis of criteria set out in this Policy, after having checked that this is the appropriate choice for achieving the best result for the customer. The selection of the executing brokers is performed in respect of the Best Execution principles.

State Street shall not receive, or consider the possibility of receiving inducements of any kind (retrocession of commissions, free studies and research, other non-monetary considerations) from the executing brokers that could influence the choices made.

This said, the operating decisions made with regard to the various types of financial instruments are outlined below.

- Foreign UCI

Orders relating to foreign UCI shall be directly transmitted by the Branch to the Transfer Agent. The trading venue for said orders shall then be determined in advance by the nature of the financial instruments.

- FX Forwards

It may not be excluded that a customer of the Branch will in the future request from the Branch to transmit FX forward orders as well. In these cases, the Branch will transmit such orders to other State Street Group entities

or third party primary executing brokers. Third Parties Primary Executing Brokers and this Policy will be updated accordingly.

List of the current State Street Group entities or third party executing brokers is available on the Branch website. State Street reserves the right to use other trading venues, when, in certain circumstances, it is deemed necessary to ensure the "Best Execution", as well as add or delete any trading venues from that list. Updates to the list of the execution venues will not be disclosed in any different form.

As required by law, the execution of orders outside of a regulated market or of a MTF is only possible after prior express consent from the client. Therefore, when such consent has not been expressed, the selected brokers cannot act as internalizers or execute the orders OTC – over the counter. This generally makes it impossible to accept the received orders.

## **5. Aggregation and Assignment**

Acting fairly and in compliance with applicable legislation, State Street may handle a customer order or own account transaction in aggregation with another customer's order.

Orders shall be aggregated in such a way as to minimise the risk, arising from aggregation, of penalisation of any customer whose orders have been aggregated.

An assignment Policy shall be efficiently applied, providing for fair distribution of the executed trades between the aggregated Orders.

## **6. Monitoring and Review**

State Street shall monitor the effectiveness of its Policy on an ongoing basis, in order to incorporate new possibilities offered by market evolution and to correct any shortcomings found, and, in particular, shall monitor the execution quality of the entities identified in this Policy and, where appropriate, correct any deficiencies.

State Street shall review its Policy at least once a year, and in any case whenever developments in the financial markets or its own operating model may allow substantial improvements to be made to the Policy to the benefit of customers.

**STATE STREET BANK INTERNATIONAL GMBH ITALY BRANCH**  
**ORDER EXECUTION POLICY – GLOBAL DELIVERY**

The updated version of the Order Transmission and Execution Policy containing the essential amendments shall be transmitted to customers.

**Effective date: 3 January 2022**

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