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## **I. Aim of this document**

The purpose of this procedure is to describe the best selection and best execution policy applicable within Eleva Capital for its management activities.

It also defines the measures implemented to monitor the effectiveness of the provisions relating to the execution of orders and of the policy in this area in order to detect deficiencies and remedy them if necessary.

## **II. Regulatory framework**

The transposition into French law of the MiFID2 Directive notably had the effect of separating the legal regime of portfolio management companies (ManCo) from that of investment firms. This separation took place in the French Monetary and Financial Code with the publication of Ordinance No. 2017-1107 of June 22, 2017. In addition, this separation took place in the General Regulation of the AMF with the publication of the decree of July 3, 2017, and resulted in the separation of the texts applicable to management activities arising from the MiFID2, UCITS and AIFM Directives.

## **III. Management Activities and Authorized Financial Instruments**

Eleva Capital is a ManCo approved by the “Autorité des Marchés Financiers” to carry out certain management activities and to deal with certain types of financial instruments:

[https://geco.amf-france.org/Bio/info\\_GrilleAgreement.aspx?idSDG=24843](https://geco.amf-france.org/Bio/info_GrilleAgreement.aspx?idSDG=24843)

On the day of writing this procedure, Eleva Capital is approved for:

- UCITS management
- AIF management
- Portfolio management (i.e. discretionary mandates)
- Investment advice

In addition, the authorized financial instruments are as follows:

- Shares listed on a regulated or organized market (or foreign equivalent)
- Debt securities traded over-the-counter and listed on regulated or organized market(s) of equivalent EU and foreign markets. These securities may be fixed rate, variable rate or indexed, zero coupon bonds, convertible or exchangeable bonds, participating securities, senior debt securities, subordinated debt securities, including corporate hybrid bonds, “callable” or “puttable” bonds
- French UCITS or authorized for marketing in France
- Money Market instruments

- Derivatives and options listed on French and foreign markets, as well as OTC Derivatives:
  - Options, equity and interest rate futures, bonds, indices, FX
  - Interest rate swap (IRS),
  - Zero coupon inflation swaps,
  - Cross-currency swaps,
  - Swaptions,
  - Credit Default Swaps (index or single name),
  - CFDs, Equity swaps, Total return swaps (simple total return swaps on equity, interest rate or bond indices),
  - Forward (FX Forward, FX swap) and cash (FX spot) foreign exchange contracts,
  - Repurchase agreements and securities lending/borrowing.

#### **IV. Best Selection Policy**

##### **1. Delimitation**

Eleva Capital is not a market member and therefore does not execute orders itself on regulated markets within the meaning of MiFID.

As a result, Eleva Capital transmits its orders on equities, derivatives and options listed on a regulated market to brokers, as well as its orders on CFDs to Prime-brokers, located in the EU, and approved for the execution of orders.

##### **2. List of authorized executing brokers**

Eleva Capital defines internally a list of authorized Brokers. This list is updated over time by the trading table.

##### **3. Selection of executing brokers**

Eleva Capital has defined an authorization process for the brokers with which it is required to transmit its orders. This authorization process is based on:

- a “due diligence” phase to ensure that the broker meets the requirements (prudential, professional, reputation, good conduct, AML/CTF, etc.);
- an authorization process by an approval committee for new brokers.

#### **4. Execution venues**

Eleva Capital has expressly authorized its brokers to intervene on the various execution venues, which include in particular:

- regulated markets
- MTFs
- OTFs
- Systematic internalizers
- Market Makers and other liquidity providers (including Dark Pools).

The choice of execution venue or of a combination of execution venues or counterparties will depend in particular on the impact of the order on the liquidity of the security. For large orders, anonymous platforms may be preferred in order to improve discretion vis-à-vis the market.

A large number of orders can be executed using brokers' algos: either to gain efficiency in the case of simple orders, or to take advantage of strategies to seek liquidity across a combination of different execution venues..

#### **5. Execution Evaluation Criteria**

The Trading team assesses the executing brokers every six months. The "Equity" brokers are divided into three categories: a "Main List" which includes the most important brokers, a "Secondary List" which includes brokers used less frequently, and finally the Dark MTFs.

- 1) The "Main List" of brokers provides a wide range of services, including algorithmic trading. They are evaluated according to the following criteria:
  - MARKET COLOUR: we note the quality of market comments, and the added value of the reactions to events on the securities in our universe.
  - HIGH TOUCH: we note the ability of brokers to source liquidity, either natural or on risk, and the added value of monitoring "high touch" orders.
  - DATA QUALITY: we note the quality of brokers execution data and the ease with which we can use this data in our TCA, as well as the reliability of their middle offices.
  - ALGO FOOTPRINT: we note the ability of algorithmic tools to access a wide and above all qualitative range of listing places.
  - ALGO PERF / SUPPORT: we note the performance of the algorithmic tools according to the different uses (search for liquidity, MOC etc.). We also note the responsiveness of the support teams, and the relevance of analysis and comments that can lead to improved use of the algo suite offered.

- 2) The brokers on the Secondary list are rated on the criteria of Market Colour, High Touch, Data Quality.
- 3) MTFs are evaluated according to the following criteria:
  - MARKET SHARE: we note market share among other Dark MTF's.
  - USER INTERFACE: speed being of paramount importance, we evaluate the ease and speed of use of the interface made available to us.
  - COST: we compare the cost of each platform, in order to favour (with an equivalent block opportunity), the cheapest.

## **6. Execution quality control**

A monthly analysis of the TCA is carried out by the Head of Trading and materialized by sending a report to the RCCI and the Trading team. This analysis includes an explanation of "worst performing orders" and presents follow-up measures or in extreme cases when a broker needs to be placed under surveillance.

## **V. Best Execution Policy**

### **1. Delimitation**

Eleva Capital executes its orders directly when it comes to financial instruments traded over-the-counter, either directly with a counterparty, or via a Request For Quote.

The Trading team can therefore directly execute, with a list of internally authorized counterparties, orders on the instruments listed below:

- Government bonds
- Corporate Bonds
- OTC Derivatives (excluding Index Swaps carried out through a Prime Broker)
- FX Forward
- CDS
- Money Market instruments

### **2. Selection of counterparties**

Eleva Capital has defined a process for authorizing its counterparties. This authorization process is based on:

- a "due diligence" phase to ensure that the counterparty meets the requirements (prudential, professional, reputation, good conduct, AML/CFT, etc.

- an authorization process by an approval committee for new intermediaries.

### 3. Selection of MTFs and OTFs

Eleva Capital has selected regulated platforms within the EU in accordance with the MiFID Directive, in particular for the trading of its bond orders in RFQ, or for the trading of blocks of shares within "Dark MTF".

The main selection criteria for these platforms is as follows:

- Platform (MTF or OTF) officially regulated within the EU and having established an MTF Rulebook,
- Significant presence in its market (market share, number of active counterparties on the platform, etc.)
- Integration of the platform into the trading tools.

### 4. Exécution criteria

Eleva Capital undertakes to take all sufficient measures to obtain, when executing orders, the best possible result for its clients taking into account the following factors:

- price,
- cost,
- speed,
- likelihood of execution and settlement,
- size,
- nature of the order,
- any other consideration relating to the execution of the order.

To do this, the SGP favours, as far as possible, the use of the following RFQ platforms:

- **FXAll**® for trades on FX
- **TradeWeb**® for Govies and CDS (iTraxx especially)
- **MarketAxess**® for Corporates and Emerging Bonds

In the case of RFQs, the selection is made at the best price after having selected several counterparties on the platform.