

Best Execution Information

HSBC Private Bank (Luxembourg) S.A.

MiFID II Best Execution Report

The Markets in Financial Instruments Directive (MiFID II) requires investment firms who execute client orders to summarise and publish the top five execution venues in terms of trading volumes, for each class of financial instrument, where they executed client orders in the preceding year, as well as information on the quality of execution obtained.

This report is a summary of the analysis and conclusion drawn from HSBC Private Bank's (Luxembourg) SA ("PBLU") detailed monitoring of the quality of execution obtained on the execution venues where all client orders were executed in 2023.

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1. Currency Derivatives

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
HSBC PB (Luxembourg) S.A. (213800CD235ST4TMNL94)	100.00%	100.00%	N/A	N/A	0.00%

When receiving and executing Client orders, PBLU traders use their best judgment to achieve the optimal balance amongst the following factors:

- Price - the price of an asset or instrument.
- Costs - All expenses incurred by the client which are directly related to the order execution.
- Likelihood of execution and settlement - The likelihood that the execution venue will be able to complete the client order as per the instructions provided.
- Speed - The time between receiving an order and its execution.
- Size of the trade - The size of the trade relative to other trades in the financial instrument.
- Nature of the trade - The particular characteristics of the instrument being traded or the order (eg Limit order).
- Any other consideration which may be relevant to order execution.

As a general rule, when considering the relative importance of these factors, the total consideration paid by our Client will be the most important factor considered by trading desks in achieving best execution. "Total consideration" includes the price of the final instrument and the costs related to execution, including all expenses incurred by our Client which are directly related to the execution. In executing Client orders, the trading desk takes all necessary steps to minimise implicit costs as well as explicit external costs. HSBC also undertakes to make a prior disclosure to its Clients of all its internal costs (see the "Tariff brochure").

There are three categories of costs which trading desks takes into account in evaluating "total consideration":

- Implicit costs: these costs are variable and unknown before a trade. They include the spread, the market impact of a trade, and the opportunity costs of a trade (related to operational constraints, market timing issues, and missed trade costs). These costs depend fundamentally on the trade characteristics, the prevailing market conditions as well as the speed of execution.
- Explicit external costs, which include commissions, fees, taxes, exchange fees, clearing and settlement costs, or any other costs passed onto the Client by intermediaries participating on the transaction; and
- Explicit internal costs, which represent HSBC's remuneration through its commission or spread.

Whilst total consideration is of primary importance in achieving best execution, other factors identified above may also be instrumental in delivering the best possible execution result to the Client. Therefore, in evaluating the relative importance of all factors, HSBC will also take into account:

- the specific nature of the instrument traded;
- the market where such instrument is traded;
- the characteristics of the order relating to the instrument, including the size of the trade relative to other trades in the financial instrument and the need to minimise any possible impact of the order on the market.

HSBC maintains a process to review and mitigate any instances of conflicts arising through the normal course of business. HSBC ensures that all employees are aware of this process and take reasonable steps to identify conflicts of interest that arise or may arise in the course of providing any regulated activity to a client and which may adversely affect clients' interests.

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HSBC does not have any price arrangement with any execution venues. Where trading desk does not trade a particular instrument with a full range of counterparties and use only HSBC Global Banking and Markets ("GB&M") or a third party to execute client orders, HSBC is considered to be in a closed architecture environment. This requires HSBC, on a best efforts basis, to compare the prices obtained from GB&M with an alternative available pricing source (e.g. via Bloomberg or Reuters) for those financial instruments where this information is readily publicly available. Where HSBC believes that the price provided by GB&M or a third party is not competitive or where there is no directly comparable investment (when dealing with simple products/structures), HSBC informs clients on a best efforts basis and where achievable obtain the client's consent before executing the transaction with GB&M or a third party.

There was no change in the list of counterparties compared to previous reporting year.

Trading desk doesn't treat categories of clients differently.

Exceptions to the regular process of order management may be allowed only with respect to illiquid financial instruments and unusually large orders, both of which may need to be "worked" during a given period of time, either in search of available liquidity or to ensure the least impact on market price. HSBC will advise its Clients of this fact prior to working the order.

As a general rule, Client orders are not aggregated and are executed on a timely manner and by order of chronological priority. However, there may be instances where Client orders will be bulked, in particular for orders placed on Client portfolios managed by HSBC on a discretionary basis. In all cases, orders can only be aggregated when:

- i) The characteristics of the orders makes them suitable for aggregation;
- ii) HSBC determines that any such aggregation will not result in any disadvantage to a particular Client; and
- iii) In compliance with HSBC' allocation procedures (as may be applicable).

To avoid concentration of risk in external entities, exposure limits by counterparties were defined and are monitored prior to any trade.

The trader best price selection is potentially limited then by exposure threshold defined by credit risk function.

These limits apply as well to intra-group trades.

HSBC do sample testing of its best execution policy. No breach to date have been detected.

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2. Debt Instruments

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
BLOOMBERG MTF (549300LM7URE8RZR5X06)	99.69%	99.33 %	51.78%	47.55 %	0.00%
MARKETAXESS MTF (529900CTXON8S5AOCB70)	0.31%	0.67%	0.38%	0.29%	0.00%

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HSBC maintains a process to review and mitigate any instances of conflicts arising through the normal course of business. HSBC ensures that all employees are aware of this process and take reasonable steps to identify conflicts of interest that arise or may arise in the course of providing any regulated activity to a client and which may adversely affect clients' interests.

HSBC/PBLU does not have any price arrangement with any execution venues.

The list of execution venues listed have change slightly with higher allocation of volumes given this year to Citigroup and Bank of Montreal. This is the result of our best execution process for specific orders received from our clients during the reporting period.

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3. Equities - Shares and Depositary Receipts

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

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
HSBC SECURITIES NEW YORK (CYYGQCNGNHMHPMRL3R97)	50.91%	44.70%	5.70%	39.01%	0.00%
HSBC SECURITIES LDN (MP6I5ZYBUEU3UXPYFY54)	48.56%	54.93%	3.29%	51.64%	0.00%
RBC EUROPE LONDON (TXDSU46SXBWIGJ8G8E98)	0.19%	0.15%	0.00%	0.15%	0.00%
GOLDMAN SACHS INTL LONDON (W22LROWP2IHZNBB6K528)	0.18%	0.07%	0.07%	0.00%	0.00%
KEPLER CHEUVREUX PARIS (9695005EOZG9X8IRJD84)	0.16%	0.15%	0.00%	0.16%	0.00%

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HSBC/PBLU does not have any price arrangement with any execution venues.

HSBC Continental Europe France volumes have decreased significantly when compared to HSBC Securities LDN which are now back to levels pre-Brexit.

Trading desk doesn't treat categories of clients differently.

Exceptions to the regular process of order management may be allowed only with respect to illiquid financial instruments and unusually large orders, both of which may need to be "worked" during a given period of time, either in search of available liquidity or to ensure the least impact on market price. HSBC will advise its Clients of this fact prior to working the order.

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To avoid concentration of risk in external entities, exposure limits by counterparties were defined and are monitored prior to any trade.

The trader best price selection is potentially limited then by exposure threshold defined by credit risk function. These limits apply as well to intra-group trades.

HSBC do sample testing of its best execution policy. No breach to date have been detected.

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

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 orders directed
HSBC SECURITIES LDN (MP6I5ZYZBEU3UXPYFY54)	52.02%	45.43%	6.64%	38.79%	0.00%
HSBC SECURITIES NEW YORK (CYYGQCNGNHMHPMRL3R97)	40.98%	53.53%	9.31%	44.22%	0.00%
KEPLER CHEUVREUX PARIS (9695005EOZG9X8IRJD84)	5.87%	0.78%	0.26%	0.52%	0.00%
MERRILL LYNCH INT LONDON (GGDZP1UYGU9STUHRDP48)	0.60%	0.09%	0.00%	0.09%	0.00%
CITIGROUP GLOBAL MARKETS NY(MBNUM2BPBDO7JBLYG310)	0.37%	0.09%	0.00%	0.09%	0.00%

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HSBC/PBLU does not have any price arrangement with any execution venues.

Most flow has been to HSBC entities located in New York and London.

Trading desk doesn't treat categories of clients differently.

Exceptions to the regular process of order management may be allowed only with respect to illiquid financial instruments and unusually large orders, both of which may need to be "worked" during a given period of time, either in search of available liquidity or to ensure the least impact on market price. HSBC will advise its Clients of this fact prior to working the order.

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The trader best price selection is potentially limited then by exposure threshold defined by credit risk function.

These limits apply as well to intra-group trades.

HSBC do sample testing of its best execution policy. No breach to date have been detected.

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3.3. Tick size liquidity bands 5 and 6 (from 2 000 trades per day)

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 orders directed orders
HSBC SECURITIES LDN (MP6I5ZYBZEU3UXPYFY54)	72.45%	76.11%	3.63%	72.48%	0.00%
HSBC SECURITIES NEW YORK (CYYGQCGNHMHPSMRL3R97)	24.18%	23.69%	4.26%	24.18%	0.00%
CITIGROUP GLOBAL MARKETS NY (MBNUM2BPBDO7JBLYG310)	1.24%	0.02%	0.0%	0.02%	0.00%
GOLDMAN SACHS INTL LONDON (W22LROWP2IHZNBB6K528)	0.95%	0.07%	0.00%	0.07%	0.00%
CITIGROUP GLOBAL MARKETS LDN (XKZZ2JZF41MRHTR1V493)	0.76%	0.04%	0.00%	0.04%	0.00%

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- Costs - All expenses incurred by the client which are directly related to the order execution.
- Likelihood of execution and settlement - The likelihood that the execution venue will be able to complete the client order as per the instructions provided.
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HSBC/PBLU does not have any price arrangement with any execution venues.

Most flow was allocated to HSBC entities located in New York and London. There has been some volumes allocated to Citigroup this year.

Trading desk doesn't treat categories of clients differently.

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4. Equity Derivatives

Notification if <1 average trade per business day in the previous year: Y

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
HSBC BANK PLC LONDON (MP6I5ZYZBEU3UXPYFY54)	100.00%	100.00%	0.00%	100.00%	0.00%

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Where HSBC believes that the price provided by GB&M or a third party is not competitive or where there is no directly comparable investment (when dealing with simple products/structures), HSBC informs clients on a best efforts basis and where achievable obtain the client's consent before executing the transaction with GB&M or a third party.

No change in the list of execution venues listed when compared to previous reporting period.

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5. Exchange Traded Products

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
B34V6CB HSBC SECURITIES LDN (MP6I5ZYBZEU3UXPYFY54)	86.45%	95.06%	1.42%	93.64%	0.00%
HSBC SECURITIES NEW YORK (CYYGQCGNHMHPSMRL3R97)	11.43%	4.10%	0.33%	3.77%	0.00%
GOLDMAN SACHS INTL LONDON (W22LROWP2IHZNBB6K528)	1.25%	0.18%	0.00%	0.18%	0.00%
KEPLER CHEUVREUX PARIS (9695005EOZG9X8IRJD84)	0.62%	0.46%	0.03%	0.43%	0.00%
CITIGROUP GLOBAL MARKETS LN (XKZZ2JZF41MRHTR1V493)	0.17%	0.13%	0.00%	0.13%	0.00%

When receiving and executing Client orders, PBLU traders use their best judgment to achieve the optimal balance amongst the following factors:

- Price - The price of an asset or instrument.
- Costs - All expenses incurred by the client which are directly related to the order execution.
- Likelihood of execution and settlement - The likelihood that the execution venue will be able to complete the client order as per the instructions provided.
- Speed - The time between receiving an order and its execution.
- Size of the trade - The size of the trade relative to other trades in the financial instrument.
- Nature of the trade - The particular characteristics of the instrument being traded or the order (eg Limit order).
- Any other consideration which may be relevant to order execution.

As a general rule, when considering the relative importance of these factors, the total consideration paid by our Client will be the most important factor considered by trading desks in achieving best execution. "Total consideration" includes the price of the final instrument and the costs related to execution, including all expenses incurred by our Client which are directly related to the execution. In executing Client orders, the trading desk takes all necessary steps to minimise implicit costs as well as explicit external costs. HSBC also undertakes to make a prior disclosure to its Clients of all its internal costs (see the "Tariff brochure").

There are three categories of costs which trading desks takes into account in evaluating "total consideration":

- Implicit costs: these costs are variable and unknown before a trade. They include the spread, the market impact of a trade, and the opportunity costs of a trade (related to operational constraints, market timing issues, and missed trade costs). These costs depend fundamentally on the trade characteristics, the prevailing market conditions as well as the speed of execution.

Best Execution Information

- Explicit external costs, which include commissions, fees, taxes, exchange fees, clearing and settlement costs, or any other costs passed onto the Client by intermediaries participating on the transaction; and
- Explicit internal costs, which represent HSBC's remuneration through its commission or spread.

Whilst total consideration is of primary importance in achieving best execution, other factors identified above may also be instrumental in delivering the best possible execution result to the Client. Therefore, in evaluating the relative importance of all factors, HSBC will also take into account:

- the specific nature of the instrument traded;
- the market where such instrument is traded;
- the characteristics of the order relating to the instrument, including the size of the trade relative to other trades in the financial instrument and the need to minimise any possible impact of the order on the market.

HSBC maintains a process to review and mitigate any instances of conflicts arising through the normal course of business. HSBC ensures that all employees are aware of this process and take reasonable steps to identify conflicts of interest that arise or may arise in the course of providing any regulated activity to a client and which may adversely affect clients' interests.

HSBC/PBLU does not have any price arrangement with any execution venues.

Most flow was allocated to HSBC entities located in New York and London respectively. Some volumes were traded with Goldman Sachs London.

Trading desk doesn't treat categories of clients differently.

Exceptions to the regular process of order management may be allowed only with respect to illiquid financial instruments and unusually large orders, both of which may need to be "worked" during a given period of time, either in search of available liquidity or to ensure the least impact on market price. HSBC will advise its Clients of this fact prior to working the order.

As a general rule, Client orders are not aggregated and are executed on a timely manner and by order of chronological priority. However, there may be instances where Client orders will be bulked, in particular for orders placed on Client portfolios managed by HSBC on a discretionary basis. In all cases, orders can only be aggregated when:

- i) The characteristics of the orders makes them suitable for aggregation;
- ii) HSBC determines that any such aggregation will not result in any disadvantage to a particular Client; and
- iii) In compliance with HSBC's allocation procedures (as may be applicable).

To avoid concentration of risk in external entities, exposure limits by counterparties were defined and are monitored prior to any trade.

The trader best price selection is potentially limited then by exposure threshold defined by credit risk function. These limits apply as well to intra-group trades.

HSBC do sample testing of its best execution policy. No breach to date have been detected.

Best Execution Information

6. Securitized Derivatives

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
HSBC CONTINENTAL EUROPE FRANCE (F0HUI1NY1AZMJMD8LP67)	26.49%	29.26%	23.93%	5.33%	0.00%
BARCLAYS BANK IRELAND PLC PARIS (635400FXWAHS7F7CL490)	23.89%	24.35%	20.90%	3.45%	0.00%
CREDIT AGRICOLE CORP PARIS (1VUV7VQFKUOQSJ21A208)	14.46%	8.88%	7.42%	1.46%	0.00%
MORGAN STANLEY LONDON(4PQUHN3JPFGFNF3BB653)	11.30%	14.42%	12.64%	1.78%	0.00%
BNP PARIBAS ARBITRAGE PARIS (6EWKU0FGVX5QQJHFGT48)	4.97%	4.39%	4.08%	0.31%	0.00%

When receiving and executing Client orders, PBLU traders use their best judgment to achieve the optimal balance amongst the following factors:

- Price - The price of an asset or instrument.
- Costs - All expenses incurred by the client which are directly related to the order execution.
- Likelihood of execution and settlement - The likelihood that the execution venue will be able to complete the client order as per the instructions provided.
- Speed - The time between receiving an order and its execution.
- Size of the trade - The size of the trade relative to other trades in the financial instrument.
- Nature of the trade - The particular characteristics of the instrument being traded or the order (eg Limit order).
- Any other consideration which may be relevant to order execution.

As a general rule, when considering the relative importance of these factors, the total consideration paid by our Client will be the most important factor considered by trading desks in achieving best execution. "Total consideration" includes the price of the final instrument and the costs related to execution, including all expenses incurred by our Client which are directly related to the execution. In executing Client orders, the trading desk takes all necessary steps to minimise implicit costs as well as explicit external costs. HSBC also undertakes to make a prior disclosure to its Clients of all its internal costs (see the "Tariff brochure").

There are three categories of costs which trading desks takes into account in evaluating "total consideration":

- Implicit costs: these costs are variable and unknown before a trade. They include the spread, the market impact of a trade, and the opportunity costs of a trade (related to operational constraints, market timing issues, and missed trade costs). These costs depend fundamentally on the trade characteristics, the prevailing market conditions as well as the speed of execution.
- Explicit external costs, which include commissions, fees, taxes, exchange fees, clearing and settlement costs, or any other costs passed onto the Client by intermediaries participating on the transaction; and
- Explicit internal costs, which represent HSBC' remuneration through its commission or spread.

Best Execution Information

Whilst total consideration is of primary importance in achieving best execution, other factors identified above may also be instrumental in delivering the best possible execution result to the Client. Therefore, in evaluating the relative importance of all factors, HSBC will also take into account:

- the specific nature of the instrument traded;
- the market where such instrument is traded;
- the characteristics of the order relating to the instrument, including the size of the trade relative to other trades in the financial instrument and the need to minimise any possible impact of the order on the market.

HSBC maintains a process to review and mitigate any instances of conflicts arising through the normal course of business. HSBC ensures that all employees are aware of this process and take reasonable steps to identify conflicts of interest that arise or may arise in the course of providing any regulated activity to a client and which may adversely affect clients' interests.

HSBC/PBLU does not have any price arrangement with any execution venues.

Compared to previous reporting period there is a larger allocation to Barclays Ireland in Paris aside from the usual allocation to Barclays in London. There is also some new allocation to Citigroup due to flow of structured products selected by client from this issuer.

Trading desk doesn't treat categories of clients differently.

Exceptions to the regular process of order management may be allowed only with respect to illiquid financial instruments and unusually large orders, both of which may need to be "worked" during a given period of time, either in search of available liquidity or to ensure the least impact on market price. HSBC will advise its Clients of this fact prior to working the order.

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- ii) HSBC determines that any such aggregation will not result in any disadvantage to a particular Client; and
- iii) In compliance with HSBC' allocation procedures (as may be applicable).

To avoid concentration of risk in external entities, exposure limits by counterparties were defined and are monitored prior to any trade.

The trader best price selection is potentially limited then by exposure threshold defined by credit risk function.

These limits apply as well to intra-group trades.

HSBC do sample testing of its best execution policy. No breach to date have been detected.

Best Execution Information

7. Other Instruments

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 orders directed orders
EUROCLEAR BANK SA / NV (549300OZ46BRLZ8Y6F65)	98.92 %	98.39%	N/A	N/A	0.00%
HSBC PB (Suisse) Geneva (549300LM7URE8RZR5X06)	0.49%	1.02%	NA	NA	0.00%
BNP PARIBAS SA PARIS CLIENT ASSETS (549300WCGB70D06XZS54)	0.35%	0.50%	N/A	N/A	0.00%
BNP PARIBAS SECURITIES SERVICES (549300WCGB70D06XZS54)	0.24%	0.09%	N/A	N/A	0.00%

Subscriptions or redemptions of investment funds are transacted at the applicable net asset value for the particular transaction, using relevant transactional platforms to this end, or, in limited cases, dealing directly with the fund administrator.

HSBC maintains a process to review and mitigate any instances of conflicts arising through the normal course of business. HSBC ensures that all employees are aware of this process and take reasonable steps to identify conflicts of interest that arise or may arise in the course of providing any regulated activity to a client and which may adversely affect clients' interests.

HSBC/PBLU does not have any price arrangement with any execution venues.

No significant change in the names of execution venues listed when compared to previous reporting period.

Trading desk doesn't treat categories of clients differently.

Exceptions to the regular process of order management may be allowed only with respect to illiquid financial instruments and unusually large orders, both of which may need to be "worked" during a given period of time, either in search of available liquidity or to ensure the least impact on market price. HSBC will advise its Clients of this fact prior to working the order.

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The trader best price selection is potentially limited then by exposure threshold defined by credit risk function.

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These limits apply as well to intra-group trades.

HSBC do sample testing of its best execution policy. No breach to date have been detected.

Issued by HSBC Private Bank (Luxembourg) SA, member of the HSBC Group, one of the world's largest banking and financial service organisations.

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