



Best Selection / Best Execution policy of Bpifrance Investissement

Bpifrance Investissement is a management company **specialising** in venture capital and authorised by the Autorité des marchés financiers (AMF). For these purposes, it is governed by the AMF General Regulation which provides in particular that management companies are required to draw up and maintain **policies and procedures recorded in writing**.

This document **forms** part of the internal procedures manual of Bpifrance Investissement. It constitutes an **internal document** and is the property of Bpifrance Investissement. Any distribution of all or part of this document to third parties is **strictly prohibited**, except where Bpifrance Investissement gives prior written authorisation.

It should be noted that all staff of Bpifrance Investissement are required to comply with internal procedures.

Any questions relating to an internal procedure should be directed to the Compliance and Internal Control Officer (RCCI).

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1 PURPOSE AND SCOPE

1.1 Purpose of the policy

In accordance with Articles 27 and 28 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 (AIFM, covering the AIF portfolio management activity of Bpifrance Investissement), and Articles L. 533-11 and L. 533-18, L. 533-18-1 and L. 533-18-2 of the French Monetary and Financial Code, transposing Article 27 of Directive 2014/65/EU on markets in financial instruments (MiFID II), and Articles 64 to 66 of the Delegated Regulation (EU) of 25 April 2016 (covering the receipt and transmission of orders service provided by CDC to Bpifrance Investissement), Bpifrance Investissement, as an AIF management company, has an obligation to act in the best interests of its clients and must therefore take all appropriate measures to obtain the best possible result when executing orders.

By virtue of its status as a management company, Bpifrance Investissement is not a member of a market but transmits its orders on behalf of the investment vehicles it manages and on behalf of Bpifrance Participations to the CDC Intermediation Platform (hereinafter the “CDCIP”) in accordance with the process described in the internal procedure “Placing orders on listed securities”. Accordingly, Bpifrance Investissement has drawn up and implemented a *Best Execution / Best Selection* policy ensuring that it complies with the above obligations.

For these purposes, CDC provides Bpifrance Investissement with a financial intermediation service, which includes receiving and transmitting “RTO” orders, and executing financial contracts.

This procedure describes in particular the way in which responsibilities are structured with the CDC in relation to *Best Selection* and the way in which Bpifrance Investissement implements its *Best Exécution / Best Selection* policy.

2 GENERAL PRINCIPLES OF THE *BEST EXECUTION / BEST SELECTION* POLICY

In general, Bpifrance Investissement transmits its orders to its intermediary, namely CDCIP, for transmission or execution by authorised brokers¹ / counterparties².

¹ A broker is an intermediary who operates on the markets to trade assets on its own account or on behalf of its clients. It may operate as intermediary on behalf of professional clients on the currency markets, on the interbank market or on the derivatives markets. Depending on its authorisations, it may also have developed an online brokerage function in which, where applicable, it obtains orders from its clients and routes them to a trader, carries out settlement and delivery operations on securities with buyers and sellers once the orders have been executed by the trader and/or executes purchase and sale orders.

² See Article D533-13 of the French Monetary and Financial Code (credit institutions, investment entities, other approved or regulated financial entities, etc.)

In relation to “RTO”, the CDCIP implements a policy of *Best Selection* of its intermediaries³ in accordance with this Bpifrance Investissement policy. The *Best Selection* policy consists of selecting, for each class of instruments, the entities to which orders are transmitted for execution to ensure that Bpifrance Investissement complies with the obligation to secure the best possible outcome for its clients.

In the event that it executes the orders itself, the CDCIP shall take all appropriate measures to obtain the best possible result. This policy includes, for each category of financial instruments, information on the execution venues, the different systems and the factors influencing the choice of execution system.

As Bpifrance Investissement falls within the category of “professional client” and does not act as an “eligible counterparty”, the *Best Execution* obligation as it relates to it is therefore binding on the intermediaries who transmit or execute the orders it passes to them.

This arrangement therefore enables a system of cascading liability to be established as envisaged by the regulations.

2.1 The *Best Selection* policy for orders dealt with by the CDCIP

The expertise of the CDCIP on the equity markets, combined with the management skills of Bpifrance Investissement, ensure that the regulatory requirements are complied with, the cost is optimised and the operations are secure, notably through:

- CDC having committed to comply with the regulations relating to *Best Execution / Best Selection* under the agreement with Bpifrance Investissement;
- the in-depth knowledge of a panel of CDCIP intermediaries associated with the sharing of its activity with the other CDC Group subsidiaries;
- a technical execution framework; relations with the CDCIP, dedicated information systems (OMS Minerva, etc.), procedures to verify executions;
- a requirement for availability and responsiveness in the event of a particular change to the markets.

When an order is transmitted to the CDCIP, the CDCIP chooses a broker included on the list of authorised intermediaries. These brokers have drawn up a *Best Execution* policy in accordance with the provisions of Directive No 2014/65/EU on markets in financial instruments (MiFID II) and take all appropriate measures to obtain the best possible outcome for their clients taking account of the following factors: price, cost, speed, likelihood of execution and payment, the size and nature of the order and finally any other considerations relating to the execution of the order.

The CDCIP makes choices from this list on the basis of various factors. Indeed, depending on the size and nature of the order, the CDCIP aims to limit the market impact and the estimated opportunity cost, relying on the expertise of its operators and the market information available when the order is transmitted.

³ Intermediaries means both brokers and counterparties.

The main criteria taken into account are as follows:

- Consideration of the ranking determined at the annual review and of the resulting brokerage allocation;
- The broker's recent execution quality on comparable transactions;
- Level of market capitalisation and location of the Stock Market processing the security;
- Possibilities of accessing liquidity (block trades, etc.);
- Cost of the transaction (brokerage fees).

The CDCIP chooses the broker who is best qualified to deal on the basis of the above criteria, weighted depending on the nature of the order, thus ensuring the best selection.

The CDCIP undertakes an evaluation of the quality of the execution, notably by using dedicated tools, and monitors, examines and checks the *Best Execution* policies of brokers throughout the year and at the annual review.

Furthermore, in accordance with AMF Position/Recommendation No 2014-07, if the CDCIP gives intermediaries details as to how the order should be executed, then the CDCIP is required to check and review its own actions and their impact on the quality of execution obtained.

When Bpifrance Investissement transmits a specific instruction or divides up an order, the CDC will execute this order by following such instruction. If, however, this specific instruction only covers part of or one aspect of an order, the CDC and the intermediaries are bound by their *Best Execution / Best Selection* obligation in relation to any other part or aspect of the order not covered by the specific instruction. The specific instruction may relate to an execution venue, or to any other characteristic of the order.

2.2 Execution venues

For orders placed by the CDCIP, which ensures compliance with these execution venues, Bpifrance Investissement is authorised to operate:

- on regulated markets;
- on structured markets that are in regular operation (e.g. Euronext Access (e.g. Free Market), Euronext Growth (e.g. Alternext));
- on multilateral trading platforms;
- on systematic internalizers.

Bpifrance Investissement reserves the right to use other execution venues when deemed appropriate.

2.3 The *Best Execution* / *Best Selection* process provided by Bpifrance Investissement for orders not sent to the CDCIP

In the event that an over-the-counter operation is executed directly with an intermediary (for example an accelerated bookbuilding operation, "ABB", in which Bpifrance makes a divestment), Bpifrance Investissement is exclusively responsible for *Best Selection* / *Best Execution*.

Bpifrance Investissement will carry out a call for tenders with the principal banks. Indeed, in order to undertake an ABB operation, Bpifrance Investissement will ask the same questions of the banks deemed to be the most competitive depending on the security (this choice is generally made in collaboration with the advisory bank for the operation). Bpifrance Investissement will question at least 3 banks in the course of this call for tenders and select the institution(s) which are the highest bidder(s) (price, quantities, credibility, services, etc.) in order to ensure the operation is duly executed. Bpifrance Investissement reserves the right to derogate from this principle in the event that the security has insufficient liquidity or for reasons of confidentiality in relation to the market (notably where the banks do not offer price guarantees).

3 ANNUAL REVIEW OF THE BEST SELECTION POLICY

3.1 Rating of intermediaries

The CDCIP and Bpifrance Investissement regularly review the intermediaries, at least on an annual basis and when circumstances so require, to check that the offer of services provided by intermediaries has not changed and is not likely to jeopardise the relationship (execution, fees, settlement/delivery etc.).

The *Best Selection* process which consists of evaluating and/or modifying the list of authorised intermediaries is undertaken exclusively by the CDC. The intermediaries are rated to enable the ranking to be drawn up, notably so that the brokerage allocation for the forthcoming period can be determined.

The CDCIP rates brokers' quality of execution in accordance with its internal process. The rating is broken down into a quantitative part (performance against benchmarks, trading cost analysis ("TCA"), etc.) and a qualitative part (liquidity, newsflow, etc.).

For the forthcoming period, the brokerage allocation must be made in line with the ranking and be sufficiently diversified to prevent any potential conflict of interests situation.

The annual review carried out is formally recorded in a report sent to all stakeholders.

3.2 Selection of a new intermediary

The intermediaries eligibility committee⁴ of the CDC chooses the CDCIP panel of brokers and intermediaries. A new intermediary may be added to the list of eligible intermediaries either during the annual review or during the year if CDC or Bpifrance Investissement consider it necessary.

A new intermediary cannot, essentially, be subject to a qualitative and quantitative assessment.

Accordingly, the new intermediary is proposed by the CDC (through its Counterparty Risk Committee) or by Bpifrance Investissement with a view to:

- Meeting the *Best Execution / Best Selection* objectives;
- Obtaining the best coverage for the services.

Where applicable, the new eligible intermediary is then subject to approval by Bpifrance Investissement which may potentially lay down restrictions.

3.3 Removal of an intermediary following new information jeopardising the relationship

Removal from the list of intermediaries takes place when the CDC or Bpifrance Investissement become aware of information significantly affecting an intermediary and which may jeopardise the relationship with such intermediary. The party which is aware of this type of information shall immediately notify the other party.

Once information of this type is brought to the attention of Bpifrance Investissement, the Compliance and Permanent Control Department (DCCP) is consulted on an exceptional basis to establish whether the information actually jeopardises the relationship with the intermediary. The decision to remove an intermediary takes effect immediately where applicable.

⁴ The CDC has an intermediaries eligibility committee which meets whenever necessary and at least once a year, at the meeting of the Counterparty Risk Committee. The composition of this committee is as follows: the intermediation manager, the financial risk or financial analysis managers, the manager for prevention of money laundering and financing of terrorism and the representatives of Bpifrance Investissement where applicable.