

Selection and Evaluation Policy for Intermediaries and Counterparties

Effective date of policy: 09/05/2019



Introduction

According to the current rules from the Directive about Financial Instruments Markets (MiFID Directive) and the delegated Regulation (EU) No. 231/2013 of the Commission from 19 December 2012, investment service providers must take all reasonable steps to get the best possible result for their clients when they execute orders. For non-professional clients, the best result is based on the total cost.

As part of its activities in private equity fund management and management for third parties, SWEN Capital Partners may need to send orders to other entities for execution, based on its management decisions. SWEN Capital Partners has therefore created a policy to choose and check financial intermediaries and counterparties. This policy means selecting, for each type of financial instrument, the intermediaries where the orders will be sent for execution. These intermediaries have a duty of “best execution” towards SWEN Capital Partners.

Not being a member of a regulated market or a multilateral trading facility, SWEN Capital Partners has chosen for the handling of its orders:

- Not to execute itself its orders on equity securities, debt securities, units or shares of UCIs (i.e., ETFs) and listed or unlisted financial derivative instruments, and to transmit them to intermediaries for execution.
- To rely on the order reception, transmission, and execution services of OFI Investment Solutions, the external trading desk of the OFI group, authorized as an Investment Firm by the CECEI.

When acting on behalf of its funds and mandates under management, SWEN Capital Partners has chosen the status of “professional client” with respect to financial intermediaries (brokers and counterparties) in order to benefit from their obligation of best execution.

Selection procedure

To meet its regulatory obligations, SWEN Capital Partners has implemented an operational procedure for the selection of intermediaries and counterparties, in which representatives are involved:

- from financial risk management,
- from the Legal Department,
- from Compliance and Internal Control.

The above-mentioned teams, which are not involved in management or trading, intervene at the request of the investment teams to authorize a new counterparty or a new broker. It should be noted that a distinction is made between “broker” intermediaries, for which the risk taken by the management company is limited to an incident risk in the settlement of transactions, and counterparties, for which there is a real counterparty risk. Investors are not allowed to execute transactions with counterparties or brokers of their choice. They have a list of authorized counterparties or brokers.

Intermediaries are selected by SWEN Capital Partners based on their ability to meet best execution obligations according to the following criteria:

- total execution cost (price + intermediation fees),
- size and nature of the order,
- probability of execution and settlement (access to liquidity),
- speed of execution.

SWEN Capital Partners may give its express consent to intermediaries for the execution of their orders outside a regulated market or a multilateral trading facility. SWEN Capital Partners may also give specific instructions to its intermediaries (limit prices, closing prices, etc.). In this case, the intermediaries will execute the orders according to these instructions and will be deemed to have fulfilled their best execution obligations.

The counterparties used by SWEN Capital Partners are selected based on cost (fees) and their credit quality, which is determined by the risk of default, the reputation and financial strength of the counterparty, and the solvency ratio.

Evaluation procedure

SWEN Capital Partners exercises continuous monitoring of its relationship with intermediaries and counterparties. Therefore, an ad hoc review of this policy will be carried out whenever an event or information justifies it. SWEN Capital Partners may at any time decide to suspend operations with a financial intermediary. In addition, and in accordance with the applicable regulations, SWEN Capital Partners carries out an annual assessment of the selected intermediaries and counterparties. The purpose of the evaluation committee is to assess the quality of execution of the orders entrusted to the service providers. The committee may exclude or restrict brokers or counterparties selected by SWEN Capital Partners.

The evaluation of market **intermediaries** is carried out through a rating of execution based on the following criteria:

- the total cost (cost of the financial instrument + cost related to execution) compared with the price at the time the order was placed,
- the quality of execution (speed, quantity filled, etc.),
- the quality of the middle-back office (confirmation times, availability, number of anomalies).

The evaluation of **counterparties** is carried out through a rating of the service based on the following criteria:

- cost,
- credit quality (Risk of default, reputation and financial strength of the counterparty, solvency ratio),
- quality of the middle-back office (confirmation times, availability, number of anomalies): 20%.



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