Features: Compilation services

Explicit transaction costs compilation at different levels

- On each **transactions**
- In **trial balances** or **accounting extracts**

Implicit transaction costs compilation through the new PRIIP methodology

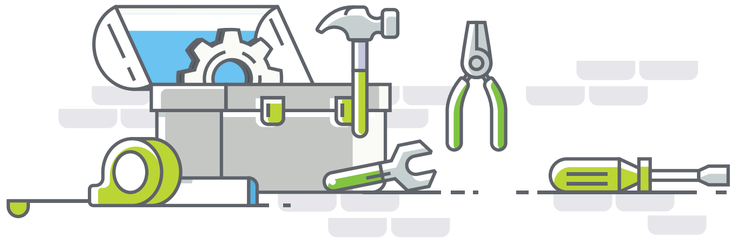
- Based on client **transaction data**
- Based on client **data mapping**: instrument type, currency, order price, date, rating
- Client **data enrichment** tool
- Flexible selection of client **half bid-ask matrix**

Anti-dilution proceed

- Use of **accounting extracts**
- If no data available, estimation of the **anti-dilution proceeds** based on parameters of the anti-dilution technique

Well-constructed BAU process

- Upload **Transaction file** from the client
- Upload the **TNA of the subfund** from client files
- Removing **duplicate transactions**
- Upload the **classification** computed on our Tool
- Compute the **basis of each transaction**
- Upload **BidAsk Spread matrix** and apply the spreads



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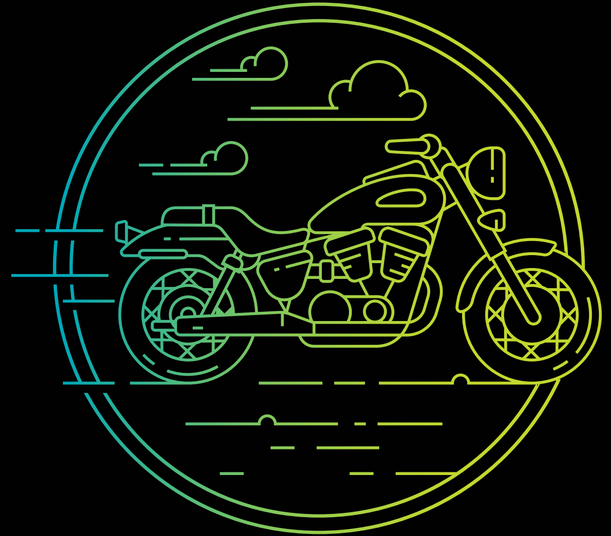


Avoid the bumps on the road to reporting

Transaction costs: our solutions for PRIIPs and MiFID reporting

PRIIPs/MiFID II transaction costs

PRIIPs RTS requires **Transaction Costs** compilation be composed of:

EXPLICIT COSTS

Brokers fees, research costs paid by the clients, taxes, etc.

IMPLICIT COSTS

For existing PRIIPs (>3Y):

Standard Approach - Comparison of the arrival price with the price when the transaction decision was made.

For existing PRIIPs (<3Y):

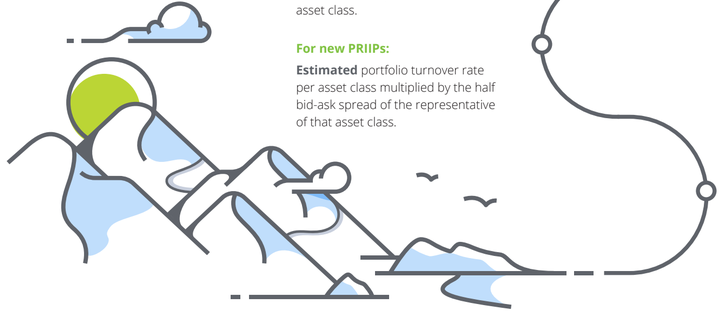
Actual portfolio turnover rate per asset class multiplied by the bid-ask spread of the representative of that asset class.

For new PRIIPs:

Estimated portfolio turnover rate per asset class multiplied by the half bid-ask spread of the representative of that asset class.

ANTI-DILUTION PROCEEDS

The PRIIPs methodology allows to reduce the transaction costs by the proceeds of anti-dilution mechanism which cover the transaction costs resulting from subscriptions or redemptions.

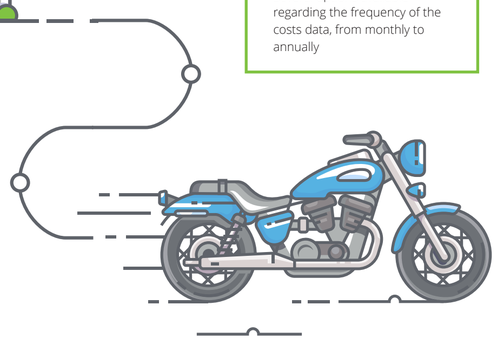


Monitoring of regulatory updates: MiFID II and PRIIPs

The components of transaction costs for MiFID II and PRIIPs are similar, with the exception that **market movements should not be taken into account for MiFID II** even though MiFID II Investor protection Q&As mention the potential use of PRIIPs arrival price.

For MiFID II, transaction costs should also be reported:

- There are two types of cost disclosure: **ex-ante and ex-post**
- For MiFID II in general, the methodology for costs compilation in general and transaction in particular is broad and **allows the re-use of the costs elements of PRIIPs**
- Several options available regarding the frequency of the costs data, from monthly to annually



Features: Controls implemented

In our **in-house tool:**

Evolution of the implicit costs over several periods

Rationale File: Break down of the implicit per sub-asset class. This file allows us to control the TNA Average, the applied BidAsk and the sum of Notionals

Review of an existing transaction costs methodology