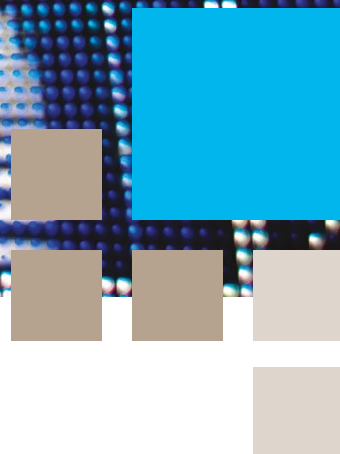




Selection and Execution Policy

April 2015



SELECTION & EXECUTION POLICY

Purpose

This document describes how selection and execution policies are established when Amundi carries out its portfolio management activities.

It also describes the supervision system used to ensure that those policies are effective.

CONTEXT & REGULATORY FRAMEWORK

Amundi is a portfolio management company authorised by the Autorité des Marchés Financiers (AMF) to deal in all financial instruments covered by article L.211-1 of the French Monetary and Financial Code.

CONTEXT

MiFID (Markets in Financial Instruments Directive 2004/39/EC of 21 April 2004) introduces common standards for the protection of investors and strengthens conduct rules applying to financial intermediaries.

The requirement relating to best execution of orders is an essential part of those standards and aims to promote both the overall efficiency of markets and the ability for individuals to obtain the best possible result when the Investment Services Provider (ISP) acts on behalf of clients.

REFERENCE TEXTS

The French Monetary and Financial Code and the AMF's General Regulations, which transpose MiFID requirements into French law, define the framework of obligations applying to ISPs.

- French Monetary and Financial Code: articles L.533-18, L.533-19, L.533-20
- AMF's General Regulations: articles 314-69 to 314-76
- AMF Position - Recommendation no. 2014-07: guide relating to best execution.

MIFID CATEGORISATION

Amundi, where it acts in the name and on behalf of its clients, has generally opted for "professional client" status with respect to its brokers and counterparties, in order to receive adequate protection, particularly regarding the quality of order execution.

INTERMEDIARY SELECTION POLICY

ORDER EXECUTION SERVICE

1. General case

Amundi undertakes to implement all reasonable measures, when executing orders, to obtain the best possible result within the meaning of the French Monetary and Financial Code.

Because of its status as a portfolio management company, Amundi does not have access to the financial markets. To meet its best execution objective, Amundi has chosen to use Amundi Intermediation for its order transmission and execution activities. Amundi Intermediation is an investment company authorised by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) to provide services involving Order Reception and Transmission (ORT) and order execution for third parties involving all financial instruments covered by article L.211-1 of the French Monetary and Financial Code.

Amundi Intermediation, as an ISP providing ORT and order execution services for third parties, has its own selection and execution policy, accessible here : [Amundi Intermediation - Selection and execution policy](#)

2. Specific situations

Certain specific transactions can be handled directly by Amundi asset managers. They involve:

- Baskets of securities:

for such automated transactions, which are carried out at predetermined prices (opening or closing prices), Amundi focuses on the total cost criterion and requests quotes.

- Complex over-the-counter transactions:

for this type of transaction, carried out on a case-by-case basis, Amundi requests competitive quotes from several counterparties. The counterparties contacted meet qualitative criteria in terms of taking a proactive approach, the innovative nature of their proposals and the effectiveness of their support departments. In the final analysis, price determines the choice of counterparty, although the transaction may be shared between the lowest bidders, in accordance with internal rules.

Special cases – specific instructions:

given the nature of the structuring activity, the request-for-quote procedure may not be required in certain cases. If competitive quotes are not requested, that fact will be mentioned in the fund prospectus if such information is required.

However, Amundi checks that instruments are dealt on market terms (compared with internal valuations) and systematically informs the client of the situation (communication in the name of the counterparty).

INVESTMENT DECISION AID SERVICE

As part of the commission unbundling required by MiFID, it is necessary to distinguish between order execution commissions and commissions intended to remunerate the Investment Decision Aid (IDA) service.

1. Selection procedure

- For the execution aspect: Amundi uses the list of intermediaries proposed by Amundi Intermediation
- For the research aspect: in accordance with article 314-75-1 of the AMF's General Regulations, Amundi has set up a procedure for selecting research providers in order to meet its IDA requirements, and its budget is set annually in advance. The allocation by research provider arises from a voting process in which the Asset Management and Research teams are involved.

Voting criteria:

- Ordinary research
- Specific requests
- Expert relations
- Sales relations
- Added value

The votes from each team are weighted and then consolidated by the head of Equities Management at Amundi. The list is combined with that of Amundi Intermediation.

The final list is then presented for validation during brokers and counterparties selection committee meetings¹.

2. Administration and monitoring

IDA commissions are charged independently from orders execution, and they are paid to research providers through Commission Sharing Agreements (CSAs) formed between Amundi and execution brokers.

However, Amundi delegates to Amundi Intermediation the administration of CSAs and the monitoring of IDA commissions.

REGULAR MONITORING AND REVIEW

1. Substantiation of best execution

In accordance with the regulations, Amundi retains evidence that the execution policy has been applied to each of its orders, and can supply it on request.

2. Controls

Amundi has permanent access to all information relating to the execution of orders traded by Amundi Intermediation, enabling it to check, where required, that the service provided by Amundi Intermediation is adequate and that the execution policy is being complied with.

Every month, Amundi receives from Amundi Intermediation a report including statistics for each class of financial instrument:

- relating to the volume of orders traded in each month of the current year,
- relating to the number of orders executed per broker,
- relating to the monitoring of best execution in accordance with Amundi Intermediation's execution policy,
- as regards Equities area and for each broker, the amounts paid in execution and IDA commissions.

Based on that report and the information provided, Amundi is capable of implementing the controls it deems necessary.

3. Review of the selection policy

Amundi and Amundi Intermediation, based on a proposal by either entity, may at any time re-examine order execution conditions and arrangements (places of quotation, criteria, systems etc.) in order to obtain the best possible result for clients.

Any major change in Amundi Intermediation's offering – substantial change in pricing, sharp deterioration in the execution system taking various possible forms such as a restriction on the scope of securities being traded, discontinuation of access to a market, restructuring capable of leading to material operational risks etc. – triggers a re-examination of Amundi's selection policy. Similarly, Amundi will update its selection policy if voting criteria are changed so as to enable it to select research providers. As regards specific transactions that can be dealt directly by Amundi fund managers, intermediaries and counterparties undergo annual internal reviews depending on the instruments being traded, according to the procedure in force.

In the absence of internal or external events that require it to be re-examined during the year, Amundi's selection policy is reviewed annually during Selection Committees or via internal committees. Such reviews are formalised through minutes from these committees. If the policy is amended, the updated version will be directly accessible online, and Amundi will thus be deemed to have notified its clients of the new version.

EXECUTION POLICY

SCOPES & OPERATIONAL ARRANGEMENTS

1. Financial instruments covered

All financial instruments covered by MiFID, traded on markets by brokers or counterparties.

2. Clients covered

This execution policy applies to Amundi's professional and non-professional clients. Where Amundi delegates financial management to third parties, it ensures that the execution policy applied by third parties meets the objective of acting in the best interests of its clients.

3. Selected venues

Amundi has chosen to use Amundi Intermediation for ORT and order execution services. Accordingly, via Amundi Intermediation's selection and execution policy (see section "Intermediary selection policy" p. 3), it has access to all places of quotation capable of producing the best execution of orders.

Orders will be directed according to the best available trading terms, either towards Regulated Markets (RMs), Multilateral Trading Facilities² (MTFs), Systematic Internalisers (SIs) or Organised Trading Facilities³ (OTFs).

The types of venues for each Financial Instrument class and the strategy used by Amundi Intermediation to obtain best execution are described in Appendix 1. A detailed list of venues used can be viewed here: [Venues list](#)

Amundi expressly authorises Amundi Intermediation to execute orders outside RMs and MTFs. However, Amundi may at any time withdraw that authorisation, either temporarily or definitively.

4. Execution criteria

All measures are taken so that order execution takes place in Amundi's best interests and focuses on the integrity of the market, taking into account stated criteria such as price, liquidity, speed, cost etc. depending on their relative importance based on the various types of orders sent by the client.

Order types and the associated execution criteria are described in the table below:

ORDER TYPE	TARGET PRICE OR BENCHMARK	MIFID AND AMF CRITERIA
Discretionary	Entry price (last quoted price)	Price, Liquidity
Carefully	AVWAP (Average Volume Weighted Asset Price)	Price, Liquidity
At Market	Entry price (last quoted price)	Speed, Liquidity
Limit	Limit	Liquidity, Cost
Opening	Opening	Liquidity, Cost
Closing	Closing	Liquidity, Cost

2. as created by MiFID
3. introduced by MiFID II

SCOPES & OPERATIONAL ARRANGEMENTS

If Amundi Intermediation receives client orders that are in the same direction, on the same terms and for the same value, it does not bundle them together.

However, Amundi Intermediation may exceptionally bundle together orders where clients' interests are preserved, in accordance with the conditions set out in article 314-67 of the AMF's General Regulations.

Where Amundi sends specific instructions at the time orders are placed, Amundi is informed that Amundi Intermediation is released from its best-endeavours obligation arising from this execution policy. Where Amundi's instruction only relates to part or one aspect of an order, Amundi Intermediation remains bound by its best execution obligation for the portion of the order not covered by the instruction.

5. Order transmission arrangements

When transmitting orders to Amundi Intermediation and to ensure that they are traceable, Amundi uses Amundi Group's internal order transmission system called MCE (electronic order book).

In the event of a malfunction that makes the order transmission system ineffective, Amundi Intermediation will notify Amundi that the system is not working, and inform it of alternative resources in line with the Business Continuity Plan.

6. Reports and declarations

Execution feedback is input into the MCE order transmission system as soon as the order is finalised, and immediately provided to Amundi's middle office, which checks the transaction confirmation issued by the counterparty or broker.

REGULAR SUPERVISION, CONTROL & REVIEW

1. Controls

See section above (controls) p.5.

2. Review of the execution Policy

Amundi and Amundi Intermediation, based on a proposal by either entity, may at any time re-examine order execution conditions and arrangements (trading market, criteria, systems etc.) in order to obtain the best possible result for clients.

In the absence of internal or external events that require it to be re-examined during the year, Amundi's selection policy is reviewed annually during Selection Committees. Such reviews are formalised through minutes from these committees.

If the policy is amended, the updated version will be directly accessible online, and Amundi will thus be deemed to have notified its clients of the new version.

APPENDIX

EXECUTION GRID BY CLASS OF FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS	VENUES TYPES (*)	STRATEGY FOR OBTAINING BEST EXECUTION & SELECTION OF INTERMEDIARIES	ADOPTED / PREFERRED FACTORS & CRITERIA
EQUITIES			
Equities	RM, MTF, SI	Orders are sent via selected intermediaries (see selection policy)	Price, Liquidity, Speed, Cost depending on the type of order sent by the client
ETFs (equities, bonds and commodities)	RM, MTF, OTC	Orders are sent to: <ul style="list-style-type: none"> selected intermediaries (if liquidity is sufficient in an RM) or subject to a request for quote (RFQ) from several authorised counterparties (see selection policy) where market liquidity is provided by market-makers, or by counterparties accessible via electronic trading systems. 	Price, Liquidity, Speed, Cost depending on the type of order sent by the client
Warrants, Rights, Equity-linked notes, Certificates, CFDs, etc.	RM, OTF, OTC	Orders are sent to: <ul style="list-style-type: none"> selected intermediaries (if liquidity is sufficient in an RM) or subject to a request for quote (RFQ) from several authorised counterparties (see selection policy) where market liquidity is provided by market-makers, or by counterparties accessible via alternative trading systems. 	Price, Liquidity, Speed, Cost depending on the type of order sent by the client
BONDS			
Government bonds (OATs, sovereign supranational agencies, covered bonds, Treasury bonds, etc.)	OTC, OTF, MTF	Request for quote (RFQ) from several authorised counterparties (see selection policy). Market liquidity is provided by market-makers, or by counterparties accessible via alternative trading systems	Price, Liquidity
Private bonds (financial or corporate, etc.) regardless of the issuer rating	OTC, OTF, MTF	Request for quote (RFQ) from several authorised counterparties (see selection policy). Market liquidity is provided by market-makers, or by counterparties accessible via alternative trading systems	Price, Liquidity
Credit derivatives on a single issuer, index or index section (Index options, iTraxx, CDX, etc.)	OTC	Request for quote (RFQ) from several authorised counterparties (see selection policy). Market liquidity is provided by market-makers, or by counterparties accessible via alternative trading systems	Price, Liquidity
Other OTC derivatives (interest-rate swaps, inflation swaps, swaptions, caps and floors, etc.)	OTC	Request for quote (RFQ) from several authorised counterparties (see selection policy). Market liquidity is provided by market-makers, or by counterparties accessible via alternative trading systems	Price, Liquidity

FINANCIAL INSTRUMENTS	VENUES TYPES (*)	STRATEGY FOR OBTAINING BEST EXECUTION & SELECTION OF INTERMEDIARIES	ADOPTED / PREFERRED FACTORS & CRITERIA
MONEY MARKET			
Negotiable certificates of deposit (NCDs), commercial paper (CP), short-term sovereign bonds, etc.	OTC, OTF, MTF	Request for quote (RFQ) from several authorised counterparties (see selection policy). Market liquidity is provided by market-makers, or by counterparties accessible via alternative trading systems	Price, Liquidity
Forward contracts (Futures on Euribor, term deposits, etc.)	RM, OTC	Orders are sent to: <ul style="list-style-type: none"> ➤ selected intermediaries (if liquidity is sufficient in an RM) ➤ or subject to a request for quote (RFQ) from several authorised counterparties (see selection policy) where market liquidity is provided by market-makers, or by counterparties accessible via alternative trading systems. 	Price, Liquidity, Speed, Cost depending on the type of order sent by the client
OTC derivatives (Interest-rate swaps, forward interest-rate swaps, etc.)	OTC	Request for quote (RFQ) from several authorised counterparties (see selection policy). Market liquidity is provided by market-makers, or by counterparties accessible via alternative trading systems	Price, Liquidity
EQUITY DERIVATIVES			
Forward contracts (Futures on equity indexes, futures on baskets of shares, etc.)	RM, OTC	Orders are sent to: <ul style="list-style-type: none"> ➤ selected intermediaries (if liquidity is sufficient in an RM) ➤ or subject to a request for quote (RFQ) from several authorised counterparties (see selection policy) where market liquidity is provided by market-makers, or by counterparties accessible via alternative trading systems. 	Price, Liquidity, Speed, Cost depending on the type of order sent by the client
Options (Options on equity indexes, options on baskets of shares, etc.)	RM, OTC	Orders are sent to: <ul style="list-style-type: none"> ➤ selected intermediaries (if liquidity is sufficient in an RM) ➤ or subject to a request for quote (RFQ) from several authorised counterparties (see selection policy) where market liquidity is provided by market-makers, or by counterparties accessible via alternative trading systems. 	Price, Liquidity, Speed, Cost depending on the type of order sent by the client
Convertible bonds	RM, OTC, OTF	Request for quote (RFQ) from several authorised counterparties (see selection policy). Market liquidity is provided by market-makers, or by counterparties accessible via alternative trading systems	Price, Liquidity, Speed, Cost depending on the type of order sent by the client
Other forward contracts (swaps, futures on options, etc.)	RM, OTC	Orders are sent to: <ul style="list-style-type: none"> ➤ selected intermediaries (if liquidity is sufficient in an RM) ➤ or subject to a request for quote (RFQ) from several authorised counterparties (see selection policy) where market liquidity is provided by market-makers, or by counterparties accessible via alternative trading systems. 	Price, Liquidity, Speed, Cost depending on the type of order sent by the client

EXECUTION GRID BY CLASS OF FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS	VENUES TYPES (*)	STRATEGY FOR OBTAINING BEST EXECUTION & SELECTION OF INTERMEDIARIES	ADOPTED / PREFERRED FACTORS & CRITERIA
RATE DERIVATIVES			
Forward contracts (Bond futures, etc.)	RM	Orders are sent via selected intermediaries (see selection policy)	Price, Liquidity, Speed, Cost depending on the type of order sent by the client
Options (Interest-rate options, etc.)	OTC	Request for quote (RFQ) from several authorised counterparties (see selection policy).	Price, Liquidity
Other forward contracts (Futures on swap, etc.)	RM, OTC	Orders are sent to: <ul style="list-style-type: none"> ➤ selected intermediaries (if liquidity is sufficient in an RM) ➤ or subject to a request for quote (RFQ) from several authorised counterparties (see selection policy) where market liquidity is provided by market-makers, or by counterparties accessible via alternative trading systems. 	Price, Liquidity, Speed, Cost depending on the type of order sent by the client
TEMPORARY PURCHASE & SALE SECURITIES			
Loan / Borrowing	OTC, MTF	Request for quote (RFQ) from several authorised counterparties (see selection policy). Market liquidity is provided either by counterparties accessible via alternative trading systems or via responses to IOIs (Indications Of Interest)	Price, Liquidity
Repo / Reverse repo	OTC	Request for quote (RFQ) from several authorised counterparties (see selection policy) or responses to IOIs (Indications Of Interest)	Price, Liquidity

FINANCIAL INSTRUMENTS	VENUES TYPES (*)	STRATEGY FOR OBTAINING BEST EXECUTION & SELECTION OF INTERMEDIARIES	ADOPTED / PREFERRED FACTORS & CRITERIA
FOREX			
Spot	OTF, OTC, MTF	Request for quote (RFQ) from several authorised counterparties (see selection policy). Market liquidity is provided by market-makers, or by counterparties accessible via alternative trading systems	Price, Liquidity
Forwards and Swaps	OTF, OTC, MTF	Request for quote (RFQ) from several authorised counterparties (see selection policy). Market liquidity is provided by market-makers, or by counterparties accessible via alternative trading systems	Price, Liquidity
Forex futures	RM	Orders are sent to selected intermediaries	Price, Liquidity, Speed, Cost depending on the type of order sent by the client
Options	OTF, OTC	Request for quote (RFQ) from several authorised counterparties (see selection policy). Market liquidity is provided by market-makers, or by counterparties accessible via alternative trading systems	Price, Liquidity
Options on forex futures	RM	Orders are sent to selected intermediaries	Price, Liquidity, Speed, Cost depending on the type of order sent by the client

(*)

RM: Regulated Market (e.g. NYSE Euronext, LSE etc.).

MTF: Multilateral Trading Facility, which is a system other than a regulated market operated by an investment service provider or an exchange to organise the matching of buy and sell orders relating to financial instruments. (e.g. Chi-X, Turquoise, etc.).

SI: Systematic Internaliser, which executes client orders outside of RMs and MTFs by acting directly as a counterparty and committing its own capital.

OTF: Organised Trading Facility, which is a new category of trading system/platform introduced by MiFIR, in which bonds, structured products, emissions quotas and derivatives can be traded, but not equities and related instruments such as certificates and ETFs.

OTC: Over the counter.



Amundi, a joint stock company ("Société Anonyme") with a capital stock of € 596 262 615 whose registered office is at 90, boulevard Pasteur, 75015 Paris (France), registered with the Paris Trade and Companies Registry under number 437 574 452 RCS Paris. Amundi is approved by the French securities regulator "Autorité des Marchés Financiers" (AMF) as a fund management company under number GP 04000036.

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