

# ORDER EXECUTION AND HANDLING POLICY

SUMMARY

SEPTEMBER 2019

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## 1. INTRODUCTION

The Markets in Financial Instruments Directive 2014/65/EU and the Law 87(I) / 2017 (hereinafter referred to as "MiFID II"), imposes a general obligation on GPB-Financial Services Limited (hereinafter referred to as "GPBFS"), when providing services to clients, to act honestly, fairly and professionally in accordance with the best interests of its clients. More specifically, MiFID II requires GPBFS to maintain and operate an order execution policy in respect of orders it executes for its clients, or transmitting client orders for execution, in order to ensure it takes all sufficient steps to provide the best possible result for its clients.

The purpose of this document is to summarise the factors and processes that GPBFS will apply to meet its order execution obligations and in particular how it will identify and utilise execution factors which it may take into account when executing orders.

This document is not intended to cover all eventualities and all circumstances that may be relevant to a particular order placed with GPBFS. It is designed to serve as appropriate disclosure of the principles underpinning the order execution process that GPBFS will follow for orders which a client instructs it to execute or to pass for execution. This summary shall be read in conjunction with the Order Execution and Handling Policy and Procedures ("the Policy") established by GPBFS, which is available upon request.

## 2. APPLICATION

(a) This **Order Execution and Handling Policy Summary** applies to Professional clients of GPBFS. **We are not obliged to provide best execution to you in the following cases:**

1. Where you are classified as an Eligible Counterparty;
2. Where your order concerns a specific class of financial instrument in respect of which we have agreed to your request to be treated as an Eligible Counterparty; and
3. In line with our basic obligation to act in your best interests, where you have given us a specific instruction in relation to your entire order, or any particular aspect of your order, in which case our obligation to provide best execution will be considered to be discharged by virtue of the fact we are following your instruction. While we will not solicit specific instructions from you, we may ask you to express a preference between identified potential execution venues, provided the use of those venues is consistent with this policy. In line with our Terms of Business, we will not provide you with advice in relation to any orders you propose to place with us. If you provide specific instructions in respect of part of your order only, we will apply this execution policy to the remainder of your order.

(b) Our obligations under this policy relate to relevant MiFID II business we conduct in relation to orders for financial instruments listed in Annex I of the MiFID II Directive.

1. GPBFS's relevant MiFID II business is to provide execution services, which includes classic brokerage services and Direct Market Access service through a trading platform, to receive and transmit orders for execution of financial instruments whether or not the relevant financial instruments are admitted to trading on a regulated market in an EU member state.
2. Please note that, provided we have obtained the relevant express consent from you, we may execute orders for financial instruments that are admitted to trading on a regulated market of an EU member state (a "**Regulated Market**"), a regulated multilateral trading facility ("**MTF**") or an organised trading facility ("**OTF**") outside a Regulated Market, MTF or OTF.
3. We may decline to act for you or accept your instructions in cases where we are unable to manage the risk of providing best execution to you for a specific transaction, e.g. due to unclear instructions, market conditions, or factors beyond our control. In such circumstances we shall inform you prior to accepting

any instruction from you that we will be unable to provide best execution and provide you with a summary of the justification for this decision.

4. You will be deemed to have consented to this policy on the first occasion you instruct GPBFS to execute any transaction in financial instruments.
5. We will regularly monitor and review transactions we execute to verify compliance with this policy and whether or not the best result has been achieved for the client. Monitoring will take place in a manner which is tailored and proportional to the types of orders GPBFS receives for execution.

### 3. BEST EXECUTION

- (a) The Company has a general duty to act honestly, fairly and professionally in accordance with the best interest of its clients when providing investment services. The Company takes “all sufficient steps” to obtain the best possible result for its clients taking into account the price, cost, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the order.
- (b) The overarching obligations stemming from MiFID II framework when carrying out the following activities are:
  - *Execution of orders on behalf of clients:* The Company has an obligation to execute orders on terms most favourable to its clients (the “**best execution obligation**”);
  - *Reception and transmission of client orders for execution:* The Company has a duty to act in accordance with the best interest of its clients (the “**best interest obligation**”).
- (c) Where we execute your order directly in the market/stock exchange the obligation for best execution will not be applicable. Such execution may rise (1) when you give us specific instruction to execute your order directly in the market (2) when you use the Direct Access Market (‘DMA’) facility we provide to you through which your order is automatically routed into the market/stock exchange for execution. In the above mentioned cases, your orders will be executed based on the current markets/stock exchange prices and based on market/stock exchange conditions, and as such the Company will be deemed to have satisfied its best execution obligations. Currently GPBFS offers Direct Market Access for the MOEX stock exchange.

### 4. EXECUTION FACTORS AND PROCESS

- (a) The order execution process is designed to provide our clients with the best overall result for executed orders rather than the best result in respect of each trade.
- (b) Unless you give us specific execution instructions, we will use our discretion to determine the execution factors we should take into account with a view to achieving the best possible result for you. We will seek to tailor the factors that we consider in order to provide best execution for orders, drawing on our investment expertise. The factors we may take into account include, but are not limited to the following:
  - i. If you give us a specific instruction to make an OTC transaction with an external counterparty, which is not a part of GPB group, we will require receiving your clearly expressed consent in order to proceed with the execution of the transaction with such external counterparty. Therefore, for such instructions the “best execution” principle applies with possible constraints.
  - ii. **Price:** which will vary according to factors such as market liquidity, market rules regarding quotations, bids and offers, etc.;
  - iii. **Costs:** transaction costs, fees, taxes and charges directly referable to the execution of your order that you will pay to any third parties, secondly venue costs. We will not include fees and commissions you pay to GPBFS in determining venue selection;

- iv. **Size:** the influence the size of your order may have on the other execution factors, including the type of financial instrument and the type instruction, such as the availability of liquidity for large orders;
  - v. **Speed of Execution:** the speed with which we are likely to be able to execute your order on the venues available to us, meaning the time between reception of the order by the venue and the time it is allocated;
  - vi. **Likelihood of execution:** including the relative liquidity of the venues available for execution;
  - vii. **Likelihood of settlement:** the relative risk that a counterparty for an order may default on its obligation to settle a trade, taking into account venue rules and applicable legislation, trading conventions, identity of counterparty (where disclosed), technical and operational risk affecting delivery, etc.
- (c) In considering the application of best execution to your order, we will consider the relative importance of the execution factors by reference to the following criteria in order to provide you with the best result for your order:
- i. your characteristics as a client, including your categorisation as Professional or;
  - ii. the characteristics of your order, including where the order involves a securities financing transaction (“SFT”);
  - iii. the characteristics of the financial instrument that is the subject of your order; and
  - iv. the characteristics of the execution venues or entities to which your order can be directed.

In general, we will consider the total consideration payable by you as an appropriate concept to deploy in determining how to apply the factors listed above. Total consideration is defined as the price of the financial instrument and the costs related to execution, including all expenses incurred by the client which are directly related to the execution of the order, such as execution venue fees, clearing and settlement fees, and any other fees paid to third parties involved in the execution of the order. However, for Professional clients, we will bear in mind that total consideration may not be an appropriate guide for execution in all cases, e.g. speed of execution may take precedence.

## 5. EXECUTION VENUES

- (a) The Company uses a number of execution venues to execute orders on behalf of clients. Execution venues include Regulated Markets, MTF, OTF, Systematic Internalisers (“SI”), market makers, Investment Firms (Brokers) and other liquidity providers which may be located in third countries.
- (b) GPBFS offers to clients 2 options of order passing:
  - (i) Via fax, email, telephone (all telephone orders will be recorded) and Bloomberg
  - (ii) Through the use of Direct Market Access Platform to clients who wish to receive such service.

The Company applies and follows proper due diligence in selecting an execution venue/broker primarily based on the following qualitative and quantitative factors:

- Availability of best price for a particular financial instrument and price improvement;
- Relative volatility in the market;
- Depth of Liquidity of the execution venue/broker;
- Commission rates and prices/spreads provided;
- Cost of clearing and settlement;
- Credit and settlement risk;

- Execution speed/latency and likelihood of execution (e.g. fill rates);
  - Quality of execution and service;
  - Size;
  - Reliability of the venue/entity in terms of reputation, regulatory status and good standing (e.g. creditworthiness, sanctions from regulator, etc.);
  - Access to alternative markets;
  - Circuit breakers;
  - Continuity of trading;
  - Any other relevant factor.
- (c) GPBFS is able to execute orders for you on any of the following venues:
- i. MOEX
  - ii. LSE
  - iii. Over the Counter from Own Portfolio
  - iv. Off exchange by matching client orders
  - v. OTF
  - vi. MTF
  - vii. SI
- (d) GPBFS may use for the execution of your orders the following venues/brokers (as defined in herein) for each of the respective class of financial instruments. Please note that, the list below is not exhaustive but indicative, and the Company may execute a client order using any of its Brokers:
- **Equities (Shares):**
    - i. JSC Gazprombank;
    - ii. Vantage Capital Markets LLP;
    - iii. Citigroup Global Markets Ltd.
  - **Debt Instruments (Bonds and Money Market instruments):**
    - i. JSC Gazprombank.
  - **Securities Financing Transactions:**
    - i. JSC Gazprombank;
    - ii. GPB-Financial Services Ltd.
- (e) GPBFS has arrangements in place that require our brokers to provide a level of best execution compatible with the best execution requirements under MiFID II, although their approach to best execution may vary from this policy.

The relative importance of the execution factors taken into consideration by the Company for the selection of an execution venue/broker, can be summarized in the table below:

<b>Factor</b>	<b>Price</b>	<b>Cost</b>	<b>Speed</b>	<b>Likelihood</b>	<b>Size</b>	<b>Nature</b>
<b>Importance</b>	High	Medium	Medium	High	Medium	Low

- (f) GPBFS will not structure or change its commission in such a way as to discriminate unfairly between execution venues. In particular, GPBFS will keep differences in commissions under review in order to ensure that such payments due from the client are proportional to actual venue costs. The Company may charge clients, a spread, mark-up, or commissions when executing orders.
- (g) Where there is more than one competing venue/broker to execute an order for a financial instrument, the Company will take into account its own commissions and the costs for executing the order on each of the eligible execution venue/brokers, in order to assess and compare the results for the client that would be achieved by executing the order on each of the execution venues/brokers capable of executing the order.
- (h) In executing client orders the Company does not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular trading or execution venue which would infringe any conflicts of interest or inducement requirements under the MiFID II framework. However, and in case the Company receives such inducements, such amounts may be received, if and only if the inducement is designed to enhance the quality of the relevant service to the client, and does not impair compliance with the Company's duty to act honestly, fairly and professionally in accordance with the best interest of its clients.
- (i) The Company may use a connected party or a third party broker to provide assistance in relation to the execution outside of the European Economic Area ("EEA"). Using a venue or broker outside of the EEA does not remove the best execution / best interest obligation to a client. In such cases, the Company will properly assess the execution policies and quality of the venues or brokers outside of the EEA, assuming that such venues or brokers are subject to similar regulatory requirements on the third country jurisdiction. If the venue or broker is not subject to similar regulatory requirements, the Company ensures that the other party has policies and arrangements in place to enable the Company to comply with the best execution and interest obligations.
- (j) When executing orders or taking decisions to deal in OTC products, including bespoke products, the Company will check the fairness of the price proposed to Clients, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

## 6. LIMIT ORDERS

Unless you expressly request us not to do so, if you instruct us with a limit order in respect of shares admitted to trading on a Regulated Market or traded on a Trading Venue, other than a large scale order, and we do not execute this order immediately under prevailing market conditions, we will take measures to facilitate the earliest possible execution of your order by making your order publicly available to market participants via transmission to a Regulated Market or an MTF or the order has been published by a data reporting services provider located in one Member State and can be easily executed as soon as market conditions allow.

## 7. EXECUTING OR PLACING ORDERS OUTSIDE A TRADING VENUE

Where the Company has obtained prior express consent from Clients, some orders may be executed outside a Trading Venue. It is noted that by executing an order outside a Trading Venue, the Client may be exposed to additional risks. For example, the transaction will be subject to counterparty risk which may result in a loss for a Client if the counterparty is not able to fulfil its contractual obligations. Upon Client request, additional information about the consequences may be provided.

## 8. ORDER ALLOCATION

- (a) In accordance with our obligations under MiFID II, we will endeavour to provide you with prompt, fair and expeditious execution for orders you place with us, relative to other orders from our client or proprietary trading interests of, our brokers. In so doing, we will:
  - i. accurately record and allocate orders we execute for you; and
  - ii. carry out comparable orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or your interests, as our client, require otherwise.
- (b) Without further reference to you, we, or our brokers may combine your orders with ours or their own orders, with orders of persons connected with us or them, or with orders of other clients without further reference to you. However, we will only combine orders in this manner where it is unlikely that the aggregation of orders and transactions will work overall to your disadvantage.
- (c) Any aggregation of your orders may result in you obtaining on some occasions a more favourable price and on others a less favourable price than if your order had been executed separately.
- (d) We will aggregate orders in accordance with our internal Order Allocation Policy, which is designed to achieve a fair allocation of aggregated orders and transactions, including how the volume and price of orders determines allocations and the treatment of partial executions.
- (e) Where we aggregate your order with one or more other orders and your order is partially executed, we will allocate the related trades in accordance with our internal Order Allocation Policy.
- (f) Where your order is to be aggregated with our proprietary orders, or those of our brokers we will allocate trades to you in priority to our proprietary orders or those of our brokers, unless we are able to demonstrate on reasonable grounds that we would not have been able to carry out your order on such favourable terms without our aggregation, in which case we will allocate trades proportionally in accordance with our internal Order Allocation Policy.
- (g) We or our brokers may execute your order as a series of transactions at different times and apply the average price to such transactions.
- (h) Neither we nor our brokers will be held responsible for any delays or inaccuracies in the transmission of orders or the execution thereof in either case due to any cause whatsoever beyond the reasonable control of such party.
- (i) Where GPBFS is acting as your broker, it will not credit the clients' cash accounts with funds received from third party accounts and shall not transfer any clients' funds to any third party accounts.



## 9. PUBLIC REPORTING REQUIREMENTS

The Company will publish on an annual basis, for each class of Financial Instrument, certain information on the top five Execution Venues in terms of trading volumes where the Company executed Client orders in the preceding year. Similar information will be published for the top five brokers.

The Company will also summarise and make public, for each class of Financial Instrument, information on the quality obtained from Execution Venues. Similar information will be published for the top five brokers.

Such information will be available on the Company's website at [www.gpbfs.com.cy](http://www.gpbfs.com.cy)

## 10. COMMUNICATIONS

Should you believe that GPBFS has failed to apply this policy to one of your orders, you may make a written request to us for an explanation of how we applied this policy to the order, including details of how we considered the factors listed in section 4 based on the information available to us at the time of the order.

## 11. REVIEW AND MONITORING

The Company will review its arrangements and the Policy at least annually and whenever a material change occurs that affects the Company's ability to obtain the best possible result for its clients on a consistent basis.

The Company will notify clients with whom it has ongoing client relationship of any material changes to the Policy or its order execution and transmission arrangements, by posting an updated version of the Policy and/or an updated version of the Order Execution and Handling Policy Summary on the Company's website.