



Evaluation of the quality obtained from the brokers used by Alfa Capital Markets Ltd in regards to Equities (Shares & Depository Receipts)

This document, RTS 28 report, is a summary of the analysis and conclusions that Alfa Capital Markets Ltd (hereinafter “ACM” or “the Company”) has drawn from its detailed monitoring of the execution quality obtained by the Brokers which it has routed all clients’ orders in the previous year, in respect of Equities. This report should be read in conjunction with the Company’s “Order Handling and Best Execution Policy” and the “Best Execution Analysis” tables that are available at the website.

In compliance with the requirements of Article 3 (3) of the Markets in Financial Instruments Directive 2014/65/EU (“MIFID II”) the Company takes “all sufficient steps” to obtain the best possible result for its clients when executing their orders. ACM undertakes regular assessments of its Execution Venues and Brokers as well as the execution quality provided in order to determine whether Existing Venues and Brokers used by the Company provide the best possible result for Clients. The assessment takes into consideration the type of financial instrument and relative importance of execution factors associated to the financial instrument involved.

The Company will route its clients’ orders to other executing brokers, including an affiliate or a non-affiliated third party for execution where the client may request to place an order in a market where the Company is not a member and/or where the Company knows that it will not be able to obtain best execution. All brokers used by the Company are authorized and regulated by their National Component Authorities and have passed our selection process and compliance checks. The selection of a Broker is primarily based on the following factors, which encompasses both quantitative and qualitative factors:

1. Availability of best pricing for a specific Financial Instrument;
2. Cost of clearing and settlement, commission and fees that are charged for executing client order;
3. Speed and likelihood of execution (e.g. fill rates) - a Broker that provides the fastest execution reasonably possible;
4. Size- a Broker that provides, or is likely to provide, consistent trading opportunities in terms of increased volumes at the same price and time;
5. Reliability of the Broker in terms of reputation and good standing (e.g. creditworthiness, sanctions from regulators, etc.);
6. Quality of execution and service, both historical and current, based on the review performed;
7. Transparency of price formation process (pre-trade);
8. Continuity of trading;
9. Technological infrastructure and capabilities of the Broker - a Broker is assessed on its technological infrastructure, ability to provide Direct Electronic Access (DEA), Smart Order Router (SOR) and algorithmic execution capabilities;
10. Quality of any related clearing and settlement facilities - a Broker that is member of Central Counterparty (“CCPs”) for the settlement of the transactions is considered low risk in settlement terms and offers near certainty in the settlement of executed transactions;
11. Responsiveness to any request/complaints and willingness to correct such errors;



12. Access to alternative markets;
13. Any other relevant factor.

The Company prioritizes the execution factors typically taking into account the following criteria in order to provide Clients with the best result for their orders:

1. The characteristics of the Client, including the categorization;
2. The characteristics of the Client order, including where the order involves a securities financing transaction;
3. The characteristics of the financial instruments that are the subject of the order for example, liquidity, transparency, trading patterns associated with the Financial Instrument, etc.;
4. The characteristics of the execution venues or entities to which that order can be directed, for example, in terms of price, speed, experience, etc.;
5. Any other circumstance that ACM may deem to be relevant for the execution or entities to which that order can be directed, for example, in terms of price, speed, experience, etc.

The Company strives to give all clients best execution, irrespective of their categorization. For clients classified as Retail client the best possible result was determined in terms of “total consideration”. Total consideration represents the price and the costs relating to execution. In certain cases, the Company prioritized other factors (such as, speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs) over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the Retail Client. For clients classified as Professional Clients, total consideration may not be an appropriate guide for execution in all cases, for example, speed and likelihood of execution may take precedence during highly volatile market or less illiquid instruments.

The performance of brokers is continually monitored and assessed in order to ensure that the Company has the necessary coverage and choice to endure best execution. The continuous broker control did not reveal any abnormalities. There were no changes, removals or additions to brokers during 2020. In addition, the Company regularly assesses the market landscape in order to improve quality of execution, by looking at data issued by execution venues under RTS27¹ and by other brokers under RTS28.

The Company does not have any specific arrangements with any execution venue or broker regarding payments made or received, discounts or non-monetary benefits received. ACM may route client’s order to its mother Company JSC “Alfa-Bank”, where this is in the interests of our clients and it allows us to achieve Best Execution. The Company has no close links, conflicts of interest, and common ownerships with other brokers.

¹ RTS 27 refers to the regulatory technical standards under Article 27(10)(a) of MiFID II adopted by the EC on 08/06/2016, Commission Delegated Regulation (EU) 2017/575



In the view of the above and MiFID's II requirements, the Company deems that the selection of the brokers was appropriate given the characteristics of the orders and market circumstance. Moreover, ACM considers that all execution factors and criteria outlined therein were considered and satisfied. The Company's top five brokers enabled ACM to have access to all global execution venues and to take full advantage of liquidity. In addition, during the reporting period, the brokers were able to provide an appropriate standard of execution in the relevant market and the intended outcome was achieved on a consistence basis.