

## SUMMARY OF THE ORDER HANDLING AND BEST EXECUTION POLICY

*This document is a summary of the Order Handling and Best Execution Policy (the “Policy”) of Alfa Capital Holdings (Cyprus) Limited (“ACC” or “the Company”) and shall be read in conjunction with the Policy, which is available on the Company’s website, at <https://alfacapital.com.cy/en/investor-relations/>.*

*In case of any questions to the terms included herein, please refer to the Glossary included within the Policy.*

### 1 INTRODUCTION

In accordance with MiFID II, the Company has established the Order Handling and Best Execution Policy which outlines the key arrangements established by the Company in order to take all sufficient steps to achieve the best possible results for Clients on a consistent basis when:

- Executing orders on behalf of Clients;
- Providing portfolio management services; and
- Transmitting Client orders to other entities for execution.

The purpose of this document is to provide Retail Clients with a summary of the Company’s Order Handling and Best Execution Policy as required by MiFID II, focusing on the total costs that may be incurred.

Detailed information on how Client orders will be executed per class of Financial Instruments is provided in the Appendices of the Policy.

### 2 BEST EXECUTION AND BEST INTEREST OBLIGATION

The Company has a duty to act honestly, fairly and professionally in accordance with the best interest of its Clients when providing investment services, or where appropriate, ancillary services.

The overarching obligations stemming from MiFID II when carrying out the following business activities are:

- *Execution of orders on behalf of Clients:* The Company has an obligation to execute orders on terms most favorable to its Clients (the “best execution obligation”).
- *Reception and transmission of Client orders to other entities for execution:* The Company owes a duty to act honestly, fairly and professionally in accordance with the best interest of its Clients when receiving and transmitting Client orders to other entities for execution (the “best interest obligation”).
- *Portfolio management services:* The Company owes a duty to act honestly, fairly and professionally in accordance with the best interest of the Clients when placing orders with other entities for execution that result from decisions by the Company to deal in Financial Instruments on behalf of its Clients (the “best interest obligation”).

It is noted however that where the Company provides the service of reception and transmission of orders or portfolio management services and also executes the orders received or the decisions to deal on behalf of its Client's portfolio, the best execution obligation shall apply.

In order to comply with the above obligations, the Company shall take “all sufficient steps” to obtain the best possible result for its Clients taking into account the Execution Factors (i.e. price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order).

The relative importance of these factors will be determined by reference to the characteristics of the Client, the Client order, the Financial Instruments that are subject of that order, and the Execution Venues or entities to which that order can be directed. The Policy outlines the priority of Execution Factors per class of Financial Instrument.

The overarching requirement to take “all sufficient steps” to obtain the best possible result for Clients means that the Company will verify on an on-going basis that its execution arrangements are implemented throughout the different stages of the order execution / transmission process, and appropriate remedial actions will be taken where applicable, if any deficiencies are detected.

### **3 CLIENT SPECIFIC INSTRUCTIONS**

Where the Company receives specific instructions from Clients on how to execute an order, or a specific aspect of an order, the Company will follow such specific instructions. By following specific instructions from Clients, the Company shall be deemed to have satisfied its obligation to take all sufficient steps to obtain the best possible result for Clients to the extent that it executes, places or transmits, an order, or a specific part of an order, according to the Client’s specific instructions.

**Warning: It is highlighted that by following Clients’ specific instruction, the Company may be prevented from taking the steps designed and implemented as described in the Policy to obtain the best possible result for the execution or transmission of those orders in respect of the elements covered by those instructions.**

### **4 DELIVERING BEST EXECUTION AND BEST INTEREST**

Where the Company executes an order on behalf of a Retail Client, the best possible result will be determined in terms of the “**total consideration**”. Total consideration represents the following:

- Price of the Financial Instrument; and
- Costs relating to execution, which shall include all expenses incurred by the Client which are directly relating to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.

**In certain cases, the Company may give precedence to the 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.**

## **5 TRANSPARENCY OF PRICING**

In executing Client orders ACC 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 MiFID II. However, inducements may potentially be received, if and only if they are 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.

ACC will charge fees depending on the type of services supplied as provided in the Company's Terms of Business, or as may otherwise be agreed between ACC and the Client. It is noted that the price when executing orders may include a mark-up/down. The mark-ups depend on various circumstances, including amongst others, the nature of the Financial Instrument, and market conditions. For further detail on the costs and associated charges, please refer to the Company's Terms of Business or/and relevant agreements in place.

In particular, when CFDs or rolling spot forex products are offered, ACC may charge a spread on the transaction. This spread includes a mark-down on the bid price as well as a mark-up on the ask price ACC receives from its price source and / or the prices ACC receives from its selected Execution Venues, where applicable.

In general, in relation to CFD products, the term "spread" often encompasses two layers of costs, since a mark-up to a reference price may be applied, but that reference price is also derived from a market price with an accrued "core" spread already factored in. Any mark-up applied by the Company will be symmetrical to either:

- the data received from independent market data providers or publicly available sources (when dealing on own account), or
- the price provided by the selected execution venues or liquidity providers relating to the provision of CFDs and other speculative products.

When executing orders or taking decisions to deal in Over The Counter ("OTC") products, including bespoke products, as well as when placing orders resulting from decisions to deal in OTC products, ACC 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 METHOD OF EXECUTION**

ACC will execute an order either using an Execution Venue or conclude a transaction OTC, under the following trading capacities under MiFID II, i.e. on a matched principal, dealing on own account, or agency capacity.

It is also noted, unless otherwise instructed by the Client, the Company may transmit orders to another entity (e.g. broker) for execution. For more details please refer to the Policy which is available on the Company's website, at <https://alfacapital.com.cy/en/investor-relations/>.

## **7 EXECUTION VENUES AND BROKERS**

The Company utilises a number of Execution Venues which includes a Regulated Market, a Multilateral Trading Facility (“MTF”), Organised Trading Facility (“OTF”), Systematic Internaliser (“SI”), or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing. The Company also places or transmits Client orders, to other entities for execution (e.g. brokers).

A list of the Execution Venues and/or brokers ACC may use per class of Financial Instrument is provided in the Policy.

The Company applies a formalised process for the selection of an Execution Venue or broker through the application of appropriate due diligence and consideration of a number of factors in order to ensure that they are able to consistently provide Clients the best possible result on a continuous basis. The selection process of Execution Venues and brokers is provided in the Policy.

Execution venues and brokers not specified in the Company’s Order Handling and Best Execution Policy are only used on an exceptional basis when client instructions prevent the Company from transmitting the orders to pre-selected brokers, or where these brokers have no access to the venue where instrument is traded.

## **8 EXECUTING OR PLACING ORDERS OUTSIDE A TRADING VENUE**

The Company may execute or place an order (or transmit an order for execution) outside a Trading Venue provided that the Client’s prior express consent is obtained. It is noted by executing a transaction outside a Trading Venue, additional risks may be incurred (e.g. counterparty risk).

For additional information on the relevant risks associated by executing transactions outside a Trading Venue please refer to the “Financial Instruments Description and Associated Risks” document that is provided to you during on-boarding process and is available upon request, as well as the Risk Disclosure Statement posted at <https://alfacapital.com.cy/en/products/risk-warning>. Upon Client’s request, additional information about the consequences may be provided.

## **9 REVIEW, ASSESSMENT AND MONITORING**

The Company's senior management and Compliance function will, on a regular basis, review the Policy and the effectiveness of the arrangements established, in an effort to identify, and where appropriate, correct any deficiencies.

The Company will review the Policy and its arrangements 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 ensure that provides best execution and act in the best interest of its Clients on an ongoing basis, by monitoring the performance of its Execution Venues and brokers when executing, placing, and transmitting Client orders.

The Clients with whom the Company has an ongoing relationship, will be notified of any material changes or amendments to the Policy or order execution and transmission arrangements, which may be made from time to time.

The latest version of the Policy will also be available on the Company’s website.

## 10 PUBLIC REPORTING REQUIREMENTS

### *Information on the top five execution venues and brokers*

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. In addition, 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. This information will be available on the Company's website at <https://alfacapital.com.cy/en/mifid/what-mifid/>.

### *Information on the quality of execution*

MiFID II framework requires that for Financial Instruments subject to the trading obligation, each Trading Venue and Systematic Internaliser, and for other Financial Instruments each Execution Venue, makes available to the public, data relating to the quality of execution of transactions.

Such information shall be published (on a quarterly basis) for each trading day, in a machine-readable electronic format, available for downloading by the public. The Company will publish such information on the Company's website, provided that it qualifies as an Execution Venue.

## 11 CLIENT ORDER HANDLING RULES

In accordance with the obligations under MiFID II framework, the Company will endeavour to provide Clients with prompt, fair and expeditious execution of Client orders placed with the Company, relative to other orders from its Clients or proprietary trading interests of brokers including connected parties. In so doing, the Company:

- promptly and accurately records and allocates orders executed on behalf of Clients;
- carries out comparable Client orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the Client require otherwise; and
- informs Retail Clients about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.

Further detail on the Client order handling rules and the Company's Order Allocation Policy is provided in the Policy.

## 12 CLIENT CONSENTS

The Client will be deemed to have consented to the Policy upon acceptance of the Terms of Business, as well as where the Client continues to enter into transactions within the scope of the Policy.

The Company may execute all or part of an order outside a Trading Venue. In such case, the Company is required to obtain the prior express consent of its Clients prior to executing orders in Financial Instruments outside of a Trading Venue.

Furthermore, where a Client limit order in respect of shares admitted to trading on Regulated Market or traded on a Trading Venue is not immediately executed under prevailing market conditions, the Company is required to take measures to facilitate the earliest possible execution of the order by making public immediately that Client limit order, unless the Client expressly instructs the Company otherwise.

### 13 ADDITIONAL INFORMATION

Upon request from Clients, the Company will demonstrate to Clients, that their orders were executed in accordance with the provisions set out in the Policy.

For any queries or further assistance in understanding any aspect of this document, please contact the Company at, [compliance@alfacapital.com.cy](mailto:compliance@alfacapital.com.cy).