

Evaluation of the quality obtained from the execution venues used by Alfa Capital Holdings (Cyprus) Ltd in respect of contracts for differences

This report, RTS 28, is a summary of the analysis and conclusions drawn by Alfa Capital Holdings (Cyprus) Limited (hereinafter “ACC” or “Company”) following a detailed monitoring of execution quality obtained from the top 5 execution venues used by the company to execute orders in the previous year, in terms of trading volumes regarding Contracts for differences (hereinafter “CFDs”). It shall be read in conjunction with the “Best Execution Analysis” table.

In accordance with the company’s Best Execution Policy and the new obligations under MiFID II, ACC takes “all sufficient steps” to obtain the best possible result for its clients when executing their orders.

With the above in mind, for each financial instrument that the company executed on behalf of its clients, ACC considered what the best venue for executing the order was, or which broker, liquidity provider is better to utilise.

In order to achieve the best possible result for client order the company took into consideration the below execution factors and criteria:

- 1. Price:** a venue that provides, or is likely to provide, consistent trading opportunities at better prices than other execution venues or OTC or other entities for execution;
- 2. Costs:** these relate amongst other, a mark-up on the ask price and a mark-down on the bid price
- 3. Likelihood of execution:** a venue that provides, or is likely to provide, consistent trading opportunities in terms of increased volumes at the same price and time;
- 4. Speed of execution:** speed of execution within venues is relatively similar in modern electronic markets;
- 5. Reliability and operational resilience:** a venue is assessed on their reliability and operational resilience, both from a trading and post-trade perspective;
- 6. Quality of execution and service:** a venue that provides, or is likely to provide the best quality of execution (historical and current);
- 7. Responsiveness to any request/complaints and willingness to correct such errors**
- 8. Market models:** execution venues are assessed on their trading models, including matching and allocation logic, as well as their rules and the type of trading participants;
- 9. Technological Infrastructure and capabilities:** technological infrastructure is relative similar in modern electronic markets

The company prioritizes the execution factors typically taking into account the following criteria:

- The characteristics and nature of the order such as benchmark, strategy, aggressively/passivity;
- The characteristics of the Client; (Retail or Professional client)
- The characteristics of the financial instruments that are the subject of the order;
- The characteristics of the execution venues to which that order can be directed; and
- Any other circumstance that ACC may deem to be relevant for the execution.

In regards to this type of instrument, in 2017 the company used a single liquidity provider. The liquidity provider is authorised and regulated in the UK by the Financial Conduct Authority (hereinafter “FCA”). In this respect, the company considers that it will be likely provided with liquidity in order to make it easier for its clients to buy and sell at any price level.

Subject to proper consideration of the execution, where the company believed that it could trade to the advantage of a Client, it could act as the execution venue. In particular, if the liquidity provider source is temporarily unavailable during normal trading hours, ACC may execute the CFD trade. Where ACC acts as the execution venue, it considers all sources of reasonably available information, including MTFs, local exchanges, brokers and data vendors, to obtain the best possible result for the order.

In respect of these types of instruments, the best possible result for all clients was determined in terms of “total consideration”. Total consideration represents the price and the costs relating to execution.

Under MiFID II requirements the company did not “over-relied “on the use of a single liquidity provider. The company in accordance of Article 24(1) of MiFID II regularly assessed the market landscape to determine whether or not there are alternative providers, trading or execution venues it could use that would deliver a better result for its clients. ACC took all necessary measures to ensure the prices used are the most appropriate. As such, ACC monitors systemically the quality of prices it receives from a sufficient number of independent data providers or other liquidity providers and compare them with other independent sources. In the case where external data is unavailable, internal reference price data may be used, and additional controls will be undertaken in order to ensure integrity of such data. Moreover, the company applies its professional and collective experience to assess the quality of execution. The continuous liquidity provider assessment did not reveal any abnormalities. No changes were made in the broker selection. The RTS 27 report, once available, will be used to evaluate execution venues, and any other relevant source of data.

During the reporting period, the company did not receive any remuneration, discount or non-monetary benefit from a particular trading venue or execution venue, which would infringe the requirements on us concerning conflicts of interest or inducements or acting in clients’ best interests.

In the view of the above and MiFID’s II requirements, ACC deems that the execution factors and criteria outlined therein were considered and satisfied. The liquidity provider enabled the company to take full advantage of the market price and liquidity. In addition, ACC considers that during the reporting period an appropriate standard of execution in the relevant market was achieved on a consistence basis.

¹ RTS27 refers to the regulatory technical standards under Article 27(10)(a) of MiFID II adopted by the EC on 08/08/2016, Commission Delegated Regulation (EU)2017/575