



Evaluation of the quality obtained from the execution venues used by Alfa Capital Markets Ltd in regards to Interest rates derivatives

This document, RTS 28 report, is a summary of the analysis and conclusions that Alfa Capital Markets Ltd (hereinafter “ACM” or “Company”) has drawn from its detailed monitoring of execution quality obtained on Execution Venues where it has executed all clients’ orders in the previous year, in respect of Interest rates derivatives. This document 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 Company’s 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 as well as the execution quality provided in order to determine whether existing venues used by the Company provide the best possible result for its Clients. The assessment takes into consideration the type of financial instrument and relative importance of execution factors associated to the financial instrument involved.

ACM trades OTC Interest rates derivatives on a principal to principal basis without using a regulated market, MTF, OTF or other platform to facilitate the transaction. ACM is therefore the only ‘Execution Venue¹’ in relation to the OTC derivatives it enters into with its counterparties/clients. In the year of evaluation, no other execution venues or brokers are used in the execution of these type of transactions.

The nature of the OTC derivatives orders is bespoke and highly customised to a particular client. ACM will therefore assess the nature of the transaction and the client’s instructions to determine the relevant execution factors to be considered when executing the order. In respect of OTC Interest rates derivatives transactions, ACM takes into consideration, in the absence of any specific instructions to the contrary, execution factors such as the availability of mutual risk limits, and the nature of the client’s instruction.

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 e.g. risk limits;
2. The characteristics of the financial instruments that are the subject of the order e.g. underlying of the derivative, type and term of the derivative;
3. The characteristics of the execution venues or entities to which that order can be directed, for example, in terms of price, speed, etc. For OTC Interest rates derivatives this factor is not applicable as the Company is considered the counterparty of each transaction acting as sole “Execution Venue”;
4. Any other circumstance that ACM may deem to be relevant for the execution of the order or entities to which that order can be directed.

¹ Alfa Capital Markets Ltd **does not consider itself as Execution Venue** but for market transparency and information purpose, it discloses itself as such. MiFID II provides the definition of Execution Venue as a Regulated Market, an MTF, an OTF, a Systematic Internaliser, 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.



ACM strives to give all clients best execution, irrespective of their categorisation.

In order to comply with the requirement to act in the best interests of its Clients, the Company has the necessary procedures in place, in order to check on a systematic basis, the fairness of the price proposed to the client, by gathering market data, where available, used in the estimation of the price and, where possible, by comparing with similar or comparable products. Moreover, the Company regularly assesses the market landscape by using the new metrics under RTS27² and RTS28 report and other information available by Execution Venues/Brokers on trading conditions and quality of execution across different Execution Venues/Brokers.

As the Company was the only ‘execution venue’ for all client orders executed by it in the year of assessment, the disclosure required by the RTS 28³ regarding close links and common ownership with another execution venue/broker used to execute client orders is therefore not relevant. Conflicts of interests between ACM’s own interests as an ‘execution venue’ and a client’s interests were managed in accordance with the Company’s conflict of interest policy.

² 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

³ RTS 28 refers to the Commission’s Delegated Regulation (EU) 2017/576