

## Evaluation of the quality obtained from the Top 5 Brokers used by Alfa Capital Holdings (Cyprus) Limited in regards to Equities (Shares and Depositary Receipts)

This report, RTS 28, is a summary of the analysis and conclusions of Alfa Capital Holdings (Cyprus) Limited (hereinafter “ACC” or “the Company”) of the execution quality obtained by the Top 5 Brokers the Company used to execute its client orders, in the previous year, in terms of trading volumes, in respect of equities. This report should be read in conjunction with the “Best Execution Analysis” table.

In accordance with our Orders Handling and Best Execution Policy and the new obligations under MiFID II, Alfa Capital Holdings (Cyprus) Limited takes “all sufficient steps” to obtain the best possible result for its clients when executing orders on their behalf.

For the given class of financial instruments, ACC provides the service of order execution directly and/or transmit the order for execution to other firms (i.e. another broker). If the Company is not a member of a trading venue, where the client order needs to be routed, ACC transmits the client order to another broker for execution. It may also elect to use a broker instead of directly executing orders on an execution venue to minimize market impact and achieve a better outcome for the client.

ACC assesses, at least on an annual basis, the quality of service received by each broker where the client orders are transmitted for execution. The assessment takes into consideration the type of financial instrument in question and relative importance of execution factors per class of financial instrument. In regards to equities (shares and depositary receipts), the Company has access to all global execution venues via our approved third-party brokers and a related party (entity within the same group). All brokers used by the Company are authorized and regulated by their National Component Authorities and have passed our selection process and compliance checks.

In order to achieve the best possible result for clients’ orders, the Company took into consideration the below execution factors and criteria:

- 1. Price:** a broker that provides, or is likely to provide, consistent trading opportunities at better prices than others do;
- 2. Costs:** these relate to commissions, costs and the fees that are charged for executing clients order, including cost of clearing and settlement;
- 3. Likelihood of execution:** a broker that provides, or is likely to provide, consistent trading opportunities in terms of increased volumes at the same price and time;
- 4. Likelihood of settlement:** a broker that uses central counterparty (“CCPs”) for the settlement of transactions. Brokers that use CCPs are considered low risk in settlement terms and offer near certainty in the settlement of executed transactions. Brokers without CCP arrangements will be assessed in terms of credit and operational risks;
- 5. Market models:** brokers are assessed on their trading models, including matching and allocation logic, as well as their rules and procedures;

**6. Reliability and operational resilience:** a broker is assessed on their reliability and operational resilience, both from a trading and post-trade perspective. The reliability is also assessed in terms of reputation and good standing (i.e. creditworthiness, sanctions from regulators, etc.);

**7. Quality of execution and service:** a broker that provides, or is likely to provide, the best quality of execution (historical and current);

**9. Access to alternative markets:** a broker that gives, or is likely to give, wide access to international markets in almost all asset classes;

**10. Responsiveness to any requests/complaints and willingness to correct such errors**

**11. Speed of execution:** speed of execution is relatively similar in modern electronic markets;

**12. Technological infrastructure and capabilities:** technological infrastructure is relatively similar in modern electronic markets

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

- The characteristics and nature of the order such as benchmark, strategy, aggressiveness/passivity;
- The characteristics of the 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.

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. To access the quality of execution, the Company took all necessary measures to ensure that each broker provided the most appropriate standard of execution. The Company exclusively selects brokers based on their ability to provide Direct Electronic Access (DEA). DEA allows the company to access markets provided by the broker as if trading directly on the venue. It also brings the additional benefits of utilising major brokers’ infrastructure, algorithmic execution capabilities, and quality of service and allowing the Company to pass this on to its clients. DEA also comes with the benefit of gaining access to most of the world’s markets and trading venues.

For Russian and European shares, the Company uses the DEA service of its brokers for executing client orders. In this instance, the Company specifically directs client orders to the main primary exchanges that are the main/most liquid venues. While the transactions are routed to the primary exchange, the Company compares the execution factors and criteria with data that are gathered from different execution venues in order to ensure that the brokers provided the best possible result.

Due to the fact that there are sometimes numerous venues for a given country, such as US exchanges, the Company's DEA providers use their Smart Order Router (SRO) which determines the venue destination. The SRO arrangements retain discretion over some parameters of the execution of the order, particularly, the price and/or liquidity and/or other factors affecting best execution. Consequently, our broker's routing infrastructure and smart order router provide on a constantly basis the best possible result for our clients.

Moreover, the Company applies its professional and collective experience to access the quality of execution. The continuous broker control found that there was a need for include more brokers in our broker list for executing clients orders. A key consideration for the change of brokers was the DEA service which impacts parameters such as execution speed and price quotes. Commission and other fees were also top concerns. Factors such as customer service, the broker's financial stability and the financial strength of the broker were also important factors to consider.

During the reporting period, the Company did not receive any remuneration, discount or non-monetary benefit for transmitting Client orders to a broker, which would infringe any conflicts of interest or inducement requirements under MiFID II.

The Company has no close links, conflicts of interest, and common ownerships with the majority of brokers. For execution of orders in regards to Russian shares, the Company might need to transmit the order to a related party. In this case, ACC ensures that the quality of execution offered to its clients has no negative impact.

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, ACC considers that all execution factors and criteria outlined therein were considered and satisfied. The Company's top five brokers enabled ACC 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.