

## **BEST INTEREST AND ORDER EXECUTION POLICY**

### **1. Introduction**

This Summary of Best Interest and Order Execution Policy (“the Policy”) is provided to you (our Client or prospective Client) in accordance with the Investment Services and Activities and Regulated Markets Law of 2017 L.87(I)/2017, as subsequently amended or replaced from time to time (“the Law”), ZEMBLANCO INVESTMENTS LTD (“the Company”) is required to take all sufficient steps to act in the best interest of its Clients when receiving and transmitting Client Orders for execution and when executing client orders to achieve best execution results and to comply, in particular, with the principles set out in the Law when providing investment services.

### **2. Scope**

2.1. This Policy applies to both Retail and Professional Clients (as defined in the Company’s Client Classification Policy <http://zemblanco.com/wp-content/uploads/2018/01/Client-Classification-Policy-1.pdf>). If the Company classifies a Client as an Eligible Counterparty, this Policy does not apply to such a Client.

2.2. This Policy applies when receiving and transmitting Client Orders or executing orders for the Client in relation to the following financial instruments:

- (1) Transferable securities
- (2) Money-market instruments

### **3. Best Execution Factors**

3.1. The Company shall take all sufficient steps to obtain the best possible results for its Clients taking into account the following factors when dealing with Client orders: the price, costs, speed, likelihood of execution and settlement, size, nature, market impact or any other consideration relevant to the execution of the order.

The relative importance of the Execution Factors varies between different financial instruments. In most circumstances, price will be the most important Execution Factor; however, in some circumstances in particular with reference to the Execution Criteria (see Section 5), the Company may appropriately determine that other Execution Factors have greater importance in achieving the best possible result for the Client.

Where the Company executes an order, or takes decision to deal in OTC products, it shall check the fairness of the price proposed to the client, by gathering market data used in the estimation of

the price of such product. Certain ex-ante and ex-post quality checks, including comparisons of the relevant OTC product with similar or other comparable products, are conducted, where possible, by the Company in order to ensure that prices obtained and subsequently passed on the clients remain competitive.

#### **4. Execution Practices in Financial Instruments**

##### **Slippage**

You are warned that Slippage may occur when trading in Financial Instruments. This is the situation when at the time that an Order is presented for execution, the specific requested market price may not be available; therefore, the Order will be executed close to (the next best available price) from the Client's requested price. So, Slippage is the difference between the expected price of an Order, and the price the Order is actually executed at. If the execution price is better than the price requested by the Client, this is referred to as positive slippage. If the executed price is worse than the price requested by the Client, this is referred to as negative slippage. Please be advised that Slippage is a normal element when trading in financial instruments. Slippage more often occurs during periods of illiquidity or higher volatility (for example due to news announcements, economic events and market openings and other factors) making an Order at a specific price impossible to execute. In other words, your Orders may not be executed at declared prices. Slippage may appear for all types of Financial Instruments we offer.

#### **5. Best Execution Criteria**

When executing client orders, the Company takes into account the following criteria for determining the relative importance of the Best Execution Factors referred in paragraph 3 above:

- (a) The characteristics of the Client including the categorization of the Client as retail or professional
- (b) The characteristics of the Client order.
- (c) The characteristics of the Financial Instruments that are the subject of that order.
- (d) The characteristics of the execution venue to which that order is directed.

The Company will determine the relative importance of the above Best Execution Factors by using its commercial judgment and experience in the light of the information available on the market and taking into account the remarks included in paragraph 3. For the financial instruments specified in paragraph 2.2 above, the Company assigns the following importance level to the Best Execution Factors:

Factor	Importance Level	Remarks
Price	High	We give strong emphasis on the quality and level of the price data that we receive from external sources in order to provide our clients with competitive price quotes. We do not however guarantee that our quoted prices will be at a price which is as good, or better, than one might have been available elsewhere.
Costs	Medium	We take all reasonable steps to keep the costs of your transactions as low and competitive, to the extent possible.
Speed of Execution	Low	Execution speed and the opportunity for price improvement are critical to every trader and we repeatedly monitor these factors to ensure we maintain our high execution standards.
Likelihood of Execution	Medium	Even though we reserve the right to decline a Client order we aim to execute all Clients' orders, to the extent possible.
Likelihood of settlement	Medium	The Company expects transactions that it executes for its Clients to settle in a timely fashion
Size of order	High	The influence the size of the order may have on the other execution factors, including the type of Financial Instrument and the type instruction, such as the availability of liquidity for large orders
Market Impact	Medium	This entails detecting threats to the orderly operation of financial markets, including to reliability and transparency of their price formation process and tackling any behavior that may conclusively result in cascading market impact or large market impact in general. In forming execution strategy the Company will always observe the standard of behavior normally expected in the market to which you direct your order. In no case the Company will take action which may result in market distortion or give a

		misleading impression of trade volumes or value of any financial instrument.
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For Retail Clients, the best possible result shall be determined in terms of the total consideration, unless there is a specific instruction from the Client (see section 6 below), representing the price of the Financial Instrument and the costs related to execution, which shall include all expenses incurred by the Client which are directly related 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, as applicable.

For the purposes of delivering best execution where there is more than one competing Execution Venues to execute an Order, in order to assess and compare the results for the Client that would be achieved by executing the Order on each of the execution venues (see Paragraph 8 below) that is capable of executing that Order, the Company's own commissions and costs for executing the Order on each of the eligible Execution Venues shall be taken into account in that assessment. The Company shall not structure or charge their commissions in such a way as to discriminate unfairly between Execution Venues.

## **6. Client's Specific Instruction**

6.1. Whenever there is a specific instruction from or on behalf of a Client for the execution of an Order, the Company shall arrange – to the extent possible – for the execution of the Client order strictly in accordance with the Client's specific instruction.

**WARNING:** It is noted that the specific instruction may prevent the Company from taking the steps in the Policy to obtain the best possible result for the Client. However, it shall be considered that the Company satisfies its obligation to take all sufficient steps to obtain the best possible result for the Client.

6.2. Trading rules for specific markets or market conditions may prevent the Company from following certain of the Client's instructions.

## **7. Execution of Client Orders**

7.1. The Company shall satisfy the following conditions when carrying out Client Orders:

- (a) ensures that orders executed on behalf of Clients are promptly and accurately recorded and allocated;
- (b) carries out otherwise comparable Client orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, conversely the Company may aggregate Clients' order subject to the conditions of section 7.2 below;
- (c) informs a retail Client about any material difficulty relevant to the proper carrying out of

orders promptly upon becoming aware of the difficulty.

7.2 The Company may carry out a client order in aggregation with another client order only for achieving economies of scale for the purpose of securing lower prices for Company Clients and only if the following conditions are met:

- (a) it must be unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated;
- (b) it is disclosed to each client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order.

## **8. Execution Venues**

8.1. Execution Venues are the third-party entities to which the Orders in Financial Instruments are placed for final execution. An “Execution Venue” means a regulated market (e.g. stock exchange), a multilateral trading facility, an organized trading facility, a systematic internaliser or market maker or another liquidity provider or an entity performing in a third country a function similar to any of the abovementioned. The Execution Venues currently used by the Company are the following

- (a) XNT Ltd (Malta)
- (b) RCB LTD (Cyprus)
- (c) MeritKapital Ltd (Cyprus)
- (d) Bank Otkritie Financial Corporation, PJSC

The list of the execution venues on which we place significant reliance is available on the Company’s website. This list is not exhaustive. We may use other venues where it is appropriate to do so under the Best Execution Policy. This list is not static. We regularly assess the venues that are available and, following any such assessment, may update this list. Any updates will not be separately notified.

The Company evaluates and selects the third-party Execution Venues it collaborates with, based on a number of criteria such as (but not limited to) the following:

- regulatory status of the institution;
- the ability to deal with large volume of orders;
- the speed of execution;
- the competitiveness of commission rates and spreads;
- the reputation of the institution;
- the ease of doing business;
- the legal terms of the business relationship;
- the financial status of the institution.

The Company selects to work with those third-party venues that enable the Company to obtain on a consistent basis the best possible result for the execution of Client orders

There are instances where the Company may decide at its own discretion to execute Client Orders as a principal to principal towards the Client, i.e. the Company is the sole Execution Venue (as defined in Commission Directive 2006/73/EC implementing MiFID) for the execution of the Client's Order. It is noted that the Best Execution obligations are also applicable when we are acting in a principal capacity and you are placing a legitimate reliance on us to protect your interest in relation to the execution of a transaction.

8.2. The Client also agrees/consents to the fact that his orders may not be undertaken on a Regulated Market (e.g. Licensed European Stock Exchange) or a Multilateral Trading Facility (e.g. European Financial Trading System) or an Organised Trading Facility, rather they may be undertaken over the counter (OTC) and as such may expose the Client to greater risks than transactions executed in a Regulated Market/Multilateral Trading Facility/Organised Trading Facility.

## **9. Important Disclosures**

9.1. In cases where the Company acts as a Broker (i.e. places the clients' orders for execution to third party execution venues), the Company undertakes to summarise and make public on an annual basis, for each class of financial instruments, the top five execution venues in terms of trading volumes where the client orders were executed in the preceding year and information on the quality of execution obtained, in accordance to the relevant regulatory requirements.

The Company will publish an annual Execution Quality Summary Statement (EQSS) which will, for each class of financial instruments, include a summary of the analysis and conclusions the Company will draw from its detailed monitoring of the quality of execution obtained on the execution venues where all client orders were executed in the previous year.

The EQSS will include:

- (a) an explanation of the relative importance the Company gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;
- (b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;
- (c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;



- (d) an explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred;
- (e) an explanation of how order execution differs according to client categorisation, where the Company treats categories of clients differently and where it may affect the order execution arrangements;
- (f) an explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the Client;
- (g) an explanation of how the Company has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575;
- (h) where applicable, an explanation of how the Company has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.

**The first annual report will be published by the end of April 2018**

9.2. In cases where the Company acts as the execution venue for its clients' orders, it will publish every quarter on its website <http://zemblanco.com/about-us/disclosures/> a report that will contain data of the execution quality (i.e. details about price, costs, speed and likelihood of execution for every individual financial instrument offered) based on the relevant regulatory requirements, as follows:

- a) By 30 June, information regarding the time period 1 January to 31 March;
- b) By 30 September, information regarding the time period 1 April to 30 June;
- c) By 31 December, information regarding the time period 1 July to 30 September;
- d) By 31 March, information regarding the time period 1 October to 31 December;

**The first quarterly report will be published by 30 June 2018 and will cover a reporting period that is representative of the first quarter of 2018.**

**10. Client's Consent**

By entering into a Client Agreement with the Company for the provision of Investment Services, the Client is consenting to an application of this Policy on him.

**11. Amendment of the Policy and Additional Information**

The Company reserves the right to review and/or amend its Policy and arrangements whenever it deems this appropriate according to the terms of the Client Agreement between the Client and the Company.



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Should you require any further information and/or have any questions regarding this policy please direct your request and/or questions to: [info@zemblanco.com](mailto:info@zemblanco.com)

Client Signature: \_\_\_\_\_

Date: \_\_\_\_\_

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