

# Execution Quality Summary Statement (EQSS)

Dated April 2019

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## 1. Scope of This Statement

Zemblanco Investments Ltd. (the “Company”) is an investment Firm incorporated and registered under the laws of the Republic of Cyprus, with registration number HE333296. The Company is authorized and regulated by the Cyprus Securities and Exchange Commission (hereafter the “CySEC”) under the license number 277/15.

This is the Execution Quality Summary Statement (hereafter the “Statement”) of the Company prepared in accordance with the Directive 2014/65 EC and Commission Delegated Regulation EU 2017/576, supplementing Directive 2014/65/EU.

**This Statement should be read in conjunction with Top Five Execution Venues, Top Five Transmission Venues and Top Five Brokers reports (Retail and Professional Clients) for the year 2018** and is addressed to the Company’s Clients (both Professional and Retail).

According to Directive 2014/65 EC and Regulation EU 2017/575, purpose and scope of this Statement is to enable the public and investors to evaluate the quality of an investment firm’s execution practices and to identify the Top Five Execution Venues, Transmission Venues and/or Entities (Brokers) in terms of trading volumes where the Company executed Client’s orders in the preceding year.

## 2. Analysis of Best Execution Factors, Criteria’s and Client Categorization

The best execution obligation under Directive 2014/65/EU requires investment firms to take all sufficient steps to obtain the best possible result, taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order, for their Clients. Nevertheless, where there is a specific instruction from the client the investment firm shall execute the order following the specific instruction.

Best execution is applicable when the Company:

- The Company is executing an order and/or in process of receiving and transmitting of an order for execution;
- The Client, in respect of that order, is within the scope of best execution; and
- The Company is acting on the Client’s behalf for the purposes of best execution.

Execution of orders means acting to conclude agreements to buy or sell one or more financial instruments and includes the conclusion of agreements to sell financial instruments issued by an investment firm or a credit institution at the moment of their issuance. As part of our practice of providing Clients with a consistently high-quality service, the Best Execution applies to all transactions in financial instruments that the Company is licensed to offer.

When executing Client's order, we select counterparties from the list of those with whom we have established business relationship. We also consider the execution criteria and/or factors relevant to particular classes of financial instrument. The complete list of Execution Venues and Brokers that may be used by the Company is outlined in our Order Execution Policy, that can be found here:

<https://zemblanco.com/about-us/regulation/>

The Company takes into count the following criteria for determining the relative importance of the factors referred to in Article 27(1) of Directive 2014/65/EU:

- (a) the characteristics of the Client including the categorization of the Client as Retail or Professional;
- (b) the characteristics of the Client order, including where the order involves a securities financing transaction (SFT);
- (c) the characteristics of financial instruments that are the subject of that order;
- (d) the characteristics of the execution venues to which that order can be directed

In order to achieve the best possible outcome for Client order, the Company took into consideration the below execution factors:

- price - the price at which Client's order in Financial Instrument executed,
- costs - the costs relating to the execution,
- speed - the speed, meaning the time between reception of the order and the time it is executed,
- likelihood of execution and settlement - the likelihood of the order to be executed and settled,
- size - the size of the order counting how this affects the price of execution,
- nature or any other consideration relevant to the execution of the order - the nature or any other consideration relevant to the execution of the order, for example, prevailing market conditions in the Financial Instrument, type of order, etc.

In most circumstances, price was the most important Execution Factor; however, in some circumstances with reference to the Execution Criteria 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 checks the fairness of the price proposed to the Client, by gathering market data used in the estimation of the price of

such product. Where possible the Company will compare the relevant OTC product with similar or comparable products.

Best Execution is applicable to Clients who are classified by us as Retail Clients or as Professional Clients only. Eligible counterparties are out of the scope of best execution.

For Retail Clients, the best possible result was determined in terms of the total consideration, representing the price of the Financial Instrument and the costs related to execution. In certain cases (such as for Futures traded on Moscow Stock Exchange) the Company considered other factors (such as likelihood of execution and settlement, speed, the size and nature of the order, market impact and any other implicit transaction costs) along with the immediate price and cost to the extent of delivering the best possible result to the Retail Client.

For Professional Clients (including per-se Professional and elective Professionals), in general price is the factor of primary importance for the Company to choose the execution venue (or Broker), with cost being taken into account as a factor balancing against other execution factors. However, in some particular circumstances price might not been the main execution factor; for example, for transactions in securities where there is no liquid market, likelihood of execution or the size of order might have become more important.

The Company during 2018, did not enter in any Securities financing transactions, hence there will be neither no analysis, nor reporting data to be published.

‘Securities financing transaction’ means

- (a) a repurchase transaction - selling a security and agreeing to repurchase it in the future for the original sum of money plus a return for the use of that money;
- (b) securities or commodities lending and securities or commodities borrowing (lending a security for a fee in return for a guarantee in the form of financial instruments or cash given by the borrower
- (c) a buy-sell back transaction or sell-buy back transaction;
- (d) a margin lending transaction.

### 3. Analysis of Execution Venues and Brokers

Execution Venue means 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.

Investment firms and Brokers that Company used for execution of its Client's orders in the year 2018 have always been subject to the best execution policy, as well as in accordance with the Investment Services and Activities and Regulated Markets Law.

During reporting period, the Company did not have any close links, conflicts of interest and/or common ownerships with respect to any venues or brokers used to execute Client's orders.

Close links means a situation in which two or more natural or legal persons are linked by:

- (a) participation in the form of ownership, direct or by way of control, of 20 % or more of the voting rights or capital of an undertaking;
- (b) 'control' which means the relationship between a parent undertaking and a subsidiary, in all the cases referred to in Article 22(1) and (2) of Directive 2013/34/EU, or a similar relationship between any natural or legal person and an undertaking, any subsidiary undertaking of a subsidiary undertaking also being considered to be a subsidiary of the parent undertaking which is at the head of those undertakings;
- (c) a permanent link of both or all of them to the same person by a control relationship;

During reporting period, the Company did not enter into any specific arrangements with any of the execution venues/entities and doesn't receive neither discounts, nor rebates, nor other non-monetary benefits.

During the year under review the list of execution venues has been added with Sparkasse Bank Malta plc, AK BARS Finance, CJSC and Bank Otkritie Financial Corporation, PJSC. The Company notes that foregoing entities has been chosen in order for the Company to broaden the range of Financial instruments available for its Clients as well as to enhance Best Execution performed.

Data and information related to quality of execution, that has to be published under Delegated Regulation (EU) 2017/575, in cases where it was made available by the Company's Execution Venues and/or Brokers, has been taken into relevant consideration while executing Clients orders, if applicable.