

Otkritie Capital Cyprus Limited

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EXECUTION POLICY

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EXECUTION POLICY

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Within the framework of the EU Markets in Financial Instruments Directive (MiFID II) (DIRECTIVE 2014/65/EU of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU), we are required to set up an order execution policy and to take all sufficient steps to obtain the best possible result for our clients. The Company is obliged to execute order on the most favourable terms whenever executing orders on financial instruments on behalf of Clients classified as Professional or Retail Clients. In this context it is essential to provide appropriate information to our clients on our order execution policy.

This policy sets forth the general basis on which “**best execution**”, as required by the Cypriot Law 87(I)/2017 of 2017 “Investment Services and Activities and Regulated Markets” (we will further refer to them as the Law), will be provided.

SCOPE AND PURPOSE

What is the purpose of the Policy?

Providing order execution services to our clients, we are required under the Law to establish and comply with a policy on best execution. The purpose of the Policy is to fulfil that obligation to our clients in a clear and concise manner. Our scope is to protect the client’s interests, in relation to any aspects of the transaction that might be affected by executing the order. Subject to any specific instruction from the Client, our aim is to take all sufficient steps to obtain the best possible result for the client taking into account all the Execution factors described further down.

We established and implemented this Execution Policy to obtain the best possible result for client orders.

This Policy include an information on the different venues where our firm execute client orders in respect of each class of financial instruments.

Also this Policy include factors affecting the choice of execution venue in respect of each class of financial instruments.

When does the Policy apply?

The Policy applies when we are executing an order on your behalf in respect of any of the financial instruments covered by the Law.

The Policy will not apply:

- When we are following your instructions to execute your order in a particular manner (where there is a specific instruction from the client the investment firm shall execute the order following the specific instruction). However, the Company must achieve the best possible outcomes for this specific instruction;
- When you are categorized by us as an “Eligible Counterparty”. In case of doubt as to your categorization, please contact the Company.

ACHIEVING BEST EXECUTION

What does “best execution” mean?

“Best execution” means:

- That we have established this Policy that is designed to achieve the best result (taking into account all relevant factors described below) across all orders on a consistent basis for any financial instrument covered by the law and executed by us for our clients.
- Best Execution Policy applies in the reception and transmission of orders and the discretionary managements of portfolios, when executing orders on the most favourable terms. However the Company is obliged to take appropriate steps and measures to ensure

that the financial intermediaries whom orders may be transmitted also maintains a best execution policy.

- That we will annually review and update the Policy to ensure that it continues to achieve such results, however execution policy order on the most favourable terms does not impose any obligation other than those specifically provided by the Terms of Business and the Regulation, furthermore it does not create any contractual obligation.
- Demonstrating best execution does not necessarily involve a transaction-by-transaction analysis, but rather involves an assessment of a record of transactions over a period indicating that overall the best result is achieved by executing orders on your behalf on the venues and in the manner described in the Policy.

What factors do we take into account to achieve best execution?

In achieving best execution, we take all sufficient steps to obtain the best possible result for our clients taking into account a number of factors (unless otherwise instructed by you, as discussed in Section III below). These include:

- Price;
- Costs;
- Speed;
- Likelihood of execution and settlement (liquidity);
- Size;
- Nature;
- Type and characteristics of financial instrument;
- Characteristics of the possible execution venues; and
- Any other consideration relevant to the execution of the order.

While price is generally a key factor, the overall value to a client of a particular transaction may be affected by the other factors listed above.

The relative importance of each of the factors will differ depending on:

- The characteristics of the client including the categorization of the Client as retail or professional;
- The characteristics of the client's Order, including where the order involves a securities financing transaction (SFT);
- The characteristics of the financial instruments to which your order relates; and
- The characteristics of the venues (if there is more than one) where we are able to execute your order.

For example, there is no formalized market or settlement infrastructure for some over-the-counter transactions, in some markets price volatility may mean that the timeliness of execution is a priority, whereas on an illiquid market the fact of execution may in itself constitute best execution.

Our Firm satisfies its obligation honestly, fairly and professionally in accordance with the best interests of our clients and in cases where we follows specific instructions from our client, when placing an order with, or transmitting an order to, is not required to follow the steps mentioned in this paragraph.

For Retail Clients we take into account the total consideration when selecting the possibilities to execute the Order. The total consideration also comprises, in addition to the price of the financial instrument, the costs associated with executing the order, for example, expenses which are directly related to the execution of order, including execution venue fees, clearing and settlement fees as well as other fees paid to third parties participating in the execution of the order.

We ensure that orders executed on behalf of our clients are promptly and accurately recorded and allocated when carrying out client orders.

Our Firm carry out otherwise comparable client orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise.

We inform a retail client about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.

In case that our Firm is responsible for overseeing or arranging the settlement of an executed order, we take all sufficient steps to ensure that any client financial instruments or client funds received in settlement of that executed order are promptly and correctly delivered to the account of the appropriate client.

Our Firm ensure that we do not misuse information relating to pending client orders and take all sufficient steps to prevent the misuse of such information by any of its relevant persons.

What is our responsibility when your order is executed for us by a third party?

There may be situations when we pass an order to another entity or a third party broker for execution. We may pass an order to the certain entity in cases where we do not have the ability to execute the order but this entity does have that ability. These financial intermediaries are selected by means of an evaluation process that takes into account their ability to offer the best possible result in the execution of orders transmitted to them. In such cases, we have standard procedures and integrated systems for passing orders to the certain entity for execution. Moreover the Company will ensure that these third parties have an order execution policy enabling the Company to fulfil its general obligation to execute orders on the most favourable terms for its Clients.

In cases where the entity is outside of the EEA and we do not have an entity that can execute the order from within the EEA, the non-EEA entity may not be subject to requirements similar to the best execution requirements under the Cypriot Law. We may nevertheless execute your order through this non-EEA entity unless either the circumstances require otherwise or you explicitly instruct us otherwise and we are able to follow your instructions to use an alternative venue. If we are not able to follow your instructions, we may not be able to accept your order.

We may pass an order to a third party broker or dealer to execute your order. In such cases, we have processes to review periodically our choice of third party brokers and dealers to ensure that, taking into account all the relevant factors, the third party broker or dealer is providing best execution on a consistent basis. In some cases, however, we may make this determination on the basis of a review of the best execution policy of the relevant broker or dealer.

We monitor on a regular basis the effectiveness of the best interests arrangements established and, in particular, and we monitor the execution quality of the brokers specified in this paragraph and, where appropriate, correct any deficiencies.

Our firm review its reception and transmission arrangements for client orders, at least annually.

How does the Policy apply to derivatives and over-the-counter transactions?

Where we execute an order on your behalf in respect of derivatives, such as forwards, futures and options on a regulated exchange, multilateral trading facility, other trading facility, systematic internaliser or OTC, we also will apply the same approach to achieving best execution as when we execute orders on your behalf in other financial instruments on such venues.

COMMISSIONS

The Company acts fairly and transparent and ensure that the Company does not structure or charge commissions in such a way so as to discriminate unfairly between execution venues.

The Company monitors the fairness of the price proposed to the client, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products when executing orders or taking decision to deal in OTC products including bespoke products.

Where our Firm applies different fees depending on the execution venue, the Firm will explain these differences in sufficient detail in order to allow the client to understand the advantages and the disadvantages of the choice of a single execution venue.

We as investing firm ensure that we do not receive any remuneration, discount, or non-monetary benefit for routing client orders to a particular trading or execution venue which would infringe the requirements on conflicts of interest or inducements.

Information on the Company's commissions and costs associated with the execution of the client orders is contained the Fee Schedule provided to the Client.

TYPES OF SERVICE PROVIDED

OTKRITIE CAPITAL CYPRUS LIMITED provides the service of reception and transmission of orders, execution of orders and portfolio management.

In the provision of these types of services always taken into account the rules of MiFID II regarding obligation to execute orders on terms most favourable to the client.

When providing the service of reception and transmission of orders, execution of orders and portfolio management, our firm always acts honestly, fairly and professionally in accordance with the best interests of our clients when placing orders with other entities for execution that result from decisions by investment firm to deal in financial instruments on behalf of our client.

We have effected execution arrangements that enable our Firm to comply with its obligations under the requirements when we place or transmit orders to other entity for execution.

THE LIST OF EXECUTION BROKERS/EXECUTION VENUES ON WHICH THE COMPANY PLACES SIGNIFICANT RELIANCE IN MEETING THE BEST EXECUTION REQUIREMENT

The lists below contain execution brokers/execution venues on which OTKRITIE CAPITAL CYPRUS LIMITED places significant reliance. The Company will regularly assess the list of execution brokers/execution venues and update it where necessary. The Company may use other execution venues and execution brokers where we deem it appropriate in order to meet best execution obligation.

Execution brokers:

- Sova Capital Limited ("International Securities Market Account") Account: securities market of USA, Europa and Canada. Sova Capital Limited is used for the execution of the most clients' orders of all the classes of financial instruments for Retail and Professional clients;
- Otkritie Broker JSC (АО «Открытие Брокер») is used for the execution of the some clients' orders of all the classes of financial instruments for Retail and Professional clients.

The Company's counterparty for OTC transactions which is deemed as execution venue:

- Raiffeisen Centrobank AG.

EXECUTION VENUES

Execution venues are a regulated market, multilateral trading facility (MTF, which operates like an exchange), other trading facility (OTF), OTKRITIE CAPITAL CYPRUS LIMITED itself acting as a market maker or dealing for its own account, a systematic internaliser, or other liquidity providers either within or outside the European Economic Area.

What are the factors for venue selection?

In achieving best execution, we do, as relevant and appropriate, take into account a number of factors in choosing the venue, including:

- the price available and the depth of liquidity available at that price;
- transaction costs (i.e. the fees charged for executing an order on a particular venue, clearing and settlement) which are passed on to you whether directly or indirectly;
- conditions of securities delivery and place of securities keeping (specific custodian, registrar or depository);
- counterparty transparency and reputation;
- speed of execution on the market;
- likelihood of execution and settlement (e.g. market liquidity for the particular product);
- the ability of the venue to manage complex orders;
- clearing and settlement arrangements; and
- Any other consideration relevant to the execution of the order.

The relative importance of these factors varies between different financial instruments.

When there is more than one competing venue to execute an order, for the purposes of delivering best possible result in best execution purpose we performed an assessment and compare the results for the client that would be achieved by executing the order on each of the execution venues listed in this policy that is capable of executing that order, our own commissions and the costs for executing the order on each of the eligible execution venues shall be taken into account in that assessment.

The Company will provide detailed information about its selection to clients upon request.

Please note that any order transmitted for the execution to an execution broker may be executed outside trading venue (OTC). Trading venue means a regulated market, an MTF or an OTF.

For a Retail Client, price and costs determine best execution, although the other factors above may take priority where instrumental in achieving that best price and costs. However, markets, instruments and transaction types vary greatly in terms of liquidity, depth, transparency, certainly, ease and speed of execution etc.

In any time securities delivery time and counterparty reputation will assume equal or greater importance than price and costs with respect to financial instruments issued by Russian companies and other issuers established in non-European Economic Area countries or kept in non-European Economic Area custodians.

For Professional Clients, price and costs are usually the most important factor although we do, as appropriate, take into account the other factors in the context of the relevant circumstances including whether there is room for price improvement or condition for securities delivery.

Where there is only one possible venue where the transaction can be executed, best execution is achieved by execution on that venue.

Best execution is a process and not an outcome. This means that when executing an order for you, we execute it in accordance with our execution policy but we do not guarantee that the best possible price will be obtained in all circumstances and, in any event, the factors may lead to a different result in a particular transaction.

In certain circumstances, this obligation will not apply, for example at a time of severe market turbulence, and/or internal or external system failure where instead the ability to execute orders on a timely basis, or at all, will become the primary factor. In the event of system failure, we may not be able to access all of our chosen execution venues.

The venues on which we place significant reliance, i.e. the venues on which we will typically execute transactions, are as follows:

- Equity instruments tradable on a regulated market:
 - o on a regulated market or
 - o on a MTF or
 - o on a OTF or
 - o with OTKRITIE as counterparty (against its own book) or
 - o with other OTKRITIE CAPITAL CYPRUS LIMITED's Clients or counterparties
 - o with a broker acting as systematic internaliser or
 - o With an external broker-dealer duly authorized under legislation of its registration country.
- Equity instruments not tradable on a regulated market:
 - o with an appropriate vendor/purchaser or
 - o with OTKRITIE as counterparty (against its own book) or
 - o With an external broker-dealer duly authorized under legislation of its registration country.
- Fixed income securities (tradable and not tradable on a regulated market):
 - o with OTKRITIE as counterparty (against its own book) or
 - o with an appropriate vendor/purchaser or
 - o on a regulated market or
 - o With an external broker-dealer duly authorized under legislation of its registration country.
- Derivatives tradable on a regulated market:
 - o on a regulated market or
 - o with OTKRITIE as counterparty (against its own book);
 - o with an external broker-dealer duly authorized under legislation of its registration country.
- Derivatives not tradable on a regulated market:
 - o with OTKRITIE as counterparty (against its own book) or
 - o with an appropriate vendor/purchaser or
 - o With an external broker-dealer duly authorized under legislation of its registration country.

- Units of mutual funds (established in Russia, Ukraine and other non-European Economic Area countries):
 - o with OTKRITIE as counterparty (against its own book) or
 - o with an appropriate vendor/purchaser or
 - o With an external broker-dealer duly authorized under legislation of its registration country.
- Shares (units) in charter capital (of Russian companies and other companies established in non-European Economic Area countries):
 - o with OTKRITIE as counterparty (against its own book) or
 - o with an appropriate vendor/purchaser or
 - o with an external broker-dealer duly authorized under legislation of its registration country.
- Promissory notes and certain types of securities that can only be physically settled and are not traded on a regulated market or MTF and certain types of other derivatives which are for commercial purposes and which do not comply with particular criteria e.g. derivatives on emission allowances not traded on a regulated market nor cleared through a central clearing house and for which there are no regular margin calls (issued by Russian issuers and other issuers established in non-European Economic Area countries):
 - o with OTKRITIE as counterparty (against its own book) or
 - o with an appropriate vendor/purchaser or
 - o With an external broker-dealer duly authorized under legislation of its registration country.

Where there is a possibility that client orders may be executed outside a trading venue, we will, in particular, inform our clients about that possibility. We will require to obtain the prior express consent of our clients before proceeding to execute their orders outside a trading venue. In respect of this such content is contained in the Terms of business, and is given by the client when the client signing the agreement and the Terms of business.

OTC TRANSACTIONS (EXECUTING ORDERS OUTSIDE A TRADING VENUE)

The orders for OTC transactions are executed as execution against the Company's own book or as transmitting the order for the execution to another entity where such transmission in the best interests of the client provided the Company has relevant execution arrangements for such transmission.

For the purpose of delivering the best possible result the Company will refer to the counterparties.

To obtain the best possible result in respect of the price the Company will gather market data by submission of the relevant inquiries to the counterparties and/or checking the price against the bid/ask price using 3rd parties data or by using other relevant sources.

RISKS ASSOCIATED WITH THE EXECUTION OF ORDERS OUTSIDE TRADING VENUES (OTC)

Conclusion of transactions outside trading venues or on OTC market associated with higher counterparty risk that means that the counterparty may fail to perform its obligations under transaction. This means that the Client bears the counterparty risk. As a result of counterparty risk, the Client may incur losses in the amount of the transaction sum and lost profit above it.

Further information on consequences of OTC transactions may be provided at the Client's request.

DIRECT MARKET ACCESS

Where you have direct market access through an electronic interface provided by us, and in each case it links only to a certain (single) regulated market or even more than one regulated market, then *you have taken your own responsibility for achieving best execution* and the timing and price and other aspects of execution are not part of the service that we provide to you.

COMPLIANCE WITH CLIENT INSTRUCTIONS

What happens if you give us specific instructions as to how to execute your order?

Where we have accepted your instructions with respect to the execution of your order, we will follow them to the extent it is possible for us to do so. You should be aware that to the extent that we accept and follow your instructions, *the Policy will not be applicable*, although the Policy will be applicable to other execution factors to the extent that they are not covered by your instructions.

For example:

- Where you instruct us to execute your order on a particular venue, we will not be responsible for selecting the venue;
- Where you instruct us to execute your order with a particular third party institutions;
- Where you instruct us to execute your order at a particular time or over a particular period, regardless of the price available, we will endeavour to execute your order at that time or over that period in the best possible manner but will not be responsible for the timing or any of the consequences for price or other factors that results from the timing of execution.

The Company shall inform a retail client about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.

THE EFFECTIVENESS OF ORDER EXECUTION ARRANGEMENTS AND EXECUTION POLICY

We will periodically monitor the effectiveness of our order execution arrangements and execution policy in order to identify and, where appropriate, correct any deficiencies. We will assess, on a regular basis (at least once a year), whether the execution venues included in the order execution policy provide for the best possible result for the client or whether we need to make changes to our execution arrangements, taking account of, inter alia, the information published under information regarding top five execution venues in terms of trading volumes where we executed client orders.

We also carry out a review whenever a material change occurs that affects our ability to continue to obtain the best possible result for the execution of our client orders on a consistent basis using the venues included in this Execution Policy.

Our Firm makes assessment whether a material change has occurred and shall consider making changes to the relative importance of the best execution factors in meeting the overarching best execution requirement.

Per the client request we are able to demonstrate to our clients, that we have executed their orders in accordance with this Execution Policy.

We also are able to demonstrate to the competent authority, our compliance with best execution rules under the Law, at its request.

INFORMING OF A CLIENT

We provide clients with the following details on our execution policy in good time prior to the provision of the service:

- ✓ a list of the execution venues on which our firm places significant reliance in meeting its obligation to take all sufficient steps to obtain on a consistent basis the best possible result for the execution of client orders and specifying which execution venues are used for each class of financial instruments, for retail, professional client orders and SFTs.
- ✓ a list of factors used to select an execution venue, including qualitative factors such as clearing schemes, circuit breakers, scheduled actions, or any other relevant consideration, and the relative importance of each factor.

The information about the factors used to select an execution venue for execution is consistent with the controls used by our firm to demonstrate to clients that best execution has been achieved on a consistent basis when reviewing the adequacy of our policy and arrangements.

- ✓ how the execution factors of price costs, speed, likelihood of execution and any other relevant factors are considered as part of all sufficient steps to obtain the best possible result for the client.
- ✓ a clear and prominent warning that any specific instructions from a client may prevent the firm from taking the steps that it has designed and implemented in its execution policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.
- ✓ a summary of the selection process for execution venues, execution strategies employed, the procedures and process used to analyse the quality of execution obtained and how the firms monitor and verify that the best possible results were obtained for clients.

Also, we provide information about entities where the orders are transmitted or placed for execution (upon a request from a client).

In case that we execute orders for retail clients, we will provide those clients with a summary of the relevant policy focused on the total costs they incur with a link to the recent execution quality data published by the execution venue listed by the Firm in our Execution Policy (we will provide this information per client's request).

INFORMATION ON THE QUALITY OF EXECUTION OBTAINED

We will update periodically (On an annual basis) an information for each class of financial instruments, the top five execution venues in terms of trading volumes where we executed client orders in the preceding year and information on the quality of execution obtained. We will public this information on our website.

UPDATING THE POLICY

How often will we update the Policy?

We will update the Policy periodically (at least annually) to take into account changes as and when appropriate.

Whenever a material change occurs, that are a significant event that could impact parameters of

best execution such as cost, price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order, our firm consider making changes to the execution venues or entities on which it places significant reliance in meeting the overarching best execution requirement. And if applicable, these changes will reflect in this Policy.

Note: A material change is a significant event that could impact parameters of best execution such as cost, price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

How can you obtain the most recent version of the Policy?

We undertake to post the most recent version of the Policy on the OTKRITIE CAPITAL CYPRUS LIMITED's website.

Otkritie Capital Cyprus Limited will inform the client if any material changes to the Policy occur or if any material changes to order execution arrangements will take place.

This information will explain clearly, in sufficient detail and in a way that can be easily understood by clients, how orders will be executed by our firm for the client.

Information about these changes will be available on the OTKRITIE CAPITAL CYPRUS LIMITED's website (it is our request to all clients to monitor changes to our website) or will be sent via an official letter.