

Execution Quality Evaluation Statement for the Year 2017 for the top 5 Brokers

Equities (Shares and Depository Receipts) and Debt Instruments (Bonds)

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1. Introduction

The Markets in Financial Instruments Directive 2014/65/EU (the “MiFID II”) and the Commission Delegated Regulation (EU) 2017/565 (“CDR 2017/565”) as well as the Commission Delegated Regulation (EU) 2017/576 (RTS 28) introduced new requirements on the information which must be published to the market in relation to the best execution reporting requirements.

In this respect, GPB Financial Services Ltd (the “Company”) has published this Report on the quality of execution obtained (the “Report”) which is based on summary of the analysis and monitoring of execution obtained on the Execution Brokers where the Company executed all clients’ orders in the previous year, covering a full year cycle. The aim is to provide the clients as well as the public at large with meaningful information in order to effectively assess and scrutinize the execution quality achieved during the year.

The Company urges its clients and/or potential clients to read the statement carefully as it contains information on how the Company executes orders to various execution brokers.

The statement along with the accompanying tables will remain on the Company’s website for 2 years at least post its publication.

2. Best Execution

All brokers mentioned in this Top 5 Execution Brokers Reporting have successfully passed the Due Diligence and have been approved by the Company.

The Company requires its brokers according to its Best Execution Policy to obtain the best possible results for its clients, considering the following elements:

- Price, in terms of the executed price of the transaction;
- Costs, in terms of explicit costs including fees, commissions and implicit costs;
- Likelihood of execution, in terms of the single case ability to execute the order;
- Likelihood of settlement, in terms of the likelihood of the completion of the transaction;
- Size and nature of the order, in terms of volume and structure of the order concretely affecting the execution price;
- Speed, in terms of the time taken to execute an order;
- any other factors relevant to the execution of an order.

The Company does not apply different best execution criteria for different categories of clients according to MiFID II (professional / retail investors).

The Company is required to appoint only brokers or counterparties which have policies and procedures in place to ensure best execution.

The Company will seek to tailor the factors that it considers in order to provide best execution and act in the best interest for orders, drawing on its investment expertise.

The factors to be taken into consideration include, but are not limited to the following:

- Price: which will vary according to factors such as market liquidity, market rules regarding quotations, bids and offers, etc.;
- Costs: firstly transaction costs, fees, taxes and charges directly referable to the execution of the order that will be paid to any third parties, secondly venue costs;
- Size: 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;
- Speed of Execution: the speed with which the Company is likely to be able to execute the order on the venues/brokers available to the Company, meaning the time between reception of the order by the venue/broker and the time it is allocated;
- Likelihood of execution: including the relative liquidity of the venues/brokers available for execution;
- Likelihood of settlement: the relative risk that a counterparty for an order may default on its obligation to settle a trade, taking into account venue/broker's rules and applicable legislation, trading conventions, identity of counterparty (where disclosed), technical and operational risk affecting delivery, etc.
- Nature of the order; and
- Any other factor relevant to the execution of the order.

Execution Criteria

In considering the application of best execution / best interest to the client order, the Company will consider the relative importance of the execution factors by reference to the following criteria in order to provide clients the best possible result for the client order:

- the characteristics of the client, including the categorisation of the client as a Retail or Professional;
- the characteristics of the client order;
- the characteristics of the financial instrument that are subject of that order; and
- the characteristics of the execution venues/brokers or entities to which that order can be directed.

Subject to client specific instructions, the Company will consider the total consideration payable by the client as an appropriate concept to deploy in determining how to obtain the best possible result for the client. Total consideration is defined as the price of the financial instrument and the costs related to execution, including all expenses incurred by the client which are directly related to the execution of the order, such as execution venue fees, clearing and settlement fees, and any other fees paid to third parties involved in the execution of the order.

For clients classified as Retail clients, in the absence of specific client instructions, the best possible result will be determined in terms of total consideration as described above. The Company may consider that in certain cases the speed, likelihood of execution and settlement, the size and nature of the order, the market impact and any other implicit transaction costs, may give precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of total consideration to the Retail clients.

For clients classified as Professional clients, the Company may consider that total consideration is not an appropriate guide for execution in all cases, e.g. speed of execution may take precedence.

3. Conflicts of Interest

Conflicts of interest generally arise when two or more parties have conflicting interests while at the same time being bound by a duty of due diligence or loyalty towards one another. Consequently, conflicts of interest may arise with other third parties (such as brokers or other financial institutions) connected to the Company or our clients.

Additional information on handling conflicts of interest is also available on our web-site.

Conflict of interest within Gazprombank JSC Group

The Company transmits the client orders for execution to a related party. In this case, the company ensures that the quality of execution offered to its clients has no negative impact. The related party was selected because it allows the company to deliver the best possible result to its clients on a consistent basis.

Therefore there is a link between the Company and the abovementioned execution broker.

The main execution broker in all classes of financial instruments during 2017 used by the Company was Gazprombank JSC (LEI 253400WSS48YWMBUA688).

Since Gazprombank JSC acts as custodian of a lot of client portfolios, most of the Company's orders are executed through Gazprombank JSC as main broker. GPB Financial Services Ltd is a fully owned subsidiary of Gazprombank JSC. The execution of trades with Gazprombank JSC based on internal standard processes increases the likelihood and quality of execution and settlement which leads to lower operational risk. Moreover, routing orders via the execution desk of Gazprombank JSC to third party brokers or counterparties might lead to lower actual costs per order.

4. General Conclusion

Overall, the Company continuously monitors its execution brokers used in order to avoid any negative repercussions for its clients.

Disclaimer: MiFID II best execution rules required for investment firms like GPB Financial Services Ltd per specific financial instrument classes dedicated information about the Top 5 Execution Venues/Brokers. This Top 5 Execution Venue/Broker Reporting is the first report for GPB Financial Services Ltd and therefore not all criteria's for such reports are applicable. Since the Top 5 Venue/ Broker Reporting started for the first time in April 2018 a substantial number of orders in financial instruments have not initially been allocated to the respective brokers or financial institutions and to the class of instruments as defined by MiFID II. Consequently the retrospective allocation of orders was performed on a best effort basis and therefore it cannot be ensured that data quality is fully given in 2017.