

BOC Asset Management Ltd

MiFID II - Report on the Quality of Execution Obtained from Brokers

Calendar year disclosure period: 2021

Report date: April 2022

I. Introduction

According to Article 27.6 of Directive 2014/65/EU ('MiFID II') and Article 3 of Commission Delegated Regulation EU 2017/576 ('rts28'), BOC Asset Management Ltd ('BOCAM') is required to publish for each class of financial instrument the top five execution venues in terms of trading volumes for all executed client orders for retail and professional clients. It is also required to publish for each class of financial instrument, a summary of the analysis and conclusions drawn from the detailed monitoring of the quality of execution obtained on the execution venues where it executed all client orders in the previous year. professional clients.

BOCAM when providing portfolio management, acts in the best interest of their clients when placing orders for execution with other entities and follows an order execution policy, a summary of which is included in its MiFID Pre-Contractual Information Package. This report is advised to be read in conjunction with the Bank of Cyprus Best Execution Policy.

https://www.bankofcyprus.com.cy/globalassets/wealth/mifid-ii/mifid-pre-contractual-information-package_en_final-doc_24022022_web.pdf

The Company is regulated under the Cyprus Securities and Exchange Commission.

II. Best execution factors

BOCAM considers that execution quality can be improved for all asset classes when it places orders for execution with the Bank of Cyprus Group (BOC Group) dealers situated locally, by making use of automated order routing interfaces, local knowledge and working in local time zones. Therefore, while BOCAM provides the service of portfolio management, unless otherwise instructed by its clients, it will generally place orders that result from decisions by BOCAM to deal in Financial Instruments on the clients' behalf with the BOC Group for execution.

As per Group MiFID Order Execution Policy, the following execution factors are taken into account, in order to obtain the best possible result for the clients:

- Price- the price a financial instrument transaction is executed at;
- Costs- it may include implicit costs e.g. possible market impact; explicit external costs e.g. exchange fees; and explicit internal costs which represent the Bank's own remuneration fees;
- Speed- the time it takes to execute a client transaction including settlement;
- Likelihood of execution and settlement- the likelihood that the Bank will be able to complete a client transaction;
- Size- the size of the transaction executed for a client taking into consideration how it affects the price of execution;
- Nature, and any other consideration relevant to the execution of the order- this is how the characteristics of a client transaction can affect how best execution is received.

III. Orders placed with other entities (Bank of Cyprus, CISCO Ltd. Eurobank Cyprus, Hellenic Bank):

(a) Equities Shares /Exchange Traded products (Exchange traded funds, exchange traded notes, exchange traded commodities) and

(b) Debt Instruments

(c) Other Investments

A. An explanation of the relative importance the firm gave to the execution factors of price, costs, speed, and likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution

Orders arising from BOCAMs decisions result in either reallocation of existing client holdings or addition of new holdings. When the company places orders for execution, the broker selects the venue on their behalf.

The factors relevant for selecting a broker include, amongst others, the following:

- Reputation, financial strength and stability;
- Access to primary and/or secondary markets; and
- On-going reliability
- Method of settlement the broker uses
- Overall costs of a trade including commissions
- System connectivity for placement of orders;
- Willingness to execute difficult transactions;

In addition, the following conditions are considered by the Company when choosing brokers to place orders for execution:

- Accurate and timely execution and settlement;
- Licensed, as required, to execute the type of transaction; and
- Supervision by national authorities.

For retail clients the most important execution factors are cost and price. As per Group MiFID Policy for retail clients the best possible result shall be determined in terms of the total consideration representing the price and cost related to execution.

Below, are the types of financial instruments that BOCAM places orders with brokers for execution referring to important best execution factors:

Equities – Shares & Depositary Receipts

Price consideration is the primary execution factor that governs the majority of activity, with other factors being prioritised as demanded by the characteristics of the order(s) in question and prevailing market conditions.

Debt Instruments (Bonds)

In addition to price consideration, certainty of execution i.e. efficient sourcing of available liquidity, and counterparty's rating becomes more dominant execution factor for fixed income securities, particularly for credit and where debt securities are less liquid.

Other Instruments

Other instruments largely refer to collective investment schemes where price is determined daily.

Timely and efficient execution to the Net Asset Value (NAV) of the fund is the primary factor.

B. A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues/brokers used to execute orders;

BOCAM executes orders with Bank of Cyprus and The Cyprus Investment and Securities Corporation Ltd (CISCO). Both BOCAM and CISCO are 100% owned subsidiaries of the Bank of Cyprus.

BOCAM complies with the Group MiFID Order Execution Policy; it must not receive any remuneration, discount or non-monetary benefit for routing orders to a particular Execution Venue as this could give rise to a conflict of interest between the benefit received by the company and its obligation to achieve the most favourable terms for the client.

It is noted that BOCAM applies a conflict of interest policy. Please refer to section 5 of the MiFID Pre-Contractual info-pack:

https://am.bankofcyprus.com.cy/globalassets/asset_management/law/mifid-pre-contractual-information-package_en_final-doc_24022022_web.pdf

C. A description of any specific arrangements with any execution venues regarding payments made or received discounts, rebates or non-monetary benefits received;

BOCAM has no specific arrangements with any execution venues regarding payments made or received discounts, rebates or non-monetary benefits which could infringe its obligations with regards to conflicts of interest or inducements.

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;

There were no changes to the list of brokers included in the firm's execution policy.

E. An explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements;

The order execution policy does not generally differ between retail and professional client categorisation.

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;

Total consideration (price and execution costs) is considered to be the primary execution factor. However, if a retail client places an order with specific instructions that cover all aspects of an order, then this will generally be executed in accordance with the client's instructions which may mean that factors other than total consideration may take priority. In case of a client's order with specific instructions that cover partial aspects of an order, best execution is applicable on the aspects of the order not covered by the instructions

G. An explanation of how BOCAM has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575 [RTS 27];

The company has not made use of any data or tools related to the quality of execution in the reporting period.

H. Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider

BOCAM currently does not use a consolidate provider