

BOC Asset Management Ltd

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

Calendar year disclosure period: 2019

Report date: April 2019

I. Introduction

The Markets in Financial Instruments Directive (MiFID II) requires investment firms to summarise and make public, on an annual basis, the top five execution venues used (brokers or counterparties) in relation to the volume of trades placed across a range of financial instruments.

BOC Asset Management Ltd (hereafter referred to as “BOCAM” or “Company”), when providing portfolio management, acts in the best interest of their clients when placing orders for execution with other entities. The Company is regulated under the Cyprus Securities and Exchange Commission.

II. Best execution factors

BOCAM applies the order execution policy only when placing orders with other entities for execution that result from its decisions to deal in Financial Instruments on behalf of clients while providing the service of portfolio management.

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.

However, BOCAM will periodically evaluate general industry practices with respect to commission levels and rates charged by brokerage firms in order to ensure that charges by our group are fair and reasonable for you.

III. Orders placed with other entities:

(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.

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.

Under the Company's 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.

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.

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;

BOCAM customers are categorised as professional or retail accordingly, and all transactions are treated equally.

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;

Not applicable

G. an explanation of how the investment firm 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

Not applicable.