

# **The Cyprus Investment and Securities Corporation Ltd**

## **MIFID II Quality of Execution Report**

**Calendar year disclosure period: 2021**

**Report date: April 2022**

### **Introduction**

According to Article 27.6 of Directive 2014/65/EU (“MIFID II”) and Article 3 of Commission Delegated Regulation EU 2017/576 (“RTS 28”), The Cyprus Investment and Securities Corporation Ltd (“CISCO”, “Company”) 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.

CISCO follows an order execution policy, a summary of which is included in its MiFID Pre-Contractual Information Package. It is recommended that this report is read in conjunction with the Bank of Cyprus Order Execution Policy which can be found at:

[https://www.bankofcyprus.com.cy/globalassets/wealth/mifid-ii/mifid-pre-contractual-information-package\\_en\\_final-doc\\_24022022\\_web.pdf](https://www.bankofcyprus.com.cy/globalassets/wealth/mifid-ii/mifid-pre-contractual-information-package_en_final-doc_24022022_web.pdf)

This report provides data on CISCO’s MiFID activities, in respect of receipt and transmission of orders and execution of orders on behalf of clients.

The Company is a Cyprus Investment Firm, regulated by the Cyprus Securities and Exchange Commission.

### **Best Execution Factors**

As already indicated in the Bank of Cyprus Order Execution Policy, subject to any specific instructions from the client, when executing orders on clients’ behalf and/or when receiving and transmitting clients’ orders for execution to third parties, CISCO takes into account the following Execution Factors, in order to obtain the best possible result for its clients:

- Price: the price at which a financial instrument transaction is executed;
- 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 Company’s own remuneration fees;
- Speed: the time it takes to execute a client’s transaction, including settlement;
- Likelihood of execution and settlement: the likelihood that the Company will be able to complete a client’s transaction;
- Size: the size of the transaction executed for a client, taking into consideration its effect on the price of execution;

- Nature, and any other consideration relevant to the execution of the order: this is how the characteristics of a client's transaction can affect how best execution is received.

**A. An explanation of the relative importance the Company 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**

Despite that in most circumstances, price and costs will be the most important Execution Factors, in some circumstances, particularly with reference to the Execution Criteria, CISCO may appropriately determine that other Execution Factors have greater importance in achieving the best possible result for the client.

CISCO determines the relative importance of the Execution Factors by using its commercial judgement and experience in the light of the information available on the market and considering the following Execution Criteria. These are common for all financial instruments offered (Equities, Exchange Traded Funds (ETFs), Bonds, Contracts For Difference (CFDs), Futures and Exchange Traded Options (ETOs)):

- the characteristics of the client, including the categorisation of the client as retail or professional;
- the characteristics of the client's order;
- the characteristics of the financial instruments that are the subject of that order; and
- the characteristics of the Execution Venues to which that order can be directed.

Especially for retail clients, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs related to execution, which shall include all expenses incurred by the client which are directly related to the execution of the order, including Execution Venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.

Demonstrating best execution, does not necessarily involve a transaction-by-transaction analysis, but it rather involves an assessment of a number of transactions over a period of time, indicating that overall, the best result is achieved by executing orders on the client's behalf on the Execution Venues and in the manner described in the Order Execution Policy.

**Client's Specific Instructions**

Whenever a client gives a specific instruction as to the execution of an order or a part of it, CISCO executes the order following the client's specific instruction. The client's specific instruction may prevent CISCO from taking the measures that it has designed and implemented in its Order Execution Policy, to obtain the best possible result for the execution of that order in respect of the aspects covered by this instruction. Where the client's instruction relates to only a part of the order, CISCO continues to apply this Order Execution Policy to those aspects of the order not covered by the specific instruction.

## **When to apply best execution to client investment transactions**

We apply our best execution standards to all client transactions. This is consistent with the general principle that client's classification (whether the client is classified as a retail client, professional client or eligible counterparty), whilst an important factor in the overall context of a client relationship, will not be usually considered in terms of the quality of execution that we maintain. For professional clients, CISCO may agree with the client to apply differing standards in accordance with applicable best execution regulations.

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

#### **Conflict of Interest**

Subject to any specific instructions from the client, CISCO may transmit an order received from the client, to another entity of the Bank of Cyprus Group or to an external entity, such as a third-party broker, for execution. In cases where the selection of a third-party broker would enable CISCO to obtain a better result for the client, then the said broker will be preferred over the Group entity, so long as this is the case.

It is noted that CISCO applies a Conflict of Interest Policy. Please refer to section 5 of the MiFID Pre-Contractual Information Package at:

[https://www.cisco-online.com.cy/globalassets/cisco/mifid-ii/pre-contractual-info/mifid-pre-contractual-information-package\\_feb2022.pdf](https://www.cisco-online.com.cy/globalassets/cisco/mifid-ii/pre-contractual-info/mifid-pre-contractual-information-package_feb2022.pdf)

#### **Trading Venues**

##### Cyprus Stock Exchange and Athens Exchange

CISCO is a direct member of the Cyprus Stock Exchange ("CSE") and a remote member of the Athens Exchange ('ATHEX'). Equity orders received by CISCO for the CSE and ATHEX, are executed via the common trading platform.

##### Athens Exchange - XNET

Equity and Exchange Traded Funds orders for international markets may be executed through ATHEX's XNET network. XNET is a network of services developed by the ATHEX Group for trading in the developed markets of America (USA & Canada) and Europe (United Kingdom - LSE & IOB, Austria, Belgium, France, Germany, Denmark, Switzerland, Ireland, Italy, Spain, Norway, Netherlands, Portugal, Sweden, Finland).

##### SAXO Bank

CISCO has a White Label Agreement with Saxo Bank, through which it offers its clients the Saxo Bank trading platform under the name of "CISCO Global eTrading". The orders placed through BOC eTrader are executed by Saxo Bank; therefore, CISCO relies on Saxo Bank's Order Execution Policy. The financial instruments and products offered through CISCO Global eTrading are Equities, Exchange Traded Funds (ETFs), Bonds, Contracts For Difference (CFDs), Futures and Exchange Traded Options (ETOs). Saxo Bank's Order Execution Policy is in compliance with MiFID II and the Danish legislation implementing MiFID II and it is the process by which Saxo Bank seeks to obtain the best possible result when executing client orders.

Saxo Bank's policy is reviewed annually or whenever a major change occurs, and additional information can be found at Saxo Bank's website at:

<https://www.home.saxo/-/media/documents/business-terms-and-policies/order-execution-policy-en.pdf?revision={AEA96074-B25E-4F64-BFA9-D2EF690191FE}>

CISCO does not receive any remuneration, discount or non-monetary benefit for routing your orders to a particular trading venue or execution venue which would infringe our obligations with regards to conflicts of interest or inducements.

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

CISCO 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 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 CISCO 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**

CISCO currently does not use a consolidate provider.