

## **Eurobank Cyprus Ltd**

### **MIFID II Annual Report on the Top Five Execution Venues and Quality of Deal Execution for 2020**

Eurobank Cyprus Ltd (hereinafter the “Bank”), pursuant to the Directive 2014/65/EU (MiFID II), as transposed into Cypriot legislation by Law (herein after the “Law”), as well as, MiFID II delegated acts, is required to generate annual reports to:

1. publish for each class of financial instruments the top five venues in terms of trading volumes for all executed client orders for retail and professional clients (see **APPENDIX 1** hereto)
2. publish for each class of financial instruments a summary of the analysis and conclusions it draws from its detailed monitoring of the quality of execution obtained on the execution venues where it executed all client orders in the previous year (see the below section 1, on the **‘Quality of Execution Report’**).

#### **1. QUALITY OF EXECUTION REPORT FOR 2020**

The Bank’s ‘Order Execution Policy’ (ie. Best Execution Policy and Order Handling Policy) is included in the Bank’s MiFID Information Package and it is available via the following web address: <https://www.eurobank.com.cy/en/articles/mifid>

As per the Bank’s best execution policy for 2020, the Annual Report on the quality of deal execution for trades executed in 2020 is as follows:

##### **1.1. Order Transmitted: Equities Shares – Depository Receipts & Exchange Traded Funds (“ETFs”), Exchange Traded Notes (“ETNs”) & Exchange Traded Commodities (“ETCs”)**

**a) explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;**

In 2020, most of the equity orders were placed through Eurobank Equities Investment Firm S.A. which is an operating subsidiary of Eurobank S.A., Eurobank Cyprus (OTC), Goldman Sachs International, which is an operating subsidiary of Goldman Sachs Group, and Sanford C. Bernstein Limited (registered in England and Wales under company number 3760267) which is authorized and regulated in the UK by the Financial Conduct Authority and registered in the Financial Services Register (at <http://www.fca.org.uk/register/>). All counterparties have direct access to regulated exchanges but may also use brokers, including affiliate brokers, to access equities markets for which they do not have a direct membership themselves.

The price, the costs, the speed, the likelihood of execution or any other consideration including qualitative factors when assessing the quality execution are important to Eurobank Cyprus. When assessing the relative importance given to execution factors, Eurobank Cyprus will take into account the following criteria for determining the relative importance of the execution factors in the circumstances:

- ✓ The characteristics of the client including the regulatory categorization of the client
- ✓ The characteristics of the relevant order
- ✓ The characteristics of the financial instruments (illiquid market, etc.) that are the subject of the relevant order

- ✓ The characteristics of the execution venue to which that relevant order can be directed.
- ✓ And the cost of execution for Eurobank Cyprus Ltd.

**(b) description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;**

GSI and Sanford C. Bernstein Limited decisions to route orders to a particular venue for execution are determined by whether execution on such venues allows them to satisfy their best execution obligation and are not influenced by any such ownership or venue share arrangements.

Orders for the Athens Stock Exchange and Cyprus Stock Exchange are primarily transmitted to the Eurobank Equities ΑΕΠΕΥ, which is a subsidiary of the Eurobank Group, direct member of Athens Stocks Exchange and Cyprus Stock Exchange and is regulated by the Hellenic Capital Market Commission.

**(c) description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;**

Eurobank Cyprus Ltd does not receive any remuneration, discount or non-monetary benefit for routing clients' orders to a particular trading venue or execution venue which would infringe our obligations with regards to conflict of interest or inducements.

**(d) 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;**

During the year there have been no significant changes in the list of execution venues, brokers or counterparties. In the case of changing an execution venue the following factors are taken under consideration: addressable liquidity, fill rate, speed of trading, cost of execution, latency, etc.

**(e) 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;**

In relation to **Retail Clients**, the Bank will always apply the principles of Best Execution, where required under applicable law, unless specific instructions received from a Customer restrict the Bank's ability to apply the principles fully.

In relation to **Professional Clients** dealing in Financial Instruments, Best Execution is owed always in circumstances where the Bank is acting in an agency or riskless principal capacity or have a contractual obligation to do so and when dealing on own account (acting in a principal capacity), when circumstances demonstrate that the Customer is legitimately relying on the Bank in relation to the execution of the transaction. When the Bank provides quotes or negotiates a price, the Bank determines whether the Professional Client is placing a legitimate reliance on the Bank and therefore a duty of best execution is owed in relation to a specific Transaction, by applying the European Commission's **Four-fold Cumulative Test**.

**(f) 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;**

Execution factors such as speed, likelihood of execution and settlement, the size and nature of the relevant order, market impact and any other implicit transaction cost may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the retail client. There is no differentiation between retail and professional clients unless there are other considerations relevant to the execution of the order that need to be taken under consideration.

**(g) 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;**

The Bank utilises certain trading processes to analyse the quality of its execution arrangements (eg. the bank assesses best execution against historical data derived through Bloomberg). It is also noted that the Bank is not using any specific tool or the services of a third party data provider to assess execution quality.

**(h) where applicable, an explanation of how the investment firm has used output of a consolidated tape provider**

The Bank does not utilise a consolidated tape provider.

**1.2. Order Transmitted: Debt Instruments**

**a) explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;**

Quality of execution primarily is evaluated by reference to price. Transactions in Fixed Income tend to be quote-driven rather than execution-driven. Therefore, in these cases, the Bank's best execution obligation, if applicable, is fulfilled if the prices given to the customer are close to market prices. It should be noted that with less liquid instruments there may be only one liquidity provider and therefore only one available price to deal on. In such cases the Bank checks the fairness of any price proposed by gathering market data relevant to the estimation of such a price (such as yield curves, volatility, yield and price spreads) and, if possible, comparing to similar assets. In the case of structured notes the price of a structured note is based on an underlying reference item.

**(b) description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;**

During 2020 client orders for debt instruments were primarily placed through Eurobank Cyprus (OTC) and executed electronically through "Bloomberg Multilateral Trade Facility". Client orders were also executed in the Over-the-Counter markets with approved brokers and counterparties through the Bank's Global Markets department. Transactions in listed debt instruments in the Athens Stock Exchange and the Cyprus Stock exchange were executed through Eurobank Investment Firm S.A., which is a subsidiary of the Eurobank Group, direct member of Athens Stocks Exchange and Cyprus Stock Exchange and is regulated by the Hellenic Capital Market Commission. Orders for structured deposit products were executed through the Bank's Global Markets department.

During the year the bank monitored and evaluated best execution requirements for a number of transactions on a sample basis and did not identify any discrepancies to the policy. In the absence of consolidated tape data for fixed income assets, the bank assesses best execution against historical data derived through Bloomberg.

**(c) description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;**

Eurobank Cyprus Ltd does not receive any remuneration, discount or non-monetary benefit for routing clients' orders to a particular counterparty, trading venue or execution venue which would infringe our obligations with regards to conflict of interest or inducements.

**(d) 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;**

During the year there have been no significant changes in the list of execution venues, brokers or counterparties. In the case of changing an execution venue the following factors are taken under consideration: addressable liquidity, fill rate, speed of trading, cost of execution, latency, etc.

**(e) 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;**

In relation to **Retail Clients**, the Bank will always apply the principles of Best Execution, where required under applicable law, unless specific instructions received from a Customer restrict the Bank's ability to apply the principles fully.

In relation to **Professional Clients** dealing in Financial Instruments, Best Execution is owed always in circumstances where the Bank is acting in an agency or riskless principal capacity or have a contractual obligation to do so and when dealing on own account (acting in a principal capacity), when circumstances demonstrate that the Customer is legitimately relying on the Bank in relation to the execution of the transaction. When the Bank provides quotes or negotiates a price, the Bank determines whether the Professional Client is placing a legitimate reliance on the Bank and therefore a duty of best execution is owed in relation to a specific Transaction, by applying the European Commission's **Four-fold Cumulative Test**.

**(f) 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;**

Execution factors such as speed, likelihood of execution and settlement, the size and nature of the relevant order, market impact and any other implicit transaction cost may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the retail client.

**(g) 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;**

The Bank utilises certain trading processes to analyse the quality of its execution arrangements (eg. the bank assesses best execution against historical data derived through Bloomberg). It is also noted that the Bank is not using any specific tool or the services of a third party data provider to assess execution quality.

**(h) where applicable, an explanation of how the investment firm has used output of a consolidated tape provider**

The Bank does not utilise a consolidated tape provider

### **1.3. Order Transmitted: Other Investments**

**a) explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;**

Quality of execution primarily is evaluated by reference to price. Transactions in Other Investments tend to be quote-driven rather than execution-driven. Therefore, in these cases, the Bank's best execution obligation, if applicable, is fulfilled if the prices given to the customer are close to market prices. It should be noted that the Bank trades such instruments through its Global Markets department which uses one liquidity provider, Eurobank SA, and therefore has only one available price to deal on. In such cases the Bank checks the fairness of any price proposed by gathering market data relevant to the estimation of such a price (such as yield curves, volatility, yield and price spreads) and, if possible, comparing to similar assets.

**(b) description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;**

During 2020 client orders in Other Investments were executed through the Bank's Global Markets department.

During the year the bank monitored and evaluated best execution requirements for a number of transactions on a sample basis and did not identify any discrepancies to the policy. In the absence of consolidated tape data for Other Investments, the bank assesses best execution against data derived through Bloomberg.

**(c) description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;**

Eurobank Cyprus Ltd does not receive any remuneration, discount or non-monetary benefit for routing clients' orders to a particular counterparty, trading venue or execution venue which would infringe our obligations with regards to conflict of interest or inducements.

**(d) 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;**

During the year there have been no significant changes in the list of execution venues, brokers or counterparties. In the case of changing an execution venue the following factors are taken under consideration: addressable liquidity, fill rate, speed of trading, cost of execution, latency, etc.

**(e) 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;**

In relation to **Retail Clients**, the Bank will always apply the principles of Best Execution, where required under applicable law, unless specific instructions received from a Customer restrict the Bank's ability to apply the principles fully.

In relation to **Professional Clients** dealing in Financial Instruments, Best Execution is owed always in circumstances where the Bank is acting in an agency or riskless principal capacity or have a contractual obligation to do so and when dealing on own account (acting in a principal capacity), when circumstances demonstrate that the Customer is legitimately relying on the Bank in relation to the execution of the transaction. When the Bank provides quotes or negotiates a price, the Bank determines whether the Professional Client is placing a legitimate reliance on the Bank and therefore a duty of best execution is owed in relation to a specific Transaction, by applying the European Commission's **Four-fold Cumulative Test**.

**(f) 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;**

Execution factors such as speed, likelihood of execution and settlement, the size and nature of the relevant order, market impact and any other implicit transaction cost may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the retail client.

**(g) 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;**

The Bank utilises certain trading processes to analyse the quality of its execution arrangements (eg. the bank assesses best execution against historical data derived through Bloomberg). It is also noted that the Bank is not using any specific tool or the services of a third party data provider to assess execution quality.

**(h) where applicable, an explanation of how the investment firm has used output of a consolidated tape provider**

The Bank does not utilise a consolidated tape provider

**Encl.: APPENDIX 1 - Information on the top five execution venues - 1/1/2020 to 31/12/2020**