

FINANCIAL SERVICES LIMITED

**M|G|T|M**

**ANNUAL QUALITATIVE REPORT RTS 28**

Report on the quality of execution obtained:  
Execution Venues 2017



## **1. Introduction**

The Markets in Financial Instruments Directive 2014/ 65/ EU (the “MiFID II”) and 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, MGTM Securities 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 Venues where the Company executed all Retail and Professional Client orders in the 2017 year. 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.

This Report follows the structure as detailed in the Article 3 of CDR 2017/ 565. This Report presents a combined analysis of the quality of execution obtained when the Company is executing client orders with respect to Debt Instruments (bonds and shares) and is available on its website.

## **2. Close Links, conflict of interest, common ownership**

One of the Execution Venues in Debt Instruments (bonds) during 2017 used by the BrokerCreditService (Cyprus) Limited - LEI 5493008C22FNI0QEEF10 and another one of Execution Venues in shares used is Gambit Securities BC (Russian Federation) – LEI 253400SMUDTDW163TJ37.

In 2017, the Company has not recorded any conflicts of interest with the said Execution Venues used for execution of Retail client orders in respect to the above-mentioned asset classes.

During the year 2017, the Company did not transmit any orders for execution to third parties entities (Brokers) since for all Professional clients’ orders the Company has acted as a principal to their transactions; hence the Company was the execution venue to Professional clients’ orders.

The Company does not have any close links with the entities used as execution venues to Retail clients’ transactions.

## **3. A description of specific arrangements with any Execution Venues regarding payments made or received, discounts, rebates or non-monetary benefits received**

It is the Company’s policy to not receive any monetary or non-monetary benefits (e.g. inducements) from third parties that are of a scale which could impair the Company’s compliance with its duty to act in the clients’ best interests. In this respect, the Company doesn’t have any specific arrangements with any Execution Venues regarding payments made or received discounts, rebates or non-monetary benefits received.

## **4. Changes in the list of Execution Venues used for execution of client orders**

There were no changes in the list of Execution Venues used for execution of clients’ orders in 2017.



#### **5. Client categorization with respect to execution**

The clients of the Company are categorized as Retail Clients and Professional Clients and there were not any differences in the order execution arrangements due to the client categorization.

#### **6. Execution Factors and relative importance**

In general, the Company will take into consideration various criteria when assessing the prioritization of execution factors.

The execution factors include, but are not limited to:

- The execution price including execution cost as applicable;
- Speed;
- Likelihood of execution;
- Likelihood of settlement;
- The impact on prices displayed in the market;
- The availability of price improvement (to the extent applicable);
- An instrument's characteristics including liquidity;
- Any other considerations as applicable for specific orders e.g. technology.

Such criteria include, amongst others, the characteristics of each Client order, Client preferences, size of the order, and market conditions.

Assurance is made that only Execution Venues who have undergone due diligence and can guarantee the following criteria:

1. Financial reliability. Due to the fact that in 2017 the Company executed all client order on OTC market the most important factor was the preapproved risk limit on operations with the Execution Venue(s).
2. If such factor was in place then likelihood of the execution should have been taken into account. Likelihood of execution would be of particular relevance if the Financial Instrument in question is illiquid. In such cases the Company should have sought the counterparties ready to execute such orders with possible small impact on price.
3. When the aforementioned were checked and the possibility of the execution was confirmed the price was recognized as the most important execution factor.

#### **7. Data/ tools used regarding quality of execution obtained**

It is noted that in 2017, the Company did not use the output of a consolidated tape provider established under Article 65 of Directive 2014/ 65/ EU. However, during 2017, the Company used specific information providers when assessed the factors and conditions relating to the quality of execution. Specifically, the Company checked the quality of the execution against the market data published on the websites of Moscow Exchange (MICEX) and Bloomberg.