



**Execution Quality Summary Statement**

(EQSS)

&

**RTS 28**

(Regulatory Technical Standards to Identify Venues and Quality of Execution)

**EQUITY DERIVATIVES (OPTIONS)**

**Version 1: April 2018**

## 1. Introduction

Prior Capital CY Ltd (former PriorFX Ltd) (hereinafter referred to as the ‘Company’) is incorporated in the Republic of Cyprus with Certificate of Incorporation No. HE 321360. The Company is authorized and regulated by the Cyprus Securities and Exchange Commission (‘CySEC’), with a license No 221/13 and operates under the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law of 2017, Law 87(I)/2017, as subsequently amended from time to time (the Law). The Company’s office is located at 196 Arch. Makarios III Ave., Ariel Corner, 3030 Limassol, Cyprus.

The following information contains a summary of the analysis and conclusions that the Company has drawn from its monitoring of the quality of execution obtained on the execution venues where it has executed Retail Client orders in 2017. **In the observed period, the Company did not execute orders for Professional Clients.**

In the year 2017, the Company made trading transactions (buy/sell) with **Options**. All the trading transactions were executed on behalf and for the account of the Company’s clients in the frames of the brokerage activity as per the CySEC authorization.

### Services Provided

- a. Execution of Orders on Behalf of Clients
- b. Portfolio Management

## 2. Scope

All Client orders where the Company owes the Client best execution under the Markets in Financial Instruments Directive 2014/65/EU ("MiFID II"). For a detailed breakdown of the asset classes for which the Company owes a duty of best execution, please refer to the [Order Execution Policy](#).

## 3. Information required to be disclosed under Regulatory Technical Standard 28 of MiFID II

- (a) **an 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 selecting the appropriate Execution Venue for a specific transaction, the Company considers the following execution factors:

- Likelihood of Execution and settlement (depending on liquidity in the market);
- Speed of Execution;
- Credit Risk and/or Trading Limits on counterparty to execute the deal with, considering the agreed terms of the settlement of the transaction;
- Price of the instrument;
- Costs relating to the Execution; and
- any other consideration that the Company deems to be relevant to the execution of that transaction.

The Company considers the following criteria when determining the relative importance of the abovementioned execution factors:

- characteristics of the Client;
- characteristics of the Client's order (e.g. market, limit, stop);
- characteristics of the financial instrument(s) (e.g. commodity, currency, fixed income, equity);
- characteristics of the Execution Venues to which the order can be directed.

In general, the Company regards execution price and costs as being the most important execution factor when seeking to obtain the best possible outcome for Clients. However, in certain circumstances the Company may decide in its absolute discretion that the other factors mentioned above are more important than execution price and/or costs.

All the transactions with Options were executed over the counter, i.e. off-exchange, because the main market for such kind of instruments is OTC irrespective of possible existence of listing of some of the Instruments on stock exchanges and/or other organized venues.

Having received an order for execution of a trading transaction from a client, the Company (represented by the relevant employee(s) of theirs) proceeded with the analyses of the current market prices for the Option. The information was obtained from multiple sources available for the Company at that moment as well as directly from the company's counterparties with whom the execution would be the most likely and/or quick.

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

The Company has in a place a Conflict of Interest Policy to ensure that all staff and employees are aware of the procedures and policies followed as well as to examine the identified conflicts of interest. Furthermore, in the Company's conflict of interest policy there is an approach on how to manage all potential and existing Conflicts of Interest that arise. For any Conflicts of Interest that are not manageable, the Company shall inform its clients periodically and at least annually for the said conflicts of interest.

The Company does not have ownership of any execution venues that are used to execute client orders. Below is a possible conflict that may arise regarding Best Execution.

Possible Conflict	Procedures and Measures
Maximizing of the trading volumes in order to increase receivable brokerage commission, which may directly conflict with the Client's interest, if that interest is in minimizing the volume of trades they perform.	The Company has in place Best Execution Arrangements Policy and put all of its efforts in order to prevent such event. The employees are not allowed to provide such information/instruction to the Clients at all times.

However, the execution analysis has not discovered any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders on the instruments. It should be noted that the orders and execution transactions are monitored for the indications of conflict of interests, according to the company's policies on best execution and conflict of interests.

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

There are agreements in place with several execution venues which allow discount on the commissions charged in the event certain tiers of volumes are exceeded. However, this does not have any effect in favouring any execution venue as the discounts are similar between vendors and the principals of Best Execution are upheld first before taking any consideration of volume discounts.

The execution analysis has not discovered any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;

**(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 have been no changes in execution venue as of recent. Whenever there are changes the factors that are taken in to consideration when selecting which Execution Venues to work with include but are not limited to are the regulatory jurisdiction, reputation of the execution venue, its financial capitalization and its history in dealing with other brokers in the industry.

The list of the Company's execution venues is mainly stipulated by the following factors:

- the type of financial instrument to trade in; whether the venue provides for trading in the given instrument;
- the satisfying level of reliability of the venue in terms of all kinds or risk the Company must consider during its professional activities;
- the general quality of the services provided by and/or of the partnership with such a venue.

Thus, the list of the Company's execution venues may be amended from time to time due to the above- mentioned factors and to the best interests of the clients. The fact of any changes in the list of execution venues is not considered by the Company as a risk factor as such, however, the reasons for amending the list are always analysed and considered in terms of the compliance to the co-operation factors mentioned above. The execution analysis has not discovered any notable changes in the list of the Company's execution venues which might give rise to any negative developments and/or would require any specific actions from the company.

**(e) an explanation of how order execution differs according to Client categorization, where the firm treats categories of Clients differently and where it may affect the order execution arrangements;**

The Company provides investment services to Retail Clients. The Company will apply Best Execution to transactions with Retail and Professional Clients dealing in Equity Derivatives (Options) where it accepts an order or where it has expressly agreed to provide Best Execution. The company treats the clients' orders without any differentiation on the client categories whatsoever. The order treatment is carried out basing on the rule "first come first served" i.e. the time of receiving an order is the only factor of priority in the execution. However, it should not mean that the next orders can be executed or proceeded for execution only after the earlier orders have been executed. The queuing of orders relates namely to the processing of them, thus the order A received by the company earlier than the order B must be processed and proceeded for execution also earlier, however the order B can be finally executed earlier than the order A due to the situation on the relevant market(s) and/or the details of the order itself.

However, the Company's Order Execution Policy does not apply to Eligible Counterparties; accordingly, we will not owe Best Execution in transactions entered with Eligible Counterparties. However, this does not diminish the Company's obligation to act honestly, fairly and professionally and to communicate in a way that is fair, clear and not misleading when dealing with Eligible Counterparties.

**(f) an explanation of whether other criteria were given precedence over immediate if: and cost when executing Retail Client orders and how these other criteria were instrumental in delivering the possible result in terms of the total consideration to the Client;**

The Company's execution systems by default are utilising and using the best pricing available at the moment of execution from the pool of available liquidity from the execution venues. The Company has limits in place at the liquidity pools it has with its execution venues and these are in place to protect Clients and the Company. Criteria that has been taken in to account in the past was specific cases when Clients had requested exotic instruments that are not highly liquid and sufficient liquidity pools for these are not available, and hence it was beyond the Company's power or abilities to offer the best available execution in these cases. This has been remedied and

alleviated by negotiating with execution venues and arranging specific liquidity pools that could better accommodate trading of exotic instruments, so it is apparent that in these cases quality of execution is given the highest priority.

**(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 RTS 28;**

In order to effectively implement a robust Best Execution compliance program, the Company monitors the quality of execution of Client orders through various data and tools. The Company has implemented the following execution quality:

- Real time monitoring of execution and Execution Venue performance through a bridge provider PrimeXM.
- Price Feed Monitoring against reliable external data providers to ensure that the Best Execution policy is upheld to the highest standards and integrity.
- Regular independent reviews of execution quality arrangements and operating effectiveness of the monitoring.
- Periodic internal audit of the execution quality arrangements under Stage 1 and Stage 2 that aims to enhance the oversight of the Company's control environment.

The goal is to ensure that Clients are provided with the best possible results for their orders. To this end, the Company intends to conduct quarterly reviews of the fairness of the price provided to the Client by gathering market data used in the estimation of the price of the products and comparing with similar or comparable products.

In addition, the Company on at least monthly basis assesses the services it received from Execution Venues and compares data with reliable external data providers to ensure that the Best Execution Policy is upheld to the highest standards and integrity. These reports are archived and kept in file, and periodically a comparison from previous months is conducted with the current months so it is possible to spot and remedy any deterioration in the quality of execution if occurs.

**(h) an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU;**

Not applicable.

RTS 28

COMMISSION DELEGATED REGULATION (EU) 2017/576

of 8 June 2016

Supplementing Directive 2014/65/EU

*Regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution*

The information below contains a summary of the analysis and conclusions that the Company has drawn from its monitoring of the quality of execution obtained on the execution venues where it has executed client orders in 2017.

**Retail Clients – Table 1**

Class of Instrument	Equity Derivatives (Options)				
Notification if <1 average trade per business day in the previous year	Y				
Top five Execution venues ranked in terms of trading volumes (descending order)	Proportion of volume (lots) traded as a percentage of total in that class	Proportion of orders (number of trades) executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
XNT Ltd / 635400MMGYK7HLRQGV31	100.00%	100.00%	100%	0%	0%

**Key Definitions under RTS 28**

- a) passive order means an order entered onto the order book that provided liquidity,
- b) aggressive order means an order entered onto the order book that took liquidity,
- c) directed order means an order where a specific execution venue was specified by the client prior to the execution of the order,
- d) “Retail Client” is a client who is not a Professional Client by default and is afforded with the highest level of protection.