



CONSTANCE
INVESTMENT

EXECUTION QUALITY SUMMARY
STATEMENT 2018

1. SCOPE OF THIS STATEMENT

Constance Investment Ltd. (the “Company”) is a Cyprus Investment Firm (CIF) incorporated and registered under the Cap. 113 of the Companies Law of the Republic of Cyprus, with registration number HE333743. The Company is authorized and regulated by the local regulatory authority of the Financial Markets in the Republic of Cyprus, the Cyprus Securities and Exchange Commission (“CySEC”) under the license number 263/14.

Investment Services:

- Reception and transmission of orders in relation to one or more financial instruments
- Execution of Orders on behalf of clients
- Portfolio Management

Ancillary Services:

- Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management
- Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction
- Foreign exchange services where these are connected to the provision of investment services

This is the Execution Quality Summary Statement (hereafter the “Statement”) of the Company compiled and completed under the Article 27 of the Directive 2014/65/EU on Markets in Financial Instruments (MIFID II) and addressed to the Company’s clients (both professional and retail). According to the Directive 2014/65/EU and the Regulation 2017/575/EU supplementing the foregoing Directive, the purpose and scope of this Statement is to enable the public and the Company’s investors to evaluate the quality of our execution practices and to identify the Top Five Execution Venues in terms of trading volumes where the Company executed clients orders in the preceding year.

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2. BEST EXECUTION FACTORS, CRITERIA AND CLIENT ORGANIZATION ANALYSIS

The best execution is an obligation under the Article 27 of the Directive on Markets in Financial Instruments 2014/65/EU (MiFID II), which requires investment firms located in the European Union to take all sufficient steps to obtain the best possible result, i.e. to close a position in the way most favourable for their clients when rendering financial services related to the management of a portfolio of assets of investors, i.e. the Company's clients.

The quality of the best execution, which includes various aspects, such as the speed and likelihood of execution (including the fill rate) and the availability and incidence of price improvement, is an important factor in the delivery of best execution. Availability, comparability and consolidation of data related to the quality of the best execution, provided by the various execution venues is crucial in enabling investment firms in the European Union and investors to identify those execution venues that deliver the highest quality of execution and hence the most beneficial result for their clients.

In order to obtain best execution result for a client, investment firms should compare and analyse relevant data including that are made public in accordance with Article 27(3) of Directive 2014/65/EU on Markets in Financial Instruments (MiFID II) and respective implementing measures.

Best execution is applicable when the Company:

- The Company is executing an order;
- The client, in respect of that order, is within the scope of best execution; and
- The Company is acting on the client's behalf for the purposes of best execution.

Execution of orders means acting to conclude agreements to buy or sell one or more financial instruments and includes the conclusion of agreements to sell financial instruments issued by an investment firm or a credit institution at the moment of their issuance. As part of our practice of providing clients with a consistently high-quality service, the Best Execution applies to all transactions in financial instruments that the Company is licensed to offer.

In the case that the company would execute client orders, the company will take into count the following criteria for determining the relative importance of the factors referred to in Article 27(1) of Directive 2014/65/EU on Markets in Financial Instruments (MiFID II):

- (a) the characteristics of the client including the categorization of the client as retail or professional;
- (b) the characteristics of the client order, including where the order involves a securities financing transaction (SFT);
- (c) the characteristics of financial instruments that are the subject of that order;

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(d) the characteristics of the execution venues to which that order can be directed During reporting period, the Company has taken all sufficient steps to obtain, when executing orders, the best possible result for clients of the Company, taking into count following Factors :

- price,
- costs,
- speed,
- likelihood of execution and settlement,
- size,
- nature or any other consideration relevant to the execution of the order.

In most circumstances, price was the most important Execution Factor. However, in some circumstances with reference to the Execution Criteria the Company, may appropriately determine that other Execution Factors have greater importance in achieving the best possible result for the Client. Where the Company would execute an order, it checks the fairness of the price proposed to the client, by gathering market data used in the estimation of the price of such product. Where possible the Company will compare the relevant financial product with similar or comparable products.

With regards to other execution factors that could have taken precedence over immediate price and costs while executing retail client's orders. Company haven't encountered such during the year 2018 and 2019 (Q1).

Best Execution is applicable to Clients who are classified by us as retail clients or as professional clients only. Eligible counterparties are out of the scope of best execution. For Retail Clients, the best possible result was determined in terms of the total consideration, representing the price of the Financial Instrument and the costs related to execution.

In 2017, the Company received and transmitted Orders for its Professional and Retail Clients in the orderly course of business. Hence, the Best Execution Policy has been applied to Professional Clients and Retail Clients.

Execution Venues and Brokers Analysis

Execution Venue means a regulated market, an MTF, an OTF, a systematic internaliser or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.

In selecting an execution venue or a broker for the execution of a transaction, we take into account in respect of the venue concerned:

- price;
- cost of execution;
- liquidity available for the financial instrument concerned;
- speed of execution;
- reliability of the venue;
- continuity of trading;
- creditworthiness of the venue; and
- quality of any related clearing and settlement facilities

Investment firms and Brokers that the Company used for execution of its client's orders in the year 2018 and 2019 have always been subject to the best execution policy, as well as in accordance with the Investment Services and Activities and Regulated Markets Law N87(I)2017.

Close links means a situation in which two or more natural or legal persons are linked by:

- (a) participation in the form of ownership, direct or by way of control, of 20 % or more of the voting rights or capital of an undertaking;
- (b) 'control' which means the relationship between a parent undertaking and a subsidiary, in all the cases referred to in Article 22(1) and (2) of Directive 2013/34/EU, or a similar relationship between any natural or legal person and an undertaking, any subsidiary undertaking of a subsidiary undertaking also being considered to be a subsidiary of the parent undertaking which is at the head of those undertakings;
- (c) a permanent link of both or all of them to the same person by a control relationship;

During reporting period, the Company haven't entered into any specific arrangements with any of the execution venues/entities and doesn't receive neither discounts, nor rebates, nor other non-monetary benefits. As of the decision by the Cyprus Securities and Exchange Commission dated 1st of June 2017, the Company Constance Investment Ltd introduced the Granting of Credit Limits for Margin Trading.

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Data and information related to quality of the best execution, which has to be published under Delegated Regulation 2017/575/EU is displayed as below:

Class of Instrument	Equity - Shares & Depositary Receipts – Tick size liquidity bands 1 and 2 (from 0 to 79 trades per day)				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Interactive Brokers LLC - 500BSE5T552106SMZR28	99.92%	99.97%			
Castle Harbour Securities Ltd - 254900R3VMPPG60MQEZ08	0.08%	0.03%			

Class of Instrument	Debt Instruments - Bonds				
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 traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Interactive Brokers LLC - 500BSE5T552106SMZR28	100.00%	100.00%			

Class of Instrument	Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)				
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 traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Interactive Brokers LLC - 500BSE5T5521O6SMZR28	100.00%	100.00%			

Class of Instrument	Equity Derivatives – Futures and Options admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Interactive Brokers LLC - 500BSE5T5521O6SMZR28	100.00%	100.00%			

Class of Instrument	Currency Derivatives - Futures and options admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Interactive Brokers LLC - 500BSE5T5521O6SMZR28	100.00%	100.00%			

Class of Instrument	Commodities Derivatives and emission allowances Derivatives - Futures and options admitted to trading on a trading venue				
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 traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Interactive Brokers LLC - 500BSE5T5521O6SMZR28	100.00%	100.00%			

Classification of Passive / Aggressive Orders:

- **Aggressive order is defined as an order that is submitted to a venue which runs an order book and took liquidity on the order book**
- **Passive order is defined as an order that is submitted to a venue which runs an order book and provided liquidity on the order book**
- **For orders executed via venues/liquidity providers/market makers not running an order book the passive/aggressive classification is not relevant and thus is not specified.**
- **No orders are directed as thus field is not specified**

Categorisation of Products into Classes of Financial Instruments:

- **Equities** – Shares & Depositary Receipts o Cash Shares covered by the MiFID II tick size regime. Instruments are placed into liquidity bands based on the ADNT (average daily number of transactions) values published by ESMA (Liquidity Band 6 can be seen as representing the most liquid instruments and Liquidity Band 1 the least liquid instruments, based on ADNT values.)
- **Interest rates derivatives** - Futures and options admitted to trading on a trading venue o Contract Futures and Contract Options within sectors “Financials - Short-term Interest Rates” and “Financials – Bonds”
- **Currency derivatives** - Futures and options admitted to trading on a trading venue o Contract Futures and Contract Options within sector “Financials – Currencies
- **Commodities derivatives and emission allowances Derivatives** - Options and Futures admitted to trading on a trading venue o Contract Futures and Contract Options within sectors “Agriculture”, “Base Metals”, “Commodity Index”, “Energies”, “Meats”, “Precious Metals”, “Softs”
- **Equity Derivatives** - Options and Futures admitted to trading on a trading venue o Contract Futures and Contract Options within sector “Stock Indices” and Stock Options and Stock Index Options
- **Debt Instruments** - “Financials – Bonds”