



CONSTANCE

INVESTMENT

EXECUTION QUALITY SUMMARY
STATEMENT 2019

A. INTRODUCTION

The Markets in Financial Instruments Directive 2014/65/EU (the “MiFID II”) and the Commission Delegated Regulation (EU) 2017/565 (“CDR 2017/565”) as well as the 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, Constance Investment 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 clients’ orders in the previous year. The aim is to provide the clients as well as the public with meaningful information in order to effectively assess and scrutinize the execution quality achieved during the year by the company. The Company urges its clients and/or potential clients to read the statement carefully as it contains information on how the Company executes orders to execution venues. The statement along with the accompanying tables will remain on the Company’s website for 2 years at least post its publication.

The below report, RTS 28, is a summary of the analysis and conclusions of Constance Investment Ltd (hereinafter “CI” or “the Company”) of the execution quality obtained by the Top 5 Execution Venues the Company used to execute its client orders, in the previous year, in terms of trading volumes, in respect of bonds. This report should be read in conjunction with the “Best Execution Analysis” tables available on the Company website.

In accordance with the Company’s Order Execution Policy and the obligations under MiFID II, the Company takes “all sufficient steps” to obtain the best possible result for its clients when executing their orders. The Company assesses, at least on an annual basis, the quality of service received by each execution venue used for executing clients’ orders. The assessment takes into consideration the type of financial instrument in question and relative importance of execution factors per asset class.

In regard to 99% of the volume traded, the Company used a single execution venue, “Interactive Brokers” which provides eligible participants access to a number of markets (Regulated Market, MTF, OTF) as well as functionality and liquidity across all asset classes. Interactive Brokers is authorised by the UK Financial Conduct Authority as well as the Securities and Exchange Commission of the United States.

B. BEST EXECUTION FACTORS TAKEN INTO CONSIDERATION

In order to achieve the best possible result for clients’ orders the Company took into consideration the below execution factors and criteria:

1. **Price:** An Execution Venue that provides, or is likely to provide, consistent trading opportunities at better prices than other Execution Venues or OTC or other entities for execution.
2. **Costs:** commissions, costs and the fees that are charged for executing clients’ orders.
3. **Likelihood of execution:** An Execution Venue that provides, or is likely to provide, consistent trading opportunities in terms of increased volumes at the same price and time.
4. **Likelihood of settlement:** An Execution Venue that uses Central Counterparty (“CCPs”) for the settlement of transactions. Execution Venues that use CCPs are considered low risk in settlement terms

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and offer near certainty in the settlement of executed transactions. Execution Venues without CCP arrangements will be assessed in terms of credit and operational risks in case they are utilized.

5. **Market models:** Execution Venues are assessed on their trading models, including matching and allocation logic, as well as their rules and the type of trading participants.

6. **Reliability and operational resilience:** Execution Venues are assessed on their reliability and operational resilience, both from a trading and post-trade perspective.

7. **Speed of execution:** speed of execution within venues is relatively similar in modern electronic Markets

C. CRITERIA

The Company prioritizes the execution factors typically taking into account the following criteria:

- the characteristics of the client, including the categorisation of the client as a Retail or Professional.
- the characteristics of the client order.
- the characteristics of the financial instrument that are subject of that order; and
- the characteristics of the execution venues or entities to which that order can be directed.

For clients classified as Retail client the best possible result was determined in terms of “*total consideration*”.

Total consideration represents the price and the costs relating to execution. In certain cases the Company prioritized other factors (such as, speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs) 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.

For clients classified as Professional Clients, total consideration may not be an appropriate guide for execution in all cases, for example, speed and likelihood of execution may take precedence during highly volatile market conditions or highly illiquid instruments.

D. EXECUTION PROCESS

Under MiFID II requirements the Company tries to not “over-rely” on the use of a single execution venue. The company in accordance of Article 24(1) of MiFID II, regularly assesses the market landscape to determine whether or not there are alternative execution channels that it could use.

The Company ensured that selected Execution Venue(s), Interactive Brokers in our case, has at least all of the following:

- transparent criteria for determining financial instruments that can be traded
- non-discriminatory rules for determining access to the system

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- rules to ensure fair and orderly trading on the system
- rules to facilitate efficient settlement of transactions concluded through the system

When submitting an order through the IB trading platforms, clients may choose smart order routing or provide specific instructions to directly route their orders to the chosen venue. Orders may be filled in one or multiple market transactions across one or more execution venues. Orders are dealt fairly and in due turn when received by clients. To the extent it is reasonably practicable to do so, orders will be dealt with in accordance with their Policy and general terms and conditions.

Smart Order Routing

Interactive Brokers offers smart order routing for products that are listed on more than one execution venue. Smart-Routing is a proprietary computerized routing algorithm designed to optimize both speed and either price or total consideration, by continuously scanning the bids and offers at each of those competing execution venues and automatically routing orders directly to the best execution venues or dealers.

Approach to Smart Routing

Smart Routing is premised upon the principle that an order is most likely to be executed at the optimal price, at the greatest speed and with the highest levels of accuracy and certainty of completion if that order is submitted via direct access to a fully automated market venue. Moreover, to the extent that an order is associated with a product listed on multiple market venues, smart order routing is achieved by constantly reviewing the bids and offers at each of those venues and by directing the order to the venue offering the best total consideration or the best price, if price has been selected as the primary execution factor.

For retail clients, the best possible result achievable for the client is determined by reference to the **total consideration**. Total consideration is the prioritized factor where the "Cost-Considered when Routing" functionality is active in the IB trading platforms, which is the default option unless the client selects "Price". Otherwise Smart Routing will direct the order to the venue providing the best price.

Declaration

During the reporting period, the Company did not receive any remuneration, discount or non-monetary benefit for routing Client orders to an Execution Venue, which would infringe any conflicts of interest or inducement requirements under MiFID II. In addition, the Company has no close links, conflicts of interest, and common ownerships with respect to the Execution Venue.

E. SUMMARY

In the view of the above and MiFID's II requirements, the company deems that all execution factors and criteria outlined therein were considered and satisfied. The particular execution venue(s) enabled the company to take full advantage of the market price and liquidity. In addition, CI considers that during the reporting period the execution venue provided an appropriate standard of execution in the relevant market and the intended outcome was achieved on a consistency basis.

In view of the above stated information, the Company considers that all execution factors and criteria as these are stated above, have been fully and duly considered, and in this respect have enabled the Company to take full advantage and make best efforts to provide best execution to its clients. The Company considers that the specific execution venue(s) provided sufficient execution arrangements in the relevant market and the outcome obtained was appropriate for its clients.

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