



APS Bank plc

Best Execution Policy

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1. Purpose

The purpose of this Best Execution Policy (the “BEP”) is to set out information on the arrangements in place for order execution, based on the relevant provisions of MiFID II, the rules and guidelines issued by the MFSA.¹

²APS Bank Plc will undertake the following activities:

- Execute orders on behalf of Clients on an Execution Venue;
- Provide the service of reception and transmission of orders;
- Provide the service of Discretionary Portfolio Management and execute/transmit the decision to deal on behalf of the client’s portfolio;

Orders will be accepted from:

- Retail and Professional Clients
- Portfolio Managed relationships
- Collective Investment Schemes

2. Principles of Best Execution

The Bank, when executing an order, shall take all sufficient steps to obtain the best possible result for its Clients and shall take into account the following execution factors:

- Price of the financial instrument;
- Costs, including expenses directly related to the order execution;
- Speed of execution;
- Likelihood of execution and settlement;
- Size;
- Nature; or

Any other considerations relevant to the execution of a particular order.

These factors are weighted depending on the Bank’s commercial experience and judgement in light of available market information and taking into account the following execution criteria:

- Classification of the client as Retail or Professional;
- Type of client order and financial instruments subject to that order; and
- Characteristics of the execution venue to which that order may be directed.

In general, and particularly when executing orders on behalf of Retail Clients, best execution is primarily determined in terms of total consideration. Total consideration is the price of the financial instrument and the costs related to execution which shall include all expenses incurred by the client which are directly related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.

In the case of the execution of orders on behalf of Professional Clients, whilst price and cost merit a high relative importance, they may not necessarily be the determining factors for achieving best execution. Other

¹ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID II), as transposed in local legislation.

² MFSA Conduct of Business Rulebook.

factors, such as speed, likelihood of execution and settlement size, and market impact, may determine the achievement of best execution.

For the avoidance of doubt, this BEP does not apply to Clients that have been categorised as “Eligible Counterparties” in terms of the MFSA Rules.

3. Receipt of Specific Instructions

Where a client provides a specific instruction in respect of the execution of an order / part or aspect of an order, the Bank will execute that order in accordance with those instructions.

To note that specific instructions from a client may prevent the Bank from taking the steps that it has designed and implemented in the Best Execution Policy to obtain the best possible results for the execution of those orders. Where applicable, any part of an order not subject to any specific client instruction, will continue to be subject to the Bank’s Best Execution Policy.

4. Selecting Execution Venues/Brokers

Client Orders may be executed on various execution venues, including:

- Regulated markets (“RMs”);
- Liquidity providers or market makers;
- Third party brokers;
- Multilateral Trading Facilities (“MTFs”) (systems operated by an investment firm that bring together multiple third party buying and selling interests in financial instruments);
- Organised Trading Facility (“OTF”) (a multilateral system that is not a RM or MTF); and
- Systematic Internalisers (“SIs”) (these are investment firms that on an organised, frequent and systematic basis deal on their own account by executing client orders outside a RM, MTF or OTF).

The Bank will execute orders received from (i) Retail Clients (ii) Portfolio managers on behalf of portfolio managed client relationships [which may be classified as retail or professional clients] (iii) the sub-funds of APS Funds SICAV plc. using any one of the following options:

Orders to trade instruments quoted on the Malta Stock Exchange (“MSE”): the Bank has access to execute Client’s orders directly with the MSE. However, as an alternative channel, the Bank may also transmit such orders for execution to locally registered third-party brokers with whom the Bank has entered into an agreement for the execution of Client orders. Such arrangements will cover both local equities as well as local bonds.

Orders to trade instruments quoted on foreign stock exchange platforms: In such cases, the Bank will transmit orders received from Clients to a third-party broker – whilst constantly monitoring that the selected broker will obtain best execution for Clients submitting orders through the Bank. Such arrangements will cover Equities, Bonds and Exchange Traded Funds. However, in cases where the proposed broker accepts orders for execution subject to transaction minimum thresholds, the Bank will be obliged to seek alternative routing arrangements.

Off-exchange: the Bank may execute a trade order with an identified third-party broker / Systematic Internalisers SIs / market maker in respect of assets which such third party may hold on its own account rather than transmitting such deals for execution on a recognised exchange in a country other than Malta. Such arrangement will cover bonds and over-the-counter (OTC) transactions which may be negotiated directly with counterparties.

When placing an order, the Bank is required to choose the execution venue or broker that it considers the most appropriate. In so doing, the Bank is required to identify the execution venue/broker that will enable it, on a consistent basis, to obtain the best possible result for the client.

The Bank may set its fees and commissions, but it shall not do so in a way that leads to unfair discrimination of any execution venue/broker. Furthermore, the Bank may receive remuneration or non-monetary benefits for routing client orders to a specific trading venue only when such routing continues:

- To enhance the quality of the reception and transmission / execution service
- To support the Bank in its duty to act honestly, fairly and professionally

When choosing an execution venue/broker for a particular client order, the Bank is required to take into account the effect of its own fees and commissions on the total consideration to the client.

There shall be full disclosure of all transaction applicable fees – as soon as the information is available to the Bank as the entity transmitting or executing the client's order.

List of Execution Venues/Brokers

The Bank has identified a number of Execution Venues/Brokers which allow it to obtain, on a consistent basis, the best possible result when executing client orders – in line with the local regulatory framework linked to Best Execution Requirements. The Bank may proceed to transmit an order for execution outside an exchange or multilateral trading facility. In such cases, the Bank shall obtain the prior express consent of the client, in the form of a general agreement or in respect of individual transactions – as may be appropriate.

The Execution Venues/Brokers identified by the Bank are provided for indicative purposes only and include the venues provided in Annex 1 to this Policy.

The Bank reserves the right to use other Execution Venues/Brokers, where it is considered appropriate, in accordance with the BEP. The Bank is to assess on a regular basis whether the execution venues/brokers listed in the BEP provide for the best results for the client or whether any changes are required. The Bank may add or remove execution venues/brokers at its own discretion and clients are advised that they will not be notified separately of any changes made to the execution venues/brokers.

An updated list of execution venues/brokers will be provided to a client upon request.

5. Reception and Transmission of Orders – Best Execution Implications

Subject to the receipt of any specific client instructions, the Bank will generally transmit the order received from a client to a correspondent broker for the execution of that order and in so doing, the Bank is still required to demonstrate that it continues to act in the best interests of the client in accordance with the BEP. This will be evidenced through:

- Taking all sufficient steps to obtain the best possible result taking into consideration the same factors as if it were itself executing the order.
- Maintaining an up to date Best Execution Policy – including an assurance that the selected entities have adequate execution arrangements which are broadly in line with the regulatory framework applicable to the Bank.
- Check the fairness of the price being sourced for the client by gathering market data including, wherever possible, alternative prices thus enabling a comparison.

When the Bank transmits an order to a correspondent broker for execution, the Bank's best execution obligations are limited to the transmission of the order to the correspondent broker. Accordingly, the

execution of such orders is dependent on the best execution arrangements in place within such correspondent brokers – these will be included in written arrangements entered into with third party brokers.

6. Order Handling and Allocation

The Bank has arrangements in place that allow for the prompt, fair and expeditious execution of client orders. These arrangements allow for the execution of otherwise comparable client orders in accordance with the time of reception of the order by the Bank unless:

- (a) the characteristics of the client order or prevailing market conditions make it impracticable,
- (b) the interests of the client require otherwise, or
- (c) the Bank receives other instructions from the client.

The Bank's policy is to treat client's orders individually. However, the Bank may consider aggregation of orders as per the Bank's Aggregation and Allocation Policy which shall be read in conjunction with this policy.

7. Ongoing Review and Monitoring

The Bank regularly reviews and monitors the effectiveness of its order execution arrangements and will review the BEP, at least annually.

In addition, the Bank reviews and assesses, on a regular basis, whether the execution venues included in the BEP provide for the best possible result for the client or whether changes to its execution arrangements are required. Clients will be notified of any material changes to the BEP and order execution arrangements.

8. Non- contractual Arrangement

Under no circumstances shall any obligation towards a client under the BEP amount to a condition of any transaction and failure to comply with the BEP shall not entitle a client to cancel, terminate or rescind any transaction or order.

9. Consent

The Bank is required to obtain the prior consent of its Clients to the BEP. If an order is placed following receipt of the BEP, Clients will be deemed to have consented to the BEP.

Annex 1 – List of Execution Venues/Brokers

Financial instruments listed on the Malta Stock Exchange (“MSE”), are traded by the Bank, as member of the MSE, directly on the market:

- Malta Stock Exchange

Although the Bank is authorized and licensed to trade directly through the MSE platform, any trades could be redirected to any of the below local brokers as instructed by the Portfolio Manager or the Client, and the Bank can exercise its activity of ‘receipt and transmission’ of an order:

- Bank of Valletta Plc
- Jesmond Mizzi Financial Advisors Ltd
- Rizzo, Farrugia & Co (Stockbrokers) Ltd

Others:

- Bank of Valletta plc. (“BOV”) - orders received from Retail Clients related to foreign bonds, equities and ETFs, are mainly transmitted to BOV for execution.

In order to ensure Best Execution practices in respect of price and fees / commissions, BOV may also be used when considering:

- i. the Bid-Offer spread
- ii. the applicable commission rates

NOTE: For trades that meet the €100,000 threshold, normally related to the Discretionary Portfolios which settle in Euro Clear, the Bank can trade through any foreign broker, yet a custody fee is charged on each trade. Details as regard to the applicable fee may be found in the Discretionary mandate, agreed between the Bank and the Client.

Collective Investment Schemes (“CISs”):

- Applications and/or redemptions in CISs are directed to the Investment Manager or Administrator of the target CIS.

Foreign financial instruments listed on a Regulated Market or Traded on a Multilateral Trading Facility:

The Bank does not execute orders directly on foreign markets but transmits client orders to third party entities with which the Bank has an established relationship for execution. These third-party entities include:

- Bank of Valletta plc – for orders as referred to above
- Shore Capital Stockbrokers Ltd – for orders related to foreign bonds, equities, and ETFs
- Mitsubishi UFJ Trust International Limited – for orders related to foreign bonds
- Tradition Securities and Futures SA/ TSAF OTC S.A/ TFS Derivatives Ltd – for orders related to foreign bonds, equities and ETFs
- Oppenheimer Europe Ltd – for orders related to foreign bonds