

Execution Quality Summary according to Article 3 (3) of the Commission Delegated Regulation (EU) 2017/576 (“RTS 28”) and Article 65 (6) of the Commission Delegated Regulation (EU) 2017/565

Period 01.01.2017 – 31.12.2017

Valid for all Instrument Classes MAINFIRST trades (equities and equity-like products)

The MiFID II regulations¹ require investment firms to publish on an annual basis information about the quality of its execution practices. MAINFIRST BANK AG (“MAINFIRST” or “Bank”) wants to give herewith its summary information and conclusions as required by RTS 28, Art 3 (3) and Article 65 (6). The summarised presentation in accordance with MiFID II covers all asset classes that MAINFIRST trades, which are equities and equity-like products. In addition, for reporting purposes, MAINFIRST also consolidates a review of orders executed directly with venues and orders executed indirectly via third parties in 2017.

(a) 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:

The Bank’s Best Execution Policy sets out the approach to provide the best possible result when accepting an order and executing a transaction for Professional Clients as required according to the Markets in Financial Instruments Directive 2014/65/EU, related RTS respective national law and additional guidance by national regulatory bodies (together “MiFID II”).

MAINFIRST has taken during the reporting period all sufficient steps to execute such transactions in financial instruments on terms most favourable to clients on a consistent basis (“Best Execution” or “Best Execution obligation”). Similarly, MAINFIRST has monitored on a regular basis not only the execution quality obtained but also the quality and appropriateness of its execution arrangements and policies on an ex ante and ex post basis to identify circumstances under which changes might have been appropriate.

The Bank has considered the following range of factors (in order of priority) be important to fulfil its Best Execution as follows:

- (1) Execution price and nature of the order affecting the execution price (Priority: high)
- (2) Size and nature of the transaction (Priority: high)
- (3) Likelihood of execution and competition of the transaction (Priority: high)
- (4) Speed of transaction execution (Priority: medium)
- (5) Total transaction costs, including execution costs and implicit cost elements (Priority: medium)
- (6) Any other factor decisive to match the Best Execution obligation (Priority: low)

The individual importance of the Best Execution factors may have varied, when executing client orders. Best Execution therefore applied in a manner that has taken into account the different circumstances associated with the transaction:

¹ Markets in Financial Instruments Directive 2014/65/EU (MiFID II) together with the Commission Delegated Regulation (EU) 2017/575 (formerly “RTS 28”) and Article 65 (6) of the Commission Delegated Regulation (EU) 2017/565 (“Article 65 (6)”)

- (1) the characteristics of the client, including the categorization of the client as Professional;
- (2) the characteristics of the client order;
- (3) the characteristics of financial instruments that are the subject of that order;
- (4) the characteristics of the execution venues to which that order can be directed;
- (5) the legal and regulatory framework under which the transaction is executed.

MAINFIRST had during the reporting period the necessary procedures and arrangements in place as well as an appropriate valuation system. The Bank has routinely taken into account external market data and externally verifiable reference prices (where available) to ensure the fairness of the price for its clients' transactions.

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

MAINFIRST acts fully independent. There were no conflicts of interest through common ownership structure or affiliate relations with any of the venues or brokers used to execute orders.

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

The Bank operates with every venue or broker on the basis of the counterparty's respective standard terms of business and publicly available price lists. MAINFIRST does not and did not receive any remuneration, discount or any non-monetary benefit for routing an order to a particular regulated market place or trading venue based on inducement rules as stated in the MAINFIRST GROUP Code of Conduct.

(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:

When executing a transaction for the client the venue(s) will be chosen by taking into account the following factors (ranked by importance) in order to obtain the best possible result on a consistent basis:

- (1) Liquidity and price of the venue
- (2) Performance and likelihood of execution
- (3) Settlement risk of the venue
- (4) Credit risk of the venue
- (5) Infrastructure and operational stability of the venue
- (6) Fees and other costs charged by the venue

MAINFIRST has regularly assessed the market landscape to determine whether or not there were alternative execution venues. This assessment was executed across different execution venues by analysing the above series of metrics.

Under the light of the upcoming MiFID II regulation the Bank has reviewed in 2017 the access to all important liquidity sources. There have been no changes in the list of Venues and Brokers MAINFIRST is directly connected to. The Bank still appreciates a direct access to the primary market in its core markets. But with its network of various global Brokers it can similarly access all

other markets and venues to achieve best execution to the benefit of its clients. MAINFIRST has made sure that it is able to access all important liquidity venues under MiFID II in the future.

- (e) An explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements;**

MAINFIRST exclusively serves professional clients. All MAINFIRST clients are treated equally in terms of execution arrangements.

- (f) An explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client;**

N/A – the Bank does not carry out any business with retail clients

- (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 Commission Delegated Regulation (EU) 2017/575 (RTS 27)**

MAINFIRST operates, amongst other systems, a Transaction Cost Analysis (TCA) system to monitor and evaluate the execution quality and broker performance on an ongoing basis. MAINFIRST considers the following TCA factors to be important for the evaluation:

%-worse	The percentage value traded in LIT that executed at a price worse than the correspondent benchmark price.
%-worse dark	The percentage value traded in NON-LIT that executed at a price worse than the correspondent benchmark price.
Service	Information feed, error handling, maintenance and others.
SC(%)	The average spread capture in % over all trades. (Spread capture of 0% indicates that the fill occurred at aggressive EBBO price, a spread capture of 50% indicates an EBBO mid-point match and a spread capture of 100% indicates a fill occurred at passive EBBO price).
SOR (bps)	The overall amount (in basis points) that fills could have been improved where a better price was possible.
TWAM5s	Average executed price performance versus a time weighted average mid-price taken 5 seconds before and after the time of the trade.
A%PMov(1s)	The percentage of time that the market mid-price moves, by any amount, between TradeTime and TradeTime plus DeltaTime.

These criteria are weighted according to their importance and the resulting coefficient offers an orientation with regard to a desired optimal execution in the best interest of the client. The TCA assessment was carried out at regular intervals in order to be able to respond to developments at an early stage.



As RTS 27 reports from execution venues are not available for 2017 those could not been incorporated in the analysis for 2017.

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

N/A – there is no consolidated tape established yet.

MAINFIRST BANK AG
Frankfurt am Main, April 2018

Board of Management