

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 01.01.2019 – 31.12.2019

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 2019.

(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) that are 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 as specified in more detail in the Annex of the Best Execution Policy, 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 were the subject of that order;
- (4) the characteristics of the execution venues to which that order could be directed;
- (5) the legal and regulatory framework under which the transaction was 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:

On 1 November 2019 MAINFIRST became part of the Stifel Group with its parent company Stifel Financial Corp. (NYSE: SF). Since that MAINFIRST might use, amongst others, its affiliate companies Stifel Nicolaus Europe Limited and Stifel Nicolaus & Company Inc. as Broker. The Execution quality received from affiliated entities is subject to the same monitoring and assessment applied to third party entities and execution venues utilised for execution of client orders.

There were no other 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 of the venue. 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.

The Bank has reviewed in 2019 regularly the access to all important liquidity sources. There have been no changes in the list of Venues to which MAINFIRST is directly connected. 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. There have been minor adjustments in 2019 in the connectivity by 3rd party brokers to certain liquidity venues. Each adjustment is purely driven by above mentioned factors, i.e. accessing a broader spectre of liquidity in the interest of Best Execution.

- (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 uses, 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:

Improvement / Shortfall	The total value of price improvement (or shortfall) achieved over all trades executed in the reporting period. If all trades were executed at exactly the benchmark value this number would be 0. A positive value implies overall price improvement versus benchmark prices. A negative value indicates an overall shortfall.
VWAP	Benchmark is the VWAP price of all public trades on all venues (including MTFs) over the period of the order. For limit price VWAP orders the VWAP is based on all public trades are up to and including the limit price.
PVWAP5%	VWAP at an indicative participation level of 5%.
Price Improve	The average amount (in basis points) that each fill improved on the price that would be achieved by sending a single aggressive order to the best venue at the time of the fill.
% Spread Capture	The average spread capture in % achieved over all fills. Spread capture of 0,0% indicates that the fill occurred at aggressive EBBO (European Best Bid and Offer) 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.
% Price Move 100ms	The relative price movement within that period since execution, not taking into account the sign of the figure.

Absolute Impact 100ms (in bps)	The difference in basis points between the mid price at the time and execution time.
Average Trade Size	
Other soft factors	e.g. Service quality, settlement quality etc.

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.

(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 2020

Board of Management