

Introduction

This report (the ‘Report’) provides a summary of the analysis made in the course of our best execution monitoring, together with a list of the top five brokers used to execute retail and professional client orders in each class of financial instrument, as provided for in Commission Delegated Regulation (EU) 2017/576 of 8 June 2016 supplementing Directive 2014/65/EU (“MiFID II”).

This Report is prepared having regard to the following business specifics of Veles International Limited (‘VIL’ or ‘we’) that have not changed in 2022:

- We are neither a participant of any trading venue nor acting ourselves as a systematic internaliser or a liquidity provider. We therefore always transmit client orders for execution to our *brokers* or, with respect to certain financial instruments, execute clients order with OTC counterparties acting as a liquidity provider;
- We specialise on providing clients with investment services predominantly on local (third country) financial markets, such as Russia, where there is only limited number of execution venues;
- We select our brokers on the basis of their high reliability (including good regulatory record and the history of seamless mutual cooperation), vast experience and reputation on the respective financial market, sound financial position and reasonable cost of services (fees). We also take into account the execution factors pertinent to particular classes of financial instrument, as specified below in this Report. To this effect we pay due attention to the Best Execution Policies provided to us by our brokers. The complete list of brokers that may be used by VIL is outlined in the Annex 2 of our Order Execution Policy (<http://veles-international.com/en/Services/Regulations>);
- We specialise on servicing clients who have substantial skills and knowledge in the field of investments on the markets mentioned above.

It follows from the considerations listed above that the information on quality of VIL’s execution of client orders has certain features common to different classes of financial instruments as presented below in the section ‘*Summary Analysis. Common Part*’. The information on the particular instrument execution factors taken into account in the process of selection of a broker, as well as the statistics related to the top 5 venues (liquidity providers) used in 2022, is presented in the relevant section/table ‘*Summary Analysis. {Class of Financial instrument}*’.

Since we do not enter orders into order books of execution venues ourselves delegating this to our brokers, all the orders in the tables are classified as directed orders.

Summary Analysis. Common Part

Description of close links, conflicts of interests, and common ownerships

VIL did not have in 2022 any close links, conflicts of interests, or common ownerships with respect to any broker used to execute client orders except as provided for in this sub-section below.

When operating on the Russian financial market in 2022 (until 24th February 2022), VIL used the brokerage and custodial services of its ex-parent company IC Veles Capital LLC always acting in compliance with its Conflicts of Interest Policy (<http://veles-international.com/en/Services/Regulations>). IC Veles Capital LLC was primarily selected by VIL as its Russian broker due to its long and significant experience on the Russian financial market, independence in ownership, conservative approach to managing risks specifically confirmed by S&P rating agency, higher overall quality of execution and intra-group protection of client personal and other confidential data. The latter consideration is of high importance taking into account the statutory requirements existing in Russia to provide to local brokers information on investment firm's end clients for tax and AML purposes.

Description of specific arrangements regarding payments made or received, discounts, rebates or non-monetary benefits received ('Inducements')

VIL did not pay or receive in 2022 any Inducements which may have led to a conflict of interest always acting in accordance with its Conflicts of Interest Policy and Inducements Policy (<http://veles-international.com/en/Services/Regulations>). This particularly included Inducements paid to or received from its ex-parent company and Russian broker IC Veles Capital LLC. Only a proper brokerage and custodial fees were routinely paid.

Explanation of the factors that led to a change in the list of execution venues/brokers listed in the firm's execution policy

No such changes occurred in 2022

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

Execution factors are applied by VIL, when executing client orders, in light of client categorisation. The factors are ranked by their relative importance for the quality of execution of orders related to particular class of financial instrument as outlined below. This is primarily the case with respect to retail clients. For professional clients the particular order of importance may differ on a case-by-case basis taking into account the client's particular needs and preferences (indicated by the client).

For professional clients, price and cost are generally two separate execution factors. For professional clients price is generally the factor of primary importance for VIL to choose the execution venue (the execution broker should indicate this approach in its Best Execution Policy), with cost being taken into account as a factor balancing against other execution factors. Indication to this effect in the client order or known client preferences will be

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followed. However, there may be circumstances where price is no longer the dominant execution factor; for example, for transactions in less liquid securities, likelihood of execution or the size of order become more important.

For retail clients, the best possible result will be determined in terms of the total consideration, representing the price of the financial instrument plus the costs directly related to execution. Total consideration will take precedence over all other factors.

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

See the sub-section above and further details (if any) specified with respect to particular instrument below.

Explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575

Where there was no specific instruction provided by the client and there was more than one execution venue operating in the respective financial instrument on the relevant financial market, VIL relied on the best execution arrangements of its execution brokers.

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

Not applicable

Summary Analysis. Equities - Shares & Depositary Receipts

Relevant execution factors (priority descending)

1. price (*plus costs for retail clients*)
2. likelihood of execution
3. size of the order
4. costs (*for professional clients*)
5. speed of execution

However, for convertible bond transactions, VIL will prioritise execution factors as follows:

1. price (*plus costs for retail clients*)
2. speed of execution
3. size of the order
4. costs (*for professional clients*)
5. likelihood of execution

In relation to a market order speed of execution (primary factor) and size of the order (secondary factor) are the most important execution factors.

Top five brokers – Equities

Table 1 – Retail clients

Class of Instrument		Tick size liquidity bands <u>1 and 2</u> (from 0 to 79 trades per day)		
Top five brokers ranked in terms of trading volumes (in descending order)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of directed orders *
AK Jensen Limited	213800QH1824YW4EQO06	95,22%	78,57%	0%
Goldman Sachs International	W22LROWP2IHZNBB6K528	4,33%	12,50%	0%
Canaccord Genuity LLC	WTX5X269IUOQ9YMI7R44	0,28%	3,57%	0%
Limited Liability Company «IC VELES Capital»	253400GHQM8WGX9UET22	0,16%	5,36%	0%

Table II – Professional clients

Class of Instrument		Tick size liquidity bands <u>1 and 2</u> (from 0 to 79 trades per day)		
Top five brokers ranked in terms of trading volumes (in descending order)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of directed orders *
Goldman Sachs International	W22LROWP2IHZNBB6K528	50,21%	42,48%	0%
Limited Liability Company «IC VELES Capital»	253400GHQM8WGX9UET22	46,26%	43,36%	0%
AK Jensen Limited	213800QH1824YW4EQO06	3,13%	6,19%	0%
Canaccord Genuity LLC	WTX5X269IUOQ9YMI7R44	0,25%	1,77%	0%
Sova Capital Limited	213800T9OJMZA69QDM04	0,15%	6,19%	0%

Table I – Retail clients

Class of Instrument		Tick size liquidity bands <u>3 and 4</u> (from 80 to 1999 trades per day)		
Top five brokers ranked in terms of trading volumes (in descending order)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of directed orders *
-	-	-	-	-

Table II – Professional clients

Class of Instrument		Tick size liquidity bands <u>3 and 4</u> (from 80 to 1999 trades per day)		
Top five brokers ranked in terms of trading volumes (in descending order)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of directed orders *
-	-	-	-	-

Table I – Retail clients

Class of Instrument		Tick size liquidity bands 5 and 6 (from 2000 trades per day)		
Top five brokers ranked in terms of trading volumes (in descending order)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of directed orders *
AK Jensen Limited	213800QH1824YW4EQ006	69,32%	85,71%	0%
Goldman Sachs International	W22LROWP2IHZNBB6K528	29,88%	10,27%	0%
Canaccord Genuity LLC	WTX5X269IUOQ9YMI7R44	0,65%	3,07%	0%
Sova Capital Limited	213800T9OJMZA69QDM04	0,14%	0,12%	0%
IC VELES Capital LLC	253400GHQM8WGX9UET22	0,01%	0,83%	0%

Table II – Professional clients

Class of Instrument		Tick size liquidity bands 5 and 6 (from 2000 trades per day)		
Top five brokers ranked in terms of trading volumes (in descending order)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of directed orders *
Goldman Sachs International	W22LROWP2IHZNBB6K528	42,65%	39,20%	0%
Canaccord Genuity LLC	WTX5X269IUOQ9YMI7R44	28,09%	2,45%	0%
AK Jensen Limited	213800QH1824YW4EQ006	22,57%	8,02%	0%
Sova Capital Limited	213800T9OJMZA69QDM04	4,65%	27,39%	0%
ATONLINE LIMITED	213800PZWYFKIOAGQY35	2,05%	22,94%	0%

Summary Analysis. Debt Instruments - Bonds

Relevant execution factors (priority descending)

1. price (*plus costs for retail clients*)
2. costs (*for professional clients*)
3. speed of execution
4. likelihood of execution
5. size of the order

In relation to a market order speed of execution (primary factor) and size of the order (secondary factor) are the most important execution factors.

However, for structured notes transactions, VIL will prioritise execution factors as follows:

1. likelihood of execution
2. costs (*for professional clients*)
3. speed of execution
4. size of the order
5. price (plus costs for retail clients)

When the executing trade unwinds, the execution factors are changed with price becoming the most significant, followed by likelihood of execution and speed.

Top five brokers – Debt instruments

Table I – Retail clients

Class of Instrument	LEI	Bonds		
Top five brokers ranked in terms of trading volumes (in descending order)		Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of directed orders
Limited Liability Company «IC VELES Capital»	253400GHQM8WGX9UET22	100,00%	100,00%	0%

Table II – Professional clients

Class of Instrument	LEI	Bonds		
Top five brokers ranked in terms of trading volumes (in descending order)		Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of directed orders
IC VELES Capital LLC	253400GHQM8WGX9UET22	99,96%	99,56%	0%

Summary Analysis. Derivatives - Equity Derivatives

Relevant execution factors (priority descending)

1. price (*plus costs for retail clients*)
2. size of the order
3. speed of execution
4. costs (*for professional clients*)
5. likelihood of execution

However, for equity derivatives not traded on exchange VIL will prioritise execution factors as follows:

1. price (*plus costs for retail clients*)
2. likelihood of execution (this will include credit quality of a counterparty)
3. costs (*for professional clients*)
4. size of the order
5. speed of execution

Top five brokers – Equity Derivatives

(i) Options and Futures admitted to trading on a trading venue

Table I – Retail clients

Class of Instrument	LEI	Equity Derivatives		
		Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of directed orders
Top five brokers ranked in terms of trading volumes (in descending order)				
-	-	-	-	-

Table II – Professional clients

Class of Instrument	LEI	Equity Derivatives		
		Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of directed orders
Top five brokers ranked in terms of trading volumes (in descending order)				
Limited Liability Company «IC VELES Capital»	253400GHQM8WGX9UET22	100,00%	99,85%	0%

Summary Analysis. Derivatives - Currency Derivatives

Relevant execution factors (priority descending)

1. price (*plus costs for retail clients*)
2. size of the order
3. speed of execution
4. costs (*for professional clients*)
5. likelihood of execution

However, for currency derivatives not traded on exchange VIL will prioritise execution factors as follows:

1. price (*plus costs for retail clients*)
2. likelihood of execution (this will include credit quality of a counterparty)
3. costs (*for professional clients*)
4. size of the order
5. speed of execution

Top five brokers – Currency Derivatives

(i) Futures and options admitted to trading on a trading venue

Table I – Retail clients

Class of Instrument	LEI	Currency Derivatives		
		Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of directed orders
Top five brokers ranked in terms of trading volumes (in descending order)				
-	-	-	-	-

Table II – Professional clients

Class of Instrument	LEI	Currency Derivatives		
		Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of directed orders
Top five brokers ranked in terms of trading volumes (in descending order)				
Limited Liability Company «IC VELES Capital»	253400GHQM8WGX9UET22	100,00%	97,83%	0%

Summary Analysis. Derivatives - Commodities derivatives and emission allowances derivatives

Relevant execution factors (priority descending)

1. price (*plus costs for retail clients*)
2. size of the order
3. speed of execution
4. costs (*for professional clients*)
5. likelihood of execution

However, for commodities derivatives and emission allowances derivatives not traded on exchange VIL will prioritise execution factors as follows:

1. price (*plus costs for retail clients*)
2. likelihood of execution (this will include credit quality of a counterparty)
3. costs (*for professional clients*)
4. size of the order
5. speed of execution

Top five brokers – **Commodities Derivatives**

(i) Options and Futures admitted to trading on a trading venue

Table 1 – Retail clients

Class of Instrument	LEI	Commodities derivatives and emission allowances Derivatives		
		Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of directed orders
Top five brokers ranked in terms of trading volumes (in descending order)				
-	-	-	-	-

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Table II – Professional clients

Class of Instrument		Commodities derivatives and emission allowances Derivatives		
Top brokers venues ranked in terms of trading volumes (in descending order)	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of directed orders
Limited Liability Company «IC VELES Capital»	253400GHQM8WGX9UET22	50,88%	91,98%	0%
ED&F Man Capital Markets Ltd	GKS4XBH2YSEYMX83N473	49,12%	7,88%	0%

Summary Analysis. Interest rate derivatives

Relevant execution factors (priority descending)

1. price (*plus costs for retail clients*)
2. likelihood of execution (this will include quality of the fund (risk vs return), its underlying assets and management, AUM, etc.)
3. size of the order
4. costs (*for professional clients*)
5. speed of execution

Top five brokers – Interest rate derivatives

Table I – Retail clients

Class of Instrument	LEI	Interest rate derivatives		
Top five execution venues ranked in terms of trading volumes (in descending order)		Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of directed orders

Table II – Professional clients

Class of Instrument	LEI	Interest rate derivatives		
Top five execution venues ranked in terms of trading volumes (in descending order)		Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of directed orders
IC VELES Capital LLC	253400GHQM8WGX9UET22	99,99%	99,89%	0%

Summary Analysis. Other instruments (Collective Investment Vehicles)

Relevant execution factors (priority descending)

1. price (*plus costs for retail clients*)
2. likelihood of execution (this will include quality of the fund (risk vs return), its underlying assets and management, AUM, etc.)
3. size of the order
4. costs (*for professional clients*)
5. speed of execution

Top five brokers – Other instruments (Collective investment Vehicles)

Table I – Retail clients

Class of Instrument	LEI	Collective Investment Vehicles		
		Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of directed orders
Top five execution venues ranked in terms of trading volumes (in descending order)				
-	-	-	-	-

Table II – Professional clients

Class of Instrument	LEI	Collective Investment Vehicles		
		Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of directed orders
Top five execution venues ranked in terms of trading volumes (in descending order)				
AK Jensen Limited	213800QH1824YW4EQ006	52,76%	33,33%	0%
Goldman Sachs International	W22LROWP2IHZNBB6K528	47,24%	33,33%	0%

Summary Analysis. Other instruments (Exchange Traded Products)

Relevant execution factors (priority descending)

1. price (*plus costs for retail clients*)
2. likelihood of execution (this will include quality of the fund (risk vs return), its underlying assets and management, AUM, etc.)
3. size of the order
4. costs (*for professional clients*)
5. speed of execution

Top five brokers – Exchange traded products

Table I – Retail clients

Class of Instrument	LEI	Exchange traded products		
Top five execution venues ranked in terms of trading volumes (in descending order)		Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of directed orders
Goldman Sachs International	W22LROWP2IHZNBB6K528	91,69%	30,23%	0%
AK Jensen Limited	213800QH1824YW4EQO06	8,07%	67,44%	0%
Canaccord Genuity LLC	WTX5X269IUOQ9YMI7R44	0,24%	2,33%	0%

Table II – Professional clients

Class of Instrument	LEI	Exchange traded products		
Top five execution venues ranked in terms of trading volumes (in descending order)		Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of directed orders
Goldman Sachs International	W22LROWP2IHZNBB6K528	76,60%	81,82%	0%
AK Jensen Limited	213800QH1824YW4EQO06	20,72%	9,09%	0%
Canaccord Genuity LLC	WTX5X269IUOQ9YMI7R44	2,68%	4,55%	0%