AKBANK AG Execution Quality Report

This Akbank AG Quality Report on the monitoring of the quality of execution obtained at execution venues refers to the 2018 calendar year.

Akbank AG analyzes and monitors the quality of execution at all execution venues where it executes client orders.

Execution criteria

When determining and monitoring the execution venues, the Bank takes all sufficient steps to obtain the best possible result in the execution of client orders. The Bank considers the following criteria for the achievement of the best possible results for its clients:

- the price of the financial instrument
  This refers to the resulting price of the financial instrument excluding our own execution charges. Price usually is the most important factor when we consider how to obtain the best possible result when executing client orders.

- the costs involved in order execution
  These relate to commissions, costs and the fees charged for executing client order.

- the speed of execution
  Speed is as the rate at which we are able to execute client order. Where client instructions do not refer to speed, the Bank will execute the order at a rate we believe represents a balance between creating market impact and executing the order in a timely fashion, so as to reduce execution risk.

- the likelihood of execution and settlement of the order
  This is the likelihood that we are able to execute client order, or at least a substantial part of it. This factor increases in importance in situations where access to liquidity in the relevant instrument is constrained in some way.

  We expect transactions to settle in a timely fashion. In some specific situations, we would consider likelihood of settlement a more important factor than price.

- the size of the order
  Size refers to the size of the order in proportion to the average turnover in a specific financial instrument. Large in scale trades could have a negative effect on the pricing of financial instruments when executed directly and in one block on an execution venue. If client submits such an order, we may not consider the price and speed as most important factors. When submitting a large order, client’s prevailing interest may be to build up or unwind a substantial position in a specific financial instrument. In these circumstances, we may consider the likelihood of execution and settlement as the most important execution factors.

The relative importance of each of the factors taken into account in each transaction will vary depending on the nature of the order, the unique characteristics of the product, and the market conditions. Akbank AG trades only OTC products, such as bonds, foreign exchange and derivative products. Price is usually the most important factor, followed by likelihood of execution, and all other execution factors are usually of secondary importance. Depending on the nature and size of the order, the dealer may prioritize secondary factors but with the overall aim of achieving the best overall result and successful execution within an appropriate time. Where a product is illiquid, then likelihood of execution becomes a more important consideration.
Close links and conflicts of interest

Akbank AG transacts with counterparty banks or brokers in order to buy or sell spot FX, derivatives and bonds. Among the execution venues it has a close relationship only with Akbank TAS, the parent company.

Akbank transacts with its 100% shareholder parent company and indeed Akbank TAS is its most important trading venue. However, Akbank AG does not perceive any conflict of interest in this connection. Akbank TAS is subject to the same execution criteria as for other counterparties.

Venue changes

Akbank AG's counterparties are subject to an initial and ongoing due diligence process, including a review of the counterparties' financial stability and reputation, as well as settlement performance and overall service quality. On an ongoing basis, all such counterparties are subject to a detailed monitoring process, specifically targeted on the performance of execution services and the quality of execution obtained.

Execution arrangements

Akbank AG does not receive payments, discounts, rebates or non-monetary benefits in its trading arrangements.

Client categorisation

Clients are categorized as follows:

- Eligible Counterparties
- Professional Clients
- Retail Clients

Due to the different characteristics of the client categories, Akbank AG distinguishes between retail clients and professional clients.

For a client classified as "retail" under MiFID II, the price of the financial instrument and the costs of execution will determine best execution (total consideration). However, the other factors above may take priority where instrumental in achieving the best possible result in terms of total consideration.

For a client classified as "professional" under MiFID II, the price and costs are usually the most important execution factors. However, we take into account other factors in the context of all relevant circumstances, including whether there is room for price improvement. Regardless of any legal obligation to do so, we uphold the highest standards of integrity and fairness when executing client orders. Furthermore, we always take sufficient steps to obtain the best possible result when executing orders for our clients.

Execution Analysis

Execution analysis was done by reviewing the Best Execution Policy documents of counterparties, to the extent possible, and by undertaking an internal assessment of execution quality based on realized and unrealized transactions.

Consolidated Tape Providers

There were no consolidated tape providers (CTPs) for the relevant period.

CEO and Chairman of MB
Banu Ozcan

CFO and member of MB
Didem Oget

EVP / Treasury and Fi
Murat Selamoglu