



## BEST INTEREST AND ORDER EXECUTION POLICY FOR RETAIL CLIENTS AND PROFESSIONAL CLIENTS

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## 1. INTRODUCTION

- 1.1. 'ARUMPRO CAPITAL LIMITED' (hereinafter "**ARUM CAPITAL**" or "*the Company*"), is a Cyprus Investment Firm incorporated under the laws of the Republic of Cyprus, with Company Registration Number HE 352951, having its registered office at 2 Gregory Afxentiou street, 2<sup>nd</sup> floor, 4003 Limassol, Cyprus.
- 1.2. The Company is regulated as a Cyprus Investment Firm ('CIF') by the Cyprus Securities and Exchange Commission ('CySEC') under license number 323/17.
- 1.3. The Markets in Financial Instruments Directive 2014/65/EU ("**MiFID II**"), as implemented in Cyprus by the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017) as amended, and other relevant regulations and guidelines issued by the European Securities and Markets Authority ("**ESMA**") and/or the Cyprus Securities and Exchange Commission ("**CySEC**") (hereinafter collectively referred to as the "**MiFID II Framework**") imposes a general obligation on the Company to act honestly, fairly and professionally in accordance with the best interest of its Clients when providing Investment Services, or where appropriate, Ancillary Services to its Clients.
- 1.4. Specifically, the Company is required to establish and implement a policy to allow the Company to take all 'sufficient' steps to achieve the best possible result for its Clients when executing Client orders.
- 1.5. In addition, the Company is required to implement procedures and arrangements, which provide for the prompt, fair, and expeditious execution of Client orders, relative to other Client orders or the trading interests of the Company.

## 2. PURPOSE OF THIS DOCUMENT

- 2.1. This document is a summary of the Best Interests and Order Execution Policy (the "**Policy**") established by the Company and sets out in summary the arrangements employed by the Company when executing Client orders, in an effort to achieve the best possible results for its Clients on a consistent basis in order to meet its obligations pursuant to MiFID II framework.
- 2.2. This document covers the minimum standards when executing Client orders as well as the general order handling process followed by the Company.
- 2.3. It is designed to serve as appropriate disclosure of the principles underpinning the order execution process, which the Company will follow for Orders, which a client instructs it to execute. It also describes the way in which market volatility and other circumstances affect the handling of orders placed with the Company.
- 2.4. While every attempt has been made to make the information set out in this Policy as complete and accurate as possible, this Policy is not intended to cover all eventualities and all circumstances that may be relevant to a particular order placed with the Company.

### 3. SCOPE

#### A. Clients

- 3.1. This Policy applies both to '**Retail Clients**' and '**Professional Clients**' (as these are defined under MiFID II framework and in accordance with the Company's Client Categorization Policy), when the Company is executing transactions in Financial Instruments on their behalf as part of its '**Non-Institutional Line of Business**', i.e. where the Company is providing the Investment Service of Executing Orders on behalf of Retail Clients and/or Professional Clients, who are investing their own funds to engage in proprietary trading in Financial Instruments through the Company's Online Trading System, on margin that is deposited in their trading account with the Company.
- 3.2. The Company is not obliged to comply with the best execution obligations for clients classified as '**Eligible Counterparties**' (as these are defined under MiFID II framework and in accordance with the Company's Client Categorization Policy).
- 3.3. The Policies set out in this Policy form part of the Company's '**Client Agreement**' and '**Professional Client Agreement**' (the "**Agreement**"), as available on the Company's website.

3.4. You must read this Policy carefully before you enter into any transaction with us. If any terms of this Policy are unclear to you, you should seek independent legal advice. This Policy forms an integral part of the Agreement and other terms and policies that govern your relationship with us. As a pre-requisite of opening and maintaining a trading account with us, you must agree to and accept and consent to the terms of the Agreement. By doing so, you also agree to the terms of this Policy. Further information on order execution and handling can be found on our website and in the Agreement, as available on our website.

- 3.5. The Company's commitment to 'act in the best interest' of its clients and to provide 'best execution' in accordance with this Policy does not impose any additional fiduciary duties upon the Company over and above the regulatory obligations in place or any terms agreed on a contractual basis between the Company and its clients.

#### B. Products

- 3.6. The Policy applies to Client orders for Financial Instruments covered by the MiFID II framework (as provided in Appendix II of this document), Annex 1 – Section C), except where noted otherwise.
- 3.7. The Company currently actively trades in the below classes of Financial Instruments:
  - a) Financial Contracts for Difference (CFDs) on Commodities (Energies/Metals);
  - b) Financial Contracts for Difference (CFDs) on Currencies;
  - c) Financial Contracts for Difference (CFDs) on Equities;
  - d) Financial Contracts for Difference (CFDs) on Indices.

3.8. All the above Financial Instruments are leveraged products and as such carry a high degree of risk. They are not appropriate for anyone. You should not trade with us, unless you understand the nature of the transaction you are entering into and the extent of your potential loss from a trade. You must satisfy yourself that it is suitable for you in the light of your circumstances, financial resources and investment objectives. If you are in any doubt, you should seek independent advice. You trade entirely at your own risk.

3.9. Furthermore, all of the above Financial Instruments are traded on 'Over the Counter ("OTC")' market, rather than on a Regulated Market, a Multilateral Trading Facility ("MTF") or an Organised Trading Facility ("OTF"). As these OTC markets are less transparent and less liquid than Regulated Markets, MTFs or OTFs and Clients may, therefore, be less likely to obtain best execution if the Company executes their orders on OTC markets or transfers their order to another firm for execution on these OTC markets, as previously indicated, prior consent of the Company's clients is required in order for the Company to be able to execute client orders on these markets.

3.10. As a pre-requisite of opening and maintaining a trading account with us, you must agree to and accept and consent to the terms of the Agreement. By doing so and by entering into transactions with the Company, you expressly consent to the Company executing orders on your behalf outside of a Regulated Market, MTF or OTF, but rather on OTC markets. If you do not provide us with your consent to execute orders on your behalf outside of a Regulated Market, MTF or OTF, but rather on OTC markets, this may act to your disadvantage, as we may not be able to execute your orders at all or we may only be able to do so on worse terms.

3.11. As the Company is subject to a general regulatory obligation to treat its Clients fairly, as well as to manage any conflict of interest and act in the best interest of its Clients, however, the Company endeavours to deliver the best result to its Clients, in accordance with the best interest of its Clients, in all transactions that it carries out on behalf of its Clients.

### C. Services

3.12. The Company's obligations under the Policy relate to the following services:

- a) **Execution of orders on behalf of Clients:** The Company has an obligation to execute orders on terms most favourable to the Client when executing orders on behalf of Clients (the "**best execution obligation**").
- b) **Reception and transmission of orders:** The Company has a duty to act honestly, fairly and professionally in accordance with the best interest of its Clients when receiving and transmitting Client orders to other entities for execution (the "**best interest obligation**").

3.13. It is noted however that where the Company provides the service of reception and transmission of Client orders and also executes the orders received (i.e. exercises

discretion over the way in which the Client order will be executed), the 'best execution obligation' shall apply.

#### 4. CLIENT SPECIFIC INSTRUCTIONS

- 4.1. Where the Company accepts a Client's specific instruction with respect to the execution of an order or transmission of an order to another entity for execution, the Company will follow the specific instruction to the extent that it is possible for the Company to do so. The Company will be deemed to have satisfied its best execution / best interest obligation to the extent that it follows Client's specific instructions only in respect of the part or aspect of the order to which the Client's specific instructions relate.
- 4.2. For example:
  - a) where the Client instructs the Company to execute or transmit an order on a particular venue/entity, the Company will not be responsible for selecting the venue/entity;
  - b) where the Client instructs the Company to execute or transmit the order at a particular time or over a particular period, regardless of the price available, the Company will endeavour to execute the order at that time or over that period in the best possible manner but will not be responsible for timing or any of the consequences for price or other factors that results from the timing of execution or transmission.

4.3. **WARNING:** It should be noted that by following Clients' specific instruction, the Company might be prevented from taking the steps designed and implemented as described in the Policy to obtain the best possible result for the execution or transmission of the order in respect of the elements covered by those instructions.

#### 5. DELIVERING BEST EXECUTION AND BEST INTEREST

##### A. General

- 5.1. According to MiFID II framework, the Company is required to take all 'sufficient' steps to obtain the best possible result for its Clients, taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order, when executing orders on behalf of Clients, or when receiving and transmitting Client orders to other entities for execution.
- 5.2. Nevertheless, when there is a specific instruction from the Client, the Company shall execute or transmit the order following the Client's specific instruction.
- 5.3. In order to comply with the best execution and best interest obligations, the Company has established arrangements which are designed to obtain the best possible result on a consistent basis, subject to and taking into account, amongst others, the nature of the orders, the priorities Clients place upon the Company in filling those orders and the

market in question, and which provide, in the view of the Company, the best balance across a range of sometimes conflicting factors.

- 5.4. The overarching requirement to take "all sufficient steps" requires the Company to verify on an on-going basis that its (execution) arrangements are implemented throughout the different stages of the order execution and transmission process, and that it will take all appropriate remedial actions if any deficiencies are detected so that it can properly demonstrate that it has taken "all sufficient steps" to achieve the best possible results for its Clients.
- 5.5. The Company's commitment to provide Clients with best execution / act in their best interest as described in the Policy, does not mean that it owes its Clients any fiduciary or other responsibilities over and above the specific regulatory obligations placed upon the Company or as may be otherwise contracted between the Company and the Clients.
- 5.6. The Company owes a duty of best execution when executing orders on behalf of Clients. The Company considers itself to be in receipt of an order where an execution instruction is given to the Company that gives rise to contractual or agency obligations towards the Client. Specifically, this will be the case where Clients commit to a trade that is not immediately executable, leaving discretion with the Company as to the manner of execution and exact terms of the resulting transaction, and the execution can be booked to the account of the Client without the need to re-confirm the price, size or any other factor(s) with the Client or where the Company executes an order as agent or riskless principal on the Client's behalf.

## **B. Execution Factors**

- 5.7. In the absence of express instructions from Clients, the Company will exercise its own discretion in determining the factors that it needs to take into account for the purpose of providing Clients with the best possible result, having regard to the execution criteria listed below.
- 5.8. The Company will consider the following execution factors:

### **a) The price at which the Financial Instrument is executed**

- (i) **Price of the Financial Instrument:** The Company calculates its prices by reference to the price of the relevant underlying Financial Instrument, which it obtains from third party external reference sources; the Company reviews its third party external reference sources at least once a year, to ensure that the data obtained continue to be competitive; the Company updates its prices as frequently as the limitations of technology and communications links allow; for any given Financial Instrument the Company will quote both the higher price (ASK) at which the client can buy (go long) that Financial Instrument and the lower price (BID) at which the client can sell (go short) that Financial Instrument. The difference between the lower and the higher price of a given Financial Instrument is the spread. "Buy Limit", "Buy Stop" and "Stop Loss",



"Take profit for opened short positions" orders will be executed at the ASK price, and "Sell Limit", "Sell Stop" and Stop Loss", "Take profit for opened long positions" will be executed at the BID price; the Company will take all sufficient steps to ensure that the Client receives the best spread and that its calculation is made with reference to a wide range of data sources and/or underlying price providers / liquidity providers; the Company will not quote any price outside the operations time of the Company's trading platform for trading in any particular Financial Instrument (as indicated on the Company's website), therefore no orders can be placed by the Client during that time.

- (ii) **Re-quotes:** This is the practice of providing a secondary quote to the Client after an 'Instant Order' (as defined below) has been submitted; the Client must agree to this quote before the order is executed; the Company will requote 'instant orders' (as defined below) if the requested price originally specified by the Client is not available; the secondary quote provided to the Client is the next available price received by the Company from its third party price providers/liquidity providers; the Company does not re-quote 'Pending Orders' (as defined below).
- (iii) **Slippage:** At the time that an order is presented for execution, the specific price requested by the Client may not be available; therefore, the order will be executed close to or a number of pips away from the Client's requested price; if the execution price is better than the price requested by the Client this is referred to as '*positive slippage*'; in contrast, if the execution price is worse than the price requested by the client this is referred to as '*negative slippage*'. Please be advised that 'slippage' is a normal market practice and a regular feature of the foreign exchange and stock markets under certain conditions, including, without limitation, illiquidity and volatility due to news announcements, economic events and market openings; The Company's automated execution software does not operate based on any individual parameters related to the execution of orders through any specific client accounts.
- (iv) **Partial Fills:** This is the practice of executing an order in parts if there is not enough liquidity in the market at the time in order to fill-in the full order at a specific price; partial fills may be executed at different prices.

#### **b) The costs relating to the execution**

- (i) The Company does not incorporate commissions or fees into its quoted prices; nevertheless, for opening positions in some Financial Instruments a commission or a financing fee might be applied. The fees and commissions are available in the Contracts specifications on the Company's website.
- (ii) Commissions may be charged either in the form of a percentage of the overall value of the trade or as fixed amount.

(iii) In the case of financing fees, the value of opened positions in some types of Financial Instruments is increased or reduced by a daily financing fee or "swap" throughout the life of the contract; financing fees are based on prevailing market interest rates, which may vary over time; details of daily financing fees applied are available in the Contracts specifications on the Company's website.

(iv) In addition to the above, the following charges may apply:

- **Commission:** Clients shall be charged commission when trading CFDs through the Company's trading platform(s); further information can be found on the Company's website;
- **Mark-up:** Clients shall be charged a mark-up on spread when trading CFDs through the Company's trading platform(s); further information can be found on the Company's website.

**c) The size of the order**

- (i) The unit measuring the transaction amount is the Lot and is different for each type of Financial Instrument.
- (ii) Details of the value of each Lot for a given Financial Instrument can be found in the Contracts specifications on the Company's website.
- (iii) The Company reserves the right to decline a Client's order if it is too large and cannot be filled by the Company.

**d) The speed of execution**

- (i) The speed of execution refers to the speed with which the order can be executed on the venues available, meaning the time between reception of the order by the venue and the time it is allocated.
- (ii) The Company is committed to undertaking all sufficient efforts to offer a high speed of execution within the technological and telecommunication limitations; the Company is not responsible, however, for the poor or lower performance of Client's technology, internet connection or any other resources that might result in Client's delay in the transmission of data between the Client and the Company.
- (iii) Such delays may result in sending to the Company out of date "market orders", which might be declined by the Company or send back to the Client a new price for approval before execution (*i.e.* "re-quoting").

**e) The likelihood of execution**

- (i) The likelihood of execution refers to the likelihood that the Company will be able to complete the Client order.
- (ii) The Company seeks to provide Client orders with the fastest execution reasonably possible.

- (iii) The Company strives to execute Client orders at the requested price.
- (iv) However the Company reserves the right to decline an order of any type or to offer the Client a new price for “market order” under certain market conditions, such as volatile market conditions, opening gaps on trading session start moments, during news announcements, on gaps where the underline instrument has been suspended or restricted on a particular market, if there is insufficient liquidity for the execution of the specific volume at the requested price.

**f) Likelihood of settlement:**

- (i) Most of the Financial Instruments offered by the Company (CFDs) do not involve the delivery of the underlying asset, so there is no settlement.

**g) The nature of the order:**

- (i) This is how the particular characteristics of a Client order can affect how best execution is received; the Company's clients can place the following types of orders with the Company:
  - **Market Order:** this is an order to buy or sell at the current market price that is available; the system automatically aggregates the volume received from third party liquidity providers and executes the 'market order' at VWAP ('Volume-Weighted Average Price') that is the average and best available price at the time of the execution. Once the 'market order' is triggered it shall be subject to the conditions described in the 'Good 'til Cancelled' section; Stop Loss and Take Profit Orders can be attached to a Market Order. Geberally, all types of Client orders offered by the Company are executed as Market Orders.
  - **Good 'til Cancelled ('GTC') (= Expiry):** this is an execution setting that the Client may apply to 'Pending Orders' (as defined below). The order may remain 'live' and pending for execution until such time as the order is triggered and treated as a Market Order or cancelled by the Client.
  - **Instant Order:** this is an order to either buy or sell at the 'ask' or 'bid' price (respectively) as it appears in the quotes flow at the time the Client presents the order for execution ("Instant execution"); in Instant Execution, if the requested price is not available (allowing for a plus or minus pre-specified deviation), the next available price will be sent to the Client to confirm execution (re-quote); Stop Loss and Take Profit Orders can be attached to an Instant Order; In cases that the Company's trading platform(s) provide(s) an option to the Client to choose Instant Execution, the Client's order will be executed as described hereinabove.
  - **Pending Order:** a pending order is an order to buy or sell a Financial Instrument in the future once a certain price specified by the Client is reached; the Company offers four types of pending orders: Buy Limit, Buy

Stop, Sell Limit and Sell Stop. Stop Loss and/or Take profit limits can be attached to this type of order; these Pending Orders are executed once the price reaches the requested level; however, it is noted that under certain trading conditions it may be impossible to execute these orders at the Client's requested price; in those instances, the Company has the right to execute the order at the first best available price; this may occur, for example, at times of rapid price fluctuations of the price, rises or falls in one trading session to such an extent that, under the rules of the relevant exchange, trading is suspended or restricted, or there is lack of liquidity, or this may occur at the opening of trading sessions; as previously indicated, it is noted that Stop Loss and Take Profit may be attached to a Pending Order. Also, pending orders are good till cancelled. The Client may modify an order before it is executed, but has no right to modify or remove "Stop Loss", "Take Profit" and/or "Pending Order" in general, if the price has reached the level of the order execution.

- **Stop Orders:** this is an order to buy or sell once the market reaches the 'stop price'; once the market reaches the 'stop price' the 'stop order' is triggered and treated as a 'market order. If the 'stop order' is not triggered it shall remain in the system until a later date subject to the conditions described in the 'Good 'til Cancelled' section; for CFDs on FX, spot metals, equities and indices, 'stop orders' should be placed a minimum number of pips away from the current market price in order for these to be valid; stop Orders placed within the current bid-ask spread will be automatically removed.
- **Stop Loss:** this is an order to minimise losses, if the Financial Instrument's price has started to move in an unprofitable direction; once the market reaches the 'stop loss price' the order is triggered and treated as a 'market order'; if the 'stop loss' is not triggered it shall remain in the system until a later date; for CFDs on FX, spot metals, equities and indices, 'stop loss' orders should be placed a minimum number of pips away from the current market price in order for these to be valid; 'Stop Loss' orders placed within the current bid-ask spread will be automatically removed; it should be noted that such orders are always connected to an open position or a Pending Order; they can be requested only together with a Market Order or a Pending Order; under this type of orders, the Company's trading platform(s) check(s) long positions with Bid price for meeting of this order provisions (the order is always set below the current Bid price), and it does with Ask price for short positions (the order is always set above the current Ask price).
- **Take Profit:** this is an order to secure profits, when the Financial Instrument's price has reached a certain level. Once the market reaches the 'take profit price', the order is triggered and treated as a 'limit order'. If the 'take profit' is not triggered it shall remain in the system until a later

date. For CFDs on FX, spot metals, equities and indices, 'take profit' orders should be placed a minimum number of pips away from the current market price in order for these to be valid. 'Take Profit' orders placed within the current bid-ask spread will be automatically removed; execution of this order results in complete closing of the whole position; it is always connected to an Open Position or a Pending Order; the order can be requested only together with a Market Order or a Pending Order; under this type of order, the Company's trading platform(s) check(s) long positions with Bid price for meeting of this order provisions (the order is always set above the current Bid price), and it does with Ask price for short positions (the order is always set below the current Ask price).

**h) Any other relevant factors:**

- (ii) The Company considers, but without the list being exhaustive, as relevant factors that might affect the execution of Clients' orders, fundamental announcements and unusual market conditions such as low liquidity or/and high volatility.
- (iii) The Company may, in its sole discretion, execute at such times the orders manually which can have an impact on the price and speed the orders are executed.
- (iv) The Company will take all 'sufficient steps' to obtain the best possible result for its Clients, but during times of high demand Policy pricing and/or execution may cause delays in processing an order which in turn can have an impact on the price and speed at which the order is executed.
- (v) Furthermore, in the event of any communication or technical failure, as well as any incorrect reflection on the quotes feed, the Company reserves the right not to execute an order or change the opening and/or closing price of a particular order.

5.9. The above factors will also be considered when the Company is receiving and transmitting Client orders to other entities for execution (subject to any specific instructions from Clients).

**C. Execution Criteria**

- 5.10. The Company will also take account of the following execution criteria for purposes of determining the relative importance of the execution factors described above:
- a) the type of Client (i.e., Retail Client, Professional Client or Eligible Counterparty);
  - b) type of Client order(s);
  - c) type of Financial Instrument(s) concerned;
  - d) execution Venue(s) to which the order can be directed;

e) price, costs, speed, likelihood of execution and settlement, size, market impact or any other consideration relevant to the execution of the order.

5.11. Prices and costs carry the highest importance when executing transactions for the Company's Clients.

5.12. These Execution Factors and the relevant importance/criteria the Company places on them, depending on the circumstances of the Clients and the order(s), are as follows:

	Factor	Importance Level	Comments
1.	Price	High	The Company places strong emphasis on the quality and level of the price data that it receives from external sources in order to provide its Clients with competitive price quotes. Subject to certain risk management principles, the Client's orders are routed to the Company's liquidity provider. The Company does not, however, guarantee that the quoted prices will be at a price which is as good, or better, than one might have been available elsewhere.
2.	Costs	High	To the extent possible, the Company takes all sufficient steps to keep the costs of the Client's transactions as low and competitive as possible.
3.	Speed of Execution	High	Execution speed and the opportunity for price improvement are critical to every trader and the Company repeatedly monitors these factors to ensure it maintains its high execution standards.
4.	Likelihood of Execution	High	Even though the Company reserves the right to decline or cancel a Client order it aims to effect all Clients' orders, to the extent possible, given also the liquidity provider connected to the Company's systems.
5.	Likelihood of Settlement	Medium	See relevant description in Best Execution Factors in the abovementioned point 3.
6.	Size of the Order	Medium	See relevant description in Best Execution Factors in the abovementioned point 3.
7.	Market Impact	Medium	See relevant description in Best Execution Factors

			in the abovementioned point 3.
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- 5.13. The Company does not consider the above list exhaustive and the order in which the above factors are presented shall not be taken as priority factor in all circumstances.
- 5.14. In terms of the relative importance attached to the execution factors, the Company has a general view and process, which it adapts, based on the particular characteristics (*i.e.* the execution criteria) of each trade.
- 5.15. The Company will determine the relative importance of the execution factors by using its commercial judgment and experience in the light of the information available on the market and by taking account of the execution criteria described above. Demonstrating best execution does not necessarily involve a transaction-by-transaction analysis, but rather involves an assessment of a record of transactions over a period indicating that overall, the best result is achieved by executing orders on the Client's behalf on the Execution Venues and in the manner described in this Policy.
- 5.16. In certain markets and trading situations such as "over the counter" (OTC) markets there may not be an equivalent publicly available market price for certain instruments being traded. In such situations, the Company will use its experience and commercial judgment to take account of all relevant information available to it and apply this Policy with a view to achieving the best possible result for its Clients.
- 5.17. In some instances, as a result of a system failure or otherwise, the Company may have no alternative, but to execute an order using a method other than the method it has selected based on this Policy. In such instances, the Company will nonetheless endeavour to execute the order on the best terms possible.
- 5.18. **Where the Company executes an order on behalf of a Retail Client**, in the absence of specific Client instructions, the best possible result shall be determined in terms of the 'total consideration', representing the price of the Financial Instrument and the costs related to execution, which, according to the CESR Guidance, 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. Speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs may be given precedence over the immediate price and cost consideration only, insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the Retail Client.
- 5.19. **Where the Company executes an order on behalf of a Professional Client**, in the absence of specific Client instructions, it is the general policy of the Company that the most important execution factor is the price at which the relevant Financial Instrument is executed. However, there may be circumstances where the primary execution factors may vary and price is no longer the most prominent execution factor; for example, for orders in illiquid securities market impact may become more important or speed of execution may take precedence in certain instances.

#### **D. Execution Costs**

- 5.20. Information on the costs and associated charges is provided on the Company's website and in the Client Agreement, as available on the Company's website.

#### **E. Transparency of Pricing**

- 5.21. In executing or transmitting Client orders, the Company does not receive any remuneration, discount or non-monetary benefit for routing Client orders to a particular trading or Execution Venue, which would infringe any 'conflicts of interest' or 'inducement requirements' under the MiFID II framework.
- 5.22. It is noted that the price when executing or transmitting orders may include a mark-up/down. The mark-ups depend on various circumstances, including amongst others, the nature of the Financial Instrument, and market conditions.
- 5.23. When executing orders or taking decisions to deal in OTC products, the Company will check the fairness of the price proposed to Clients, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.
- 5.24. The prices quoted by the Company for the Financial Instruments it offers are proprietary prices, which are derived (a) from the prevailing ("published") market prices of the underlying Financial Instruments in the relevant markets in which the underlying instruments may be traded in, or (b) from other from reputable liquidity providers or reputable price sources and feeds.
- 5.25. The Company takes all sufficient steps to source the best possible prices for its Clients. The Company's prices are therefore usually sourced from reputable LPs or reputable price sources (e.g., Bloomberg, Thomson Reuters, SIX Financial Information, LMAX Exchange, and for stocks/futures actual stock exchange data etc.).
- 5.26. The main way in which the Company will ensure that the client receives the best execution will be to ensure that the calculation of the bid / ask spread is made with reference and compared to a range of underlying price providers and data sources. The Company reviews its independent price providers at least once a year to ensure that correct and competitive pricing is offered.

### **6. EXECUTION VENUES, EXECUTION ENTITIES AND STRATEGY**

#### **A. General**

- 6.1. Execution Venues means a Regulated Market, MTF, OTF, Systematic Internaliser ("**SI**"), Market Maker or other liquidity provider or an entity performing in a third country a function similar to any of the abovementioned, with which the Company places Client's orders for execution or to which it transmits orders for execution. In those instances, where



the Company acts as principal and not as agent on the Client's behalf, the Company will be the sole Execution Venue for the execution of its Clients' orders.

- 6.2. The Company will take sufficient steps in order to obtain best execution on a consistent basis. Where the firm chooses an Execution Venue on behalf of its Clients or an execution entity (e.g., a liquidity provider) with which orders are placed, or to which the Company transmits orders for execution, it will ensure at all times that such Execution Venues and/or execution entities (e.g. liquidity provider), have execution arrangements in place that enable the Company to comply with its obligations under the MiFID II framework.
- 6.3. In case of entities, which are subject to MiFID II, the Company will obtain and review their execution policies and arrangements in order to ensure that the Company will be able to comply with its obligations. In certain cases, the Company may also use an Execution Venue, or an execution entity, which may be a connected party or a third party, to assist in the execution or transmission of orders outside of the European Economic Area ("EEA"). Using an Execution Venue, or another entity, outside of the EEA, does not remove the best execution and best interest obligations to the Client. If the Execution Venue or execution entity is not subject to similar regulatory requirements, the Company will ensure that the other venue or entity has policies and arrangements in place to enable the Company to comply with its best execution and best interest obligations.
- 6.4. The Company will not structure or change its commission in such a way as to discriminate unfairly between the different Execution Venues and execution entities (e.g. liquidity providers). Where there is more than one competing venue or entity to execute an order for a Financial Instrument, in order to assess and compare the results for the Client that would be achieved by executing the order on each Execution Venue or execution entity listed in the Policy, the Company's own commissions and the costs for executing the order on each eligible Execution Venue or with each execution entity, shall be taken into account.

#### **B. Selection of Execution Venues and execution entities (liquidity providers)**

- 6.5. The Company selects the Execution Venues or execution entities (e.g. liquidity providers) through the application of appropriate due diligence and consideration of a number of factors, including the execution factors provided in **Section 5.7** above ("**Execution Factors**") (as well as both quantitative and qualitative factors), in order to ensure that the Executions Venues and execution entities (e.g. brokers) are able to consistently provide Clients with the best possible result.
- 6.6. In addition, the Company takes account of the following factors, amongst others, to determine the Execution Venue or execution entity (e.g. liquidity providers) on which the order will be executed or transmitted for execution include (in relative order of importance):
  - a) the regulatory status of the institution;
  - b) the ability to deal with large volume of orders;

- c) the competitiveness of commission rates and spreads;
- d) the reputation of the institution;
- e) the ease of doing business;
- f) the legal terms of the business relationship;
- g) the financial status of the institution.

**C. List of Execution Venues and execution entities (e.g., liquidity providers)**

6.7. A list of the Execution Venues and execution entities on which the Company places significant reliance in meeting its obligations are listed below:

Name of Execution Venue	Country of Origin	Regulatory Authority
LMAX Exchange	The United Kingdom	The Financial Conduct Authority ('FCA')
SwissQuote Bank Ltd	Switzerland	The Financial Market Supervisory Authority ('FINMA')

6.8. The Company reserves the right at any time to remove from this list any entity, which it considers no longer as appropriate, or to add to this list any entity the addition of which it considers would be in the best interest of its Clients. The Company's Clients have the right at any time to request an updated version of this list.

**D. Assessment and review of Execution Venues and execution entities (e.g. liquidity providers)**

6.9. The Company will assess and monitor on a regular basis, at least once a year, the Execution Venues and execution entities, and the execution quality provided in order to determine whether existing Execution Venues and execution entities included in the Policy provide the best possible result for Clients on a consistent basis, and where appropriate, correct any deficiencies.

6.10. The Company will compare and analyse relevant data, including information made public by the Execution Venues and execution entities (e.g. liquidity providers). The assessment will consider, amongst others, the quality of execution based on information available by Execution Venues and execution entities and where possible information to be published on trading condition and quality of execution (e.g. volume, frequency of trading, resilience or execution price related information). As part of its assessment, the Company will also take into consideration the market landscape, the emergence of new market players, venue functionalities or execution services.

#### **E. Executing or placing orders outside a Trading Venue**

- 6.11. Where Clients have provided their consent, some orders may be executed (or transmitted for execution) outside a Trading Venue. Clients should be aware of the additional risks arising from executing or placing orders outside a Trading Venue (e.g. increased counterparty risk, which may result in a loss for a Client if the counterparty is not able to fulfil its contractual obligations). Upon Client request, additional information about the consequences may be provided.

#### **F. Use of Single Execution Venue or execution entity (e.g. liquidity provider)**

- 6.12. The Company may use a single Execution Venue or execution entity to execute or transmit Client orders for a specific class of Financial Instrument, provided that the Company is able to demonstrate that such a choice enables it to get the best possible results for its Clients on a consistent basis.
- 6.13. In order to comply with the requirement to act in the best interest of its Clients, the Company will regularly assess the market landscape to determine whether or not there are alternative venues/entities that could be used. In particular, the Company will use information available by Execution Venues and execution entities on trading conditions and quality of execution.
- 6.14. Furthermore, and in order for the Company to determine whether or not other suitable venues/entities exist, it will benchmark the value of expected aggregate price improvements by adding a venue/entity and comparing the expected outcomes against an assessment of any additional direct, indirect or implicit costs (to the extent that such costs would be directly or indirectly passed on to Clients), counterparty or operational risks.
- 6.15. Where the Company applies different fees depending on the Execution Venue or execution entity (e.g. liquidity provider), the Company will explain the differences to the Client in sufficient detail in order to allow the Client to understand the advantages and the disadvantages of the choice of a single Execution Venue or execution entity (e.g. liquidity provider).

### **7. REVIEW, ASSESSMENT AND MONITORING**

- 7.1. The Company has established and implemented a governance framework and control processes in order to verify on an ongoing basis that its (execution) arrangements are implemented throughout the different stages of the order execution and transmission process, as well as to identify and correct, where appropriate, any deficiencies.
- 7.2. The Company will review its order (execution) arrangements and the Policy at least annually, and whenever a material change occurs that affects the Company's ability to continue to obtain the best possible result for Clients on a consistent basis using the venues included in the Policy.

- 7.3. The Company will assess whether a material change has occurred, and in such a case, the Company will consider making changes to the relative importance of the best execution factors, and to the Execution Venues or execution entities on which the Company places significant reliance, in meeting the overarching best execution requirement.
- 7.4. For purposes of the Policy, a material change shall be a significant event that could affect parameters of best execution such as, cost, price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.
- 7.5. The Company will monitor the execution quality obtained in the preceding year as well as the quality and appropriateness of its (execution) arrangements and policies on an ex-ante and ex-post basis, identifying changes that may be appropriate or not. The Company may use where appropriate transaction cost analysis tools to support the monitoring process.
- 7.6. The Company provides on a quarterly and yearly basis data relating to the quality of execution of transactions. These reports are available on the Company's website.
- 7.7. The Company will notify its Clients with whom it has an ongoing relationship promptly of any material changes to the Policy or order execution arrangements by posting an updated version of this document on the Company's website.
- 7.8. When a Client subsequently places an order with the Company, the Client will be deemed to consent to this Policy.

## **8. PUBLIC REPORTING REQUIREMENTS**

- 8.1. In accordance with MiFID II framework, the Company will make public on an annual basis, certain information on the top five Execution Venues and execution entities in terms of trading volumes where the Company executed orders, transmitted or placed Client orders for execution in the preceding year, for each class of Financial Instruments, and information on the quality of execution obtained.
- 8.2. Such information will be published on the Company's website in a machine-readable electronic format, available for downloading by the public.

## **9. REQUEST TO DEMONSTRATE BEST EXECUTION**

- 9.1. Upon reasonable request from a Client, the Company will demonstrate to the Client that the Client order was executed in accordance with the Policy.

## **10. CLIENT REQUEST FOR FURTHER INFORMATION**

- 10.1. Upon reasonable and proportionate request from a Client, the Company will provide additional information about its policies or arrangements and how these are reviewed by

the Company. The Company undertakes, where appropriate, to answer clearly and within a reasonable time.

- 10.2. In addition, upon reasonable request from a Client, the Company shall provide its Clients or potential Clients with information about the entities where the orders are transmitted or placed for execution.

## **11. CLIENT ORDER HANDLING RULES**

### **A. General**

- 11.1. When carrying out Client orders, the Company will satisfy the following conditions:
- a) Ensure that orders executed on behalf of Clients are promptly and accurately recorded and allocated; and
  - b) Carry out otherwise comparable Client orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the Client require otherwise.
- 11.2. The Company shall not misuse information relating to pending Client orders and shall take all reasonable steps to prevent the misuse of such information by any of the relevant persons.
- 11.3. The Company shall maintain records for a period of five years (or, if requested by the competent authority, for up to seven years) in a durable medium.

### **B. Aggregation and allocation of orders**

- 11.4. The Company shall carry out a Client order or a transaction for own account in aggregation with another Client order provided the following conditions are met:
- a) it is unlikely that the aggregation of orders will work overall to the disadvantage of any Client whose order is to be aggregated;
  - b) it is disclosed to each Client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order;
  - c) it is in compliance with the Company's order allocation policy established and effectively implemented, providing for the fair allocation of aggregated orders, including how the volume and price of orders determines allocations and the treatment of partial executions.
- 11.5. Aggregated orders are, to the extent possible, allocated to Clients on the trading day at the calculated average trade price. If aggregated orders can be executed only in part, the Company allocates the executed part to the participating Clients either proportionately according to the size of the orders or by allocating the same portion to all participating Clients (one-for-one basis). When choosing between the two methods, the Company considers the relevant factors, including the relative size of the orders, in

which order the Company receives the orders and the present liquidity situation in the market of the Financial Instrument in question.

- 11.6. Where a Client order is to be aggregated with a transaction for own account, the Company will allocate trades to the Client in priority to the Company (not in a way that is detrimental to a Client), unless the Company is able to demonstrate on reasonable grounds that without the aggregation, the Company would not have been able to carry out the Client order on such advantageous terms, or at all, in which case it will allocate trades proportionally in accordance with this Policy.
- 11.7. If Client orders have been aggregated with transactions of the Company, the Company participates in the allocation only if all participating Clients are satisfied in full. If a Client order could not have been executed on the same favourable terms without aggregation, the Company may distribute the transaction proportionately.

### **C. Extraordinary market conditions or market interferences**

- 11.8. In the case of extraordinary market conditions or market interferences, the Company will may not be possible to execute the order in accordance with the Policy.

## **12. CONFLICTS OF INTEREST**

- 12.1. Information relevant to the identification, prevention and management of conflicts of interest is provided in summary of the Company's Conflicts of Interest Policy, as available on the Company's website.

## **13. CLIENT CONSENT**

### **A. Consent to the Policy**

- 13.1. The Client will be deemed to have consented to the Policy upon acceptance of the Client Agreement - Terms and Conditions, as available on the Company's website.
- 13.2. The Policy replaces any prior Order Execution Policy with effect from its publication on the Company's website.

### **B. Consent for executing orders outside a Trading Venue**

- 13.3. The Company is required to obtain the Clients' express consent prior to the execution of their orders outside a Regulated Market, MTF or OTF.
- 13.4. As a pre-requisite of opening and maintaining a trading account with the Company, Clients must accept and consent to the terms of Client Agreement - Terms and Conditions. By doing so and by entering into transactions with the Company, Clients expressly consent to the Company executing orders on their behalf outside of a Regulated Market, MTF or OTF, but rather on OTC markets.

