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## ORDER EXECUTION POLICY

This document (the “Policy”) sets forth information relating to how **THE ULTIMA INVESTMENTS CYPRUS LIMITED previously BrokerCreditService (Cyprus) Limited** (“the Company”, “we”, “us” or “our”) seeks to provide best execution as required by Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as modified, amended, recast or replaced from time to time (the “**MiFID II**”) and which was transposed into Cypriot Law with the adoption of the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017).

In general, the obligation to obtain the best possible result for our clients (“**client**” or “**you**”) arise in circumstances where we execute orders on your behalf, execute decisions to deal when managing your portfolio or where we act in your best interests when passing your orders, or decisions to deal, to other entities for execution. However, there could be circumstances where the obligation to provide best execution will not apply to the Company. For example, where you are effectively acting as a principal to a bilateral transaction with us, in other words, as market counterparty and/or professionally assuming positional risk under a transaction without reliance on our respective services.

This Policy further sets out the circumstances under which we will seek to deliver best execution to you, and the considerations to be taken into account when we deliver it in practice.

### ***Specific instructions***

When you send an order that includes specific instructions in relation to the handling and execution of the order or its part (specifying parameters such as a particular execution venue, price, time, method of execution (including type of order) or requesting the use of a particular investment strategy, etc.) then, it will be executed in accordance with the specific instructions with respect to the specified parameter(s). This means that, as provided for in MiFID II, best execution obligation will not apply to such order or its part as described below.

The arrangements described in this Policy are established to ensure that we deliver best execution for you when it is applicable on a general and consistent basis. However, whilst every attempt will be made to achieve best execution for you when required, this does not necessarily mean achieving the best price in each and every case, but rather the best price that can reasonably be expected given the information and execution venues (e.g. brokers) available to us during the execution process.

## APPLICATION AND SCOPE

### **Application to Eligible Counterparties**

If you are classified as an eligible counterparty, the obligation to provide best execution will not apply to you, unless we specifically agreed in writing to provide you with best execution under exceptional circumstances.

### **Application to Retail and Professional Clients**

#### ***Retail Clients***

Our policy is to always provide best execution to our Retail Clients where it is generally applicable and except in the situations, when a client sends a specific instruction, as described in the relevant section of the Policy.

#### ***Professional clients***

We will always provide best execution to our professional clients, when we act in an agency capacity (whether pursuant to an express request or implicitly, when executing a large order through a series of matched principal transactions), when we are acting pursuant to a formal discretionary, asset management or advisory mandate, or where we are to do so pursuant to an express contractual obligation we have towards you.

In other circumstances, for example, where we provide quotes or negotiate a price with you, on request (dealing on a request for a quote basis) or where you act in a true (not riskless) principal capacity, thereby assuming positional risk under the transaction, our obligation to provide best execution will depend on whether you are relying on us to protect your interests, or can legitimately regard us as a market counterparty (see below the procedure for application of the four-fold cumulative test, as advised published by the European Commission for such cases).

Irrespective of whether a specific transaction is covered by this Policy, and whether or not the Company is subject to a duty of best execution, it has an obligation to act honestly, fairly and professionally in accordance with the best interests of its clients.

### **Application to particular services**

This Policy applies in cases where the Company transmits your orders to other entities for execution, manages your portfolio by executing decisions to deal or when provides the services of execution of orders on your behalf. It applies to a limited extent when the client trades through our DMA arrangements as explained below and exercises his/her own discretion on the execution of the order.

### **Application to Financial Instruments**

The best execution requirement applies to transactions, including derivative and “repo” transactions (in the latter case, with respect to the interest rate applied) in a wide range of financial instruments, the list of which is defined in Appendix I. It shall be noted, that “spot” transactions in FX and commodities

instruments (where such are allowed by our license) are not considered as “financial instruments”, and they are therefore not subject to any obligation of best execution.

## FOUR-FOLD CUMMULATIVE TEST

The EU Commission has established a relationship-based “four-fold test” which can be used by us to determine whether or not a client is indeed legitimately relying on us in a specific transaction or in effect treating us as a market counterparty.

- **which party initiates the transaction**

If you approach us and suggest entering into a specific transaction, it will be less probable that we will owe you best execution.

- **questions of market practice and the existence of a convention to “shop around”**

For example, in the wholesale OTC derivatives and bond markets, buyers conventionally “shop around” by approaching several dealers/ brokers for a quote and in these circumstances, there will be presumed no expectation on your side that we will owe you best execution.

- **the relative levels of price transparency within a market**

In many cases, a client approaching the Company will have as good a view of market conditions as the Company itself, or in some instances even better; for example, where other market participants are happy to disclose information to their clients, but not to their competitors. In these circumstances, we would assume you do not rely on us. This will be relevant for markets where you do not have ready access to prices while we do. When price transparency is poor, we may be using, where relevant, public reference prices and will disclose the same to you and advise on the methodology for calculating fees and charges.

- **the information provided by us and any agreement reached**

The information we provide for you and our contractual relationship will also be of relevance: where such agreements stipulate circumstances under which we won’t owe a duty of best execution, it is less likely that you will be relying on us under such circumstances.

Except where the matter has been otherwise specifically agreed between us, the Company’s staff will use their reasonable judgement in good faith to apply the above principles in determining whether or not the client is seeking to rely on us in particular circumstances. Where none of the four elements of the test indicates that you actually rely on us, we will assume that you regard us as your market counterparty (notwithstanding the fact that we ourselves may treat you as a professional client in accordance with MiFID II), and will thus not observe the formal best execution requirements - whilst nevertheless continuing to act honestly, fairly and professionally in accordance with your best interests.

In general, the rule is that in cases where we retain a discretion over how any aspects of your order is to be executed, then it is more likely that we will owe a duty of best execution; and contrawise, where we have no discretion and/or is assuming the full positional risk in a transaction, then it is less likely.

## EXECUTION FACTORS

When executing the client order the Company will take into consideration a range of different factors and determine how to obtain the best possible result for orders executed on your behalf.

Execution Factors considered in this regard include but are not limited to:

- **Price:** this refers to the resulting price of the transaction excluding our own execution charges. It will usually be our most important consideration. After price, costs, speed and likelihood of execution are usually our most important considerations. If you are a retail client, we will usually determine best execution in executing your order in terms of both price and costs (see below).
- **Costs:** these relate to commissions, costs and fees that are charged for executing your order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties, such as financial intermediaries or market infrastructure entities. If you deal with us on a fixed commission basis, these costs will have only a minor influence on the way that we execute your order.
- **Market impact:** this entails detecting threats to the orderly operation of financial markets, including reliability and transparency of their price formation process and tackling any behavior that may conclusively result in cascading market impact or large market impact in general. In forming execution strategy, we will always observe the standard of behavior normally expected in the market to which you direct your order. In no case, we will take action, which may result in market distortion or give a misleading impression of trade volumes or value of any financial instrument.
- **Speed:** we interpret speed as the rate at which we are able to progress your order. Where your instructions dictate or imply a rate at which we should progress your order, we will follow your instructions unless we see an immediate and substantial conflict with the price. Where your instructions do not refer to speed, we will progress your order at a rate, which we believe represents a balance between creating market impact and executing your order in a timely fashion, so as to reduce execution risk.
- **Likelihood of execution / size:** we interpret this as the likelihood that we are able to fill your order in its entirety, 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. For example, if the security itself is illiquid or if you provide a limit price which is not marketable.
- **Likelihood of settlement:** we expect transactions that we execute for you to settle in a timely fashion. If we become aware that a particular execution strategy may compromise likelihood of settlement, we may not pursue that strategy even if it would result in a better price.

**Nature of the order and any other relevant considerations** – This is a broad category that covers any other factor not listed above and that firms like ourselves may wish to prioritize in order to achieve the best result for its clients. Examples of this may be the need to maintain anonymity and/or reduce the market impact of the trade, the need to minimize or diversify counterparty exposure, and the need to meet regulatory requirements such as trade publication and reporting. 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. Nevertheless, whenever there is a specific instruction from the client, the Company shall make sure that the client's order is executed following the specific instruction.

Clients should bear in mind that the duty of best execution not only relates to the price but also involves the consideration of various factors including cost, speed and likelihood of execution and settlement.

Even if a trade appears not to have been executed at the best possible price, it does not necessarily constitute a violation of the duty of best execution.

When seeking the best possible method for execution, we will consider the following criteria:

- the characteristics of you as our client, including your categorization as a Retail client or a Professional client;
- the characteristics of your order;
- the characteristics of financial instrument involved;
- the characteristics of the execution venues to which your order can be directed;
- any other circumstances we consider relevant.

The Company may determine default prioritization of the execution factors for its trading activities in a particular relevant class of instruments, but can use a different prioritization approach to specific e.g. illiquid instruments or trading strategies or in exceptional circumstances such as volatile markets, credit events and geo-political events.

## **Execution factors depending on the clients' categorization**

### ***Retail clients***

The provision of Best Execution to Retail clients will be determined primarily in terms of total consideration, which is the sum of the price of the relevant Financial Instrument and execution costs (**Total Consideration**).

**Total Consideration** includes all expenses incurred which are directly related to the execution of the order (such as execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order).

The other execution factors listed above will only be taken into account to the extent that they help us to achieve the best possible result for you in terms of Total Consideration.

### ***Professional clients***

Where we seek to achieve best execution for our Professional Clients, we will take into account all of the execution factors listed above and then seek to execute the transaction on the execution venue that demonstrates the best price at the time. In normal circumstances, the prevailing price of the financial instrument will be the most significant factor; however, there will frequently be other, potentially conflicting factors to be taken into account, such as maintaining confidentiality and minimizing the price impact when executing a large transaction, optimizing the result in illiquid markets, or achieving speedy execution in rapidly moving markets. In such circumstances, our staff will use their reasonable judgment and experience to execute the transaction in a manner which can be expected to achieve the optimum overall result for you under the particular circumstances.

## SELECTION OF THE EXECUTION VENUES AND BROKERS

If there are no client specific instructions, we will carefully select the most appropriate execution venue from those available for us and specified herein in order to achieve the best possible result for your order. In particular, your order can be executed on the following venues depending also on the class of financial instrument:

- regulated markets;
- multilateral trading facilities;
- organized trading facilities;
- systematic internalisers;
- market makers and
- other liquidity providers/counterparties (including ourselves and our affiliates acting as principal including as a systematic internaliser) or entities that perform a similar function to those performed by any of the foregoing in a third country.

The process of selection of execution venues is based on the different criteria as described below. After taking into account the execution factors, the Company or its affiliates may itself act as an execution venue, provided this is in compliance with best execution requirements.

### **The Counterparty reputation, financial stability and regulatory framework**

Before establishing relationship with a counterparty, we will assess its reputation, position on the market, financial stability, the services it authorized to provide, as well the counterparty's compliance with AML/TF and safeguarding of clients assets requirements (including by reviewing the respective regulatory records, e.g. sanctions history) and other factors.

### **Counterparty performance**

When assessing the counterparty, we will consider whether it provides, or is likely to provide, material opportunities to trade that may not exist within our existing portfolio of venues. Those opportunities may take the form of prices, which improve on those offered by our existing venues or the ability to trade significant additional sizes at similar prices to those offered on existing venues. We expect liquidity and price to be closely (but not exclusively) associated with the market share the venue commands.

We will usually assess venues according to the following considerations:

- whether the venue functions in a way that might benefit or hinder our ability to achieve best execution;
- whether the rules of the venue and its fee structures encourage or discourage participants and trading behaviors that are compatible with the aims of achieving best execution;
- whether we have confidence that the venue is reliable across a range of market conditions.
- Speed of access, immediacy and likelihood of execution.

We will also assess whether this counterparty enables us to deliver best execution to clients on a continuous basis. In this connection, we will also consider qualitative factors like clearing schemes, circuit breakers, liquidity analysis and any other relevant considerations.

As a basis for our selection and in order to evaluate and compare execution venues, we may review quarterly execution quality reports published by the venues. In addition, we review our own transaction data at least quarterly.

## **Settlements**

We will not generally use a venue, if we are not able to determine the obligations (both on us and our trade counterparty) either to settle a transaction or to resolve failed settlements.

In certain cases, a security may only be settled through a particular Global Custodian and depending on what settlement arrangements we have in place. In case of any limitations with settlement arrangements or additional conditions or requirements, you will be accordingly notified in advance to have time to take a reasonable decision.

## **Trading obligation that may apply in relation to the financial instrument in concern**

When selecting venues in non-EU jurisdiction, we will take into account the existing trading obligations and ensure the order with respect to the below financial instruments is executed in compliance with the MIFIR<sup>1</sup> rules, particularly

- (a) shares admitted to trading on an EEA regulated market or traded on an EEA trading venue and
- (b) derivatives pertaining to a class of derivatives that has been declared subject to the trading obligation

shall be traded on the EU trading venues as described above or equivalent trading venues, defined by ESMA<sup>2</sup>.

The trading obligation shall take precedence over any preferences that you may have conveyed to us in relation to the execution venue.

## **Factors considered when executing a particular order**

When we accept an order from you and immediately send that order directly to one or more execution venues, we are choosing between multiple execution venues available to us, giving due regard to the following principles according to the type of order that we are trying to execute:

- Where an order has no limit price or is an order to buy, in which the limit price is greater than or equal to the best offer price or an order to sell in which the limit price is less than or equal to the best bid price, our primary goal will be to achieve the best price/total consideration, followed by maximizing the speed and likelihood of execution;

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<sup>1</sup> Regulation (EU) No 600/2012 - Markets in Financial Instruments Regulation (MiFIR);

<sup>2</sup> The European Securities and Markets Authority (ESMA), the EU's securities markets regulator

- Where an order has a limit price, which does not meet the above criteria, we consider that the price of the execution is set, and our choice of venue will be determined by associated costs and maximizing both the speed and likelihood of execution;
- When choosing across a range of venues available to us which do not provide any pre-trade market data and execution prices of which are derived from the bids / offers published by execution venues providing such data our priority will be to maximize the speed and likelihood of execution whilst also minimizing the chance that there are adverse price movements around the time of execution and execution costs.

Without prejudice to the principles of choosing execution venue outlined above, we predominantly give preference to the venue available to us, which proves to be the most developed, liquid and reliable on the local market with respect to the particular financial instrument.

Although we are committed to executing your orders in a way we consider the most suitable, when markets become excessively volatile, for example, at the open or close of the standard trading session, the execution of your orders may still be impaired by:

- Substantial difference between the bid or offer price or the last reported sale price quoted at the time of order entry and actual execution price;
- Partial executions or executions of large orders in several transactions at different prices;
- Delays in executing orders through external market makers due to manual routing or execution;
- Substantial deviation of opening prices from the previous day's close prices;
- Locked (the bid equals the offer) or crossed (the bid is higher than the offer) market conditions;
- Order imbalances and back logs due to investors placing high volume of orders;
- Actions of market makers in particular instruments resulting in change or replacement of quotes before the order is executed;
- Pre-trade filters, whether execution venues' or ours, result in orders with a large expected market impact being paused or traded using an algorithm potentially causing slippage from the expected arrival price.

The factors related to selection of venue depending on a particular financial instrument are described in Appendix II.

### **List of the execution venues**

A list of execution venues on which we place significant reliance in meeting our obligation to take all sufficient steps to obtain on a consistent basis the best possible result for the execution of client orders (available execution venues) is set out in **Appendix II**.

Within the same exhibit, a list of the entities with which the orders are placed or to which we transmit orders for execution is presented, per class of financial instrument and, if and where applicable, per type of client (retail/professional).



## THE EXECUTION STRATEGY AND ARRANGEMENTS

### Execution strategy

Once we have accepted your order, we will consider the execution factors in the context of the instructions that you have provided to form a suitable execution strategy. Under this execution strategy, we will take sufficient steps to obtain the best possible result for you by employing appropriate aspects of our execution arrangements.

Our execution strategy may result in us deciding between two options:

- 1) routing (execution of) your order, including through one of our execution brokers, to (with) one or more execution venues, including systematic internalisers and other liquidity providers, chosen as provided for in this Policy immediately or rather, releasing parts of your order gradually over an appropriate period. An example of the latter instance could be a large order in size and/or an illiquid contract, in which case speed would be deprioritized in order to be more passive within the market and to ensure there is not an unacceptable cost or price impact on you as client;
- 2) transmitting your order to one of our execution brokers we rely on providing best execution including venue selection.

The execution strategy employed will take into account any information that you provide to us, together with our knowledge of the relevant instrument and the market in which you are seeking to execute.

Where you are using our electronic trading service (DMA) and intend to place the orders to the respective market(venue) yourself, the execution strategy will usually be formed automatically. In these circumstances, we will consider that we owe you best execution to the limited extent – within the predefined settings employed into the trading system and which provides the order routing to the execution venue specified by you or, in the absence of such specification, to the most liquid market taking into account the type of the order, financial instrument involved, available trading venues, settlement terms and prevailing market conditions as described above.

In transactions, where we assume an element of risk, whether executed internally or on an external trading venue, the price may include a spread, which reflects, in addition to charges specifically agreed with you, the counterparty risk, market risk, hedging activity, assumption of credit and/or clearing risk and capital charges. These factors are inherent in our business model, and are outside the scope of best execution, except where expressly stated.

### Direct Market Access (DMA)

The Company, which is not a member of the respective stock exchange, operates through its established network of global prime brokers, which provides us with access to the various stock exchanges and markets all over the world. In such cases, the order will be directed to the primary exchange using the electronic facilities provided to us by the respective prime broker who is a member of such exchange (DMA), where a particular security is traded and/or where this instrument is the most liquid, taking into account the Company's available arrangements, including settlements.

Retail Clients will normally trade through telephone or other channels, e.g. ee-mail, subject to the contractual terms agreed upon with us.

More advanced clients may have their own DMA access via our trading terminals (subject to specific separate contractual arrangement between the Company and the client) Once placed all such DMA orders would then be executed at the best time and price available on the respective market.

The availability of certain products to Retail clients are subject to the appropriateness test and where this category is within positive target market established by us in accordance with the MiFID II product governance requirements and the respective ESMA guidelines.

Professional clients could be connected to more sophisticated markets in case the Company's arrangements provide such access.

### **The Company's trading system**

The Company is using, and may grant to clients, in its own discretion, access to, an internal trading system (software) – QUIK, which provides for the processing of client orders using pre-defined and/or configurable rules and settings that allow the Company to define under which conditions a client order can be confirmed.

The Company's trading system does not use any settings or algorithms, which perform the following actions:

- applying a longer latency than is necessary before an order is executed;
- applying different treatment to different groups of clients based on the clients' trading profitability, as well as based on the Company's hedging arrangements;
- applying asymmetric slippage (where the Company is passing on negative price movements to the client but seeking to capture positive slippage itself by only giving the client the original quoted price where a positive movement has occurred in the intervening time between a quote being provided and the execution of the order);
- asymmetric limitations to the maximum positive and negative 'gapping' (in favor of the client and to client's disadvantage), above which client orders were rejected or re-quoted);
- restrictions on certain types of orders.

### **Voice trading**

You may also place your orders directly with our traders by calling our voice trading line, the contacts to which are provided in the client's guide. In case you do not give the specific instruction in regard the market where the order should be placed and subject the availability of the access, the selection of trading venue (from the list of those available for us) will then mostly depend on the following factors:

#### ***liquidity***

which exchanges have the best liquidity (so the order can be executed at best time and in full volume)

#### ***trading hours***

which exchanges are open at the moment of order placing and

#### ***currency of clients funds***

The currency of the clients funds may limit the possible execution options and selection of venues.

**price**

Once placed through the terminal on the regulated market the order is automatically executed at the best possible price in accordance with the rules of the authorized exchange.

On the regulated market, the transactions are always executed on the best possible price in accordance with the rules of the relevant market.

**Request for a quote (RFQ)**

According to our standard arrangements, we may agree to provide or make available to you upon your request quotations not constituting, however, an offer to enter into a particular transaction but being invitations to make trade offer. If following the receipt of such a quotation, you decide you are interested in a transaction based on it, you can submit to us the corresponding offer, which however we will not be obliged to accept. We will at our discretion accept an offer to execute at any quote we previously furnished to you, provided that the quote is not manifestly out of date, taking into account the changing market conditions and the time elapsed between the offer and acceptance of the quote.

We will not generally be presumed to be receiving such offers as part of a service where best execution will apply. Where the consideration of the above factors concludes that you are not legitimately relying on us, then best execution will not apply. For example, no best execution obligations will apply in a scenario where we provide you quotes with no obligation to execute a transaction until mutual agreement has been reached, and you have the flexibility to seek other quotes. By contrast, best execution will apply when in executing your order against our proprietary position we will make decisions on how the order is executed (this might occur, for example, when we manage stop-loss orders) or execute the order by dealing with a riskless principal on your behalf.

The price, which we quote, may be different from those prevailing in the markets, and it is up to you to decide whether or not to accept it. The same applies where we provide such quotes through an externally accessible electronic platform, whether provided by us or by a third party. In all such circumstances, you will regard us as being your market counterparty, and we will have no duty to provide best execution.

Usually, our quotes remain open for acceptance for a limited time period – where this period is not expressly stated when the quote is given or made available to you otherwise, we will endeavor to inform you when it is about to expire but shall not be obliged to do so. Where you seek to accept a quote after such a time limit has expired, we have the right to accept the transaction on the basis that you are happy with the price but may also reject it.

For some products we may use electronic platforms to provide indications of the prices at which we may be able to execute transactions: except where such indications are expressly made in the form of an offer capable of being immediately accepted by you, these are merely an indication of the price at which we are prepared (but not obligated) to transact when an actionable order is entered into the relevant system. However, we reserve the right under such circumstances to take a “last look” in order to establish that there have not been any material price moves in the meantime – and where we decide to accept the transaction, we may in our discretion retain or pass on to you the costs or benefits inherent in such moves.

We also may reject transactions where the “last look” price is outside any trade acceptance tolerances, which we have set, and will apply such tolerances symmetrically, i.e. irrespective of whether the potential

benefit is in our or your favor.

## **Execution on OTC**

Subject to the requirements of MiFID II and the consent provided by you in this regard, we may execute all or part of your order outside of a regulated trading venue.

In particular, we may form prices and execute internal transactions by filling all or part of your order against:

- another client's trading interest;
- our own inventory or at our risk; and / or
- a trading interest that we have acquired by facilitating another client's trade.

When transmitted (by sales traders) to the dealers for execution, OTC orders given by the clients of each business line within the Company are executed by the dealers of that particular business line taking into account the specifics of the clientele of the respective business line and using their own network of available liquidity providers (counterparties) which may not intersect with those of other business lines or provide different prices to the different business lines depending on the sizes and other factors of execution.

In certain situations, some regulated markets permit the execution of an order outside the central order book based on market specific parameters such as minimum block thresholds and timings of submission. Where we negotiate transactions on your behalf and do not obtain your agreement to the terms of those transactions in advance we continue to owe you best execution. Any such transactions will be created manually, at the discretion of an individual responsible for execution of your order.

We may also choose to transmit your order for execution to another broker or dealer (which may be located outside of the European Economic Area ("EEA") and could include both affiliate entities and / or third party brokers), in which case we will either determine the ultimate execution venue (OTC liquidity provider) ourselves on the basis described above, and instruct the broker/ dealer accordingly, or we will satisfy ourselves that the broker/dealer has arrangements in place to enable us to comply with our best execution obligations to you.

We will take steps not to structure or charge our commissions in such a way as to discriminate unfairly between execution venues.

## **Algorithmic Execution**

An algorithmic order is an order executed by an automated strategy according to specific parameters and/or conditions. When executing a large order or an order with specific instructions to achieve a certain result we may use an approved proprietary, or third party vendor's, algorithms that intelligently perform the task set by you but within the authorized strategies and behaviors and taking into account the requirements of the MIFID II and Market Abuse Regulation<sup>3</sup>.

The algorithmic strategies may apply limits in order to protect the client from extensive market movements.

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<sup>3</sup> Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation)

Where it is deemed appropriate, we may apply algorithmic trading strategies for Client Orders, either through services of the Company or other providers.

## **Specific Instructions**

All orders will be executed in line with clients' instructions to the extent possible. Where you give us specific instructions, including specifying the characteristics of a bespoke product, either relating to an order or a particular aspect of an order, we will execute so far as is reasonably possible in accordance with those instructions. You should be aware, however, that specifics of the instruction may prevent us from taking the steps that we have put in place to obtain the best possible result for the execution of your orders with respect to the elements impacted by such specific instructions. Notwithstanding this, where you give us specific instructions, which covers one part or aspect of the order, this will not release us from our best execution obligations in respect of any other part or aspect of your order that is not covered by your specific instruction.

We may not expressly indicate or implicitly suggest to you the content of the instruction, if we believe that an instruction to that effect is likely to prevent us from achieving best execution. This will not prevent us from inviting you to choose between two or more specified trading venues, consistent with this policy.

We may also use systems that record your venue preferences for all your orders or other processes that leave a clear audit trail of your wishes.

Where you give us specific instructions to execute a fixed-price transaction, we may execute them outside of a trading venue, including trade against ourselves or one of our affiliates, unless you expressly instruct us otherwise. In that case any "mark-up" or "mark-down" to prevailing market prices will be retained by that affiliate or us.

If the conditions pertain to us to be under an obligation to execute your orders on designated execution venues, as per the description provided in the section that follows, we shall place precedence on obliging such trading obligation over any preferences of yours concerning the selection of execution venue. If, however, your order can be fulfilled as per your preferences and still be in compliance with the trading obligation it will be executed as directed.

## **FEES, COMMISSIONS AND MARK-UP**

When executing an order on behalf of a client, having followed the processes described above, the Company may charge the client an additional spread, mark-up, fee or commission for providing the client with the execution. The spreads, mark-ups, fees or commissions will be set by the Company to reflect, amongst other things, the costs and risks the Company incurs or faces in connection with providing the execution to the client.

The Company shall be able to demonstrate that it is taking sufficient steps to obtain the best possible result for a client when the obligation arises. The Company will ensure that spreads, mark-ups, fees or commissions charged on transactions where Best Execution is owed are reasonable, not excessive and within a range that is considered fair for the product type, tenor and size of the trade. For instance, the mark-up rates for illiquid securities may be set at the level of up to 10%, while for liquid ones it will not exceed 2%.

Any costs charged to clients in connection with the execution of clients' orders (including, among others, any mark-ups, transactions costs etc.) shall be disclosed to the clients in advance.

When we hold a financial instrument on our own account before offering it to a client, the price of the financial instrument may change due to market value fluctuations. Based on Article 24(4) MiFID II, any costs and charges that are caused by the occurrence of underlying market risk shall not be included in the aggregated information about costs and charges. Hence, the price of a position of the Company as referred to in Recital 79 of the MiFID II Delegated Regulation should be understood as the current (fair market) value of the financial instrument held by the Company when the firm offers the instrument to the client (ex-ante) or when it sells it to the client (ex-post).

## **MONITORING AND REVIEW OF OUR BEST EXECUTION POLICY AND ARRANGEMENTS**

The Company assesses the effectiveness of this Policy and overall execution arrangements on a regular basis, and at least annually. The review should be carried out whenever a material change occurs that may affect the Company's ability to continue to obtain the best possible result for its clients on a consistent basis. The review will also take into consideration possible changes to the relative importance of the execution factors in meeting the overarching best execution requirement.

Any material changes to this Policy will be published on our website at <https://theultimacy.com/policies>. The Company's traders (sales traders and dealers), as the first line of defense shall monitor the quality and effectiveness of their order execution arrangements to identify and, where appropriate, correct deficiencies. The traders must be aware of the alternative execution methods available to them and the impact the various methods may have upon the orders being processed. In particular, traders should assess, on a regular basis, whether the execution venues, including the Company itself where appropriate, offer the best possible result for the client or whether changes to execution arrangements should be made.

In order to ensure that the highest level of services is offered to clients and that the obligation to achieve the best possible result for execution of the clients' orders is met, the Company has employed an intelligent software, which enable us to get detailed analytics on every execution made and to understand whether the quality of execution was achieved or whether improvements need to be made. This monitoring is performed post trade on a daily basis.

The monitoring process also includes an assessment of whether the execution venues and brokers provide for the best possible result taking into account the quarterly execution quality reports published by the venues.

## **REPORTING TO CLIENTS**

Subject to the requirements of MiFID II, we will publish on our website by the end of April each year the following information for each class of financial instruments:

- The top five execution venues and top five brokers (where orders were placed or transmitted) by volume; and
- Summary of the analysis and conclusions drawn from detailed monitoring of execution quality obtained on the execution venues and brokers used during the previous year.

The said reports can be accessed on our website in electronic format and available to download by all clients at <https://theultimacy.com/about> in the section “Best Execution - Top 5 Venues”.

## TYPES OF TRADING ORDERS

Given the risks that arise when trading in financial markets, you may wish to consider using different types of trading orders to limit such risk. Please, note that the descriptions below may apply to some and not all types of financial instruments.

- **Market order:** With a market order, you may instruct you to execute a trade of a certain size as promptly as possible at the prevailing market price. Market orders are carried out without regard to price changes. Therefore, if the market price moves significantly during the time it takes to fill in your order, the order will most likely be executed at a price substantially different from the price when the order was entered. Certain exchanges do not support market orders. If you place a market order in these markets, we will automatically translate the order to an aggressive limit order within a certain percentage limit “in the money”. You have responsibility to check if the order is traded in the market after order entry. If you experience or suspect any errors with the order, contact us immediately.
- **Limit order:** With a limit order, you set the maximum purchase price, or minimum sale price, at which the trade is to be executed. As a limit order may be entered away from the current market price, it may not be executed immediately. By placing a limit order, you give up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. Limit orders may be routed to an exchange automatically. Where a limit order is placed in a share permitted to trading on a regulated market or traded on a trading venue, we shall not be obliged to publish that limit order if it cannot be immediately executed under prevailing market conditions.
- **Stop order (subject to prior agreement):** A stop order is an order to buy or sell a financial instrument once the price of the instrument reaches a specified price, known as the stop price. When the stop price is reached, a stop order becomes a market order. A buy stop order is entered at a stop price above the current market price. A sell stop order is entered at a stop price below the current market price. A stop order is therefore a “sleeping” order until the stop price is reached or breached. Sell stop orders are generally used to limit a loss or to protect a profit on a financial instrument. In order to ensure stop orders are not filled at unreliable prices during short periods with abnormally wide bid/ask spreads caused by, for instance, release of key economic figures we implement spread filters preventing order execution when spreads exceed certain levels.
- **Trailing stop order (subject to prior agreement):** The trailing stop order is a stop order as described above but the trailing stop price moves according to parameters you set in the order. This way the trailing stop can be used to sell if the price drops more than a specified distance from the highest price traded or to buy if the price trades above a set level from the lowest traded price. We may allow you to further customize the manner in which your stop (or stop-limit orders) are triggered. You may change the trigger method to include or exclude certain trigger criteria based on your specific trading objectives.
- **Stop-limit order (subject to prior agreement):** A stop limit order is a variation of a stop order with a lower (higher) limit price to suspend trading if the price falls (rises) too far before the order is filled restricting trading to a predefined price range. Once the stop price is reached a stop-limit order becomes a limit order that will be executed at a specified price (or better).  
We may offer you several ways to submit stop and stop-limit orders. At most venues, we

implement and manage stop (or stop-limit) orders in our systems, submitting market (or limit) orders to the venue when the trigger price specified by you has been reached and passed. On some venues, we may submit stop and/or stop-limit orders using the venue's native order type. For each venue on which you may trade we will specify to you whether stop and/or stop-limit orders are managed by us or submitted using the venue's native order type. For stop and stop-limit orders that we manage, unless you specify otherwise when submitting the order, the order will be triggered and a market (or limit) order will be submitted for execution when the venue on which the financial instrument is traded is open and has a valid bid/ask quote for the instrument and the last sale price for the instrument is at or above (for buy stop orders) or at or below (for sell stop orders) the trigger price specified by you.

- **VWAP orders (subject to prior agreement):** We may accept guaranteed volume weighted average price ("VWAP") orders for certain securities. The VWAP for security is calculated by adding the price of every transaction in that security (the price per security multiplied by the number of securities traded) and dividing by the total securities traded. A VWAP is computed from a beginning cut-off time to an ending cut-off time and is calculated by volume weighting all transactions during this time period. VWAP prices are computed by Bloomberg, displayed after market close, and are guaranteed to be executed. By default, beginning cut-off times are every minute from market open to market close. You can also modify the ending cut-off time of the calculation in your trading terminal or otherwise when submitting the order. If you elect to specify a start and end time, certain limitations will apply. We will also set order size limits depending on the average daily trading volumes.
- **Algorithmic order (subject to prior agreement):** An algorithmic order is an order executed by an automated strategy according to specific parameters or conditions. Algorithmic orders are intended to minimize the market impact created by placing larger orders or achieving a recognized trading benchmark. The orders can also be used to follow volume participation or in general to achieve a better overall execution.

## AFFILIATES AND THIRD PARTIES

The arrangements described in this Policy apply when one of the entities of our group handles the execution of your order itself.

Using affiliated entities and third-party brokers allows us to provide access to markets where it otherwise may not be able to execute or, where we believe it to be in your best interests, to address certain characteristics of your order. However, you should be aware of the potential difference in approach to execution standards where this is the case; whilst we retain our obligations regarding best execution, the execution of the transaction may be carried out by an entity, which is not subject to MiFID II.

Where we engage either an affiliate or a third-party broker for order execution, we will:

- carry out due diligence on that entity and will take steps to ensure that the entity is able to provide an appropriate standard of execution in the relevant market; and
- monitor our executions with the broker to satisfy ourselves that they are providing appropriate standards of execution.



In relation to affiliates specifically, whilst we believe that using affiliates provides benefits to clients (including consistency of order handling; governance and oversight processes and the transparency thereof; certainty of market access; and integrated technology, allowing more efficient communication and front-to-back trade processing), we acknowledge that the opportunity for potential conflicts of interest exists. We are committed to mitigating these to the extent possible and perform due diligence on our affiliates to at least the same standard as for a third-party broker; we also commit to monitor our executions with affiliate entities to satisfy ourselves that they are providing appropriate standards of execution.

## **APPENDIX I**

### **LIST OF FINANCIAL INSTRUMENTS TO WHICH THE ORDER EXECUTION POLICY APPLIES**

The Policy applies to the following MIFID II Financial Instruments:

1. Transferable securities;
2. Money-market instruments;
3. Units in collective investment undertakings;
4. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
5. Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
6. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a Regulated Market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled, not otherwise mentioned in point 6 of this Schedule 1 and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
8. Derivative instruments for the transfer of credit risk;
9. Financial contracts for differences;
10. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled

in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a Regulated Market, OTF, or an MTF.

## **APPENDIX II**

### **SPECIFIC APPLICATION BY PRODUCT**

This Appendix provides further details and an overview of the order- and quote-handling process, as well as when and how we will provide best execution, in relation to transactions executed for the particular product.

This Appendix should be read in conjunction with the overarching the Policy.

#### **A. EQUITY INSTRUMENTS**

- Shares
- Exchange Traded Funds (ETFs)
- Depositary Receipts
- Certificates
- Other equity-like financial instruments

We may execute trades in different capacities, i.e. as agent or as principal. In cases where we act as principal, it is important for you to note that we may rely on the Four-fold cumulative test, as described in the Policy. When indicated by the test, we will assume that you regard us as your market counterparty, as a result of which we will not observe the best formal execution requirements.

#### **The order execution process**

You may elect to transact with us either by giving an order to trade or by a Request for Quote (RFQ). In the latter case, we will provide a price, which you may accept or not, as it is described in Request for a quote section our Policy above.

Retail Clients will normally trade through telephone (using our Voice trading service) or other channels agreed between us.

We may execute your order by placing it through our DMA arrangement with a particular trading venue, on which a financial instrument is traded, or we may use other investment firms or to transmit it to a third party for execution with us as agent.

When we provide the investment service “execution of order on your behalf”, we act to conclude agreements to buy or sell financial instruments on your behalf. This is for instance the case where we trade through the executing broker on stock exchanges or when we receive your order and pass it on to another firm for execution.

Where we are trading on a trading venue through our DMA arrangements with a third-party investment firm (e.g. broker), which is a member of that trading venue, a transaction is deemed to be executed on a trading venue or manually reported to the trading venue if the transaction is negotiated outside the order book.

### **Application of best execution**

In case where best execution requirements apply to us as described in the Policy, the following considerations will apply.

The parameters involved differ in the case of aggressive and passive orders, since the objectives are different.

Where transaction prices are published on a relevant market, we will use them as benchmarks to evaluate the best execution.

The following factors and the relative importance given to them are indicated below in the order of relative priority which will be typically given to them. The other priority can be assigned as described in the policy depending on the criteria taken into account and the circumstances of each specific transaction.

*Price*: will normally be the most important factor, although it will depend on the type of order. For aggressive orders price – high importance, for passive orders - minor importance; However, in less liquid markets, the primary execution factors may vary, such as likelihood of execution becoming more significant;

*Traded volume* will have no importance in relation to aggressive orders, but will be of major importance for passive orders;

*Speed of execution* - will be of major importance to aggressive orders, but of minor importance to passive orders;

*Transaction costs* (external fees) will be of medium importance for aggressive orders, and no importance for passive orders;

*Venue type* will be of medium importance for aggressive orders, but of no importance for passive orders.

A passive order is an order that adds liquidity to the order book (a buy-order with price lower than the best ask or a sell-order with price higher than the best bid). An aggressive order is an order that removes liquidity from the order book (a buy-order with price equal, or higher, than the best ask or an sell-order with price equal, or lower than the best bid).

## **B. FIXED INCOME**

- Corporate and Government Bonds
- Euro Bonds
- Other Fixed Income instruments (cash and derivatives)
- Fixed Income Futures

We may execute trades in different capacities, i.e. as agent or as principal. In cases where we act as principal, it is important for you to note that we may rely on the Four-fold cumulative test, as described in the Policy. When indicated by the test, we will assume that you regard us as your market counterparty, as a result of which we will not observe the best formal execution requirements.

## **The order execution process**

You may elect to transact with us either by giving an order to trade or by a Request for Quote (RFQ). In the latter case, we will provide a price which you may accept or not as it is described in Request for a quote section our Policy above.

You may elect to transact with us electronically via Bloomberg or by e-mail or using RFQ service and/or streaming price technology.

In all cases, where we receive an order or a quote from you, the following considerations will apply:

- Quotes may be customized according to our understanding of your needs as our client;
- All orders will be handled in a fair and consistent manner according to execution factors noted below and as described in the Policy depending to the particular circumstances.

Data quotes are derived from a mix of selected internal and external market data and are distributed to clients via several electronic channels.

Unless the particular instrument is normally traded on exchange, trades are executed OTC, dealer-to-dealer or dealer-to-investor. This means that there is no central record of all of the transaction prices in the relevant market. Furthermore, some securities may have very low liquidity. Under these circumstances, it is less easy to establish precisely what the fair price for a given security is.

It needs to be noted that where we act as principal on a risk price transaction and thus assume risk in relation to a transaction it has entered into with you, we would usually do not consider (unless explicitly agreed otherwise) that we owe Best Execution to you and subject to the Four-fold cumulative test results.

The price offered to you in such cases may include a spread or a mark-up, which reflects the Company's counterparty risk, market risk, liquidity risk and regulatory capital requirements, amongst other things. These factors are inherent in our business model, and are outside the scope of execution, unless it is expressly stated. The spread or price in such cases will also reflect the creditworthiness of the issuer.

Where transaction prices are published on a relevant market, we will use them as benchmarks to evaluate the best execution.

When executing orders or taking decisions to deal in OTC products, including bespoke products, we will check the fairness of the price, by gathering market data used in the estimation of the price of such product and, where possible, by comparing them with similar or comparable products.

## **Application of best execution**

In those cases where the Company owes to provide best execution or subject to the results of Four-fold cumulative test, the following considerations will apply.

As there are few external execution venues, such as regulated markets, on which we may execute transactions in the relevant securities at a set price, most trades will be executed against our own book

based on a price or spread offered to the client. This price may not be comparable with other prices available at the time because it will be dependent on the following factors and the relative importance given to them in each case.

Whilst these are indicated below in the order of relative priority, which will be typically given to them, a variety of criteria will be taken into account in assessing their prioritization as the circumstances dictate in relation to each specific transaction.

–*Price*: will normally be the most important factor, although it will depend on each of the market risk (a higher rating will result in a smaller spread, and thus a better price), our exposure to similar instruments and the regulatory capital requirements that it must comply with. However, in less liquid markets, the primary execution factors may vary, such as likelihood of execution becoming more significant;

*Speed of execution*;

*Size and nature of the order (which may affect the price, depending on the circumstances)*;

*Likelihood of execution* (potentially more important than price in an illiquid market) *and settlement*;

*Likely market impact* (may affect the way we execute, as a block or by partial execution);

*Transaction costs and risks relevant to the execution*;

*Nature of the market for the financial instrument* (market practice for the relevant instrument); and

*Any other consideration* deemed relevant to the execution of an order, such as whether the instrument has a floating or fixed interest rate.

In order to determine the relative importance of these execution factors, we will also take into account the characteristics of:

- The client, including its categorization and counterparty risk according to our internal risk-scoring of clients (the better the risk score, the lower the add-on or spread);
- The circumstances behind the client's order (e.g. whether it has issued an RFQ);
- The financial instruments that are the subject of the client order (the liquidity for the relevant instrument); and
- The execution venues to which the client order can be directed.

## **C. EXCHANGE TRADED DERIVATIVES (“ETD”)**

We may execute trades in different capacities, i.e. as agent or as principal. In cases where we act as principal, it is important for you to note that we may rely on the Four-fold cumulative test, as described in the Policy. When indicated by the test, we will assume that you regard us as your market counterparty, as a result of which we will not observe the best formal execution requirements.

### **The order execution process**

You may elect to transact with us either by giving an order to trade or by a Request for Quote (RFQ). In the latter case, we will provide a price, which you may accept or not as it is described in Request for a quote section our Policy above.

You may elect to transact with us electronically via Bloomberg or by e-mail or using RFQ service and/or streaming price technology. Unless your order conflicts with any trading obligations of ours, we will execute your order on the central order book of the regulated market that you state your order should be placed on. With regards to best execution obligation, we deem to have satisfied these requirements, provided we have correctly placed the order on the market that you as the client specify. Where a

regulated market permits the execution of an order outside the central order book based on market specific parameters such as block trades or cross trades, we will look to secure the best possible result for you leveraging existing relationships with liquidity providers/market makers.

### **Application of best execution**

*Price:* this refers to the resulting price of the transaction excluding our execution charges. Generally, this and costs (see below) are deemed as the most important considerations. However, in less liquid markets, the primary execution factors may vary, such as likelihood of execution becoming more significant.

*Costs:* these relate to commissions and standardized clearing and market fees (charged by the relevant exchange/market/clearer). You are charged according to the rates specified and billing information can be provided by your client manager.

*Market impact:* this entails the possibility of the market moving against you or creating a misleading impression in the market of the supply, demand or value of any ETD or underlying. This may be specifically relevant when the size of your order is much above average or you place high volume of orders in a single underlying instrument.

*Speed:* we define speed as the rate at which your order is progressed. Whereas you as the client express instructions to use a defined rate, we will follow your instruction. Where your instructions do not specify speed, we will progress your order at a rate which we believe represents a balance between impacting the market and executing your order in a timely fashion so as to reduce execution risk.

*Likelihood of execution and size:* we interpret this as the likelihood that we are able to entirely fill your order, or at least a substantial part of it. These factors are most relevant when access to liquidity in relevant instruments is constrained in some way.

### **D. COMPLEX STRUCTURED PRODUCTS**

Structured products are securities that are derivatively priced and trade intra-day on a national securities exchange at a price based on the prices of other investment instruments, such as a commodity, a currency, a share price or an interest rate. SP include, inter alia, ETNs and ETFs (Exchange Traded Funds), although ETF's are not covered in this section, please refer to section A.

ETNs are often defined as a type of unsecured, unsubordinated debt security (bond) based on the performance of a market index minus applicable fees, with no period coupon payments distributed and no principal protections – although they may also have periodic coupons and be priced relative to one or more individual shares. They may also be principally protected. ETNs are often listed on regulated markets but are traded OTC with reporting obligations to the relevant market. Non-listed ETNs are not subject to such reporting obligations.

We may execute trades in different capacities, i.e. as agent or as principal. In cases where we act as principal, it is important for you to note that we may rely on the Four-fold cumulative test, as described in the Policy. When indicated by the test, we will assume that you regard us as your market counterparty, as a result of which we will not observe the best formal execution requirements.

## The order execution process

You may choose to transact with us electronically via Bloomberg, telephone or similar approved messaging solutions, or by e-mail. These products are usually not suitable for Retail Clients and only provided to clients categorized as Professional or Eligible Counterparties.

The quotes may be customized according to our understanding of the client's needs. All orders will be handled in a fair and consistent manner according to execution factors noted below.

- You may trade either in the primary market (where the issuer either distributes the product via a public offer or a private placement) or in the secondary market following the issue date of the product.
- In a public offer, we will market the product during the defined offer period, during which we will gather orders from our clients at a fixed price.
- In a private placement, clients normally transact by placing an order for the product at a fixed price without a set final term.
- In the secondary market, we may buy back or offer for sale securities, including those issued by us or our group entities. Such trades are normally based on client orders but are executed by us as principal in OTC market.

## Application of best execution

It needs to be noted that where we act as principal on a risk price transaction and thus assume risk in relation to a transaction it has entered into with you, we would usually do not consider (unless explicitly agreed otherwise) that we owe Best Execution to you and subject to the Four-fold cumulative test results.

**Unless the particular instrument is traded on exchange, trades** are executed OTC, dealer-to-dealer or dealer-to-investor. This means that there is no central record of all of the transaction prices in the relevant market. Furthermore, some securities may have very low liquidity. Under these circumstances, it is less easy to establish precisely what the fair price for a given security is.

The price offered to you in such cases may include a spread or a mark-up, which reflects the Company's counterparty risk, market risk, liquidity risk and regulatory capital requirements, amongst other things. These factors are inherent in our business model and are outside the scope of execution save where expressly stated. The spread of price in such cases will also reflect the creditworthiness of the issuer.

Where transaction prices are published on a relevant market, we will normally judge best execution in relation to them.

In those cases where the four-fold cumulative test or other circumstances dictate that we owe a duty of best execution pursuant to the Policy, the following execution factors will be taken into consideration for all trading, although their relative weight may vary according to the product traded and the underlying liquidity of the instruments involved.

- the price offered to you or the price at which we executed a transaction for you may not be comparable with other prices available at the time because it will be dependent on the various factors and the relative importance given to them in each case;

- in the secondary market, trades will be executed as buybacks or offers by us with either the client or third party distributor.

As mentioned above, there is no central record of all of the transaction prices in these products and most of are illiquid. Under these circumstances, it is less easy to establish precisely what a fair price for a transaction in a given security is.

For such securities our intention will be to show indicative bid/offer prices on an exchange or a public website where products are widely distributed, but will only make them available on request (for example on Bloomberg) in the case of less widely distributed products, for example where access has been restricted to a third party distributor of the security in question.

- *The likelihood of execution* and settlement will normally be the most important factor than price (unless there is high liquidity in a particular exchange traded instrument);
- *Price* will be second important where there are variety of the liquidity providers;

Price for transactions in the primary market are fixed by the issuer. Where we are the issuer, the price will include our transaction costs and funding costs, as well as the cost for the derivative side of the product. The derivative will normally be bought from other market participants based on a best price basis. For transactions in the secondary market for which there are published prices, we will normally judge best execution in relation to this;

- *After sales service*, the potential unwinding price, valuation and collateral costs;
- *The nature of the market* for the financial instrument (market practice for the relevant instrument);
- *Speed of execution*.

## **E. SECURITIES FINANCING TRANSACTIONS**

We may execute trades in different capacities, i.e. as agent or as principal. In cases where we act as principal, it is important for you to note that we may rely on the Four-fold cumulative test, as described in the Policy. When indicated by the test, we will assume that you regard us as your market counterparty, as a result of which we will not observe the best formal execution requirements.

Securities Financing Transactions (SFTs) includes:

- a repurchase transaction (including reverse repurchase transaction) (Repo);
- securities borrowing and securities lending (SBL);
- a buy-sell back transaction or sell-buy back transaction;
- a margin lending transaction (including margin borrowing transaction).

### **The order execution process**

You may elect to transact with us either by giving an order to trade or by a Request for Quote (RFQ). In the latter case, we will provide a price which you may accept or not as it is described in Request for a quote section our Policy above.

You may elect to transact with us electronically via Bloomberg or by e-mail or using RFQ service and/or streaming price technology.

You may also choose to initiate transactions verbally through our relevant sales/trading desks.



## Application of best execution

Since all trades are agreed on an OTC basis, there is no central record of all transaction prices in the market.

Generally, there are many securities that are very liquid and widely available, known as general collateral securities and some that are heavily in demand and consequently hard to borrow, known as “specials”. In either case, when acting on client orders we seek to obtain the best possible result on a consistent basis, rather than in respect of each individual transaction on a standalone basis, taking into account the execution factors listed below.

- We execute Repo trades both on a dealer-to-dealer and dealer-to-investor basis;
- The SFT transactions which structured transfer of title of the collateral are not provided for the Retail clients;
- In the case of securities lending, Repo transactions and similar trades, the best execution obligations are only observed for investors for whom we act as a discretionary manager for making portfolio loans under the circumstances where the client initiates the transaction and is not reasonably expected to be able to access various alternative sources available to them for prices in the securities SBL market.
- In the case of a borrower of securities, it is reasonably assumed that the transaction is initiated by the counterparty by means of an RFQ, and that they are active in the market and thus able to decide for themselves whether to execute or not;
- When creating a short exposure for you, our ability to transact could be dependent on its ability to borrow the underlying asset in the market;

These execution factors may include, and are not limited to:

- Interest rate, as a price (cost) of financing, and the likelihood of the transaction may be the most important execution factors applicable in combination with the particular transaction and taking into account the other factors;
- Liquidity of the collateral security;
- Term of the transaction (open/fixed term);
  - Relative price stability of the portfolio/asset;
  - Cost of sourcing securities to be posted as collateral for the transaction;
  - Client credit quality and netting status;
  - Jurisdiction of the dealer/investor and/or client;
  - Lending parameters, which may include limits on markets, securities, counterparties and duration;
  - Speed/Timing of execution (size, nature of the order may affect the rate, as may contemporaneous market news, such as a corporate announcement);
  - The client type;
  - The type of order (proactive or reactive);
  - Liquidity for the relevant asset/assets;
  - Impact on our capital and costs related to this;
  - Our exposure diversification and/or concentration risk policy; and
  - Our positions in the relevant asset/assets.

For most asset classes, price is sufficient to evaluate the quality of the execution, although, as mentioned above, an SFT is not only dependent on price or rate, but also those factors highlighted. SFTs with an

open term are open to renegotiation across the lifecycle of the trade and are thus typically re-evaluated continually.

## **F. FX TRANSACTIONS**

We may execute trades in different capacities, i.e. as agent or as principal. In cases where we act as principal, it is important for you to note that we may rely on the Four-fold cumulative test, as described in the Policy. When indicated by the test, we will assume that you regard us as your market counterparty, as a result of which we will not observe the best formal execution requirements.

FX transactions include:

- FX Forwards
- FX Swaps
- FX Options
- Non Deliverable FX Forwards (NDFs)

Spot FX transactions are not regarded as financial instruments and therefore best execution does not apply to such transactions. We note that we can normally execute such transactions only as an auxiliary service to support trading in financial instruments.

### **The order execution process**

You may elect to transact with us either by giving an order to trade or by a Request for Quote (RFQ). In the latter case, we will provide a price, which you may accept or not as it is described in Request for a quote section our Policy above.

You may elect to transact with us electronically via Bloomberg or by e-mail or using RFQ service and/or streaming price technology.

It needs to be noted that where we act as principal on a risk price transaction and thus assume risk in relation to a transaction it has entered into with you, we would usually do not consider (unless explicitly agreed otherwise) that we owe Best Execution to you and subject to the Four-fold cumulative test results.

### **Application of best execution**

In those cases where the Four-fold cumulative test or other circumstances dictate that we owe a duty of best execution pursuant to the Policy, the following considerations will apply.

In case of swaps or forwards, which are executed OTC, we consider price & costs and likelihood of execution to be important factors. The priority of any one of these factors will depend on your specific instructions (including any contractual arrangements between us) and prevailing market conditions.

Price: this refers to the resulting price of the transaction excluding our own execution charges or other transaction costs (see below), if applicable. Price may include costs and charges applied by third parties (e.g. local sub-custodians).

FX transactions may be executed on the basis of one of the following, unless otherwise agreed:

- an external reference or benchmark price;
- a price provided by us; or
- a price provided by an external liquidity provider.

**Costs:** any transaction costs including any fees, commissions or spreads charged by us or applied by third parties are notified to you. Such notification is communicated before transactions are executed – typically at the outset of our relationship.

**Likelihood of execution:** this refers to the likelihood that we are able to execute an FX transaction in accordance with your instructions.

Where we have entered into an agreement with you, this may outline our commitment to execute FX transactions in predefined circumstances. This factor increases in importance in situations where access to liquidity in the relevant instrument is constrained in some way - for example, if there is a market disruption event.

## APPENDIX III

### LIST OF TRADING VENUES, EXECUTION BROKERS AND OTHER LIQUIDITY PROVIDERS

Availability of a particular trading venue at the time of the order placement will be confirmed by the Company in advance upon request

| Financial Instrument                                | Execution Broker  | Trading Venue(s)   |
|---|---|--|
| <b>Equity securities</b>                            |   |  |
| <b>Equity Securities, Depositary Receipts, ETFs</b> | 1. Vision Financial Markets LLC<br>2. The Ultima World (DIFC) Limited<br>3. Brokercrreditservice Ltd<br>4. GTN Middle East Financial Services (DIFC) Limited<br>5. GMB Securities Limited | 1. *LSE London Stock Exchange<br>2. *NYSE New York Stock Exchange<br>3. *NASDAQ Nasdaq Stock Market<br>4. *ArcaEdge (ARCAEDGE)<br>5. *Bats BYX (BYX)<br>6. *Bats Global Markets (BATS)<br>7. *Chicago Stock Exchange (CHX)<br>8. *Direct Edge (DRCTEDGE)<br>9. *Direct Edge (EDGEA)<br>10. *IEX<br>11. *Knight Securities<br>12. *NASDAQ (NASDAQ)<br>13. *NASDAQ OMX BX (BEX)<br>14. *NASDAQ OMX PSX (PSX)<br>15. *NASDAQ/Island<br>16. *New York Stock Exchange |

| Financial Instrument | Execution Broker | Trading Venue(s)   |
|----------------------|------------------|--|
|                      |                  | (NYSE)<br>17. *NYSE Arca (ARCA)<br>18. *NYSE MKT (NYSE AMEX)<br>19. *OTC Markets Pink (PINK)<br>20. *Alpha ATS (ALPHA)<br>21. *Canadian Securities Exchange<br>22. *Chi-X Canada<br>23. *Omega ATS (OMEGA)<br>24. *Toronto Stock Exchange (TSE)<br>25. *TSX Venture (VENTURE)<br>26. *Mexican Stock Exchange (MEXI)<br>27. *Vienna Stock Exchange (VSE)<br>28. *Bats Europe (BATEEN)<br>29. *CHI-X Europe Ltd Clearnet (CHIXEN)<br>30. *ENEXT.BE<br>31. *Turquoise (TRQXEN)<br>32. *Bats Europe (BATEEN)<br>33. *CHI-X Europe Ltd Clearnet (CHIXEN)<br>34. *Euronext France (SBF)<br>35. *Turquoise (TRQXEN)<br>36. *Bats Europe (BATEDE)<br>37. *CHI-X Europe Ltd Clearstream (CHIXDE)<br>38. *Frankfurt Stock Exchange (FWB)<br>39. *Stuttgart Stock Exchange (SWB)<br>40. *Tradegate Exchange (TRADEGATE)<br>41. *Turquoise DE (TRQXDE)<br>42. *XETRA (IBIS)<br>43. *Borsa Italiana (BVME)<br>44. *Bats Europe (BATEEN)<br>45. *CHI-X Europe Ltd Clearnet (CHIXEN)<br>46. *Euronext NL Stocks (AEB)<br>47. *Turquoise (TRQXEN)<br>48. *OMXNO<br>49. *Warsaw Stock Exchange<br>50. *BVL<br>51. *Bats Europe (BATEES)<br>52. *Bolsa de Madrid (BM)<br>53. *CHI-X Europe Ltd Clearnet (CHIXES)<br>54. *Swedish Stock Exchange (SFB)<br>55. *BATS Europe (BATECH) |

| Financial Instrument | Execution Broker | Trading Venue(s)  |
|----------------------|------------------|---|
|                      |                  | 56. *CHI-X Europe Ltd Swiss (CHIXCH)<br>57. *SIX Swiss Exchange (EBS)<br>58. *Turquoise CH (TRQXCH)<br>59. *VIRT-X (VIRTX)<br>60. *Bats Europe (BATEUK)<br>61. *CHI-X Europe Ltd Crest (CHIXUK)<br>62. *London Stock Exchange (LSE)<br>63. *LSE International Order Book (LSEIOB1)<br>64. *Australian Stock Exchange (ASX)<br>65. *Chi-X Australia<br>66. *Hong Kong Stock Exchange (SEHK)<br>67. *Shanghai-Hong Kong Stock Connect (SEHKNTL)<br>68. *Shenzhen Stock Exchange<br>69. *National Stock Exchange of India (NSE)<br>70. *CHI-X Japan (CHIXJ)<br>71. *JAPANNEXT<br>72. *Tokyo Stock Exchange (TSEJ)<br>73. *Singapore Exchange (SGX) |

| Financial Instrument  | Execution Broker   | Trading Venue(s)   |
|---|--|--|
| <b>Debt Instruments</b>                                     |  |  |
| Bonds   | 1. Vision Financial Markets LLC<br>2. The Ultima World (DIFC) Limited<br>3. Brokercreditservice Ltd<br>4. GTN Middle East Financial Services (DIFC) Limited<br>5. GMB Securities Limited | 1. Bloomberg MTF (BMTF)<br>2. OTC  |
| <b>Derivatives</b>  |  |  |
| Derivatives (Futures and Options traded on a trading venue) | 1. Marex Financial LLC<br>2. Sucden Financial Limited  | 1. *CME Group Chicago Mercantile Exchange Group (CME, CBOT, NYMEX and COMEX)<br>2. *CFE Chicago Futures Exchange<br>3. *MIN Minneapolis Exchange |

| Financial Instrument                       | Execution Broker | Trading Venue(s)  |
|--|------------------|---|
| (Options, forwards, swaps on US exchanges) |                  | <ol style="list-style-type: none"> <li>4. *ICE-US Intercontinental Exchange US</li> <li>5. *NYSE-LIFFE US New York Stock Exchange LIFFE US</li> <li>6. *ICE-EUR Intercontinental Exchange Europe</li> <li>7. *EUREX European Exchange AG</li> <li>8. *LIFFE London International Financial Futures and Options Exchange</li> <li>9. *EURONEXT Paris, Amsterdam Exchange</li> <li>10. *IDEM Italian Derivatives Exchange</li> <li>11. *MEFF Spanish Futures &amp; Options Exchange</li> <li>12. *ICE-CAN Intercontinental Exchange Canada</li> <li>13. *BDM Montreal Exchange</li> <li>14. SGX Singapore Exchange</li> <li>15. *HKFE Hong Kong Futures Exchange</li> <li>16. *TSE Tokyo Stock Exchange</li> <li>17. *OSE Osaka Stock Exchange</li> <li>18. *TOCOM Tokyo Commodity Exchange</li> <li>19. *TIFFE Tokyo International Financial Futures Exchange</li> <li>20. *NZFOE New Zealand Futures and Options Exchange</li> <li>21. *BMDEX Malaysian Exchange</li> <li>22. *DGCX Dubai Gold and Commodities Exchange</li> <li>23. *SAFEX South African Futures Exchange</li> <li>24. *Bats EDGX Options Exchange</li> <li>25. *Bats Global Markets (BATS)</li> <li>26. *Boston Options Exchange (BOX)</li> <li>27. *GEMINI</li> <li>28. *ISE Options Exchange (ISE)</li> <li>29. *MIAX Options Exchange</li> <li>30. *MIAX PEARL</li> <li>31. *NASDAQ OMX (NASDAQOM)</li> <li>32. *NASDAQ OMX BX Options Exchange</li> <li>33. *NYSE Arca (PSE)</li> <li>34. *NYSE MKT (NYSE AMEX)</li> <li>35. *Philadelphia Stock Exchange (PHLX)</li> <li>36. *Montreal Exchange (CDE)</li> </ol> |

| Financial Instrument                   | Financial counterparties   | Trading Venue(s) |
|--|--|------------------|
| <b>Security Financing Transactions</b> |  |                  |
| REPO, buy sell back                    | 1. StoneX Financial Ltd/ StoneX Financial Inc (ex-INTL FCStone Inc)<br>2. Xtellus Capital Partners Inc<br>3. EMKAP Ltd (ex-Merit Kapital)<br>4. The Ultima World (DIFC) Limited<br>5. GMB Securities Limited |                  |

\* Through a third-party broker

## **Additional information on the Execution Brokers and/ Financial counterparties**

### **1. Vision Financial Markets LLC**

Website: <https://www.vfmarkets.com/>

Order Execution policy: <https://www.vfmarkets.com/wp-content/uploads/2022/06/Vision-Best-Execution-Policy.pdf>

Quality of execution report: <https://www.vfmarkets.com/disclosures-disclaimers/#flow>

### **2. The Ultima World (DIFC) Limited**

Website: <https://theultima.com/>

### **3. Brokercreditservice Ltd**

Website: <https://bcs.ru/regulatory/general>

### **4. GTN Middle East Financial Services (DIFC) Limited**

Website: <https://gtngroup.com/mea/home/> or <https://gtngroup.com/europe/home/>

### **5. GBM Securities Limited**

Website: <https://gbmsecurities.com/#>

## **6. Marex Financial LLC**

Website: <https://www.marex.com>

Order Execution policy: <https://www.marex.com/about-us/regulatory/>

## **7. Sucden Financial Limited**

Website: <https://www.sucdenfinancial.com>

Order Execution policy: <https://www.sucdenfinancial.com/en/client-documentation-and-disclosures/>

## **8. StoneX Financial Ltd**

Website: <https://www.stonex.com/en/>

## **9. Xtellus Capital Partners Inc**

Website: <https://xtelluscapital.com/>

Order Execution Policy: [https://xtelluscapital.com/wp-content/uploads/2024/07/legal\\_disclosures.pdf](https://xtelluscapital.com/wp-content/uploads/2024/07/legal_disclosures.pdf)

## **10. EMKAP Ltd (ex-Merit Kapital)**

Website: <https://emkap.com/>