

Leverate Financial Services Ltd.

*(Regulated by the Cyprus Securities & Exchange
Commission)*

**BEST INTEREST AND ORDER
EXECUTION POLICY**

2017

BEST INTEREST AND ORDER EXECUTION POLICY

1. Introduction

1.1. This Best Interest and Order Execution Policy (“the Policy”) is an appendix to the Financial Services Agreement and is provided to you (Client or prospective Client) in accordance with the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 87(I)/2017, as subsequently amended from time to time (“the Law”), and the Markets in Financial Instruments Directive 2014/65/EU (MiFID II”), pursuant to which Leverate Financial Services Ltd (“the Company”) is required to take all sufficient steps to act in the best interest of its Clients when receiving and transmitting their Client Orders and to achieve the most favorable terms for the Client when executing their Client Orders and to comply, in particular, with the principles set out in the Law when providing investment services.

2. Scope

2.1. This Policy applies to Retail and Professional Clients (as defined in the Company’s Client Classification Policy). The application of this Policy to all the Company’s Clients is for the Clients to ensure that the entity (i.e. the Company) to which orders are transmitted for execution has execution arrangements that enable them to comply with their ‘duty to act in the best interest of Clients and best execution’ obligations for their Clients.

2.2. This Policy applies when receiving and transmitting or executing Client Orders for the Client for the Contracts for Differences (“CFDs”) offered by the Company.

3. Best Execution Factors

3.1. The Company receives, transmits and executes orders on behalf of Clients using its trading platform, which is connected via Application Program Interface (or any other automated electronic fashion, “API”) to the trading platform that the Client is using - on one hand, and to the trading platforms of a liquidity provider - on the other hand.

Orders placed on the Client’s trading platform remain pending on his platform and do not appear on the Company’s trading platform until they are triggered. The Client orders are transmitted to the Company’s trading platform/system only when they are triggered and not any time before. After they are transmitted, the Company’s platform/system places the order with the liquidity provider for market execution

3.2 The Company shall take all sufficient steps to obtain the best possible results and act in accordance with the best interests for its Clients taking into account the following factors when executing their Clients’ orders:

- (a) **Price:** For any given CFD, the Company will quote two prices: the higher price (ASK) at which the Client can buy (go long) that CFD, and the lower price (BID) at which the Client can sell (go short) that CFD. Collectively, the ASK and BID prices are referred to as the Company’s price. The difference between the lower and the higher price of a given CFD is the spread. The Company’s execution price for a given CFD is set by

reference to the price of the relevant underlying asset, which the Company obtains from the relevant liquidity provider. The Company's post trade prices can be found on the reporting system the Client is using. Pre trade indicative prices are streamed by the Client's technology provider directly to the Client's trading platform/system. The Company updates its liquidity provider prices as frequently as the limitations of technology and communications links allow. The Company reviews its liquidity provider prices from time to time to ensure that the data obtained continues to remain competitive. In any manner, the Company will not quote any price outside the Company's operations time, therefore no orders can be placed by the Client during that time.

- (b) Costs:** For opening a position in some types of CFDs the Client may be required to pay commission, spread or financing fees. Commissions may be charged either in the form of a percentage of the overall value of the trade or as fixed amounts per units of volume traded. In the case of financing fees, the value of opened positions in some types of CFDs is increased or reduced by a daily financing fee "swap rate" throughout the life of the contract. Financing fees are based on prevailing market interest rates, which vary over time. For the CFDs that the Company offers, the commission or financing fees may not be incorporated into the Company's quoted price and are instead charged explicitly to the Client account. Details of commission, spread or financing fees applied are specified under the Company's Trading Terms Scheme which shall be duly communicated to the Client.
- (c) Speed of Execution:** The Company acts as an agent on the Client's behalf. The Company does not execute the Client Order as a principal to principal against the Client, i.e. the Company is not the Execution Venue (as defined in Commission Directive 2006/73/EC implementing MiFID) for the execution of the Client's CFD. Therefore, the Company transmits Client Orders or arranges for their execution with the third party liquidity providers it is collaborating with. However, the Company places a significant importance when executing Client's orders and strives to offer high speed of execution within the limitations of technology and communications links.
- (d) Likelihood of Execution:** When the Company transmits Orders for Execution the likelihood of execution depends on the availability of prices of the liquidity provider. In some case it may not be possible to arrange an Order for execution, for example (but not limited to) in the following cases: during news times, during trading session start moments, during volatile markets where prices may move significantly up or down and away from declared prices, where there is rapid price movement, where there is insufficient liquidity for the execution of the specific volume at the declared price, when a force majeure event has occurred etc. In the event that the Company is unable to proceed with an Order with regard to price or size or other reason, the Company will not send a re-quote to the Client with the price it is willing to deal, so the Order will not be executed.

The Company may in its sole discretion, while making sufficient efforts for post-notification, alter transactions, not transmit, not execute or cancel an executed transactions if: (a) the transactions were executed by arbitrage/exploitation of market failures or off market rates; (b) a technical problem withheld the transaction from being executed as desired; (c) a liquidity provider has canceled or altered the transaction with

the Company; and/or (d) the transaction covering was failed or partially executed with the liquidity provider. The Company is also entitled, at any time and at its discretion, without giving any notice or explanation to the Client, to decline or refuse to transmit or arrange for the execution of any Order or Request or Instruction of the Client in circumstances explained in the Client Agreement/General Terms and Conditions.

- (e) **Likelihood of settlement:** The Financial Instruments offered by the Company, CFDs, do not involve the delivery of the underlying asset, so there is no settlement as there would be for example if the Client had bought shares.
- (f) **Size of order:** The actual minimum size of an order is different for each type of account. A lot is a unit measuring the transaction amount and it is different for each type of CFD. For the value of minimum and maximum size of an order and each lot for a given CFD type, please refer to the Trading Terms Scheme and Procedures, which shall be duly communicated to the Client. The Company reserves the right to change any contract specifications at any time depending on the market situation and risk management policy with no prior notification, but after making available to the Clients the changes through the website or in a durable medium. For this reason, the Client is responsible to check for changes in the contract specifications every time before placing a new order.
- (g) **Market Impact:** Some factors may rapidly affect the price of the underlying instruments/products from which the Company's quoted price is derived and may also affect other factors listed herein. The Company will take all sufficient steps to obtain the best possible result for its Clients.

3.2. 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 shall be executed following the specific instruction.

3.3. Warning: any specific instructions from a Client may prevent the Company from taking the steps that it has designed and implemented to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

3.4. The Company provides to its Clients access to a liquidity provider subject to certain risk management principles set by the Company. The Company cannot and does not, however, guarantee that its quoted prices will be at a price which is as good, or better, than one might have been available elsewhere. The aggregated pool of liquidity sources of the Company is used to allocate the best available prices and rapid execution. Furthermore, the Company's system works on a Best Bid - Best Ask basis; i.e. it identifies the highest bid or lowest ask price available by the liquidity providers at any specific time and executes the order according to certain risk management principles set by the Company. The pool of liquidity providers is allocated only when the primary liquidity provider of the Company is unavailable. The Company cannot and does not, however, guarantee that its quoted prices will be at a price which is as good, or better, than one might have been available elsewhere.

4. Best Execution Criteria

4.1. The Company will determine the relative importance of the above Best Execution Factors (as specified in the abovementioned) by using its commercial judgment and experience in the light of the information available on the market and taking into account:

- (a) The characteristics of the Client order.
- (b) The characteristics of financial instruments that are the subject of that order.
- (c) The characteristics of the execution venue to which that order is directed to.

In view of the above, the Company assigns the following importance level for the above Best Execution Factors:

Factor	Importance Level	Remarks
Price	High	The Company gives strong emphasis on the quality and level of the price data that we receive from external sources in order to provide our 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.
Costs	High	The Company takes all sufficient steps to keep the costs of the Client's transactions as low and competitive, to the extent possible.
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.
Likelihood of Execution	High	Even though the Company reserve 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.
Likelihood of settlement	Medium	See relevant description in Best Execution Factors in the abovementioned point 3.
Size of order	Medium	See relevant description in Best Execution Factors in the abovementioned point 3.
Market Impact	Medium	See relevant description in Best Execution Factors in the abovementioned point 3.

4.2. For the Company's Clients, 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 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.

5. Client's Specific Instruction

5.1. Whenever there is a specific instruction from or on behalf of a Client (e.g. the Client gives the timing of execution, the minimum size of the trade etc. or fills in the required parts on the Company's trading platform/system when placing an Order), the Company shall arrange – to the extent possible – for the execution of the Client order strictly in accordance with the specific instruction. It is noted that the specific instruction may prevent the Company from taking the steps in the Policy to obtain the best possible result for the Client (see point 3.3 above). Trading rules for specific markets or market conditions may prevent the Company from following certain of the Client's instruction.

5.2. To the extent that a Client's instruction is not complete, the Company will determine any non-specified components of the execution in accordance with this Policy or reject the instruction.

6. Execution of Client Orders

6.1. Clients' orders shall be transmitted to the Company's system from the Client's system by electronic means. The Company may also, at its sole discretion and during its working hours, receive Client's specific instructions regarding transaction execution via the following means: telephone, fax and/or electronic mail to the brokerage department, subject to the terms of this Policy and the Financial Services Agreement. Such instructions will not impose any obligation upon the Company to execute these instructions (see above mentioned point 5).

6.2. The Company shall satisfy the following conditions when carrying out Client orders:

- (a) ensures that orders executed on behalf of Clients are promptly and accurately recorded and allocated;
- (b) carries 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;
- (c) Inform all its Client about any material difficulty relevant to the proper carrying out of orders, within reasonable timeframe, upon becoming aware of the difficulty.

7. Execution Venues

7.1. Execution Venues are the entities with which the Orders are placed. For the purposes of Orders for CFDs, a third party liquidity provider will be the Execution Venue and not the Company.

The Company is engaged with multiple liquidity providers and it has one primary liquidity for transmitting Client orders for execution. The list of the current liquidity providers where the Company transmits Client orders for execution is: A) Speed Solutions Ltd; B) Sucden Financial

Limited; C) Saxo Bank A/S and; D) Gain Capital –Forex.com UK Limited. Speed Solution Ltd is the Company’s primary liquidity provider whilst the rest of the liquidity providers are within the pool of the Company’s liquidity providers. In case where, for whatever reason, the primary liquidity provider is not available for a client’s order, the Company may change the liquidity provider of the client and the respective client’s orders will be sent to a liquidity provider within the pool of liquidity providers the Company is engaged with, according to the Best Execution Factors of the Company. The Company at its sole discretion may change the client’s liquidity provider without providing prior notice to the Client. The classes of Financial Instruments offered by each Liquidity provider are as follows:

Liquidity Providers	CFDs on Stocks	CFDs on FX	CFDs on Commodities	CFDs on Precious Metals	CFDs on Indices
Saxo Bank A/S		X		X	
Gain Capital –Forex.com UK Limited		X		X	
Sucden Financial Limited		X	X	X	X
Speed Solutions Ltd	X	X	X	X	X

7.2. The Client acknowledges that the transactions entered in CFDs with the Company are not undertaken on a recognized exchange, rather they are undertaken over the counter (OTC) and as such they may expose the Client to greater risks than regulated exchange transactions. Therefore, the Company may not manage to have an Order executed, or it may change the opening (closing) price of an Order in case of any technical failure of the trading platform or quote feeds.

7.3. Further to this, the Client agrees to the fact that his orders will be executed outside Regulated Market (e.g. Licensed European Stock Exchange) or a Multilateral Trading Facility (e.g. European Financial Trading System).

7.4 The Client acknowledges that funds sent to the company for his margin account may be transferred to the company’s Liquidity providers for the purpose of execution of the Client’s transactions. . It is also noted that in case the Company’s Liquidity providers who may also be clients of the Company hedge the client’s positions to another liquidity provider within the Company’s pool of execution venues. In such case the client’s funds may be transferred to the respective Liquidity provider.

8. MiFID II/MiFIR Reporting Obligations

Under MiFIR Regulation Article 26(1)-(8), the Company, as a CySEC regulated investment firm, shall report complete and accurate details of executed transactions in financial instrument to the competent authorities, no later than the close of the following working day.

The reportable financial instruments are all instruments traded on European venues, including non-EU derivative instruments that relate to an EU security or index.

The reports shall include, among other, details of the names and numbers of the financial instruments bought or sold, the quantity, the dates and times of execution, the transaction prices and a designation to identify the Clients on whose behalf the Company has executed that transactions

9. Client's Consent

9.1. By entering into a Client Agreement with the Company for the provision of Investment Services, the Client is consenting to an application of this Policy on him.

10. Amendment of the Policy and Additional Information

10.1. The Company has the responsibility and reserves the right to review and/or amend the Policy and arrangements at least on an annual basis as provided by Law. In case of material changes to the Company's Best Execution Policy, the Company shall notify the Client with whom an ongoing client relationship exists, within reasonable timeframe.

Examples of a Material Change would include, but are not limited to: (i) a change to the Company's model; (ii) the introduction of a new product range; (iii) the implementation of a new trading platform.

10.2. The last and current version in force shall be the one posted by the Company in its website.

10.3. Should you require any further information and/or have any questions about the Policy please direct your request and/or questions to compliance@leverate.com.