

## ORDER EXECUTION POLICY

### 1. Introduction

This Summary Best Interest and Order Execution Policy (hereinafter, the “**Policy**”) represents an appendix to the Services Agreement and is provided to you (Client or prospective Client) in accordance with the Markets in Financial Instruments Directive (MiFID II) in the European Union and its transposition in Cyprus with Law 87(I)/ 2017, (hereinafter, the “**Law**”), pursuant to which L.F. Investment Limited (hereinafter, the “**Company**”) is required to take all reasonable steps to act in the best interest of its Clients when receiving and transmitting their Client Orders and to achieve the best execution results when executing their Client Orders and when providing the investment service of Portfolio Management, as well as to comply, in particular, with the principles set out in the Law when providing investment services.

### 2. Scope

This Policy applies to Retail and Professional Clients, as well as to Eligible Counterparties (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 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.

This policy applies to financial instruments and products, as defined in the Terms and Conditions of the Company, including Transferable Securities, Exchange Traded Funds (hereinafter, the “**ETFs**”), Contracts for Difference (hereinafter, the “**CFDs**”), etc. Some of these products are due to their nature traded OTC.

### 3. Best execution factors

The Company shall take all reasonable steps to obtain the best possible results for its Clients taking into account the following factors when dealing with Clients orders: price, costs, speed, likelihood of execution and settlement, size, market impact or any other consideration relevant to the execution of the order. 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.

- (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 for all instruments 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 providers’ prices as frequently as the limitations of technology and communications links allow. The Company reviews its liquidity provider’s 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:** They are related to commissions, costs and the fees charged for the execution of your order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties. For example, for opening a position in some types of CFDs or Transferable Securities, 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 instruments 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 and Transferable Securities 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 and are available on the Company’s website.
- (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 orders. 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 providers. In some cases, 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 deviate from quoted prices, where there is a 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 reasonable efforts for post-notification, alter transactions, not transmit, not execute or cancel an executed transaction 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 cancelled or altered the transaction with the Company; and/or (d) the transaction covering failed or was 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 under the circumstances explained in the Client Agreement/General Terms and Conditions.
- (e) **Likelihood of settlement:** We expect transactions that we execute for you to settle in a timely fashion. If the Company becomes aware that a particular execution strategy may compromise the likelihood of settlement, we may not pursue that strategy even if it would result in a better price.
- (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 which the Company's quoted price is derived of and may also affect other factors listed herein. The Company will take all reasonable steps to obtain the best possible result for its Clients.

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.

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.

The Company provides to its Clients access to a number of liquidity providers, in order to ensure the highest possible liquidity in the market. The Company cannot and do 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**

The Company will take into account the best execution criteria for determining the relative importance of the execution factors:

- The characteristics of the client
- The characteristics of the client order
- The characteristics of the financial instruments that are the subject of that order
- The best possible result will be determined in terms of the total consideration, representing the price of the contract and the cost related to execution. The other execution factors of speed, likelihood of execution size, nature or any other relevant consideration will, in most case, be secondary to price and cost considerations, unless they would deliver the best possible result for the client in terms of total consideration.

For Retail 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. It should be noted that the Company does not receive any remuneration, discount or non-monetary benefit for routing Client orders to a particular trading venue or execution venue which would infringe the requirements on conflicts of interest or inducements.

#### **5. Client specific instructions**

Whenever there is a specific instruction from or on behalf of a Client, 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. Trading rules for specific markets or market conditions may prevent the Company from following certain of the Client's instruction. 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

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 Services Agreement. Such instructions will not impose any obligation upon the Company to execute these instructions.

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) informs all its Client about any material difficulty relevant to the proper carrying out of orders, within reasonable timeframe, upon becoming aware of the difficulty.

For instruments admitted to trading and official listing on a regulated market or stock exchange (i.e. Bonds, Stocks, Futures and ETFs), the Company routes orders to the multilateral trading facility or third parties that can execute trade on stock exchanges by the prices of stock exchange.

For OTC products, the Company will route orders to the appropriate Liquidity Provider firms for the execution by prices provided by them on trading platform.

## 7. Execution venues

Execution Venues are the entities with which the Orders are placed. The Company is engaged with a number of liquidity providers which act as the Execution Venues for Client Orders and which shall be duly communicated to the Client upon request.

In more detail the Company's liquidity providers are the following:

- IS Prime Limited (licensed/regulated by the UK Financial Conduct Authority);
- LMAX Limited (licensed/regulated by the UK Financial Conduct Authority);
- IS Prime Hong Kong Limited (licensed/regulated by the Securities and Futures Commission of Hong Kong)
- European Investment Centre, o.c.p., a. s. (licensed/regulated by National Bank of Slovakia);
- EXT Ltd (licensed/regulated by the Cyprus Securities and Exchange Commission)

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. 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).



## **8. Client consent**

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

## **9. Amendment of the policy and additional information**

The Company will review this policy annually and whenever a material change occurs that affects the Company's ability to obtain the best possible result for the execution of Client orders.

The Company regularly reviews the overall quality of its order. Continuous evaluation of execution and its venue is made via scoring system. The Company publishes on its website the Execution Quality Summary Statement which is a summary of those sufficient steps taken by the Company in addition to those referred in the Order Execution policy of the Company, as well as analysis and conclusions derived by the monitoring undertaken with respect to Clients orders' execution on the execution venues utilized by the Company within the year.

The Company reserves the right to review and/or amend the Policy and arrangements whenever it deems this appropriate without notice to the Client. The last and current version in force shall be the one posted by the Company in its website.

Should you require any further information and/or have any questions about the Policy please direct your request and/or questions to [support@purple-trading.com](mailto:support@purple-trading.com)

