



# Best Execution Policy

## Overview

This Best Execution Policy is applicable to Valutrades acting as a matched principle broker provided to you by the Firm and this Execution Policy should be read in conjunction with the Firm's standard terms of business.

## Introduction

Valutrades business is providing liquidity to Institutional, professional and retail clients in Contracts for Difference on Forex, Indices and Commodities. Your trades will be executed on either the Firm's MT4 trading platform or FIX API service. Those trades will be immediately matched through liquidity providers via our prime broker AMB PRIME LTD, utilizing oneZero technology.

When providing a brokerage service to you in relation to financial instruments (as set out in Annex 1), Valutrades will take reasonable steps to achieve the best overall trading result for you. This means that Valutrades will aim to provide "best execution" subject to and taking into account the nature of your orders, the prices available to Valutrades in the market, the nature of the market in question and a reasonable assessment of the sometimes overlapping and conflicting execution factors (which are detailed below).

Valutrades intention is, so far as possible, to exercise consistent standards and operate the same processes across all markets, clients and financial instruments in which the Valutrades operates.

Valutrades also intends to provide you and other market participants with access to (where possible) tradable prices on a non-discriminatory basis. However, the diversity in those markets and instruments, and the kind of orders that you may place, mean that different factors will have to be taken into account in relation to any particular transaction.

Annex 2 to this document provides further detail on the nature of the services of Valutrades, as a matched principle broker, provides to its clients.

## Exemptions from the provision of Best Execution

Notwithstanding the intentions expressed above, the Firm does not undertake to provide "best execution" if you fall within any of the following exemptions:

### Eligible Counterparties

If you are classified as an Eligible Counterparty you will not be entitled to best execution

under the UK Financial Conduct Authority (“FCA”), or equivalent EU rules. This is in line with Article 24 of MiFID which provides that the best execution obligation under Article 21 will not apply.

### **Market Practice**

In the wholesale OTC derivatives and bond markets (and for the avoidance of doubt this would include derivatives in Equities, Energy and Commodities) in which Valutrades operates (and as recognised by the European Commission) it is normal market practice for buyers and sellers to “shop around” by approaching several brokers/dealers for a quote.

In these circumstances there is no expectation between the parties that the broker/dealer chosen will owe best execution. As a sophisticated participant in the wholesale markets, unless you advise us to the contrary we will assume that this is your normal trading behaviour.

### **Client Instructions**

Where you provide the Firm with a specific instruction in relation to your order, or any particular aspect of your order, including an instruction for your trade to be executed on a particular venue, Valutrades will execute the order in accordance with your instructions.

However, please note that in following your instructions, Valutrades will be deemed to have taken all reasonable steps to provide the best possible result for you in respect of the order, or aspect of the order, covered by your specific instructions.

### **Clients**

The Firm deals with Retail Clients, Professional Clients and Eligible Counterparties as defined in MiFID and by the FCA.

Because the Firm always intends to handle orders and expressions of interest in an equitable and consistent manner, once a client is classified, for the purposes of a particular instrument, that client may not then elect to be re-classified for the purposes of one transaction of a type it customarily undertakes.

Exceptional circumstances may be taken into account at the time, with the consent of the Valutrades (Valutrades may decline to provide a service should a reclassification be requested).

## Execution Venues

The Firm has elected to appoint AMB PRIME LTD to whom all orders will be transmitted for execution.

The Firm has selected AMB PRIME LTD as Prime Broker based on the technology that they use and which is able to obtain the best possible outcome for your order. The Prime Broker has access to numerous liquidity partners and is a widely used platform in the industry.

When selecting AMB PRIME LTD, Valutrades took reasonable measures to ensure that they could obtain the best possible trading result for its clients, subject to the following factors:

- In the markets in which the Firm operates, the platform will give clients visibility to prices that have been communicated to Valutrades;
- The platform will provide details of all tradable bids and offers (subject to the other matters referred to below);
- Time availability of prices – in many markets there are lulls and spikes in trading as negotiations align trading interests at different times and different parts of the curve, accordingly the “last traded” price may not always be available or act as a reliable indicator of current price;
- The platform cannot allow clients to trade in a market unless it is reasonably satisfied that the client (via an agent or otherwise) is capable of settling the relevant trade;
- Fees may vary between clients, based on agreements and levels of activity.

It has identified those venues on which the Valutrades will most regularly seek to execute your orders and which the Firm believes offer the best prospects for achieving the best possible results for you, taking into account the execution factors detailed below.

When selecting the venue on which to transmit trades Valutrades will take reasonable measures to ensure that the selected venue obtains the best possible trading result for its clients. In selecting the venues, Valutrades has considered the client categories already under the scope of venue, the nature of transactions that they undertake, whether they are established firms, whether they are authorised by a recognised regulatory body, are compliant and have completed a due diligence assessment.

## Execution Factors

In the absence of express instructions from you, Valutrades will exercise its own discretion in determining the factors that Valutrades needs to take into account for the purpose of providing you with the best possible result.

These execution factors in the markets in which Valutrades operates have been listed in order of priority and will include, but are not restricted to, the:

- Price and costs of execution: The automated system will seek out the best overall outcome for the transaction and this is likely to be the most important execution factor to our clients.
- Characteristics of the client: Our client base will mainly be **Retail Clients** although we will also deal with Professional Client and Eligible Counterparties. The Firm is aware that Retail Clients are afforded the highest protections and will place greater emphasis on any obligations owed to them.
- Likelihood and speed of execution: Through the use of an automated trading platform, orders will be executed promptly with only rare opportunities for price slippage to occur. Due to the nature of the platform it is likely that speed of execution will be of high importance to our clients.
- Size, nature and characteristic of the order: A typical transaction consists of a currency trade in one lot or less, hence will be highly liquid. Some venues will not cover all instruments therefore in some cases the nature of the order will determine the venue.
- Settled block trades, or positions larger than standard market size, may be crossed at a particular stage in the trading day or kept anonymous to the majority of market participants; unless otherwise directed.

## Contracts for Difference (CFD)

The Firm recognises that when closing out an open position, the client must close out the contract with the firm that sold it to them, even if there is a better price elsewhere. The price that is quoted for a CFD product will be based on the price of the relevant underlying instrument. To this will be added our spread and fees so the price may differ from the exchange or market makers quotes on the underlying instrument, however we will disclose these costs to you and seek out the best possible consideration on the underlying instrument.

## Price Slippage

It is acknowledged that in rare circumstances, price slippage may occur despite the automated nature of the platform. There are several factors that may lead to price slippage, for example, market data latency, the speed of a client's internet connection or high market volatility can cause this. You should be aware that when price slippage occurs it can be to your disadvantage and in the event that it is in your favour, Valutrades will pass on the advantage to you.

## Trades outside Market Hours

In some cases, the Firm will obtain a quote outside of market hours and these may be subject to discretion. It may be necessary to reduce the maximum size of the trade or widen the spread or take any other steps required to obtain a fair price wherever possible in those circumstances.

## Fees and Costs

The Firm does not charge different fees or costs depending on the venues used in order to ensure that costs are transparent and fully disclosed to you, the client. For some markets, you may be liable to pay commission charges for opening and closing trades however these costs will be disclosed to you where required.

Valutrades will agree a charging structure with you at the outset whereby you will be able to opt to build the commission into the spread or be charged commission outside of the transaction. All implicit and explicit costs will be disclosed to you.

## Payment for Order Flow

The Firm does not receive 'Payment for Order Flow', meaning that we do not receive commission or fees for arranging transactions with market makers, thereby ensuring that there is no conflict created by fees in our execution arrangements.

## Conflicts of Interest

The Firm recognises that conflicts may exist between the interests of Valutrades and its clients. The platform on which orders are transmitted will display the best available price from a number of liquidity providers through our Prime Broker, thereby reducing the scope for conflicts.

The Firm will take steps to manage, mitigate and avoid potential and actual conflicts and internal systems are in place to ensure that otherwise comparable client orders are carried out sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impractical or it is not in the best interests of the client.

### **Monitoring and Review**

Valutrades will monitor the effectiveness of its order execution arrangements and order execution policy in order to identify and, where appropriate, incorporate any amendments to procedures.

Valutrades will assess, on a regular basis, whether the execution venues included in the order execution policy provide for the best possible result for its clients or whether the Firm needs to make changes to its execution arrangements.

Valutrades will review its order execution arrangements and order execution policy at least annually or whenever a material change occurs that affects its ability to continue to obtain the best possible result for the execution of client orders on a consistent basis using the venues included in its order execution policy.

Valutrades will notify you of any material changes to its order execution arrangements or order execution policy as described above by posting the information on Valutrades website.

### **No Fiduciary Relationship**

The Firm's commitment to provide you with "best execution" does not mean that it owes you any fiduciary responsibilities over and above the specific regulatory obligations placed upon it or as may be otherwise contracted between the Firm and yourself.

You remain responsible for your own investment decisions and the Firm will not be responsible for any market trading loss you suffer as a result of those decisions.

## Annex 1: Financial Instruments As Defined by MiFID

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, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash
5. Options, futures, swaps, forward rate agreements 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 (otherwise than by reason of a 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 and/or an MTF
7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in 6 and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognised clearing houses or are subject to regular margin calls
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, emission allowances 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 (otherwise than by reason of a 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 or an MTF, are cleared and settled through recognised clearing houses or are subject to regular margin calls



## Annex 2

### Matched Principal

In the matched principal model, the broker facilitates its clients in anonymous trading activity in products by taking part in a matched transaction as principal.

The broker can provide for its client's an indication of market prices and volumes for Foreign Exchange, OTC cash products (e.g. investment grade bonds), or for exchange traded cash equity products the client can use the exchange as an indication of the market.

The broker will not trade speculatively for a client or for his own book in the market. The trade will only be executed as a result of a Firm client order to buy or sell at a set price or size.

Once the trade is complete, price, volume and terms are communicated through the broker and back office confirmations.

Settlement is made between each client based on the market convention with the brokerage fee, being either incorporated in the all-in price passed to the client through a disclosed brokerage or through a monthly invoice.

### Example: Matched Principal

#### Step 1

- BROKER provides access to the OTC market place for the trading of illiquid cash fixed income transactions.
- BROKER facilitates quotes from clients and publishes them on an anonymous basis as an indication of the current market price in the OTC market. This service is not required for Exchange based trading as the market rate is widely known.

#### Step 2

- For OTC transactions, once BROKER has two or more interested clients, the price and trade terms are verified.
- For exchange based transactions, a Firm client order is given (either volume or price) prior to the execution of the order

against the exchange.

**Step 3**

- Once BROKER is certain of execution (or potential for execution) on both sides of an OTC trade, it confirms the trade against the two clients.
- BROKER sends a confirmation to each client of the principal transaction.

**Step 4**

- Settlement is made with each client based on the market convention.