



**BEST EXECUTION POLICY**  
**OF**  
**MERITKAPITAL LTD (MK)**



## 1. INTRODUCTION

This Best Execution Policy sets out the policies and arrangements in which MeritKapital, (hereinafter MK) and its employees, (when providing investment services) will adhere to with reference to the execution, allocation and aggregation of client orders and transactions and the management of client orders.

## 2. SCOPE

The Best Execution Policy applies to Retail and Professional clients but is not applicable to Eligible Counterparties. This Policy will be adhered to by all MK employees providing investment services and MK will be able to demonstrate, upon the client's request, that it has executed their orders in accordance with this Policy.

This Policy will be shown to prospective Retail and Professional clients and their consent to this Policy will be obtained prior to the commencement of the business relationship between MK and the client.

MK does not undertake to provide best execution to the Client if they fall within any of the following exemptions:

i) Market Practices

In the wholesale bond and equities markets in which MK operates on a "request for quote" basis, it is normal market practice for buyers and sellers to approach several brokers/dealers for a quote. In these circumstances, MK is under no obligation to provide the buyer/seller with a comparison of its prices with those of its competitors and there is no expectation between the parties that the broker/dealer chosen will owe a best execution obligation.

As a sophisticated participant in the wholesale markets, unless the Client advises MK to the contrary, MK will assume that this is their normal trading behavior.

Where the Client provides instructions or where MK provides either "an indication of interest" or a "request for quote" that the Client accepts by executing a transaction, MK will not in general

be executing their order. In these circumstances, MK will take the Client's best interests into account but will not be deemed to be acting on the Clients' behalf and the best execution responsibilities under MiFID will not apply

ii) Client Instructions

Where the Client provides MK with a specific instruction in relation to their entire order, or any aspect of their order, including an instruction for their trade to be executed on a particular venue, MK will execute the order in accordance with the Client's instructions. However, following the Client's instructions, MK will be deemed to have taken all reasonable steps to provide the best possible result for the Client in respect of the order, or aspect of the order, covered by their specific instructions,

When the Client gives an offer, takes a bid or places an order on a multilateral trading facility (MTF), the best execution provisions of MiFID will not apply to the operator of the MTF and these obligations will fall on the user of the system. The Client's order will be classified as a specific instruction and hence the best execution obligations will not apply.

### 3. LEGISLATIVE FRAMEWORK

This Policy has been prepared in accordance with, and adheres to the legislative requirements of:

- Law No 144(I)/2007 – Law which provides for the provision of Investment Services, the exercise of Investment Activities, the Operation of Regulated Markets and other related matters
- DI 144-2007-02 – Directive for the Professional Competence of Investment Firms and the Natural Persons employed by them
- Articles 21-22 of Markets in Financial Instruments Directive (“MiFID”)
- Article 27-28 of Markets in Financial Instruments Directive II (“MiFID II”)

#### 4. REVIEW

MK will monitor the effectiveness of this Policy and arrangements in order to identify and in the event of any deficiencies, correct them. MK will assess on a regular basis whether the execution venues in this Policy provide the best possible result for MK's clients or whether any amendments need to be made.

A review of this Policy and arrangements shall be carried out on an annual basis or if there is an alteration in regulation and policy, to ensure best possible results for our clients.

Where changes are made to this Policy, MK will notify its clients. Nevertheless, any changes may be made to this Policy without the need to obtain prior client consent.

The Policy is publicly available on the website of MK- <https://www.meritkapital.com/regulatory/>

#### 5. ORDER EXECUTION POLICY<sup>1</sup>

The legislation makes provision that all investment firms will have an Order Execution Policy, so that the firm is able to obtain the *best possible result* for its clients.

The *best possible result* of an order executed by MK on behalf of a client shall be determined in terms:

- 1) the total consideration, representing the price of the financial instrument
- 2) the costs relating to execution, which shall include all expenses incurred by the client which are directly relating 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

Where MK supplies prices or respond to a 'request for quote', it is important to bear in mind that MK must take all reasonable steps to do so as accurately and fairly as possible, while taking into account any conflicts of interest MK may have. Conflicts of interest might arise, for example, where MK has received a price or quote from a potential counterparty on a restricted basis (i.e.

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<sup>1</sup> Section 38 Law No 144(I)/2007

MK is authorised to show a price at a certain level while knowing of the potential counterparty's willingness to buy at a higher, or sell at a lower level). MK thereby constrained from passing that information to the client to whom MK is supplying prices or a quote for a particular security.

Where there is more than one competing venue to execute an order for a financial instrument, MK's own commissions and costs for executing the order for each of the eligible execution venues shall be taken into account in the determination.

When executing client orders MK adheres to the following in order to obtain the best possible result for its clients:

1. Will take reasonable steps to achieve the most beneficial outcome
2. In case of absence of express customer instructions in the wholesale market, apart from the obvious price movements as the most significant factor in driving decisions, MK will incorporate the following factors, along with others to ensure the best results for the client:
  - Price
  - Costs, of the total execution
  - Speed
  - Likelihood of execution & settlement
  - Size
  - Nature
  - Any other consideration relevant to the execution of the order
  - 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
  - MK will only show the price and size to parties that it believes may have an interest in executing or crossing such a position
  - Market conditions at the time of trading including volatility, gaps in pricing and information asymmetry which may impact the overall availability and range of prices, including the bid/offer spread

- Any other consideration relevant to the execution of the order
3. Take into consideration the following characteristics:
- The client's categorisation - whether the client is a Retail or a Professional client
  - The characteristics of the client's order;
  - The characteristics of the financial instruments which are subject to that order;
  - The characteristics of the execution venue(s) to which the order could be directed;

***Please note:*** Where a specific order is executed following *specific client instructions*, MK will execute the order according to those instructions. The client should be aware that providing that instruction may prevent MK from taking some of the steps mentioned in the present policy to obtain the best possible result for the execution of that Client Order (to the extent of the instructions). MK shall be treated as having satisfied its best execution obligation in respect of the said order.

#### A. Order Execution Arrangements

When carrying out client orders the following conditions will be met:

- Executed orders will be promptly and accurately recorded<sup>2</sup>. The relevant details relating to all transactions in financial instruments carried out by MK on behalf of its clients will be at all times recorded.
- Comparable client orders will be carried sequentially and promptly, unless order characteristics and prevailing market conditions make this impracticable/or client interests request otherwise.
- Retail clients will be promptly informed by MK employees – by telephone/ e-mail, about any relevant material difficulty to the proper execution of orders, once the employee has become aware of the difficulty.

<sup>2</sup> Section 43(1)(a) Law No 144(I)/2007.

- Where MK is responsible for overseeing/ arranging the settlement of an executed order, MK will take all reasonable steps to ensure that the client's financial instruments/ funds are correctly and promptly delivered to the client's account.
- MK will not misuse information relating to pending client orders and will take all reasonable steps to ensure that no information is misused by any MK employees.

For the most recent execution quality data published In accordance with Article 27(3) of Directive 2014/65/EU ,please see the following link [https://www.meritkapital.com/wp-content/uploads/2020/07/RTS-28-EQSS\\_MeritKapital-CY\\_2019.pdf](https://www.meritkapital.com/wp-content/uploads/2020/07/RTS-28-EQSS_MeritKapital-CY_2019.pdf)

## 6. ORDER ALLOCATION POLICY

MK is only permitted to carry out a client order in aggregation with another client order in the following circumstances:

1. It will be unlikely that the aggregation of the orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated.
2. It is disclosed to each client – whose order is to be aggregated, that the effect of aggregation may in certain cases work to their disadvantage, as opposed to the order being executed separately.
3. All aggregated orders and transactions will be allocated in accordance with MK's Order Allocation Policy.

MK at all times tries to make sure that aggregated orders and transactions are:

- Allocated fairly and to the client's best interests.
- Not re-allocated in a manner detrimental to the client but re-allocated to the client's best interests.

## 7. EXECUTION VENUES

MK does not act as the sole execution venue, there are also other external venues that the Company routes orders. MK only routes orders to execution venues that it deems sufficient to

provide the best possible result. Where MK is aware that it will be unable to obtain the best possible result from a certain venue, it will route the order to another more appropriate venue.

MK is able to transact trades on any of the following execution venues:

- MK's Client base in the over-the-counter (OTC) markets;
- Various Exchanges to which MK has an access.

Execution will be done on one of the following venues using a third-party participant with whom MK has entered into an agreement for handling Client Orders. MK does not have any connections to the external venues listed below:

<b>Country</b>	<b>Stock Exchange</b>
Australia	Australian Securities Exchange (ASX)
Austria	Wiener Börse
Belgium	Brussels Stock Exchange (BSE)
Canada	Toronto Stock Exchange (TMX)
Canada	Canada National Exchange
China	Shanghai Stock Exchange (SSE)
China	Shenzhen Stock Exchange (SZSE)
Cyprus	Cyprus Stock Exchange (CSE)
Czech Republic	Prague Stock Exchange (PSE)
Denmark	Copenhagen Stock Exchange (KFX)
Egypt	Egyptian Exchange (EGX)
Estonia	Tallinn Stock Exchange (TSE)
Finland	Helsinki Stock Exchange (HEX)
France	Euronext Paris
Germany	Deutsche Börse
Greece	Athens Stock Exchange (ASE)
Hong Kong	Hong Kong Stock Exchange (HKXE)
Hungary	Budapest Stock Exchange (BSE)
Iceland	NASDAQ OMX Iceland (ICEX)
Indonesia	Indonesia Stock Exchange (IDX)
Ireland	Irish Stock Exchange (ISE)
Israel	Tel-Aviv Stock Exchange (TASE)
Italy	Borsa Italiana
Japan	Tokyo Stock Exchange
Latvia	OMX Baltic Exchange - Riga (RSE)



Lithuania	OMX Baltic Exchange - Vilnius (VSE)
Luxembourg	Luxembourg Stock Exchange (LUX)
Malaysia	Malaysia Exchange (KLSE)
Netherlands	Euronext - Amsterdam
New Zealand	New Zealand Exchange (NZX)
Norway	Oslo Stock Exchange (OSL)
Philippines	Philippine Stock Exchange (PSE)
Poland	Warsaw Stock Exchange (WSE)
Portugal	Euronext - Lisbon
Romania	Bucharest Stock Exchange (BSE)
Russia	Russian Trading System (RTS)
Russia	Moscow Interbank Currency Exchange (MICEX)
Singapore	Singapore Exchange (SGX)
South Africa	Johannesburg Stock Exchange (JSE)
Spain	Barcelona Stock Exchange (BAR)
Spain	Madrid Stock Exchange (MCE)
Sweden	OMX Nordic Exchange - Stockholm
Switzerland	Berne eXchange (BX)
Switzerland	SIX Swiss Exchange (VTX)
Taiwan	GreTai Securities Market
Thailand	Stock Exchange of Thailand (SET)
Turkey	Istanbul Stock Exchange (ISE)
UK	London Stock Exchange (LSE)
US	American Stock Exchange (AMEX)
US	NASDAQ
US	Chicago Stock Exchange
US	New York Stock Exchange

The list of execution venues on which MK may execute a Client Order is set out above, but it is not exhaustive. It includes those venues on which MK places significant reliance in its aim to obtain on a consistent basis the best possible result for the execution of Client Orders.

When selecting the venue on which to transact trades MK will take reasonable measures to ensure that the selected venue obtains the best possible trading result for its clients, subject to the following factors:

1. In the OTC markets in which MK operates, it can only give clients visibility to prices that have been communicated to MK by other clients that operate in the same market, accordingly any "best outcome" will solely be within these limits;

2. MK will provide details of all tradable bids and offers (subject to the other matters referred to below);
3. Time availability of prices - the "last traded" price may not always be available or act as a reliable indicator of current price;
4. MK cannot allow clients to trade in a market unless it is reasonably satisfied that the client is operationally capable of settling the relevant trade;
5. Rates of brokerage will vary between clients, based on agreements and levels of activity;
6. MK will monitor the effectiveness of its order execution arrangements and execution policy in order to identify and, where appropriate, correct any deficiencies. In particular, MK shall assess, on a regular basis, whether the execution venues included in the order execution policy provide for the best possible result for the client or whether they need to make changes to their execution arrangements;
7. MK will notify clients with whom it has an ongoing client relationship of any material changes to its order execution arrangements or execution policy.

## 8. ORDER HANDLING POLICY<sup>3</sup>

The legislation makes provision that all investment firms will have an Order Handling Policy, so that the firm is able to provide the prompt, fair and expeditious execution of its client orders.

- a. Order Handling Rules
  - ***Fairness:*** MK will ensure that client orders are executed promptly, fairly and expeditiously, in relation to other client orders;
  - ***Efficiency in execution:*** In the case of a client limit order concerning shares admitted to trading on a regulated market that is not immediately executed under prevailing market conditions, MK will, unless the client expressly instructs otherwise, take measures to facilitate the earliest possible execution order. This will be done by immediately making

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<sup>3</sup> Section 39, Law No 144(I)/2007

public the client limit order so it is easily accessible to other market participants.

Where MK has transmitted the client limit order to a regulated market/ or MTF, it is deemed to have satisfied this obligation;

- **Customer's appetite:** MK cannot allow Clients to trade a particular instrument at a particular time if it believes that the client is operationally incapable of settling the transaction at that particular point of time;
- **Timely execution:** Similar client orders will be executed sequentially and MK will ensure timely execution of fund placements and security movements, unless market conditions make it impractical or the customer's interests require otherwise.

## B. DISCLAIMER

This Policy does not constitute legal advice.

All clients, prior to entering into any of the abovementioned transactions, whether professional or retail clients, are advised to ensure that they have made an independent assessment concerning the transaction(s) and if necessary, seek independent legal advice.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_