



BEST EXECUTION POLICY

OF

MERITKAPITAL LTD (MK)

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| Policy Owner | Compliance |
| Date Last Reviewed | April 2024 |
| Review Frequency | Annually |
| Next Review Date | April 2025 |



1. INTRODUCTION

- 1.1 MeritKapital LTD (hereinafter called the “Company or MK”), is a Cyprus Investment Firm (“CIF”), incorporated in the Republic of Cyprus with registration number HE 189316, and is authorized and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under license number 077/06.
- 1.2 As a CIF, the Company is required by the Markets in Financial Instruments Directive (MiFID II) 2014/65/EU and the Investment Services and Activities and Regulated Markets Law of 2017 (L.87(I)/2017), to take all the sufficient steps and/or adopt the necessary procedures in order to ensure that it obtains the best possible result (“best execution”) on behalf of its Clients.
- 1.3 This Order Execution Policy (the “Policy”) sets forth the Company’s policy and execution methodology for the Client’s order execution on the best terms in accordance with the Markets in Financial Instruments Directive (MiFID II) 2014/65/EU and the Investment Services and Activities and Regulated Markets Law of 2017 (L.87(I)/2017) as amended from time to time. This Order Execution Policy provides the procedures and methods the Company applies to ensure prompt, fair, and expeditious execution with the best trade execution condition for the Client.
- 1.4 The Company in accordance with the applicable laws and regulations is obliged to execute Clients’ orders on terms most favourable to its Clients aiming to achieve best execution across a range of factors which are mentioned in this Policy.
- 1.5 This Policy forms part of the Client’s Agreement with the Company and therefore by entering into an agreement with the Company you also agree to the terms of this Policy, as set out in this document. In light of the above, specific instructions given by the Client do not prevent the Company from providing to the Client this Policy.
- 1.6 The Company is able to demonstrate to Clients, upon request and in reasonable time, that their orders have been executed in accordance with this Policy.

2. SCOPE

This Order Execution Policy applies to both Retail and Professional Clients (as defined in the Company’s Client Categorization Policy) when executing transactions for the Financial Instruments covered by the Company’s license. Therefore, if the Company classifies a Client as an Eligible Counterparty based on its Client Categorization Policy

this Order Execution Policy will not apply. 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" which 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. EXECUTION FACTORS

In general, all Client orders will be executed within the time of their reception. All sufficient steps will be taken to obtain, when executing orders, the best possible result for Clients taking into consideration a range of different factors as required by MiFID II

and the relevant local legislation. The Execution Factors that the Company will take into account when executing orders will include:

- i. the total consideration, representing the price of the financial instrument;
- ii. the costs relating 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.

When MK supplies price or responds 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., MK is authorized 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 is 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 of costs payable by the Client.

When executing Client orders MK shall take all sufficient steps to achieve the most beneficial outcome. In case of the 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:

- i. Price of the Financial Instrument – The Company calculates its prices by reference to the price of the relevant underlying Financial Instrument, which it obtains from third party external reference sources. The Company will make sufficient efforts to ensure that the Client receives the best spread and that its calculation is made with reference to a wide range of data sources and underlining price providers/liquidity providers.
- ii. Cost of the total execution - The fees and commissions are available in the contract specifications. Commissions may be charged either in the form of a percentage of the overall value of the trade or as a fixed amount.
- iii. Speed of execution - The Company is making adequate efforts to offer a high speed of execution within the technological and telecommunication limitations, and it is not responsible for the poor performance of the Client's technology, internet

connection, or any other resources that might result in Client's delay in the transmission of data between the Client and the Company. This delay may result in sending to the Company out-of-date "Market Orders" which might be declined by the Company or delay in receiving an approval from the Client on a new price before execution (i.e. re-quoting").

- iv. Likelihood of execution & settlement -The Company seeks to provide Client orders with the fastest execution reasonably possible. The Company strives to execute the Client's orders at the requested price. However, the Company reserves the right to decline an order of any type or to offer the Client a new price for "Market Order" under certain market conditions such as volatile market conditions, opening gaps on trading session start moments, during news announcements, on gaps where the underline instrument has been suspended or restricted on a particular market if there is insufficient liquidity for the execution of the specific volume at the requested price. Upon execution of the transactions, the Company shall proceed to a settlement of such transactions.
- v. The size of the order -The Company reserves the right to decline a Client's order if it is too large and cannot be filled by the Company. Positions larger than the 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.
- vi. The nature of the Order or any other consideration relevant to the execution of the order - The Company considers, but without the list being exhaustive, as relevant factors that might affect the execution of Client orders, fundamental announcements, and unusual market conditions such as low liquidity or/and high volatility. The Company may execute the orders manually at such times which can have an impact on the price and speed the orders are executed.
- vii. The Company will take all sufficient steps to obtain the best possible result for its Clients but during times of high demand manual pricing and/or execution may cause delays in processing an order which in turn can have an impact on the price and speed at which the order is executed. Furthermore, in the case of any communication or technical failure, as well as any incorrect reflection on the quotes feed, the Company reserves the right not to execute an order or change the opening and/or closing price of a particular order.
- viii. 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.

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 if executed following the Clients specific instructions.

4. BEST EXECUTION

MiFID II best execution regime requires investment firms to take all reasonable steps to obtain the best possible result for their clients, taking into account price, cost, speed, likelihood of execution and settlement, size, nature, or any other consideration relevant to order execution.

As already mentioned above, for Retail Clients the best possible result is determined when there is total consideration of all relevant factors in order execution. Total consideration is the price of the financial instrument and the costs related to execution, including all expenses incurred by the Client that are directly related to the execution of the Order as execution venue fees, clearing and settlement fees, and any other fees paid to third parties involved in the execution of the Order.

When executing Clients' orders, the Company takes into account the following criteria for determining the relative importance of the best execution factors referred to above:

- i. The characteristics of the Client, including the categorization of the Client as Retail or Professional;
- ii. The client's categorization - whether the client is a Retail or a Professional client
- iii. The characteristics of the client's order;
- iv. The characteristics of the financial instruments which are subject to that order;
- v. The characteristics of the execution venue(s) to which the order could be directed;
- vi. The market determinants at the time of placing and executing the order.

5. ORDER EXECUTION ARRANGEMENTS

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

- i. Executed orders will be promptly and accurately recorded. 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.

- ii. Comparable client orders will be carried sequentially and promptly unless order characteristics and prevailing market conditions make this impracticable/or client interests request otherwise.
- iii. 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.
- iv. 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.
- v. 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/2024/04/RTSEQSS_MeritCy_2023.pdf

6. MONITORING / REVIEW

MK will monitor the effectiveness of this Policy and make arrangements to identify deficiencies. In the event of any deficiencies, MK will promptly 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 the 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/>

7. ORDER ALLOCATION POLICY

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

- i. It is unlikely that the aggregation of the orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated.
- ii. 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.

- iii. 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:

- i. Allocated fairly and to the client's best interests.
- ii. Not reallocated in a manner detrimental to the client but reallocated to the client's best interests.

8. EXECUTION VENUES

MK does not act as the sole execution venue, there are also other external venues where 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:

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

| Country | Stock Exchange |
|----------------|--------------------------------------|
| 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 |

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|--------------|-------------------------------------|
| 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) |
| 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 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.

9. ORDER HANDLING POLICY¹

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 relative to its other client orders or the trading interests of the Company itself.

i. Order Handling Rules

MK will ensure that client orders are executed promptly, fairly, and expeditiously, in relation to other client orders;

ii. Efficiency in execution

¹ Section 29, Law 87 (I)2017

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 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;

iii. 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 in time;

iv. 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.

10. 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.