




## EMKAP LTD

### BEST EXECUTION POLICY

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## **1. INTRODUCTION**

- 1.1 EmKap Ltd (hereinafter called the “Company or EmKap”), 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<sup>1</sup> and the Investment Services and Activities and Regulated Markets Law of 2017 (L.87(I)/2017)<sup>2</sup> (“Law”) , 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 Best Execution Policy (the “Policy”) sets forth the Company’s procedures and execution methodology for the Client’s order on the best terms in accordance with the Law as may be amended from time to time. This Policy ensures that 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 favorable to its Clients aiming to achieve best execution across a range of factors which are mentioned in this Policy.
- 1.5 In accordance with the regulatory requirements of MIFID II this Policy also forms part of the process of establishing a relationship with the Client. Upon execution of the Client Agreement, which legally formalise the beginning of the business relationship, the Company shall ensure that the Client has reviewed the Policy by the inclusion of their signature as acknowledgments and agreement to the Provisions 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.

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<sup>1</sup> <https://eur-lex.europa.eu/eli/dir/2014/65/oj/eng>

<sup>2</sup> <https://www.cysec.gov.cy/CMSPages/GetFile.aspx?guid=b7086406-599b-48d4-bafc-07ca6cc9bcf3>

1.6 The Company ensures that this policy explains clearly, in sufficient detail and in a way that can be easily understood by the Clients, how orders are executed by EmKap for the Client.

1.7 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 Best Execution Policy applies to both Retail and Professional Clients (as defined in the Company's Client Categorization Policy) when executing transactions in Financial Instruments that the Company is licensed to perform. It shall be noted that the customers who fall under the classification of Eligible Counterparty are not covered by this Policy.

In addition, the Company shall not be bound by the obligation of Best Execution to the client under the following exceptions:

### *2.1. Market Practices*

In the wholesale bond and equities markets in which EmKap 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, EmKap 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 EmKap to the contrary, EmKap will assume that this is their normal trading behavior.

Where the Client provides instructions or where EmKap provides either "an indication of interest" or a "request for quote" which the Client accepts by executing a transaction, EmKap will not, in general, be executing their order. In these circumstances, EmKap 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.

## *2.2. Client Instructions*

Where the Client provides EmKap 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 ("Order"), EmKap will execute the order in accordance with the Client's instructions. However, upon receipt of the instructions, it will be regarded that the Company has undertaken all reasonable steps to provide the best possible result for the Client in respect 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's 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 the Law. 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.

3.1. When EmKap supplies price or responds to a 'request for quote', it is important to recognize that EmKap shall undertake all reasonable steps to ensure that the information supplied is as accurate and fair as possible, while considering any conflict of interest that may arise. Conflicts of interest will be regulated in line with EmKap's internal policy.

- 3.2. Conflict of interest may arise, for instance, where EmKap has received a price or a quote from a potential counterparty on a restricted basis (i.e., EmKap 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). EmKap is thereby constrained from passing that information to the Client to whom EmKap is supplying a price or a quote for a particular security.
- 3.3. Where there is more than one competing execution venue, the commission and costs of the Company for each eligible execution to carry out the transaction on behalf of the Client shall be accounted in determination of the fees payable by the Client.
- 3.4. When executing orders on behalf of the Client, EmKap must take all reasonable steps to achieve best possible outcome for the Client. In the absence of Client's express instructions in the wholesale market, EmKap will consider the below listed factors. It shall be noted that obvious price movements shall be excluded from consideration, given that it the most critical factor guiding the decision-making process.
- i. Price of the Financial Instrument – the price is calculated by the Company with reference to the price of the relevant underlying Financial Instrument, which it obtains from the third-party reference sources. The Company will make sufficient efforts to ensure that the Client receives the best spread and that the calculations are 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 trade value or as a fixed amount.
  - iii. Speed of Execution – the Company is making reasonable efforts to offer high speed executions, subject to the technological and telecommunication limitations, taking into account a possibility of poor performance of the Client's technology internet connection, or any other communication channels used by the Client that might result in delay of the transmission of data between the Client and the Company, that the Company is not accountable for. This delay

may result in the rejection of the “Market Order” by the Company due to it being out-of-date or delayed in receiving an approval from the Client on the new price prior to the execution (i.e. “re-quoting”).

- iv. Likelihood of Execution & Settlement – 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 the “Market Order” , subject to specific market conditions including: volatile market conditions; opening gaps on the trading session start moments; during news announcements; on gaps where the underlying 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 will proceed to settle it.
- v. The Size of the Order –the Company reserves the right to decline a Client’s order if it is excessively large and cannot be filled by the Company. Positions that exceed the standard market size may be crossed at a particular stage in the trading day or kept anonymous to the majority of the market participants unless otherwise directed. EmKap will only show the price and size to the 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 takes into account a non-exhaustive list of factors that might affect the execution of Client’s orders:
  - fundamental announcements
  - unusual market conditions such as low liquidity or/and
  - high volatility

The Company may execute the orders manually at such times when it can impact on the price and the speed of the order execution.

- vii. Clients shall acknowledge that at times of high demand manual pricing and/or execution, the processing of the orders can be delayed, which in turn can have an impact on the price and speed at which the order is executed. In

such case EmKap shall not in any way breach obligations arising out of the Best Execution professional duty.

viii. As was previously mentioned in case of any communication or technical failure, not limited to the 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 this order.

ix. Market conditions at the time of trading include volatility, gaps in pricing, and information asymmetry which may impact the overall availability and the range of prices, including the spread of bid/offer.

3.5. Where an order is executed following a specific client's instructions, EmKap will execute the order accordingly. The Clients must acknowledge that by providing any instructions that may prevent EmKap from exercising its obligations arising out of the Best Execution professional duty to the extent stipulated in this Policy, EmKap shall be treated as having satisfied its Best Execution duty in respect of such order.

#### **4. BEST EXECUTION**

Article 27(1) of MiFID II stipulates that Best Execution duty requires all 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.

4.1. For the Clients the best possible result is determined by total consideration and all relevant factors of the 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 orders, such as execution venue fees, clearing and settlement fees, and any other fees paid to the third parties involved.

4.2. When executing Clients' orders, the Company must factor in the following criteria to determine the relative importance of the above-mentioned Best Execution factors:

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

## **5. ORDER EXECUTION ARRANGEMENTS**

When carrying out client orders the listed below requirements must be followed:

- i. Executed orders will be promptly and accurately recorded at all times, including relevant details relating to all transactions in financial instruments carried out by EmKap on behalf of its Clients.
- ii. Comparable client orders will be carried sequentially and promptly unless order characteristics and prevailing market conditions make it impracticable, or it does not align with the Client's interests.
- iii. Clients will be promptly informed by EmKap respective personnel by telephone/ e-mail about any material difficulty preventing proper execution of the orders, once the personnel become aware of such information.
- iv. Where EmKap is responsible for overseeing/ arranging the settlement of an executed order, EmKap 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. EmKap will not misuse information relating to pending clients' orders and will take all reasonable steps to ensure that no information is misused by any EmKap personnel.

For the most recent execution quality data published in accordance with Article 27(3) of Directive 2014/65/EU please visit Company's website.



## **6. MONITORING / REVIEW**

EmKap will monitor the effectiveness of this Policy and make proportionate arrangements to identify deficiencies. In the event of any deficiencies, EmKap will promptly take reasonable steps to correct them. EmKap will assess on a regular basis whether the execution venues in this Policy provide the best possible result for EmKap's Clients or whether any changes need to be made.

- 6.1. A review of this Policy and arrangements shall be carried out on an annual basis or if there are any amendments in the regulations, to ensure that the Company remains compliant with the national and European Union law on Best Execution.
- 6.2. Where material changes are made to this Policy, EmKap will notify its Clients. Nevertheless, any changes may be made to this Policy without the need to obtain prior consent/notification from the Clients. The policy is publicly available on the website of EmKap.

## **7. ORDER ALLOCATION POLICY**

EmKap is only permitted to carry out a Client's order in aggregation with another Client order in the following circumstances:

- i. It is unlikely that the aggregation of the orders and transactions will disadvantage any of the Clients involved in the aggregation.
- ii. Aggregation is always subject to disclosure to the Clients whose order is to be aggregated that the effect of aggregation may in certain cases place the client in a disadvantage, as opposed to the order being executed separately.
- iii. All aggregated orders and transactions will be allocated in accordance with EMKAP's Order Allocation Policy.
- iv. EMKAP at all times shall take reasonable steps to ensure that aggregated orders and transactions are:
  - o Allocated fairly and to the client's best interests.
  - o Not reallocated in a manner detrimental to the client but reallocated to the client's best interests.

## 8. EXECUTION VENUES

EmKap does not act as a sole execution venue; the Company utilizes external venues where it routes orders. EmKap only routes orders to execution venues that it deems sufficient to provide the best possible result. Where EmKap 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. EmKap is able to transact trades on any of the following execution venues:

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

8.1. Execution will be done on one of the following venues using a third-party participant with whom EmKap has entered into an agreement for handling Client orders. EmKap does not have direct 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)
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

8.2. The above list of the execution venues is not exhaustive. It includes those venues on which EmKap places significant reliance in its aim to obtain on a consistent basis the best possible result for the execution of Client Orders.

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

- i. In the OTC markets in which EmKap operates, it can only give clients visibility to prices that have been communicated to EmKap by other clients that operate in the same market, accordingly any "best outcome" will solely be within these limits;
- ii. EmKap will provide details of all tradable bids and offers (subject to the other matters referred to below);

- iii. Time availability of prices – the "last traded" price may not always be available or act as a reliable indicator of current price;
- iv. EmKap cannot allow clients to trade in a market unless it is reasonably satisfied that the client is operationally capable of settling the relevant trade;
- v. Rates of brokerage will vary between clients, based on agreements and levels of activity;
- vi. EmKap will monitor the effectiveness of its order execution arrangements and execution policy in order to identify and, where appropriate, correct any deficiencies. In particular, EmKap 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;
- vii. EmKap 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 POLICY<sup>3</sup>**

Regulation requires all investment firms to have an Order Handling Policy in place 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.

### **9.1. Order Handling Rules**

EmKap will ensure that Clients' orders are executed promptly, fairly, and expeditiously, in relation to another Client's orders;

### **9.2. Execution Efficiency**

In the case a Client limit the orders concerning shares admitted to trading on a regulated market that is not immediately executed under prevailing market conditions EmKap will, unless the client expressly instructs otherwise, take measures to facilitate the earliest possible execution order. This will be done by making the client limit order public immediately to facilitate its accessibility to

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<sup>3</sup> Section 29, Law 87 (I)2017

other market participants. Where EmKap has transmitted the client limit order to a regulated market/ or Multiple Trading Facility (MTF), it is deemed to have satisfied the respective obligation;

### 9.3. Customer's Risk Appetite

EmKap 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;

### 9.4. Timely Execution

Similar client orders will be executed sequentially, and EmKap will ensure timely execution of fund placements and security movements, unless market conditions make it impractical, or the customer's interests require otherwise.

**The Company ensures that this policy explains clearly, in sufficient detail and in a way that can be easily understood by the Clients, how orders are executed by EmKap for the Client.**

## 10. DISCLAIMER

This Policy does not constitute a legal advice. All clients, prior to entering into any of the above-mentioned 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.