

# VM Vita Markets Ltd

*(Regulated by the Cyprus Securities & Exchange Commission)*

## BEST EXECUTION POLICY

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## **Best Execution Policy**

### **1. INTRODUCTION**

VM VITA MARKETS LTD (hereinafter “VM”, “Company”) is regulated and authorized to provide services in accordance with CIF authorization by the Cyprus Securities and Exchange Commission (“CySEC”) and is required to take all sufficient steps to act in the best interest of VM’s clients (hereinafter the “Clients”) when receiving and executing client orders. This means that when the Company receipt, transmits and executes orders of its Clients, VM is required to do so in a way which achieves the best possible result for the Clients. This is known as 'best execution', and this Best Order Execution Policy (the "Policy") describes how VM seeks to do this.

- 1.1 This Policy should be read in conjunction with Terms and Conditions of the Company (hereinafter “TOB”). In the event of any inconsistency between this Policy and the TOB, the TOB will prevail.
- 1.2 This Policy applies to all instruments which the Clients trade with VM (such as securities, including shares and ETFs).
- 1.3 VM’s clients may make reasonable and proportionate requests for information about policies and arrangements in respect of order execution. Where the request is deemed reasonable and proportionate VM will make reasonable endeavours to answer clearly and in a timely manner.

### **2. LEGAL FRAMEWORK**

This Policy implements the requirements of Directive 2014/65/EU on Markets in Financial Instruments (“MiFID II”) and the Law regarding the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 87(I)/2017 (“the Law”), as amended and Regulation 2017/565 as regards organisational requirements and operating conditions for investment firms.

### **3. HOW THE COMPANY PRICE AND TRADE INSTRUMENTS**

- 3.1 When the Clients enter into trades with VM, the trades will be directly entered by the Client against a Prime Broker of VM VITA MARKETS (via the online trading platform). This means that VM VITA MARKETS acts as an agent to all transactions irrespective of the type of instrument traded. Therefore, the Clients will be dealing directly with a Prime Broker of VM. Accordingly, when the Clients trade on the VM trading platform, the Clients trades are conducted on what is known as an over-the-counter (“OTC”) basis.
- 3.2 For the purpose of this Policy, the execution venues include Regulated Markets (“RMs”), Multilateral Trading Facilities (“MTFs”), Organised Trading Facilities (“OTFs”), Systematic Internalisers (“SIs”), market makers, interdealer brokers, other liquidity providers, third country MIFID II equivalent venues and other execution venues globally.
- 3.3 The VM Client agrees that VM is permitted to transfer the Client orders to its Broker and the Broker may aggregate the received orders with orders of its Clients. VM may provide the Broker’s policy of aggregation in accordance with the Client’s request. VM will always ensure that orders are allocated fairly across portfolios and preference is not given to one Client over another.

- 3.4 This Policy applies to the execution of top five (5) venues mentioned in Appendix I, the list of venues reflects the objective capabilities of the Company to obtain the best possible results for the client on a consistent basis.

#### **4. TYPES OF ORDERS**

##### **4.1 Market Order(s)**

A market order is an order to buy or sell a financial instrument at the current price. Execution of this order results in opening a trade position. Financial instruments are bought at ASK price and sold at BID price.

##### **4.2 Limit Order(s)**

A limit order is an order to buy or sell a financial instrument at a specified price or better. For buy limit orders, the order will be executed only at the limit price or a lower one, while for sell limit orders, the order will be executed only at the limit price or a higher one. By placing a limit order, Clients give up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. Limit orders may be routed to an exchange automatically. Where a limit order is placed in a share admitted to trading on a regulated market or traded on a trading venue, the Company shall not be obliged to publish that limit order if it goes against the trading rules of the Executing entities (Appendix I).

##### **4.3 Take Profit Order(s)**

Take Profit order is intended for gaining the profit when the financial instrument price has reached a certain level. Execution of this order results in complete closing of the whole position. It is always connected to an open position or a limit order. The order can be requested only together with a market or a limit order. Under this type of order, the Company's trading platform checks long positions with Bid price for meeting of this order provisions (the order is always set above the current Bid price), and it does with Ask price for short positions (the order is always set below the current Ask price).

##### **4.4 Stop Loss Order(s)**

This order is used for minimising of losses if the financial instrument price has started to move in an unprofitable direction. If the financial instrument price reaches this level, the whole position will be closed automatically. Such orders are always connected to an open position or a pending order. They can be requested only together with a market or a limit order. Under this type of orders, the Company's trading platform checks long positions with Bid price for meeting of this order provisions (the order is always set below the current Bid price), and it does with Ask price for short positions (the order is always set above the current Ask price).

#### **5. USE OF SINGLE EXECUTION VENUE OR EXECUTION ENTITY (BROKER)**

The Company may use a single Execution Venue or execution entity (e.g. broker) to execute or transmit Client orders for a specific class of Financial Instrument, provided that the Company is able to demonstrate that such a choice enables it to get the best possible results for its Clients on a consistent basis.

In order to comply with the requirement to act in the best interest of its Clients, the Company will regularly assess the market landscape to determine whether or not there are alternative venues/entities that could be used.

## **6. BEST EXECUTION FACTORS**

- 6.1 In providing best execution, VM is required to take into account certain 'execution factors' which the Company describes further below. VM has determined that generally the best possible result means the total consideration paid. This represents the price of the financial instrument together with the costs associated with the execution. Notwithstanding this, the speed of executing the trade and the likelihood of the trade being successful may be given precedence if they are instrumental in delivering the best result for the Clients (for example, this may be the case for large orders).
- 6.2 In assessing the relative importance of the execution factors, VM takes the following criteria into account:
- (a) the characteristics of the client (including the client's categorization as Retail and Professional client);
  - (b) the characteristics of the client order (including the size and nature of the order);
  - (c) the characteristics of the financial instruments that are the subject of that order; and
  - (d) the characteristics of the execution venues to which that order can be directed.
- 6.3 Not all of these criteria will be relevant in each case or equally relevant to VM relationship with the Clients.
- 6.4 The material execution factors that are considered and their importance are set out below. The relative importance attached to these execution factors does not differ across the asset classes traded with us.

## **7. COUNTERPARTIES**

The Company may give authorisation to its Counterparties to carry out the execution of its orders on different execution venues. Client transactions may be executed only with or through Counterparties that meet prescribed minimum requirements applied by the Company.

In the Counterparty selection process (as well as their evaluation) for trades, the Company considers a number of factors including the following:

- a. the quality and effectiveness of a Counterparty's execution policy, if relevant, in order for a Counterparty to reach the best possible result for the Company's clients;
- b. the Counterparty's ability to provide the best price and to maximise the opportunity for price improvement;
- c. the Counterparty's ability to provide favourable access to new issues;
- d. the Counterparty's ability to search for and obtain liquidity to minimise market impact and accommodate unusual market conditions;
- e. the Counterparty's ability to close open positions and meet its cash and other obligations in a timely manner;
- f. the Counterparty's ability to maintain and commit adequate capital when necessary to complete trades;
- g. the external credit of the counterparty if available;

- h. the Counterparty's ability to complete trades quickly and to minimise the number of incomplete trades;
- i. flexibility: is the Counterparty able to execute unique trading strategies/execute and settle difficult trades as well as unusual trading volumes;
- j. quality, offering, speed of electronic execution methods and program trading (ability to execute multiple transactions);
- k. discretion: is the Counterparty able to maintain the confidentiality of an order;
- l. efficiency and accuracy of the Counterparty's clearance and settlement process, including VM splits across the Clients.

In general, the selection process in relation of the best execution is largely driven by the specific characteristics of the type of instruments, their characteristics and specific markets.

In all cases, the Company remains solely responsible for the execution of clients' orders. It remains fully responsible for discharging all of its obligations under the Law. Such counterparty risks shall be assessed by the Company's Risk Manager in the counterparty selection process as well as during the ongoing monitoring review of the performance of existing counterparties.

## **8. FEES**

Client fees and commissions are pre-agreed between the Client and the Company and are applied on a fair, reasonable and justifiable basis. As such, the Client is not directly exposed to costs for execution that the Company may incur due to participation on a particular venue or other costs that may be 'passed on' by the execution entities.

## **9. LIKELIHOOD OF EXECUTION AND SETTLEMENT**

Due to the levels of liquidity and volatility affecting both price and volume, the Company seeks to provide client orders with the fastest execution reasonably possible although delays may occur. For these purposes the Company will use the data publicized by trading venues on the likelihood of the execution. Likelihood of execution indicates the probability of execution of a particular type of order (e.g. market, limit order) and is supported, inter alia, by details on trading volumes and number of quotes placed and orders executed in a particular instrument. Information on likelihood of execution is connected with such metrics as the relative market size of a venue in a particular Financial Instrument or the class of instruments. Likelihood of execution may also be assessed with data on failed transactions or cancelled or modified orders.

## **10. CONFLICTS OF INTEREST**

Information relevant to the identification, prevention and management of conflicts of interest is provided in summary of the Company's Conflicts of Interest Policy as available on the Company's website <https://vita-markets.com/documents>

## **11. MONITORING OF POLICY**

- The relevant department to which the Policy mainly applies, is the Brokerage Department of the Company. The Head of Brokerage department shall review the Policy at least annually or whenever a material change occurs that will have an impact on the Company's ability to continue offering best

execution of its Clients' orders using the Company's trading platform. Clients will be notified of any material changes to the order execution arrangements or execution Policy via the Company's website, which will contain the most up-to-date version of the Policy. Changes to this Policy will not be separately notified.

- The Company has established and shall continue to maintain the present Best Execution Policy in order to ensure compliance with the obligation to execute orders on terms most favourable to the Clients and to achieve the best possible results for its Clients, taking into consideration its Clients' ability, needs and trading policies, where applicable and possible.
- The Policy outlines the process that the Company follows for executing trades and assures taking all sufficient steps to consistently obtain the best possible result for Clients through its Order Execution Policy. It is noted however that when executing an order following a specific Client instruction, the Company will execute the order in line with those instructions and will consider that it has discharged its best execution obligations.

## **12. CONCLUSION**

The Company takes into account that the Clients have properly read the Policy before initiating of any trading activities over VM solutions, including OTC market. Thus, the Clients provide the unconditional consent to the Best order Execution Policy of VM. Appropriate information is provided to the Clients on the content of the Policy and available on VM's website. The Clients expressly confirm that the orders will be executed in accordance with the local rules of the Executed Brokers (Appx. I). The Company will assess and monitor on a regular basis, at least once a year, the Execution Entities (e.g. brokers), and the execution quality provided in order to determine whether existing execution entities included in the Policy provide the best possible result for the Clients on a consistent basis, and where appropriate, correct any deficiencies.

## Appendix I

The Execution Venue which will be used for executing of the Orders

| Executing Entities          | Country of Risk | License number | Date of License | Description        | Applicable to the following type of clients |   | Equities | FX Deals | Debt Securities |
|-----------------------------|-----------------|----------------|-----------------|--------------------|---|---|----------|----------|-----------------|
| Cowen International Limited | United Kingdom  | 442744         | 27.04.2006      | Investment Company | Professional                                | V | V        | N/A      | N/A             |
|                             |                 |                |                 |                    | Retail                                      | V |          |          |                 |
| Freedom Finance Europe Ltd  | Cyprus          | 275/15         | 20.05.2015      | Investment Company | Professional                                | V | V        | N/A      | V               |
|                             |                 |                |                 |                    | Retail                                      | V |          |          |                 |