

Clients' Orders Execution Policy

1. Introduction

This policy is issued pursuant to, and in compliance with the Financial Services Act, the Financial Intelligence and Anti-Money Laundering (FIAMLA) Act, and the relevant guidelines and regulations issued by the Financial Services Commission (FSC) of Mauritius, as may be amended from time to time ("the Law") that applies to **NUMBER ONE BROKERS LTD** ("NOB"). It is designed to ensure adherence to all applicable laws and regulations governing the provisions of financial, including the prevention of money laundering in accordance with the legal framework established in Mauritius.

The regulations that apply to NOB and which relate to achieving the best possible result on behalf of our clients when transmitting orders for execution. **NUMBER ONE BROKERS LTD**, is authorized and regulated by the Financial Services Commission "FSC" of Mauritius as an Investment Dealer (Full-Service Dealer, excluding Underwriting) (registration No. 173042). Registered office address: 79, La Hausse de la Louviere Street, C/o Hammersmith Management Ltd, Floreal, 74112, Republic of Mauritius.

This Policy forms part of our Client Agreement (which is also available on our website). Therefore, by entering into an agreement with NOB, you are also agreeing to the terms of this Policy.

This document is designed to inform our Clients of the principles and methods governing the execution of Client orders on the best possible terms, and to serve as a basis for our Clients consent to our Order Execution Principles when buying or selling a financial instrument.

This policy governs NOB's execution of orders of professional and retail Clients.

All Client orders are promptly and accurately recorded and allocated on the platforms utilized by NOB. Details of executed trades are maintained on the platforms indefinitely.

2. Financial instruments to which this policy applies

This policy applies to financial instruments and products as defined by the Rules, including Stocks, Bonds, Exchange Traded Funds (“ETFs”), Futures, Options (OTC and exchange traded), Foreign Exchange Forwards (including rolling FX Spot), Foreign Exchange Options, Contracts For Difference (“CFDs”), Certificates, Warrants and Mutual Funds. Some of these products are due to their nature traded OTC.

The trading conditions and fees for the above products are available online in the client protected area.

3. NOB’s approach to best execution

3.1. When executing orders on Client behalf in relation to financial instruments, NOB will take all reasonable steps to obtain the best possible execution result. In absence of specific Client instructions, NOB will take into account a combination of the following execution factors for the purpose of delivery to Client the Best Execution:

- Price;
- Cost of the total execution;
- Speed;
- Likelihood of execution and settlement;
- Size, nature and type of the order;
- Any other consideration relevant to the execution of the order “Best Execution.”

3.2. When considering the best executing factors, NOB takes into account the following criteria:

- Characteristics of the Client order;
- Characteristics of the financial instruments that are subject to the order (in particular in relation to OTC financial instruments); and
- Characteristics of the execution venues to which the order can be directed.

- 3.3. Whenever there is a specific instruction from or on behalf of a Client, NOB will — to the extent possible — execute the order in accordance with the specific instruction. A specific instruction from a Client may prevent NOB from taking the steps that it has described in this policy to obtain the best possible result for the execution of orders. Trading rules for specific markets may prevent NOB from following certain of the Client's instructions. To the extent that a Client instruction is not complete, NOB will determine any non-specified components of the execution in accordance with this policy.
- 3.4. Due to systems failures or other unavoidable reasons, NOB may execute orders in a method that differs from the method selected pursuant to the Best Execution Policy. Even in such a case, however, NOB endeavors to execute orders on the best terms available at that point.

4. Best execution criteria

- 4.1. The procedure for routing determinations is mainly based on four criteria and is regularly reviewed by NOB. Hence to determine the best way to execute an order for a Client NOB takes into consideration:
- 4.1.1. Price Improvement and Overall Consideration of Costs: Orders are routed to market makers and/or market centers where opportunities for price improvement exist. The criteria to be used by other market-makers and/or market centers include:
- Automatically matching incoming market and limit orders to pending limit orders;
 - Cross transactions where price improvement can be offered to one or both sides of the trade.
- 4.1.2. Speed and Likelihood of the Execution: Due to the levels of volatility affecting both price and volume, NOB seeks to provide Client orders with the fastest execution reasonably possible although delays may occur.
- 4.1.3. Size Improvement: In routing orders, NOB seeks markets that provide the greatest liquidity and thus potential for execution of large orders. NOB also seeks opportunities for Client orders to benefit from order-size commitments offered by third parties.

- 4.1.4. Overall Execution Quality: When determining how and where to route an order, NOB is focusing on prompt and reliable execution which is being continuously evaluated (section 9 of this Policy).

5. Execution of client orders

- 5.1. NOB uses automated systems to route Client orders for execution. When a Client order is received by NOB, it is routed to the execution venue that NOB considers to generally provide the Best Execution. NOB may execute orders outside regulated markets and multilateral trading facilities. In this respect, by accepting this policy and any agreement attached herewith, the Client signals his consent for NOB to execute orders outside regulated markets and multilateral trading facilities.
- 5.2. For instruments admitted to trading and official listing on a regulated market or stock exchange (i.e. Bonds, Stocks, Futures and ETFs), NOB routes orders to the multilateral trading facility or third parties that can execute trade on stock exchanges by the prices of stock exchange.
- 5.3. For OTC products (CFDs, (rolling) FX Spot, FX Forwards and FX Options), NOB will route orders to the appropriate market maker firms for the execution by prices provided by them on trading platform. For OTC traded CFDs on single stocks execution is benchmarked to the pricing and liquidity on the primary regulated market or exchange of the relevant stock.
- 5.4. Prices of non-listed units in Mutual Funds (e.g. unit trusts or open-ended investment companies) are set at a future “valuation point” and the exact price of such units is therefore not known in advance. Execution price for such order will be provided by the liquidity provider XNT LTD. according to the fund manager’s rounding rules.
- 5.5. There may be delays in execution of orders, including orders placed through online trading systems. Some orders placed through online trading systems may be handled manually. When high traffic in electronic orders causes a back log, NOB, as well as counterparts to which orders are sent for execution, must sometimes discontinue normal automatic execution procedures and turn to manual execution, leading to possible delays in execution. In order to minimize such a risk, NOB has in place procedures and arrangements which to the furthest extent possible provide for the prompt, fair and expeditious execution of Client orders.

- 5.6. Execution of orders is monitored 24/7 and the execution venue can be changed (switched off) manually in the following cases:
- a. Risk Management finds evidences for potential risks to the safety of client's funds — credit risk events;
 - b. In case of technical problems, when the trading platform technical support sees the evidences that the counterpart is not responsive at all, it can be switched off, until the technical problems are solved;
 - c. Any other events which potentially possess threats to the company's or the client's funds integrity;
 - d. Periodic evaluation of the executing venue/counterpart shows upgrade of the service level, reduction of costs and better conditions, which basically means that counterpart becomes higher rated and moves up in execution line.
- 5.7. Standard execution venue failure — applicable only for FX, CFD, transferable securities and other exchange traded instruments. OTC instruments like Eurobonds or OTC Futures and Option are handled on a case by case basis determining best price by the price range of extensive trading.

To provide continuity and fault-tolerance, NOB uses smart order routing in case of execution venue failure which may be caused by the following reasons:

- a. Technical disconnection of the venue;
- b. Lack of free funds on account with counterpart providing execution venue;
- c. Unsuitable characteristics of the client order.

In the above cases smart order routing will place the order with next execution venue in line. If the order cannot be placed, it's being rejected completely. If the order size is too large for the market or the market depth is too thin then the same strategy applies. In (b) case smart order routing is the temporary measure only until funds arrive to account with this counterpart providing specific execution venue. NOB keeps records on such rejects and evaluates fault-tolerance of the counterpart for further possible changes of rating according to the scoring system.

6. Execution venues

- 6.1. NOB uses several external financial institutions and brokers to execute orders for different financial instruments.
- 6.2. Before including the counterpart in the list of execution venues, four steps must be completed:
- A** — Initial pre-screening of conditions — at this stage NOB evaluates if counterpart could offer better service, additional markets, better financing rates or faster execution. This phase mostly is undocumented.
 - B** — Due Diligence check — is performed by the employee familiar with due diligence and KYC procedures, written result should be approved by the director.
 - C** — Risk Assessment — financial and other risks are evaluated by the outsourced Risk Department/ Manager, recommendations and conclusions provided to the responsible Director.
 - D** — Technical compatibility — trading platform provider technical specialists are checking general integration possibilities of counterpart systems with trading platform. After that the counterpart is being included in the execution venues list as the last one and continuous evaluation begins according to the scoring system.
- 6.3. List of execution venues/execution venues providers (counterparts) for the financial instruments is listed in the Annex 3 of this Policy.
- 6.4. The standard and alternate execution venues (execution line) for different trading instruments are specified in the Annex 4 of this Policy.

7. Effects on order execution

- 7.1. Clients should be aware of the following risks associated with volatile markets, especially at or near the open or close of the standard trading session:
- Execution at a substantially different price from the quoted bid or offer or the last reported sale price at the time of order entry, as well as partial executions or execution of large orders in several transactions at different prices.

- Delays in executing orders for financial instruments that NOB must send to external market maker and manually routed or manually executed orders.
- Opening prices that may differ substantially from the previous day's close.
- Locked (the bid equals the offer) and crossed (the bid is higher than the offer) markets, which prevent the execution of Client trades.
- Price volatility is one factor that can affect order execution. When Clients place a high volume of orders with brokers, order imbalances and backlogs can occur. This implies that more time is needed to execute the pending orders. Such delays are usually caused by the occurrence of different factors: (a) the number and size of orders to be processed, (b) the speed at which current quotations (or last-sale information) are provided to NOB and other brokerage firms; and (c) the system capacity constraints applicable to the given exchange, as well as to NOB and other firms.

8. Types of orders

- 8.1. Given the risks that arise when trading in volatile markets, the Client may want to consider using different types of orders to limit risk and manage investment strategies. (It should be noted that the following descriptions of order types may apply only to some and not all types of financial instruments).
- 8.2. Market order: With a market order the Client instructs a financial institution or trading counterparty to execute a trade of a certain size as promptly as possible at the prevailing market price. Financial institutions are required to execute market orders without regard to price changes. Therefore, if the market price moves significantly during the time it takes to fill a Client's order, the order will most likely be exposed to the risk of execution at a price substantially different from the price when the order was entered.
- 8.3. Limit order: With a limit order, the Client sets the maximum purchase price, or minimum sale price, at which the trade is to be executed. As a limit order may be entered away from the current market price, it may not be executed immediately. A Client that leaves a limit order must be aware that he/she is giving 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 without human intervention.

- 8.4. Stop order: Different from a limit order, a stop order allows selling below the current market price or buying above the current market price if the stop price is reached or breached. A stop order is therefore a “sleeping” order until the stop price is reached or breached.
- 8.5. Stop Limit Order: A stop limit order is a variation of a stop order as described in Section 8.4. with a lower (higher) limit price to suspend trading if the price falls (rises) too far before the order is filled restricting trading to a predefined price range.

9. Regular review of execution quality and execution venue

- 9.1. NOB will review this policy annually and whenever a material change occurs that affects NOB’s ability to obtain the best possible result for the execution of Client orders.
- 9.2. NOB regularly reviews the overall quality of its order. Continuous evaluation of execution and its venue is made via scoring system. All scores are relative on scale from 1 (worse) to 10 (best). The highest Total Score determines the rank of the execution venue.

$$\text{Total Score} = 0.5 \times \text{SpreadAndPriceScore} + 0.5 \times \text{ReliabilityScore} + 0.5 \times \text{CostScore} + 0.3 \times \text{ServiceScore}$$

where:

Spread and Price Score — relative score of average bid/ask spread in the instrument, sampled on random times. This score includes as well types of orders that venue can execute, number of orders filled, possible last look, handling of mass orders, etc.;

Reliability Score — score of total technical integration, speed of execution and technical stability;

Cost Score — relative score of total cost associated with executing an order on the venue;

Service Score — relative score of ability of the counterpart to integrate into back office reconciliation provide additional services; have fast and good support on technical as well as on the finance side.

Evaluation is done sporadically at random times at least quarterly. NOB will amend this policy on the basis of such reviews if it considers it to be necessary. Any new policy will be made available on NOB’s websites and will be in force as from publication.



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10. NOB's business terms

10.1. This policy is governed by NOB's Business Terms and any other Rules that may be updated periodically, governing the relationship between the Client and NOB. For more details on order execution, please refer to NOB's Business Terms.

Annex 1

Best Execution in Daily Operations and its Control Tools

NOB performs best execution control tests on a yearly basis by analysing random transactions. The overall system monitoring and control is going on a constant 24/7 basis.

Defining the best execution the following factors are taken into consideration:

- Types of securities traded
- Broker/dealers (counterparties) used
- Trading venues utilized
- Costs and clients' benefits
- Possible conflict of interest.

The best execution is divided into 3 stages: pre-execution, when the Company is choosing the proper previously qualified for cooperation partner; execution, when functionality of the trading platform and internal controls in place are assessed and post-execution, when information about how the Company detects and resolve trade errors is reviewed and analysed.

The Company uses technical solution - Symbol DB system, aimed to provide automatic assessment of the order and allocate to the most appropriate counterparty. The settings are managed by the outsourced Technical Support of trading platform provider, Risk Department. Major changes as counterparty inclusion/exclusion and others should be approved by Director; regular daily changes as switching of counterparty or any other auto-routing relating issues online regime are solved by outsourced Technical Support of the trading platform provider according to this policy and other Company's instructions.

During the pre-execution NOB is analysing the current list of available counterparties for different financial instruments, their rates, Company's balances on the counterparties' accounts and ranking them in the system.

In the following cases:

- system starts providing declines (excluding reasons that customers do not have enough balance on their accounts for the orders provided),
- company's balances on the counterparties accounts have reached low/zero balances,
- notifications from counterparties were received about some changes/limits implemented
- any other/ new circumstances raised the Company immediately re-evaluate the counterparties and make changes within DBS.

NOB policy is to execute trades individually and in the order they are received namely on a "first come, first served" basis, even in the case of partial execution. In principle therefore, NOB does not aggregate clients' orders.

Due to systems failures or other unavoidable reasons, NOB may execute orders in a method that differs from that stated in this policy. Even in such a case, NOB endeavors to execute orders on the best terms available at that point.

Within the execution stage all the orders are processed automatically by the system, the outsourced Technical Support is monitoring all the notifications provided by the system and following the order executions' statistics.

The automatic system's notifications are divided into 3 main groups:

1. Infrastructure problems within NOB: might arise in case of technical problems with the network (locally or globally), hardware/software problems and/or hosting company.
2. Counterparty problems: usually occur if Counterparty changes its settings, like limits, financial instruments identifications, etc., without NOB prior informing; in case of connection loss at counterparty side or between counterparty and stock exchange.
3. Client problems: usually happen when clients provide incorrect orders, like out of trading time, out of stock exchange defined min/max limits, incorrect size of a lot; clients have insufficient funds on the account for the initiated operation or doesn't have enough rights/proper access.

At the post-execution stage all systems' notifications analysed within the overall performance and needed amendments in settings are performed.

Annex 2

Best Execution Tests

The execution timelines for the main execution venues.

US ATP Execution timeline (NYSE as example)			EU ATP Execution timeline (XETRA as example)		
Order received			Order received		
1	ms	Internal processing on ATP server	1	ms	Internal processing on ATP server
57	ms	Network delays to US	23	ms	Network delays to Germany
53	ms	Internal processing on gateway	14	ms	Internal processing on gateway
60	ms	Network delays to CP	31	ms	Network delays to CP
63	ms	Order back from CP	32	ms	Order back from CP
121	ms	Order fill from CP	185	ms	Order fill from CP
114	ms	Internal processing on gateway	181	ms	Internal processing on gateway
151	ms	Network delays back to ATP server	174	ms	Network delays back to ATP server

EU FIX Execution timeline (XETRA as example)

US FIX Execution timeline (NYSE as example)

Order received			Order received		
1	ms	Internal processing on FIX server	1	ms	Internal processing on FIX server
18	ms	Network delays to gateway	11	ms	Network delays to gateway
24	ms	Internal processing on gateway	8	ms	Internal processing on gateway
49	ms	Network delays to CP	24	ms	Network delays to CP
47	ms	Order back from CP	28	ms	Order back from CP
205	ms	Order fill from CP	86	ms	Order fill from CP
198	ms	Internal processing on gateway	89	ms	Internal processing on gateway
220	ms	Network delays back to FIX server	174	ms	Network delays back to FIX server

Annex 3

Execution

Name	Country of registration	Regulatory authority	Financial instruments
Cowen Investments Limited	United Kingdom	Financial Conduct Authority (FCA)	Transferable Securities, Fixed Income
LMAX Limited	United Kingdom	Financial Conduct Authority (FCA)	Contracts for Difference (CFD), Foreign Exchange Forwards (FX)
XNT Ltd	Malta	Malta Financial Services Authority (MFSA)	Worldwide Transferable Securities and Fixed Income Securities and Contracts for Difference (CFD) and Derivative Contracts, Foreign Exchange (FX), Units in Funds
XHK Limited	Hong Kong	The Securities and Futures Commission (SFC)	Transferable Securities and Fixed Income and Derivative Contracts
ED&F MAN	United Kingdom	Financial Conduct Authority (FCA)	Derivative Contracts