ORDER EXECUTION POLICY

December 2020

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1. Order Execution Policy

K-DNA Financial Services LTD (hereinafter called the “Company”, “K-DNA Financial Services LTD”, “K-DNA”, “us”, or “we”) is a regulated company by the Cyprus Securities and Exchange Commission license 273/15, incorporated and registered under the laws of the Republic of Cyprus with registration No. 335683, head office at 56 Griva Digeni Avenue, Anna tower, First floor, 3063, Limassol, Cyprus.

2. Legal and Regulatory Framework

The Order Execution Policy (the ‘Policy’) is issued pursuant to, and in compliance with the requirements of:

- Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended from time to time (“MiFID II”);
- the Law 87(I)/2017 regarding the provision of investment services, the exercise of investment activities and the operation of regulated markets and other related matters, as amended from time to time (the “Law”);
- the Investment Services and Activities and Regulated Markets Law No 144(I)/2007 to the extent it remains applicable after coming into force of MiFID II;
- the Commission Delegated Regulation (EU) 2017/565, supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive;
- the Commission Delegated Regulation (EU) 2017/576, supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution;
- Section 9 of the Questions and Answers of the European Securities and Markets Authority (“ESMA”) as amended from time to time, with respect to the provision of CFDs and other speculative products to retail investors;
- Section 1 of the Questions and Answers of the European Securities and Markets Authority (“ESMA”) as amended from time to time, on investor protection topics.
- Circular C343, Thematic review of best execution obligations of Cyprus Investment Firms.

For the purpose of this Policy, any of the above legislation, regulation or guidelines will be referred to as ‘Regulation(s)’.

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3. Definitions

“Agent” - The Company receives the Client orders which are then transmitted to the Liquidity Providers for further execution.

“CFDs” - Contracts for Differences

“Principal” - The Company’s Execution Venues acts as Principal with respect to the execution of Client orders.

“Slippage” - This is when a trader executed an order at a price which is different to the price they expected the trade to be executed at. This usually happens during periods of high volatility. There are two kinds of slippage, positive and negative. Positive slippage occurs when the price is executed at a better level than the one requested; a negative slippage is exactly the opposite situation. Slippage may occur in all the account types and order types offered and under all execution methods. Please be informed that in case a slippage is experienced in the market, the orders will be executed at the next available price in cases of market execution.

4. Scope and Services

The Execution Policy applies with respect to the Company’s relationship with retail and professional Clients (excluding Clients classified as Eligible Counterparty).

The Company executes orders in relation to one or more financial instruments mainly in Forex, CFDs on commodity futures, spot metals, CFDs on Indices.

All transactions on Contracts shall be executed by the Company as an Agent of the Client. The Counterparty (or Principal) to every trade shall be one of the Company’s Execution Venues.

Taking into consideration the abovementioned Regulations, the Company is obliged to take all sufficient steps to obtain the best possible results (or “best execution”) on behalf of its clients, either when executing clients’ orders or receiving and transmitting orders for execution. These Regulations also require the Company to establish an Order Execution Policy to allow it to obtain, for its client orders, the best possible result for its clients.

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The Policy sets out the execution procedures for the financial instruments offered by the Company. Clients must therefore ensure that they have read, understood and consent to the contents of this Policy before trading with the Company.

5. Best Execution Criteria and Best Execution Factors

The Company acts as an agent when executing Client orders.

5.1 Best execution Factors

When executing orders or receiving and transmitting orders for execution, the Company should at any time take all sufficient steps to obtain the best possible result for its clients, by taking into account the following Execution Factors:

5.1.1 *PRICE*- the market price at which the order is executed.

(a) *BID/ASK Spread: For* any given Forex and CFD, the Company will quote two prices: the higher price (ASK) at which the Client can buy (go long) that Forex or CFD, and the lower price (BID) at which the Client can sell (go short) that Forex or CFD an instrument; collectively they are referred to as the Company' price. The difference between the lower and the higher price of a given Forex and CFD is the spread.
The initial price of each Financial Instrument is provided to the Company by its licensed third party external reference sources (liquidity providers), which are defined further below in the Policy. Each market price for any Financial Instrument is updated every time a new price for the relevant Financial Instrument is received from the Company's third party external reference sources.

(b) *Pending Orders:* Such orders as Buy Limit, Buy Stop and Stop Loss, Take profit for opened short position are executed at ASK price. Such orders as Sell Limit, Sell Stop and Stop Loss, Take profit for opened long position are executed at BID price.
The minimum level for placing Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit and Sell Stop orders, for a given Forex and CFD, is specified under Contract Specifications on the Company's Website and on the platform of the

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Company.

(c) *Company's Price:* for a given Forex and CFD is calculated by reference to the price of the relevant underlying asset, which the Company obtains from licensed third party external reference sources. The company prices can be found on the Trading Platform and in the Contract Specification located on the Legal Documentation section in the Company's website.
The Company updates its prices as frequently as the limitations of technology and communications links allow. The Company reviews its third party external reference sources regularly or at least annuallyto ensure that the data obtained continues to remain correct and competitive.
The Company will not quote any price outside the Company's operations time therefore no orders can be placed by the Client during that time with the exception of pending orders.

As part of the Company's systematic monitoring procedures, when executing orders or taking decision to deal in OTC products, the Company compares the pricing obtained from its licensed third party external reference sources against the independent price source in terms of estimation of actual and average prices to ensure that the used prices are the most appropriate and fair for the type of Orders being received from its Retail Clients.

The Dealing Room Department checks, on a continuous basis, the prices of all financial instruments to ensure that the most updated and real time prices is available for traders at any given point of time. The Company also compares daily Opening price, High, Closing price, Low and Volume of random assets with different brokers to ensure price fairness. Records of price comparison with different brokers are saved on weekly basis.

The Company routinely takes account of external market data and externally verifiable reference prices (where available), when pricing or checking the price of OTC products (including bespoke instruments), in fulfilling its best execution obligations.

5.1.2 *COSTS -* any additional charges that may be incurred in executing the order in a

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particular way over and above the Company's normal charges.

For opening a position in Forex pairs and some types of CFDs the Client may be required to pay commission or financing fees, the amount of which is disclosed on the Company's Website and the Contract Specification commissions may be charged either in the form of a percentage of the overall value of the trade or as fixed amount.

(a) Mark-up: Clients shall be charged a mark-up on spread when trading CFDs on the prices which the Company receives from its third party external reference sources. Further information is available on the Company's website. Before applying any mark- ups, the Company shall assess several market competitors/participants and will adjust its mark-ups accordingly in order to maintain its competitive advantage. All mark-up calculations are performed by the system of the Company's trading platform automatically. The Company shall define the mark- up levels and the system of the trading platform applies the same of the quoted prices received by the Company's Price Providers.

(b) *Commission:* Clients shall be charged commission when trading CFDs on all the underlying assets available with our company either in the form of a percentage of the overall value of the trade or as fixed amount. Further information is available on the Company's website.

(c) *Financing Fee:* In the case of financing fees, the value of opened positions in some types of CFDs is increased or reduced by a daily swap rate throughout the life of the contract. Swap rates are based on prevailing market interest rates, which may vary over time.

(d) For all types of CFDs that the Company offers, the commission and financing fees are not incorporated into the Company's quoted price and are instead charged explicitly to the Client account. Fees can be found under Contract Specifications on the Company's website "Legal Documentation" Section.

5.1.3 SPEED OF EXECUTION

The Company places a significant importance when executing Client's orders and strives to offer high speed of execution, within the limitations of technology and communications links, at all times.

Considering that the Company generates its own tradable prices which are distributed via the Company's trading platform, the technology used by the client to communicate

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with the Company plays a crucial role. The use of wireless connection or dial-up connection or any other form of unstable connection at the Client's end, may result in poor or interrupted connectivity or lack of signal strength causing delays in the transmission of data between the Client and the Company when using the Company's Electronic Trading Platform. For example, the Client's order might be delayed to be received by the Company's platform and thus it may affect the price of execution.

It is clarified that the Company receives and transmits a Client Order for execution to a third party (another Execution Venue), execution will also depend on factors related to the aforesaid third party.

5.1.4 *LIKELIHOOD OF EXECUTION* As it is explained in the Execution Venue section of this Policy, the Company acts as an agent whereby the Principal shall be the Execution Venue for the execution of the Client's orders for the financial instrument of Forex and CFDs. The likelihood of execution depends on the availability of prices of this Execution Venue. The levels of volatility in the market affect both price and volume. The Company strives to provide the best possible price to its Clients and makes every effort and necessary arrangements to do so; however, it may be impossible to guarantee the execution of any or all of the pending orders at the declared price. If the price reaches the price declared by a Client in a pending order such as: Stop Loss, Take Profit, these orders will be closed. If the price reaches a pending order set by a Client such as Buy Limit, Buy Stop, Sell Limit, Sell Stop the position will open. But under certain trading conditions it may be impossible to execute all type of orders including without limitation (Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit, Sell Stop) at the declared Clients price. In this case the Company has the right to execute the order at the best available price. This may occur, for example, at the following cases:

(a) trading session start moments/opening gaps,

(b) during news times,

(c) during volatile markets where prices may move significantly up or down and away from declared prices,

(d) at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted,

(e) where there is insufficient liquidity for the execution of the specific volume at

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the declared price,

(f) If force majeure event has occurred.

In addition, the Company, reserves the right to decline an order of any type (trade rejection) where the trades submitted on the prices considered by the system as old are automatically rejected or to offer the Client a new price for an instant order (re-quoting). In this case, Client can either accept or refuse the new price. The Company will re-quote instant orders if the requested price originally specified by the Client is not available at the specific time of execution. The secondary quote provided to the client is the current market price received by the Company from third party liquidity providers. The Company does not re-quote Pending Orders.

In the event that the Company is unable to proceed with an order with regard to price or size or other reason, the order will not be executed.

In addition, the Company is entitled, at any time and at its discretion, without giving any notice or explanation to the Client, to decline or refuse to transmit or arrange for the execution of any order or Request or Instruction of the Client in circumstances explained in the Client Agreement. In addition, when the Company transmits orders for execution to another third party, the likelihood of execution depends on the availability of prices by such other third party.

5.1.5 LIKELIHOOD OF SETTLEMENT

The Company shall proceed to a settlement of all transactions upon execution of such transactions.

5.1.6 SIZE OF ORDER

All Client Orders are placed in lot sizes which is a unit measuring the transaction amount and it is different for each type of Financial Instrument. For the value of each lot for a given Financial Instrument type and the actual minimum and maximum size of an order that may be different for each type of Client Account please refer to the Contracts Specifications on the Company’s website Legal Documentation Section. The minimum size of trade can be found also on the Company’s trading platform.

The Company reserves the right to decline an order, in case the size of the order is

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large and cannot be filled.

The Company will not make a 'partial fill' of any trade.

5.1.7 NATURE OF ORDER

Given the nature of risk and volatility of financial markets, the Client may want to consider using different types of orders to limit risk and manage investment strategies. The particular characterizing of an order can affect the execution of the Client's order. The following types of orders can be placed (it should be noted that the following descriptions of order types may apply only to some and not all types of financial instruments):

(a) *"Market Order(s)",* which is an order buy or sell at the price available at a given time. The order will usually be filled at the price the client sees on the Company's trading platform screen. Occasionally, if the market has moved while the Client is placing the Market Order, the Order might be executed at the first available price or it may not be executed at all. The Client may modify a Market Order so as to attach a:

- *"Stop Loss" which is* used for minimising of losses if the Forex and CFD price has started to move in an unprofitable direction. If the Forex and CFD 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 Pending Order. Under this type of Orders, the Company's 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). To automate Stop Loss order following the price, one can use Trailing Stop.
- *"Take Profit"* which is intended for gaining the profit when the Forex and CFD 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 Pending Order. The Order can be requested only together with a market or a pending order. Under this type of order, the Company's Platform checks long positions with Bid price for

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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).

- *"Trailing Stop"* Stop Loss is intended for reducing of losses where the symbol price moves in an unprofitable direction. If the position becomes profitable, Stop Loss can be manually shifted to a break-even level. To automate this process, Trailing Stop was created. This tool is especially useful when price changes strongly in the same direction or when it is impossible to watch the market continuously for some reason.

  Trailing Stop is always attached to an open position and works in client terminal, not at the server like Stop Loss, for example. To set the trailing stop, one has to execute the open position context menu command of the same name in the "Terminal" window. Then one has to select the desirable value of distance between the Stop Loss level and the current price in the list opened. Only one trailing stop can be set for each open position.
  After the above actions have been performed, at incoming of new quotes, the terminal checks whether the open position is profitable. As soon as profit in points becomes equal to or higher than the specified level, command to place the Stop Loss order will be given automatically. The order level is set at the specified distance from the current price. Further, if price changes in the more profitable direction, trailing stop will make the Stop Loss level follow the price automatically, but if profitability of the position falls, the order will not be modified anymore. Thus, the profit of the trade position is fixed automatically. After each automatic Stop Loss order modification, a record will be made in the terminal journal.
  Trailing stop can be disabled by setting "None" in managing menu. And trailing stops of all open positions and pending orders will be disabled if the "Delete All" command of the same menu has been executed.
  Trailing Stop works in the client terminal, not in the server (like Stop Loss or Take Profit). This is why it will not work, unlike the above orders, if the terminal is off. In this case, only the Stop Loss level will trigger that has been set by trailing stop.
  Trailing Stop is processed once per tick. If multiple orders with Trailing Stop are open for one symbol, only the trailing stop of the latest open order is processed.

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(b) *Pending Order(s), which* is an order to be executed at a later time at the price that the Client specifies. The Company will monitor the Pending Order and when the market price reaches the price specified by the Client, the Pending Order will automatically become a Market Order. The following types of Pending Orders are available:

- *Buy Limit –* buy provided the future "ASK" price is equal to the pre-defined value. The current price level is higher than the value of the placed order. Orders of this type are usually placed in anticipation of that the security price, having fallen to a certain level, will increase.
- *Buy Stop – buy* provided the future "ASK" price is equal to the pre-defined value. The current price level is lower than the value of the placed order. Orders of this type are usually placed in anticipation of that the security price, having reached a certain level, will keep on increasing.
- *Sell Limit –* sell *provided* the future "BID" price is equal to the pre-defined value. The current price level is lower than the value of the placed order. Orders of this type are usually placed in anticipation of that the security price, having increased to a certain level, will fall.
- *Sell Stop – sell* provided the future "BID" price is equal to the pre-defined value. The current price level is higher than the value of the placed order. Orders of this type are usually placed in anticipation of that the security price, having reached a certain level, will keep on falling.

Orders of Stop Loss and Take Profit can be attached to a pending order. After a pending order has triggered, its Stop Loss and Take Profit levels will be attached to the open position automatically.

Stop-Out Order: The Company has the right without the consent of the Client or by giving any prior notice to close the Client's open position in the event the client has not the sufficient funds as per our terms and conditions for maintaining his open positions.

The Company shall ensure the prompt, fair and expeditious execution of client orders. All orders are promptly and accurately recorded and allocated in strictly sequential

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order, unless the characteristics of the order or prevailing market conditions make this impracticable or the Client's interest requires otherwise.

The Company will promptly inform retail clients about any material difficulty relevant to the proper carrying out of their orders upon becoming aware of the difficulty.

All executed trades are immediately viewable on your account, as is the 'profit and loss' associated with closed trades, and all sufficient steps are taken to ensure accuracy.

In some occasions, orders executed on the online trading system may get executed at wrong prices. The Company has the right to review the Client's order's details in terms of price, time, volume and the validity of execution type whether they are in the form "Pending" or "Market" orders through the online trading system, and in case of any discrepancies, the Company - without prior notice- will take the proper actions to correct the details of the given orders where and when possible.

5.1.8 MARKET IMPACT

Some factors, such as unusual market conditions, may affect rapidly the price of the underlying instruments from which the Company's quoted price is derived and may also affect the rest of the factors herein.

The Company will take all reasonable steps to obtain the best possible result for its Clients.

The Company does not consider the above list exhaustive and the order in which the above factors are presented shall not be taken as priority factor. It should be noted hereof that, the diverse market for different Financial Instruments and the types of Orders placed by the Clients might mean that different factors could be applicable in each case when the Company considers its execution strategy for the Order received. For example, at a time of severe market turbulence, and/or internal or external system failure, where instead the ability to execute orders on a timely basis will become the primary factor.

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5.2 Best Execution Criteria

The relative importance that the Company attaches to the Execution Factors in any particular case may be affected by using its commercial judgment and experience in the light of the information available on the market and the circumstances of the order (i.e. Execution Criteria), such as:

(a) *The characteristics of the client, including the categorization of the client as retail or professional* – professional clients may have different needs than retail clients;

(b) *The characteristics of the client order* – such as the potential of the order to have an impact on the market;

(c) *The characteristics of financial instruments that are the subject of that order* – such as liquidity and whether there is a recognized centralized market;

(d) *The characteristics of the execution venues to which that order can be directed* – particular features of the liquidity sources available to the Company.

When the Company executes an order on behalf of a retail client, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs related 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.

In order to achieve best execution when executing an order on behalf of a professional client, the Company shall consider the following Execution Factors: Price, Transaction costs and risks relevant to the execution, Speed of execution, etc. and the relative importance of the Execution Factors based on the characteristics set out on section 7.1 above.

6. Client's Specific Instruction

Any specific instructions from a client may prevent the Company from taking the steps that have been designed and implemented in its execution policy to obtain the best possible result from the execution of those orders in respect of the elements covered by those instructions. Hence such orders are executed under the Client's responsibility with no liability on the Company. However, by executing a Client's Order based on the specific instructions provided by the Client, the Company shall satisfy its obligation to provide the Client with best execution.

Clients should be aware of the risks associated with execution which include but are not limited to:

(a) *Slippage:* The Client is warned that Slippage may occur when trading in Forex and CFDs. This is the situation when at the time that an Order is presented for execution, the specific price showed to the Client may not be available; therefore the Order will be executed close to or a number of pips away from the Client's requested price. So, Slippage is the difference between the expected price of an Order, and the price the Order is actually executed at. If the execution price is better than the price requested by the Client, this is referred to as positive slippage. If the executed price is worse than the price requested by the Client, this is referred to as negative slippage. Please be advised that Slippage is a normal element when trading in Forex and CFDs. Slippage more often occurs during periods of illiquidity or higher volatility (for example due to news announcements, economic events and market openings and other factors) making an Order at a specific price impossible to execute. In other words, the Client Orders may not be executed at declared prices. It is noted that Slippage can occur also during Stop Loss, Take Profit and other types of Orders. We do not guarantee the execution of your Pending Orders at the price specified. However, we confirm that your Order will be executed at the next best available market price from the price you have specified under your Market Order/Pending Order. Slippage may appear in all types of Client Accounts we offer.

(b) *Execution of orders placed during periods of high volatility immediately preceding or immediately following the release of financial news data:*

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 price at the time of order entry.
- Delays in executing orders for financial instruments that the Company will send to third party liquidity providers and manually routed or manually executed orders.
- Opening prices that may differ substantially from the previous days close.

Price volatility is one factor that can affect order execution. When there is a high volume of orders in the market, order imbalances and back logs can occur. This implies that more time is needed to execute the pending orders.

As per the Company's terms and conditions found in the Company's Website:, placing orders prior to the release of financial data constitutes an abusive trading practice and is as such an

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"event of default" as defined in our terms and conditions found in the Company's website.

Trading System or Internet Connectivity Execution Delays: The Client may give instructions through the platform to modify or close a position. The client is responsible for the security of his Access Data. If the Client undertakes transactions on an electronic system, the Client will be exposed to risks associated with the system including the failure of hardware and software (Internet / Servers). The result of any system failure may result to Client order is either not executed according to Client instructions or it is not executed at all. The Company does not accept any liability in the case of such a failure.

(c) *Cancellation of trades and/or Closure of positions:*

The Company might cancel the trade Order in circumstances where due to lack of liquidity in or suspension of an asset or errors in feeds from Price Providers or quotes from Counterparties have proved to be faulty (i.e. Event of order execution at Off-market prices). The Company shall provide within a reasonable time (i.e. within a period of 180 days from the day after the day of the said execution) a full explanation of the reason for the cancellation of a trade. The Company may delete any 'Pending Orders' which are older than 3 (three) months. The Company might close, revoke, correct and/or adjust any trades in circumstances where the Client is involved with arbitrage and/or prohibited trading techniques and /or immediately terminate the account of the relevant Client. The Company might close any trades which are deemed untrue or opened at a fictitious price not existing on the market at the time of opening i.e. trades opened at old prices. (More details on the circumstances when the Company might cancel any trades or close any positions can be found on the Company's Terms of Business document available via the Company's website under section 'Legal Documentation').

7. Execution Venues

"Execution Venues" are the locations (with or without a physical presence) such as regulated markets, multilateral trading facilities, systematic internalisers, market makers, liquidity providers or any other entity that facilitates trading of Financial Instruments. For the purpose of transmitting orders for execution, the Company acts as an agent on behalf of the Client.

Where there is only one possible execution venue, best execution is achieved by execution on that venue. Best execution is a process, which considers various factors which are set out in Section 4 of the Policy, not an outcome. This means that, when the Company is executing an Order on behalf of a Client the Company must take all sufficient steps to obtain the best possible result for its Clients. However, the Company does not guarantee that the exact price requested will be obtained in all

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circumstances and, in any event, the factors may lead to a different result in a particular transaction.

The Company's operations times are: round – the – clock from 00.00.51 A.M. (GMT +2) Monday through 00.00.00 P.M. (GMT +2) Friday. Non-working periods: from 00.00.01 A.M. (GMT +2) Saturday through 00.00.51 P.M. (GMT +2) Monday. Any changes in the Company's operations times as well as holidays and trading times for specific Financial Instruments are shown on the Company's website.

A list of the Execution Venues and intermediaries (third party brokers) used by the Company for the execution of client orders in respect to each class of financial instruments can be found below:

Up Trend Ltd the execution venue in respect to each class of financial instruments.

The Company takes utmost care to ensure fastest possible order execution. Trading platform is scrutinized form time-to-time to test its performance. The Company checks the speed of execution on random trading accounts and random financial instruments, on a daily basis, and maintains records. The relevant importance that the Company assigns to each factor is as follows.

<u>Several Qualitative and Quantitative factors were taken into consideration while selecting and monitoring the execution venue, such as:</u>

➢ *Price updates in real time:*
- High importance
- Trading prices for every financial instrument should be updated in real time for best trading results.
- Up Trend Ltd prices are all update in real time.

➢ *Frequency of price freezing:*
- High importance
- Price freezing is the worst thing to be experiences while trading. Even though it cannot be completely avoided, it can be reduced to bare minimum.
  Up Trend Ltd has almost Negligible frequency of price freezing.

➢ *Pricing transparency:*
- High importance
- Price is an important factor to ensure correct trade execution.
- Up Trend Ltd prices are transparent.

➢ *Costs:*

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- High importance
- Venue should be best yet with the most competitive cost of execution. Cheaper the cost, better the venue.
- Up Trend Ltd offers one of the most competitive execution costs in the industry.

➢ *Speed of execution:*
- High importance
- Forex market is highly volatile. Sometimes fraction of seconds can also create considerable profit/loss.
- For this reason, it is very important to achieve fast speed of execution of orders.

➢ *Experience:*
- Medium Importance
- Experienced execution is always preferred because they understand the importance and sensitivity of best execution of trades.
- Up Trend Ltd has 21 years of solid experience since 1997.

➢ *Licensed:*
- High Importance
- Licensed venue is the most important to ensure that execution is done as per requirements set by licensing regulator. Up Trend Ltd is licensed № РГ-03-110/13.07.2017, issued by Financial Supervision Commission (Bulgaria, to perform activities as an investment intermediary within the European Union and the European Economic Area.

➢ *Reputation:*
- High Importance
- Reputation helps to filter better Venues over the worst. Reputation ensures that the venue has been consistently perfoming up to the mark. Up Trend Ltd is a highly reputable and one of the first investment intermediaries being licensed in Bulgaria. It is also member of the Bulgarian Stock Exchange PLC and Central Depository PLC since 1998.

➢ *Professionalism:*
- Medium Importance
- Professionalism separate best venue for casual venues. Professional venues are expected to deliver best results.
- Professional staff with high level of training level and quality of service.

➢ *Negative Balance protection (NBP):*
- High Importance
- It is important and mandatory to make sure that clients do not lose more that what they

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have invested. This can be achieved by ensuring negative balance protection offered by the Venue for retail clients.

- Up Trend Ltd provides NBP for the Company's retail clients.

➢ *Deep liquidity pool:*

- High Importance
- Deeper the liquidity pool, greater the chances of order being executed.
- Up Trend Ltd has one of the deep liquidity pools in the industry to ensure order execution.

The Company shall not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular trading venue or execution venue, which would infringe the requirements on conflicts of interest or inducements under the Law.

Furthermore, the Company shall not structure or charge its commissions in such a way as to discriminate unfairly between execution venues. Where the Company applies different fees depending on the execution venue, the Company shall explain these differences in sufficient detail in order to allow the Client to understand the advantages and the disadvantages of the choice of a single execution venue.

The Company will determine the relative importance of the above Best Execution Factors (see Best Execution Paragraph) by using its commercial judgment and experience in the light of the information available on the market and taking into account:

(a) The characteristics of the Client order.
(b) The characteristics of financial instruments that are the subject of that order.
(c) The characteristics of the execution venue to which that order is directed.
(d) The Characteristics of the client, including its categorization as retail or professional.

In view of the above, the Company assigns the following importance level for the above Best Execution Factors:

Factor	Importance Level	Remarks
Price	High	We give strong emphasis on the quality and level of the price data that we receive from external sources in order to provide our Clients with competitive price quotes. The Company will provide its own tradable prices, derived from independent price providers. The Company ensures that the client receives best execution by checking that the price provision to the client is made with reference and compared to a range of underlying prices providers and data sources.

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		The prices that the Company quotes will be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, and commercial and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the relevant market place.
Costs	High	We take all reasonable steps to keep the costs of your transactions as low and competitive, to the extent possible. A full list of applicable charges can be found on the Company's website. Click on these hyperlinks to see charges: Forex, Stocks, Commodities, Indices & Cryptocurrency.
Speed of Execution	High	Execution speed and the opportunity for price improvement are critical to every trader and we repeatedly monitor these factors to ensure we maintain our high execution standards.
Likelihood of Execution and Settlement	High	Due to the levels of volatility affecting the underlying instrument's price, the Company seeks to provide client orders with the fastest execution reasonably possible. In almost all circumstances, under normal market conditions and if the Client has sufficient margin available on their account for the trade, the trade will be executed at the level requested. In certain circumstances (e.g. speed of internet communications and market volatility), where the quoted price is no longer representative of the 'underlying market' price, then the Client's trade will be executed at the best price available at that time, irrespective of whether the market movement is in a beneficial or detrimental direction, in accordance with the present Policy. Slippage can occur at any time but is most likely to occur during periods of high volatility, overnight and at market open. The likelihood of execution of Clients orders depends on the availability of prices of third party liquidity providers. In some cases, it may not be possible to arrange an order for execution during abnormal market conditions, for example but not limited to the following cases: overnight, during news times, trading session start moments, during volatile markets where prices may move significantly up or down and away from declared prices, where there is rapid price movement, where there is insufficient liquidity for the execution of the specific volume at the declared price, a force majeure event has occurred. If the Company is unable to proceed with an order with regard to price or size or other reason, the order will not be executed. In addition, the Company is entitled, at any time and at its discretion, without giving any notice or explanation to the Client, to decline or refuse to transmit or arrange for the execution of any order or request or instruction of the Client in circumstances explained in the Client Agreement. The Company does not accept any orders outside the market hours of the relevant underlying financial instrument, and futures are traded in accordance with the trading hours of the exchange on which the underlying financial instrument is traded. The Financial Instruments offered by the Company are CFDs which do not involve the delivery of the underlying asset. CFD trading can only be settled in cash. The Company shall proceed with the settlement of all transactions upon the execution and/or time of expiration of the specific transaction. At times of low or zero liquidity, or a halt or suspension of trading on the markets or Exchange on which the underlying product is traded, we reserve the right not to execute your order. In order to improve speed and likelihood of execution, the Company carries out certain ex-ante and ex-post quality checks relating to, for example, symmetric slippage, number of trades subject to slippage and comparison of the Company's average speed of execution with industry standards.
Size of order	Medium	All orders are placed (quoted) in monetary terms. The client can place his/ her order if he/ she has enough balance in his/ hers trading account. If the client wishes to execute a large size order, in some cases the price may become less favorable.

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		Note: that the Company does not execute any trades above normal market size.
Nature of orders	Medium	See relevant description in Best Execution Paragraph
Market Impact	Medium	See relevant description in Best Execution Paragraph

For Retail Clients, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs related 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.

8. Negative Balance Protection

When the Company executes an order on behalf of a retail client it is obligated to provide protection for negative balances (NBP). Negative balances can occur in volatile markets where the price of a traded asset deteriorates rapidly and the technology in place fails to prevent the client's account from becoming negative (going into debt). This can occur either by the lack of a margin call or failure of the margin mechanism to work due to the fast movement of the market. This situation can be particularly harmful for retail investors, as they cannot tolerate losing more than the total sum they have invested for trading. By having in place NBP, the maximum potential losses that a retail investor can have are limited to the funds in the retail client CFD trading account with the Company. NBP means that the Company is obligated to compensate retail clients in cases where their account balance becomes negative.

The Company currently operates under the Straight Through Processing (STP) model and is forbidden to internalize clients' orders and to be exposed to market risk. As such, the Brokerage Department, when executing orders on behalf of retail clients, is obligated to divert them to execution venues with which the Company has in place suitable contractual arrangements that account for NBP. These arrangements must be in writing, stipulated in the agreement between the Company and the execution venue or in an addendum or annex and signed by both parties. Specifically, when diverting retail clients' orders to an execution venue, the dealing department must ensure that the contractual agreement between the Company and the execution venue states the following:

- The execution venue assumes the responsibility for the market risk associated with each trading position of the CIF's clients.
- The execution venue assumes responsibility to cover any negative balances that may appear

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in the trading accounts of the CIF's retail clients on a per account basis.

9. Margin Close-Out Rules (MCO)

When offering CFDs to retail investors, the Company provides retail investors with the margin close-out protection. Margin close-out protection means the closure of one or more of a client's open CFDs when the sum of funds in the CFD trading account and the unrealised net profits of all open CFDs connected to that account falls to less than 50% of the total initial margin protection for all those open CFDs.

The Margin Level indicates how close your account is to a margin call. A margin call, also known as a margin stop, is a protective measure that helps traders to manage their risk and prevent additional losses. Margin calls happen when there aren't sufficient funds to cover the margin requirement.

At K-DNA, a margin call occurs when the percentage of the equity in the account drops below the minimum margin requirement(s). Margin close out for all accounts occurs when the margin level falls below 50% of the total initial margin requirements for all open CFDs, on an account level basis.
The margin level is calculated by dividing your equity by the required margin and multiplying by 100.

In cases where clients have one open CFD position in their trading account and the margin level has fallen below the 50% of the initial margin requirement, then the position will automatically be closed to protect the trading account from suffering further losses.

In cases where clients have more than one open CFD position in their trading account and the margin level has fallen below the 50% of the total initial margin amount for all those open CFDs, then our system will automatically close the position with the higher loss in your trading account. Following the closing of the first position, it will recalculate the remaining open CFD positions to check if the value of the account is below the 50% of the total initial margin. If the value is below, our system will continue closing the position with the higher loss. This procedure will be repeated until our system is satisfied that the margin level is above the 50% of the total initial margin amount for all open CFDs. This is how K-DNA helps you to manage your risk.

To avoid being closed out of your position by a margin close-out, you'll need to ensure your margin level remains above 50% of the initial margin requirements for all open CFDs by depositing more funds.

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Limiting losses is one of the most important aspects of trading and many traders choose to use stop loss orders as a protective measure. On the other hand, some traders decide to manage their risk manually by monitoring their open transactions.

Your margin level is the deposit required to maintain each open trade on your account. To open and maintain your trade, you must have sufficient trading resource to cover the margin requirement at all time.

Free margin represents the amount of capital you have remaining to place new trades or cover any negative price moves in your open trades.

The margin stop is a protective measure, particularly for traders who do not use stop loss orders.

10. General information on the main risks involved in derivatives trading

Buying and selling financial instruments offers opportunities to make profits, but also entails exposure to various types of risk that could translate into financial losses for the Client. In order to understand the different types of financial instruments, and to recognize and minimize the related risks, it is first necessary to learn their basic characteristics. It is also important to realize that there are inherent risks in all types of investment. Depending on the type of financial instrument, there may be more risks than those described in this section, with a resulting increase in the general level of risk assumed by the investor.

This section does not cover the tax or legal consequences of executing transactions in financial instruments. We therefore recommend that you seek specialist professional advice of these issues before making an investment.

This Policy is not intended to describe all the risks connected to individual financial instruments in a detailed and comprehensive manner. For a detailed and comprehensive description of the nature and risks of the financial instruments offered by the Company, please refer to the Company's Risk Disclosure Statement.

The Client should consider carefully whether trading in the financial instruments of the Company is suitable for him/her in the light of his/her circumstances and financial resources. In considering whether to engage in this form of trading, the Client should be aware of the following:

- It is emphasized that for many members of the public, dealings in the Company may not be suitable.
- The Client should not engage in any dealings directly or indirectly in the Company unless he/she knows and understands the features and risks involved in them and that he/she may lose all capital invested.

(a) Counterparty and operational risk

Counterparty risk is a type of credit risk and concerns the ability of the Client's counterparties to fulfill their obligations which is linked to their financial wellbeing. Credit risk is the risk associated with a loss or potential loss from counterparties failing to fulfil their financial obligations.

Operational risk concerns the effectiveness of the Company's internal systems, processes and procedures. It is the risk of loss resulting from inadequate or failed internal processes, employee errors and system failures.

The Client must make his/ her own assessment of the Company's ability to fulfil its obligations. It is noted that the Company, as a regulated Cyprus Investment Firm is subject to prudential regulation which is intended to reduce the risk of us failing to perform our obligations.

(b) Over the Counter Transactions

You consent and acknowledge that transactions made through the Company are not undertaken on a recognized exchange, rather they are undertaken over-the-counter ("OTC") through the Company's Trading Platform, whereby execution is effected via other financial institutions mentioned above. Accordingly, the Company may expose the Client to greater risks than the regulated exchange transactions.

The Client may only be able to close an open position of any given contract during the opening hours of the Company's trading platform. In certain cases, including but not limited to instances of a technical failure of the trading platform, we may not execute an order or we may change the opening or closing price of an executed order.

The Client may request additional information about the consequences of this means of execution (i.e. OTC) by contacting the Company at +357 25254070 or write an email to support@finmarket.com

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11. Data Publication

The Company summarises and makes public on an annual basis and before the 30th of April following the end of the period to which the report relates, for each class of financial instruments, the top five execution venues in terms of trading volumes where it executed client orders in the preceding year (RTS 28) and information on the quality of execution obtained (Execution Quality Summary Statement-EQSS). These reports are available on the Company's website's "Legal Documentation" section.

The publication shall include the following information:

i. class of financial instruments;
ii. venue name and identifier;
iii. volume of client orders executed on that execution venue expressed as a percentage of total executed volume;
iv. number of client orders executed on that execution venue expressed as a percentage of total executed orders;
v. percentage of the executed orders that were passive and aggressive orders;
vi. percentage of orders referred to in point (d) that were directed orders;
vii. confirmation of whether it has executed an average of less than one trade per business day in the previous year in that class of financial instruments.

The Company shall publish for each class of financial instruments, a summary of the analysis and conclusions it draws from its monitoring of the quality of execution obtained on the execution venues where it executed all client orders in the previous year. The information shall include:

i. an explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;
ii. a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;
iii. a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;
iv. an explanation of the factors that led to a change in the list of execution venues listed in the Company's execution policy, if such a change occurred;
v. an explanation of how order execution differs according to client categorisation;
vi. an explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in

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delivering the best possible result in terms of the total consideration to the client;

vii. an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575;

viii. where applicable, an explanation of how the Company has used output of a consolidated tape provider established under Article 65 of MiFID II.

12. Monitoring and Review

The Company shall review annually the execution policy established (by the Company's Dealing Room and Compliance Department and be approved by the Company's Board of Directors), as well as any relevant order execution arrangements.
Such a review shall also be carried out whenever a material change occurs, that affects the ability of the Company to continue to obtain the best possible result when executing client's orders via the execution venues presented in this Policy on a consistent basis.
A material change shall be a significant event that could impact parameters of best execution such as cost, price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order. The Company sets out below a non-exhaustive list of factors that constitute a Material Change:

- Change of Execution Venues;
- Any changes to the relative importance of execution criteria and relevant factors;
- Incorrect prices compared to the average market price;
- Significant increase in the daily number of Off quotes;
- Significant delay in the execution of orders.
- material market impact; material change in the level of costs resulting from connection to a venue;
- change in the scope of financial instruments traded on a venue;
- development of significant new execution procedures or a change in the market model of an existing venue;
- major change to existing arrangements, such as a material change in the human or technical resources that the company relies on to provide best execution;
- client complaints that point to a major problem (a review of a client complaint revealing non-compliance of arrangements with the execution policy does not necessarily trigger a review of the entire policy)

The Company shall assess whether a material change has occurred and shall consider making changes

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to the relative importance of the best execution factors in meeting the best execution requirement. The Company shall notify clients with whom it has an ongoing client relationship of any material changes to its order execution arrangements or Order Execution Policy.

The Company shall ensure, at all times, that the design and review process of this Policy is appropriate and takes into account any new services or products offered by the Company.

In addition, The Company will monitor on an on-going basis the effectiveness of the Order Execution Policy and the relevant order execution arrangements, in particular, the execution quality of the entities identified above and, where appropriate, correct any deficiency.

In particular, the Company shall assess, on a regular basis, whether the execution venues included in this Policy for order execution provide for the best possible result for the client, taking into consideration the information published in accordance with the above Section of this Policy, or whether the Company needs to make changes to its execution arrangements. This shall involve a combination of brokerage department and compliance monitoring.

The Company assesses on a regular basis, of particular transactions in order to determine whether it has complied with its execution policy and/or arrangements, and whether the resulting transaction has delivered the best possible result for the client.

<u>Monitoring may include comparing similar transactions</u>:

a. on the same execution venue or with the same entity, in order to test whether a firm's judgment about how orders are executed is correct, or
b. on different execution venues or entities chosen from among those in the firm's (execution) policy, in order to test whether the 'best' execution venue or entity is being chosen for a given type of transaction.

<u>The Company has procedures and processes in place to analyse the quality of execution, as well as to monitor best execution, by:</u>

c. reviewing system settings/ parameters;
d. systematically comparing prices provided by its execution venues against external price sources or other venues to ensure that there are no significant or systematic deviations in the pricing provided to its clients;
e. monitoring quality of execution by reviewing statistics related to frequency of rejections and re-quotes, as well as the symmetry of any observed slippages (positive vs negative);

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f. checking the speed of price updating;
g. comparing the Company's average speed of execution with industry standards;
h. monitoring any complaints related to the quality of execution in order to ensure that any deficiencies are improved.

In addition, the Company shall check on a regular basis whether the Company has correctly applied its Order Execution Policy and if client instructions and preferences are effectively passed along the entire execution chain.

The results of the ongoing execution monitoring shall be escalated to the Company's senior management, which shall decide on the necessary amendments/improvements in the Company's Order Execution Policy and execution arrangements.

Where monitoring reveals that a firm has fallen short of obtaining the best possible result, the firm should consider whether this is because the firm has failed to follow its (execution) policy and/or arrangements or because of a deficiency in such policy and/or arrangements, and make appropriate amendments.

13. Client Consent

This Policy forms part of the agreement between the Company and the Client. Therefore, by entering into an agreement with the Company, the Client also agrees to the terms of this Order Execution Policy, as presented in this document.

The Company considers that its Clients have given consent to this Policy, as well that they have given consent to the Company to receive and transmit an order for execution outside a trading venue (i.e. a regulated market, a Multilateral Trading Facility or an Organised Trading Facility).

14. Questions

Any reasonable and proportionate requests for information about the Company's policies or arrangements and how these are reviewed by the Company, the Company shall provide clear answers within a reasonable time.

For further enquiries regarding the Company's Order Execution Policy please contact the Company at support@finmarket.com.

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Risk Warning: CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. 66% of retail investor accounts lose money when trading CFDs with this provider. You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.

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