

ORDER EXECUTION POLICY

1 Introduction

This Summary Best Interest and Order Execution Policy (hereinafter, the “**Policy**”) represents an appendix to the Services Agreement and is provided to you (Client or prospective Client) in accordance with the Markets in Financial Instruments Directive (MiFID II) in the European Union and its transposition in Cyprus with Law 87(I)/2017, as subsequently amended from time to time (hereinafter, the “**Law**”), pursuant to which L.F. Investment Limited (hereinafter, the “**Company**”) is required to take all reasonable steps to act in the best interest of its Clients when receiving and transmitting their Client Orders and to achieve the best execution results when executing their Client Orders and when providing the investment service of Portfolio Management, as well as to comply, in particular, with the principles set out in the Law when providing investment services.

2 Scope

This Policy applies to Retail and Professional Clients, as well as to Eligible Counterparties (as defined in the Company’s Client Classification Policy found on the Company’s website at <https://www.purple-trading.com/legal-documents/>). The application of this Policy to all the Company’s Clients is for the Clients to ensure that the Company to which orders are transmitted for execution has execution arrangements that enable them to comply with their ‘duty to act in the best interest of Clients and best execution’ obligations for their Clients.

This policy applies to financial instruments and products, as defined in the Terms and Conditions of the Company, including Transferable Securities, Exchange Traded Funds (hereinafter, the “**ETFs**”), Contracts for Difference (hereinafter, the “**CFDs**”), etc. Some of these products are due to their nature traded OTC. This policy is also applicable when providing the service of Portfolio Management.

3 Best execution factors

The Company takes all sufficient steps to obtain the best possible result for its Clients taking into account price, costs, speed, likelihood of execution and settlement, size, market impact or any other consideration relevant to the execution of the Order (“Best Execution Factors”). 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.

Where the Company executes an order on behalf of a Client, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs relating to execution, which shall include all expenses incurred by the Client which directly relate to the execution of the order. For determining the relative importance of the execution factors, the following criteria are taken into account:

1. The characteristics of the Client including the categorization of the Client as Retail or Professional;
2. The characteristics of the Client order;
3. The characteristics of Financial Instruments that are the subject of that order;



4. The characteristics of the Execution Venues to which that order can be directed.

The Company considers price and costs as the most important execution factors, followed by speed, likelihood of execution and settlement, size and nature, and market impact. The relative importance attached to these execution factors does not differ across the asset classes traded by the Company.

- (a) **Price – Highest Importance:** For any given CFD, the Company will quote two prices: the higher price (ASK) at which the Client can buy (go long) that CFD, and the lower price (BID) at which the Client can sell (go short) that CFD. Collectively, the ASK and BID prices are referred to as the Company's price. The difference between the lower and the higher price of a given CFD is the spread.

Company's prices: The Company's execution price for a given CFD is set by reference to the price of the relevant underlying asset, which the Company obtains from the relevant Liquidity Provider. The Company's post trade prices for all instruments can be found on the reporting system the Client is using. Pre trade indicative prices are streamed by the Client's technology provider directly to the Client's trading platform/system. The Company updates its Liquidity Providers' prices as frequently as the limitations of technology and communications links allow. The Company reviews its Liquidity Provider's prices from time to time to ensure that the data obtained continues to remain competitive. In any manner, 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.

The main way in which the Company will ensure that the Client receives the best price will be to ensure that the calculation of the bid/ask spread is made with reference and compared to a range of underlying price providers and data sources. The Company reviews regularly or at least once a year its Execution Venue to ensure that relevant and competitive pricing is offered.

Despite the fact that the Company takes every sufficient step to obtain the best possible result for its Clients, it does not guarantee that when executing an Order its price will be more favourable than one which might be available elsewhere.

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.

Certain ex-ante and ex-post quality checks are conducted by the Company to ensure that prices obtained and subsequently passed on to Clients remain competitive. Such checks include, but not limited to, reviewing system settings/parameters, comparing prices with reputable price sources, ensuring symmetry of spread and checking the speed of price updating.

If the price reaches an Order set by you such as: Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit or Sell Stop, then these Orders are automatically executed. However, under certain trading conditions it may be impossible to execute Orders (Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit or Sell Stop) at the Client's requested price. In this case, the Company has the right to execute the Order at the first available price. This may occur, for example, at times of rapid price fluctuations 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, or this may occur at the opening of trading sessions. The minimum level for placing Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit and Sell Stop orders, for a given CFD, is specified in the Client Agreement and/or the Company's website at ([Click here](#)).

- (b) **Costs – Highest Importance:** They are related to commissions, costs and the fees charged for the execution of your order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties. For example, for opening a position in some types of CFDs or Transferable Securities the Client may be required to pay commission, spread or financing fees. Commissions may be charged either in the form of a percentage of the overall value of the trade or as fixed amounts per units of volume traded. In the case of financing fees, the value of opened positions in some types of instruments is increased or reduced by a daily financing fee “swap rate” throughout the life of the contract. Financing fees are based on prevailing market interest rates, which vary over time. Details of daily financing fees applied are available on the Company's website.

For the CFDs and Transferable Securities that the Company offers, the commission or financing fees are not incorporated into the Company's quoted prices and are instead charged explicitly to the Client account.

Details of commission, spread or daily financing fees applied are specified under the Company's Trading Terms Scheme which are duly communicated to the Client and are also available on the Company's website.

In addition, where the Company transmits orders for execution to another third party, the Client may be required to pay additional costs (whether Execution Venue fees or other fees paid to a third party involved in the transaction), the amount of which is disclosed on the Company's website.

Note that the Company nevertheless may obtain a commission/inducement from its Liquidity Provider in consideration for the transmission of Clients Orders for execution to the Liquidity Provider. The Client has the right to contact the Company for more clarifications in relation to these commissions.

Should the Company at any period of time decide not to charge such costs, it shall not be construed as a waiver of its rights to apply them in the future, with prior notice to the Client as explained in the Client Agreement found on the Company's website. Such notice may be sent personally to the Client and/or posted on the Company's website.

- (c) **Speed of Execution – Highest Importance:** The Company acts as an agent on the Client's behalf. The Company does not execute the Client Order as a principal to principal against the Client, i.e. the Company is not the Execution Venue for the execution of the Client's orders. Therefore, the Company transmits Client Orders or arranges for their execution with the Liquidity Providers with whom it is collaborating with.

The Company places a significant importance when executing Client Orders and strives to offer high speed of execution within the limitations of technology and communications links. For



instance, in cases where Clients are using a wireless connection or a dial up connection or any other communication link that can cause a poor internet connection then this may cause unstable connectivity with the Company's trading platform resulting to the Client placing his Orders at a delay and hence the Orders to be executed at better or worst prevailing price offered by the Company.

- (d) **Likelihood of Execution – Medium Importance:** When the Company transmits Orders for Execution the likelihood of execution depends on the availability of prices of the Liquidity Providers. In some case it may not be possible to arrange an Order for execution, for example (but not limited to) in the following cases: during news times, during trading session start moments, during volatile markets where prices may move significantly up or down and deviate from quoted prices, where there is a rapid price movement, where there is insufficient liquidity for the execution of the specific volume at the declared price, when a force majeure event has occurred. In the event that the Company is unable to proceed with an Order with regard to price or size or other reason, the Company will not send a re-quote to the Client with the price it is willing to deal, so the Order will not be executed.

The Company may in its sole discretion, while making reasonable efforts for post-notification, alter transactions, not transmit, not execute or cancel an executed transactions if: (a) the transactions were executed by arbitrage/exploitation of market failures or off market rates; (b) a technical problem withheld the transaction from being executed as desired; (c) a Liquidity Provider has cancelled or altered the transaction with the Company; and/or (d) the transaction covering failed or was partially executed with the Liquidity Provider. The Company is also 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 under the circumstances explained in the Client Agreement/General Terms and Conditions.

Where the Company may transmit orders for execution to a third party (another Execution Venue), the likelihood of execution depends on the pricing and available liquidity of such other third party.

In order to improve speed and likelihood of execution the Company carries out certain ex-ante and ex-post quality checks. Such checks include, but not limited to, symmetric slippage checks, number of trades subject to slippage and comparing our average speed of execution with industry standards.

- (e) **Likelihood of settlement – Low Importance:** The Company shall proceed to a settlement of all transactions upon execution of such transactions. If the Company becomes aware that a particular execution strategy may compromise the likelihood of settlement, we may not pursue that strategy even if it would result in a better price.
- (f) **Size of order – Low Importance:** The actual minimum size of an order is different for each type of account. A lot is a unit measuring the transaction amount and it is different for each type of CFD. For the value of minimum and maximum size of an order and each lot for a given CFD type, please refer to the Company's website as well as to the Trading Terms Scheme and Procedures, which are duly communicated to the Client. If the Client wishes to execute a large



size order, in some cases the price may become less favourable. The Company reserves the right to decline an Order in case the size of the Order is large and cannot be filled by the Company or for any other reason as explained in the Client Agreement found at ([Click here](#)).

- (g) **Market Impact – Medium Importance:** Some factors may rapidly affect the price of the underlying instruments/products which the Company's quoted price is derived and may also affect other factors listed herein. The Company will take all sufficient steps to obtain the best possible result for its Clients.
- (h) **Nature of the Order:** The nature of an Order may affect the execution of that particular Order. The client is given the option to place with the Company on its trading Platform the Orders described in Section 3.1 below.

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.

3.1 Types of Order(s) in Trading in CFDs:

The specific characteristics of an Order may affect the execution of the Client's Order. Please see below the different types of Orders that a Client can be placed:

Markets Order(s)

A Market Order is an Order to buy or sell a CFD as promptly as possible at the prevailing market price. Execution of this Order results in opening a trade position. CFDs are bought at ASK price and sold at BID price. Stop Loss and Take Profit Orders can be attached to a Market Order. Market Orders are offered for all type of accounts.

Pending Order(s)

This is an Order to buy or sell a CFD in the future at the best available price once a certain price is reached. The Company offers the following types of Pending Orders: Buy Limit, Buy Stop, Sell Limit or Sell Stop Orders to trading accounts for CFDs.

In cTrader trading platform the Company offers the following types of Pending Orders: Buy Limit, Buy Stop, Sell Limit or Sell Stop Orders, Buy Stop Limit and Sell Stop Limit to trading accounts for CFDs

A Pending order is an Order that allows the user to buy or sell a CFD at a pre-defined price in the future. These Pending Orders are executed once the price reaches the requested level. However, it is noted that under certain trading conditions it may be impossible to execute these Orders at the Client's requested price. In this case, the Company has the right to execute the Order at the first available price. This may occur, for example, at times of rapid price fluctuations of 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, or there is lack of liquidity, or this may occur at the opening of trading sessions.



It is noted that Stop Loss and Take Profit may be attached to a Pending Order. Also, pending orders are good till cancel. Pending Orders are offered for all type of accounts.

Take Profit

Take Profit Order is intended for gaining the profit when the CFD's 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, market or a pending Order. Under this type of order, the Company's trading platform checks long positions with Bid price for meeting of this order provisions (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).

Stop Loss

Stop Loss Order is used for minimising of losses if the CFD's price has started to move in an unprofitable direction. If the CFD's price reaches this stop loss level, the whole position will be closed automatically. Such Orders are always connected to an open, market or a pending 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).

3.2 Execution Practises in CFDs

Slippage

You are warned that Slippage may occur when trading in CFDs. This is the situation when at the time that an Order is presented for execution, the specific price shown 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 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, your Orders may not be executed at declared prices.

Slippage may appear in all types of accounts we offer. It is noted that Slippage can occur also during Stop Loss, Take Profit and other types of Orders (see Section 3.1. above). We do not guarantee the execution of your Orders at the price specified. However, we confirm that your Order will be executed at the next best available price from the price you have specified under your Order.

Re-quotes



In some cases, the Company may be providing a secondary quote to the Client after an Order has been submitted; the Client must agree to this re-quote before the order is executed. The Company shall provide re-quotes if the requested price of the Client is not available at the specific time of execution. The secondary price provided to the Client is the next available price received by the Company from its price feeders.

3.3 Different Types of Trading Accounts in CFDs:

The Company offers different types of Trading Account. In this respect, the initial minimum deposit, the spreads, costs, size commissions, if any etc. may differ according to each type of Trading Account. Further information regarding the different types of Trading Accounts offered can be found on the Company's website at [\(Click here\)](#).

4 Best execution criteria

When executing Client orders, the Company takes into account the following criteria for determining the relative importance of the Best Execution Factors referred in paragraph 3 above:

- The characteristics of the client including the categorization of the Client as retail or professional;
- The characteristics of the client Order;
- The characteristics of the financial instruments that are the subject of that Order;
- The characteristics of the Execution Venue to which that Order is directed.
- The best possible result will be determined in terms of the total consideration, representing the price of the contract and the cost related to execution. The other execution factors of speed, likelihood of execution size, nature or any other relevant consideration will, in most case, be secondary to price and cost considerations, unless they would deliver the best possible result for the client in terms of total consideration.

The Company determines the relative importance it assigns, in accordance with the abovementioned criteria, to the Best Execution Factors by using its commercial judgment and experience in light of the information available on the market and taking into account the remarks included in paragraph 3. The Company assigns the following importance level to the 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. |
| Costs | High | We take all sufficient steps to keep the costs of your transactions as low and competitive, to the extent possible. |



| | | |
|--------------------------|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Speed of Execution | High | Execution speed and the opportunity for price improvement are critical to every trader and we repeatedly monitor this factor to ensure we maintain our high execution standards |
| Likelihood of Execution | Medium | Even though we reserve the right to decline a Client order we aim to execute all Client Orders, to the extent possible. |
| Likelihood of Settlement | Low | See relevant description in Best Execution Factors. |
| Size of Order | Low | See relevant description in Best Execution Factors. |
| Market Impact | Medium | See relevant description in Best Execution Factors. |

Where 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.

For the purposes of delivering best execution where there is more than one competing Execution Venue to execute an Order, in order to assess and compare the results for the Client that would be achieved by executing the Order on each of the execution , that is capable of executing that Order, the Company's own commissions and costs for executing the order on each of the eligible execution venue shall be taken into account in that assessment. The Company shall not structure or charge commissions in such a way as to discriminate unfairly between execution venues.

5 Client specific instructions

Whenever there is a specific instruction from or on behalf of the Client (e.g. fills in the required parts on the Company's trading platform when placing an Order), relating to the Order or the specific aspect of the Order, the Company shall arrange - to the extent possible - for the execution of the Client Order strictly in accordance with the specific instruction.

WARNING: It is noted that any specific instructions from a Client may prevent the Company from taking the steps that it has designed and implemented in this Policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions. However, it shall be considered that the Company satisfies its obligation to take all sufficient steps to obtain the best possible result for the Client. Trading rules for specific markets or market conditions may prevent the Company from following certain of the Client's instructions.



6 Execution of client orders

Clients' orders shall be transmitted to the Company's system from the Client's system by electronic means. The Company may also, at its sole discretion and during its working hours, receive Client's specific instructions regarding transaction execution via the following means: telephone, fax and/or electronic mail to the brokerage department, subject to the terms of this Policy and the Services Agreement. Such instructions will not impose any obligation upon the Company to execute these instructions.

The Company shall satisfy the following conditions when carrying out Client orders:

- (a) ensures that orders executed on behalf of Clients are promptly and accurately recorded and allocated;
- (b) carries out otherwise comparable Client orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the Client require otherwise;
- (c) informs all its Client about any material difficulty relevant to the proper carrying out of orders, within reasonable timeframe, upon becoming aware of the difficulty.

For instruments admitted to trading and official listing on a regulated market or stock exchange (i.e. Bonds, Stocks, Futures and ETFs), the Company routes orders to the multilateral trading facility or third parties that can execute trade on stock exchanges by the prices of stock exchange.

7 For OTC products, the Company will route orders to the appropriate Liquidity Provider firms for the execution by prices provided by them on trading platform. Execution venues

Execution Venues are the entities with which the Orders are placed. The Company is engaged with a number of Liquidity Providers which act as the Execution Venues for Client Orders and which shall be duly communicated to the Client upon request.

In more detail the Company's Liquidity Providers are the following:

- IS Prime Limited (licensed and regulated by the Financial Conduct Authority of the United Kingdom);
- LMAX Limited (licensed and regulated by the Financial Conduct Authority of the United Kingdom);
- IS Prime Hong Kong Limited (licensed and regulated by the Securities and Futures Commission of the Hong Kong)
- European Investment Centre, o.c.p., a. s. (licensed and regulated by the National Bank of Slovakia);
- EXT Ltd (licensed and regulated by the Cyprus Securities and Exchange Commission).
- GBE Brokers Ltd (licensed and regulated by the Cyprus Securities and Exchange Commission).
- AXIORY Global Ltd (licensed and regulated by the Belize Financial Services Commission).



The abovementioned list may be changed at the Company's discretion. The Company evaluates and selects the Execution Venues based on a number of criteria including such as (but not limited to) the following:

- a. the regulatory status of the institution
- b. the ability to deal with large volume of Orders
- c. the speed of execution
- d. the competitiveness of commission rates and spreads
- e. the reputation of the institution
- f. the ease of doing business
- g. the legal terms of the business relationship
- h. the financial status of the institution
- i. various qualitative criteria such as clearing schemes, circuit breakers and scheduled actions.

The Company places different relative importance on each of the criteria mentioned above by using its commercial judgment and experience in the light of the information available on the market.

The Company selects to work with those third party venues that enable the Company to obtain on a consistent basis the best possible result for the execution of Client orders. 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, not an outcome. This means that, when the Company is executing an order for a Client, the Company must execute it in accordance with its execution policy.

The Company does not guarantee that the exact price requested will be obtained in all circumstances and, in any event, the factors may lead to a different result in a particular transaction.

The Client acknowledges that the transactions entered in CFDs with the Company are not undertaken on a recognized exchange, rather they are undertaken over the counter (OTC) and as such they may expose the Client to greater risks than regulated exchange transactions. Therefore, the Company may not manage to have an Order executed, or it may change the opening (closing) price of an Order in case of any technical failure of the trading platform or quote feeds. Further to this, the Client agrees to the fact that his orders will be executed outside Regulated Market (e.g. Licensed European Stock Exchange) or a Multilateral Trading Facility (e.g. European Financial Trading System).

The Company, prior deciding which Execution Venues to use for Client orders, compares different Liquidity Providers and performs due diligence of them. Some of the parameters that the Company evaluates, include the following:

- Pricing frequency – how many ticks per second the Liquidity Provider provide.
- Speed of communication/execution – How fast are the prices received/orders executed.
- Occurrence of price freezes and frequency.
- Depth of liquidity – What is the liquidity provided by the Liquidity Provider.

In general, the Company places great significance on the choice of its Liquidity Providers as it strives to offer, on a consistent basis, best execution to its Clients.



8 Publication of information on execution venues and data quality of execution of transactions

Pursuant to the Commission's Delegated Regulations (EU) 2017/576, the Company publishes on its website on an annual basis information on the top five execution venues as well as information on the quality of execution of orders obtained (RTS 28 and EQSS), which are available <https://www.purple-trading.com/legal-documents>.

9 Client consent

By entering into a Client Agreement with the Company for the provision of Investment Services, the Client is consenting to an application of this Policy on the business relationship between the Company and the Client (i.e. this Policy forms part of the Client Agreement found at the Company's website).

10 Amendment of the policy and additional information

The Company will review and update this Policy on an annual basis and whenever a material change occurs that affects the Company's ability to obtain the best possible result for the execution of Client orders.

Further, the Company reserves the right to review and/or amend this Policy and arrangements whenever it deems this appropriate according to the terms of the Client Agreement. It should be noted that the Company will not notify Client separately of changes, other than substantial material changes to the Policy, and Clients should therefore refer from time to time to the website of the Company at (Click here) for the most up to date version of the Policy.

Should you require any further information and/or have any questions about the Policy please direct your request and/or questions to support@purple-trading.com

