

**CPT** MARKETS UK

# BEST EXECUTION POLICY

## 1. INTRODUCTION

This Policy sets forth information relating to how the Firm seeks to provide order and best execution as required by the Markets in Financial Instruments Directive 2014/65/EC (“MiFID II”) and by the Financial Conduct Authority Conduct of Business Sourcebook (“COBS”), in each case as amended or supplemented from time to time, when executing orders on behalf of clients.

It is important that you review this Policy in conjunction with your Client Agreement and any other agreements or documents which affect your relationship with us.

Please note that, by executing the Client Agreement and continuing to do business with us, you will have consented to the provisions of this Policy.

This Policy is supplemented by various appendices which provide further details to our considerations. These appendices should be read in conjunction with this Policy.

## 2. SCOPE OF POLICY

This Policy is provided to you as our client (the “Client”) regardless of whether you are a retail, elective professional client or a p e r s e professional and it is not applicable to business conducted with eligible counterparties.

In accordance with MiFID II and COBS and where best execution applies, when executing orders CPT MARKETS UK will take all sufficient steps to obtain the best possible result for its clients, taking into account the Execution Factors set out in Paragraph 3.

The requirements relating to obtaining the best possible result for clients (“Best Execution”) will be applied to any relevant transaction, in a MiFID Financial Instrument.

The complete list of the relevant “MiFID Financial Instruments” to which this Policy applies are defined in Annex 1.

## 3. BEST EXECUTION & FACTORS

Best execution is the requirement to take all sufficient steps to obtain the best possible result when either executing transactions on the Clients behalf or using other affiliates, brokers or liquidity providers to execute transactions on your behalf, taking into account the following execution factors:

- (a) price;
- (b) speed;
- (c) costs;
- (d) the likelihood of execution and settlement;
- (e) size;
- (f) the nature of the transaction; and
- (g) any other consideration relevant to the execution.

In general, CPT MARKETS UK regards price and costs as being the most important Execution Factors when seeking to obtain the best possible outcome for clients, and especially retail clients. However, in certain circumstances CPT MARKETS UK may decide in its absolute discretion that the other factors mentioned above are more important.

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#### 4. WHEN IS BEST EXECUTION APPLICABLE

(a) Executing orders on behalf of clients

When CPT MARKETS UK executes orders on behalf of clients on a 'matched principal' basis, it will be acting on the client's behalf and as the client's sole counterparty and we will apply Best Execution in such cases. 'Matched principal trading' means a transaction where CPT MARKETS UK interposes itself between the buyer and the seller to the transaction in such a way that it is never exposed to market risk throughout the execution of the transaction, with both sides executed simultaneously, and where the transaction is concluded at a price where CPT MARKETS UK makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction.

(c) Request for Quote (RFQ)

Best execution obligations are unlikely to apply where you have asked us for a quote ("RFQ"), as we generally take the view that in the context of the European Commission's four considerations there is no legitimate reliance being placed on us to meet the relevant best execution requirements. In such circumstances, we would consider ourselves to be your direct counterparty and we would execute the quote after you have accepted it and we would take into account the changing market conditions and the time elapsed between the offer and acceptance of the quote to help ensure it is not manifestly out of date.

(d) Specific Instructions

Where you provide CPT MARKETS UK with a Specific Instruction in relation to an order, CPT MARKETS UK is obliged to follow such Specific Instruction so far as is reasonably possible when executing the trade. By following your Specific Instruction, we will have satisfied the obligation to provide you with best execution in relation to that transaction. Examples of such instructions may include, but are not limited to, requests to execute on a particular venue or to execute an order over a particular timeframe.

In circumstances where you give us a Specific Instruction which applies only to one part or one aspect of an order, CPT MARKETS UK will follow that instruction so far as is reasonably possible when executing the trade. By following your Specific Instruction, we will have satisfied the obligation to provide you with best execution in relation to the relevant part of the transaction to which the Specific Instruction applied. The remaining portion of that order not covered by such instructions may still be applicable for best execution in accordance with the criteria laid out in this Policy.

As a general observation, please note that we will not induce you to instruct us to execute an order in a particular way. However, this does not prevent us from inviting you to choose between two or more specified Trading Venues whose selection is consistent with this Policy.

It is important for you to note that, in respect of any transaction arising from the exercise of an option, we consider that you have provided us with Specific Instructions.

Please note that any Specific Instructions which you provide us in respect of an order may prevent us from taking the steps that we have designed and implemented, as specified in this Policy, to obtain the best possible result for the execution of such order.

#### 5. EXECUTION FEES & CHARGES

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CPT MARKETS UK will provide clients with a breakdown of its costs & charges which include:

- (i) a spread, which will reflect the difference between the bid/ask price for the specific financial instrument or currency pair you the client is seeking to buy or sell;
- (ii) a financing cost, whereby for every day the client keeps a position open and depending on the position held (e.g. long or short) as well as the prevailing interest rates, the client account will be debited or credited with a cost that reflects such change in interest rates accordingly;
- (iii) a currency conversion cost, which will be the fee the Firm has to pay if the Firm needs to convert the realized profit / loss from the financial instrument currency to the client's bank account currency;
- (iv) a commission, which may be applied in some cases, for example, where a client may be introduced to us, or where the Client buys or sells a specific financial instrument or currency pair. In all cases such commission will be communicated to the client before a business relationship is established, or in any case trading takes place.

The commission or mark-up charged by CPT MARKETS UK may take into account any of the following factors:

- (a) the type of client (institutional, producer, consumer);
- (b) the level of service required;
- (c) the frequency of trading;
- (d) the source and type of trade flow;
- (e) the client's credit line requirements;
- (f) the client's margin requirements;
- (g) the client's pricing requirements; and
- (h) the technology required.

CPT MARKETS UK will provide clients with a breakdown of the costs and fees associated with a given transaction upon request.

## 6. Execution Venues

Execution Venue is the term used to describe the Regulated Market, Multilateral Trading Facility ("MTF"), Liquidity Provider or Systematic Internaliser where CPT MARKETS UK executes an order on behalf of a client. A list of the Execution Venues used by CPT MARKETS UK can be found in Annex 2.

In selecting the appropriate Execution Venue for a specific transaction, CPT MARKETS UK will consider the following execution factors:

- (a) available price in the market;
- (b) transaction costs (including commission, execution, clearing and settlement costs);
- (c) speed of execution;
- (d) the likelihood of execution and settlement (depending on liquidity in the particular market);
- (e) the size and nature of the transaction; and
- (f) Any other consideration that CPT MARKETS UK deems to be relevant to the execution of that transaction.

CPT MARKETS UK considers the following criteria when determining the relative importance of the abovementioned execution factors:

- (a) characteristics of the client;
- (b) characteristics of the client's order (e.g. market, limit, stop);

- (c) characteristics of the financial instrument(s);
- (d) characteristics of the Execution Venues to which the order can be directed.

In general, CPT MARKETS UK regards price as being the most important execution factor when seeking to obtain the best possible outcome for clients. However, in certain circumstances CPT MARKETS UK may decide in its absolute discretion that the other factors mentioned above are more important than price.

CPT MARKETS UK's choice of venue may be constrained by the fact that there may be only one venue where an order can be executed due to the nature of the client's order or requirements. CPT MARKETS UK may execute orders internally. These orders will only be internalised when it is determined, in accordance with this policy and taking into account potential conflicts of interest and regulatory restrictions, that CPT MARKETS UK is the appropriate Execution Venue.

Orders will be internalised when, after consideration of the execution factors, CPT MARKETS UK's internal execution is expected to provide the best result for the client. Execution Venue and counterparty monitoring CPT MARKETS UK regularly assesses whether the Execution Venues it accesses, and the counterparties to whom CPT MARKETS UK transmits Client Order, continue to provide the best possible outcome for clients.

The following factors are assessed during the selection of a new Execution Venue:

- (a) type of execution service;
- (b) type of financial instruments executed by the venue or counterparty;
- (c) details of any liquidity analysis undertaken;
- (d) explicit and implicit costs of execution;
- (e) details of any comparison against other venues and counterparties;
- (f) CPT MARKETS UK's ability to monitor the delivery of Best Execution.

The following factors are assessed during the monitoring of an existing venue or counterparty:

- (a) details of any complaints regarding the quality of execution by the venue or counterparty;
- (b) details of any monitoring against other venues, counterparties or appropriate benchmarks;
- (c) details of any changes in the agreed remuneration structure; and
- (d) details of any changes to the costs of execution.

## **7. REPORTING REQUIREMENTS**

The Firm will be providing its clients with:

- (a) its annual report on the top 5 execution venues in terms of trading volumes per class of financial instrument; and
- (b) its annual monitoring report containing our assessment of the quality of execution obtained on the execution venues we have executed our Client Order.

All reports will be made available on our website.

## **8. INDUCEMENTS**

CPT MARKETS UK as part of its selection of Execution Venues does not receive or pay any inducements which could influence its decision-making process. If at any point in time an inducement is paid to an execution venue or received by CPT MARKETS UK, such inducement will be treated in accordance with the regulatory requirements with the necessary disclosures made to the Firm's clients accordingly.

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## 9. MONITORING AND REVIEW

CPT MARKETS UK has implemented a governance framework and control process through which it monitors the effectiveness of its order execution arrangements and this Policy, to identify and, where appropriate, correct any deficiencies.

Through this governance framework and controls process, CPT MARKETS UK will assess whether the Execution Venues CPT MARKETS UK uses (included in Annex 2 of this Policy) provide the best possible result for you or whether we need to make changes to these Execution Venues, the relative importance we attach to the Execution Factors and any other aspects of our execution arrangements.

The internal procedures we have implemented include the following:

(a) having dedicated personnel for compiling and reviewing the executed orders whilst providing updates to our senior management; and

(b) monitoring the quality of execution data published by Execution Venues in accordance with their regulatory requirements and assessing if alternate Execution Venues should be used.

We review our order execution arrangements and this Policy at least annually or whenever a material change occurs that affects our ability to obtain the best result for the execution of your Orders on a consistent basis. Any material changes to this Policy will be published via the CPT MARKETS UK website.

## 10. ORDER/QUOTE HANDLING

Subject to our Terms of Business, orders may be placed with CPT MARKETS UK manually (e.g. phone orders) or electronically (e.g. platform). Please refer to our Terms of Business in this regard. Orders will be dealt with by the trading desk who will determine the strategy on handling your order, based on the prioritisation of Execution Factors above and taking into account any particular criteria or instructions provided.

## 11. DEFINITIONS

For the purposes of this Policy, the following terms have the following definitions:

**Client Order:** A verbal or electronic agreement to execute a transaction on behalf of a client in any of the “MiFID Financial Instruments” listed in Annex 1.

**Execution Factors:** The Execution Factors laid out in Paragraph 6 of this Policy.

**Execution Venue:** A Regulated Market, an MTF, an OTF, a Systematic Internaliser or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.

**Multilateral Trading Facility (or MTF):** A multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in “MiFID Financial Instruments” – in the system and in accordance with non-discretionary rules – in a way that results in a contract in accordance with Title II of MiFID II.

**Organised Trading Facility (or OTF):** A multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products,

emission allowances or derivatives are able to interact in the system in a way that results in a contract in accordance with Title II of MiFID II.

**Regulated Market:** A multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in “MiFID Financial Instruments” – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the “MiFID Financial Instruments” admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with Title III of MiFID II.

**Specific Instructions:** Instructions provided to CPT MARKETS UK by a client when placing an order for execution. Examples of such instructions may contain, but are not limited to, the selection of a limit price, a period of time the order may remain valid or request to execute the order on a specific Execution Venue.

**Systematic Internaliser:** An investment firm which, on an organised, frequent systematic and substantial basis, deals on own account when executing Client Order outside a Regulated Market, an MTF or an OTF without operating a multilateral system.

## **12. STAFF AWARENESS**

All relevant staff are to be periodically required to self-attest their ongoing understanding and adherence to this Policy and the part they play in helping and supporting the Firm to successfully deliver its obligations and manage the reasonable associated risks.

## **13. POLICY OWNERSHIP & REVIEW**

The adequate fit-for-purpose content and maintenance of this Policy lies with the owner of this Policy and with the Firm’s senior-management (Board) being responsible for the ongoing quality approval and effective use and embedding within the Firm.

## ANNEX 1

### List of MiFID Financial Instruments

The Policy applies to the following financial instruments as seen and defined in Directive 2014/65/EU, Annex 1:

1. transferable securities;
2. money-market instruments;
3. units in collective investment undertakings;
4. options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
5. options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
6. options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a Regulated Market, an MTF or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
7. options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Schedule 1 and not being for commercial purposes, which have the characteristics of other derivative “MiFID Financial Instruments”;
8. derivative instruments for the transfer of credit risk;
9. financial contracts for differences;
10. options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a Regulated Market, OTF or an MTF; and
11. emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).

## ANNEX 2

### Execution Venues

No.	Execution Venue	Number of trades in %	Volumes in %
1.	DIVISA CAPITAL	84.32	99.37
2.	LMAX EXCHANGE	9.38	0.40
3.	ICM CAPITAL	6.31	0.23