

# Dukascopy Europe IBS AS

## Client order execution policy

## 1. PURPOSE

The purpose of this Policy is to identify the main basic principles and elements of providing Clients with quality service provision and the best results in transactions with financial instruments, as well as to familiarize the Client with the order execution arrangements offered by Dukascopy Europe IBS AS.

## 2. TERMS AND ABBREVIATIONS

2.1. **Company** – Dukascopy Europe IBS AS.

2.2. **Policy** – this Client Order Execution Policy of the Company.

2.3. **Financial instruments (FI)** - exchange-traded or OTC tradable assets and their derivatives on which the Client may submit Orders or conclude transactions with the Company.

2.4. **Over-the-counter (OTC) – off-regulated market trading**

2.5. **Client** - a person who is offered investment services and/or ancillary (non-core) investment services by the Company in accordance with the concluded Agreement.

2.6. **Agreement** - an agreement that is concluded between the Company and the Client on investment services or ancillary (non-core) investment services.

2.7. **Order** – a trading instruction which the Client submits to the Company, during the execution of which the Company acts as the agent of the Client and on the latter's behalf.

2.8. **Trading platform** – SWFX trading platform that provides a technical solution for trading.

## 3. GENERAL PROVISIONS

3.1. The Company, developing this Policy, notifies that the Client Orders related to FI are adopted and executed by following the listed principles:

3.1.1. The best possible result for the Client transactions with FI is based on the proportionality of the Clients benefits and expenses in accordance with the requirements of legal acts;

3.1.2. Regular updating the Policy;

3.1.3. Public access to the Policy on the Company's homepage and in the Company's office;

3.1.4. Monitoring the order execution venues and the performance of the Company's counterparties.

3.2. The Company is prohibited from executing transactions with FI belonging to or held by the Client, if it has not received the Client's consent to this Policy when concluding a contract. Prior to concluding a contract, the Company shall notify the Client of the adopted Policy including all its amendments. The Company shall provide the following information on its Policy to the private Clients:

3.2.1. an overview of the execution venues mentioning factors which the Company considers necessary to provide the best possible result for the Client.

3.2.2. the list of execution venues of Orders, at which the Company plans to consistently provide the best possible Order execution.

3.2.3. a clear and prominent warning that any specific instructions from a Client may prevent the Company from taking the measures in accordance with this Policy which ensure obtaining the best possible result for the execution of those Orders with regards to the elements covered by those instructions.

3.3. Although the Policy aims to provide to the Client with the best possible result of FI transactions, the Company does not exclude the possibility that events listed in this Policy do not achieve the best possible result from the Client's perspective.

3.4. The Company has the right not to use the best possible result principle in the following situations:

- 3.4.1. the Client is assigned eligible counterparty status;
- 3.4.2. the Company conducts transactions on the trading platform;
- 3.4.3. situations envisaged in section 4.9. hereof;
- 3.4.4. in cases specified in the Latvian Financial Instruments Market Law.

3.5. The Company may use a single trade venue for certain FI.

3.6. The Company complies with the requirements of the Policy when accepting and executing Client Orders within the scope of investment services and ancillary (non-core) investment services specified in the Contract between the Company and the Client.

#### **4. CLIENT ORDERS AND THEIR TYPES**

4.1. The Company executes the Client's Orders in a timely, efficient and fair manner.

4.2. The Company shall accept only Orders emanating from the Client or his authorized representative. When executing an Order, the Company shall proceed in accordance with the Client's instructions.

4.3. The Company executes an Order which is prepared by the Company in accordance with a Client's instruction conducting individual management of FI belonging to the Client provided that the Client has agreed to this Order execution Policy.

4.4. Orders submitted by the Company to its counterparty or to the selected contractor in accordance with the Client's instruction, in accordance with the terms in the concluded Contract (for example, closing the Client's position), or in the case of usage of financial collateral, shall be deemed Orders submitted in person and be subject to this Policy.

4.5. The Client can submit the following Orders to the Company:

- 4.5.1. Conditional Order – an Order to buy or sell a certain amount of FI with specific instructions;
- 4.5.2. Market Order – an Order to buy or sell a certain amount of FI for the current price;
- 4.5.3. Other Orders, if they are required by a certain service or Contract.

4.6. The Company is entitled to limit the types of Orders which are available to the Client (e.g., market price Orders, restrictive Orders).

4.7. The Company is entitled to limit and apply a shorter Order validity than applied at the Order execution venue.

4.8. The Company takes all necessary and reasonable actions to achieve the best result for the Client in accordance with the terms of this Policy. When the Company receives an Order, the Company executes it with diligence, in accordance with market practice, knowledge and experience with the purpose to obtain the best result for the Client.

4.9. The Client is entitled to include specific instructions in the Order, however the Company warns the Client that specific instructions may hinder or make it impossible for the Company to execute the Order in accordance with the Policy, providing the Client with the best order execution results in relation to elements included in these instructions.

4.10. The Company follows the specific instructions which are included in the Order to the widest extent possible, including when the instructions submitted in the Order preclude the best possible outcome for the Client.

## **5. ORDER SUBMISSION**

5.1. The Client may submit the Order in person on the trading platform, by phone or by e-mail to the address posted on the Company's homepage. The Company may limit or impose different Order submission forms in the Agreement not mentioned in this Policy.

5.2. Every time the Client submits Orders to the Company, the Company is entitled to record any conversation with the Client in any form or record the communication with the Client in any other form, and has the right to use these records as proof for the submitted Order.

5.3. Reception and processing of an Order depends on the type of submission. The Order execution sequence depends not only on the time, but also on the form of submitting the Order. When giving the Order, the Client must ensure that the Company has received it. Otherwise, such Order will not be deemed submitted.

5.4. When the Company executes the Order, it takes into account one or more criteria:

5.4.1. The price of FI specified in the Order;

5.4.2. Execution costs;

5.4.3. Possibility of execution;

5.4.4. Security and probability of settlements;

5.4.5. Speed of execution;

5.4.6. Amount of FI specified in the Order;

5.4.7. Type of the Order;

5.4.8. Any other factors that affect the efficient execution of Clients' Orders as well as the consistency and continuity of the Order execution process.

5.5. In order to determine the importance of other factors in the execution of Orders, the Company additionally considers the following criteria:

5.5.1. The Client's characteristics, including the Client's status;

5.5.2. Type and amount of the Order;

5.5.3. Characteristics of FI which are the subject of the Order;

5.5.4. Characteristics of the Order execution venue.

## **6. CLIENT ORDER EXECUTION**

6.1. The Private client is notified about any major difficulties likely to affect the correct execution of a particular Order in a timely manner.

6.2. After the Order execution (after concluding the relevant transaction and making the payment), FI and cash funds earned through a particular transaction are immediately credited by the Company to the Client's FI account held with the Company.

6.3. The Company may execute an Order outside the relevant regulated market and Trading platform, notifying the Client in advance.

6.4. If the Company does not have direct access to the relevant regulated market of the Order, then the Company is entitled to transfer the execution to a contractor or counterparty of the Company. The Order's routing means that the transaction is executed by the respective third party.

6.5. The Client is notified that the Order is executed by a contractor or counterparty of the Company. If the contractor or counterparty of the Company executes the Order, then the transaction is legally effective only after the Company receives confirmation of execution from the contractor or counterparty of the Company.

6.6. The Company selects the contractor or the Counterparty that is capable to execute the Order, while guaranteeing the Company's responsibility to obtain the best possible result for the Client. The Company selects the contractors or counterparties that are capable of providing at least the same results of the Order execution as other reasonably selected contractors or counterparties could. 6.7. When transmitting Orders to the Company's contractors, the Company is not in a position to maintain direct control over the Order execution process and adherence to the Order execution principles as stipulated in this Policy. The Company therefore cannot guarantee that it will always be able to provide the best possible result and the best possible price in relation to each Order executed through a counterparty. However, the Company regularly monitors whether counterparties deliver the best execution result for Orders. The Company evaluates the speed and the security of the transactions, convenience, pricing, and similar terms related to contractors.

6.8. The Company's full list of counterparties and contractors is publicly available on the Company's website and at the Company's office.

6.9. If the Client wants to conclude a transaction or to submit an Order of basic FI, the Company shall not evaluate the suitability of this transaction or Order for the Client. The Company is obliged to notify the Client and obtain his approval to this Policy about the submission of such Orders before the conclusion of the contract. Potential Clients are informed about the submission of such Orders by placing this Policy on the Company's website.

6.10. Following instruments are considered to be basic FI:

6.10.1. stocks (shares) admitted to trading on a local regulated market or foreign market;

6.10.2. money market instruments;

6.10.3. bonds or other debt securities (excluding bonds and the money market instruments that include derivative FI);

6.10.4. investment fund share certificates;

6.10.5. other basic FI provided that:

6.10.5.1. they are not derivative FI;

6.10.5.2. they are frequently issued, repurchased or in other way sold FI at publicly available prices that are market prices or prices determined by the issuer;

6.10.5.3. they do not include any existing or possible financial obligations that exceeds the asking price of the FI;

6.10.5.4. information about the characteristics of the FI is publicly available, easy to understand and allows the average private client to make an informed decision about this FI.

## **7. AGGREGATION AND ALLOCATION OF ORDERS**

7.1. The Company does not aggregate Orders, but instead forwards them to its counterparties or contractors, except for occasions when the Company fully manages the Client's individual FI pursuant to the Client's mandate.

7.2. The Company can aggregate Clients' orders if in the Company's opinion the order aggregation is not likely to harm the Clients' interests. The aggregation mentioned herein shall comply with the following requirements:

7.2.1. The Company may aggregate one Client's Order with another Client's Order. Prior to aggregation the Company is obliged to inform each Client involved in the aggregation about the risk of losses related to the Order. The Company shall receive a notification from the Clients giving their consent to the aggregation. If the confirmation of order aggregation is not received, the Company shall not execute the aggregation of Orders.

7.2.2. In case the Company has aggregated Client Orders, it shall proportionally reallocate the Clients' FI and/or funds to each Client as soon as the transaction is executed and the FI or Client funds are received.

7.2.3. In case the aggregated Order is executed only partially, the Company reallocates the funds and/or FI acquired as a result of executing the order proportionally or in a way that would reduce each Client's losses as much as possible.

## **8. INFORMATION ON PENDING CLIENT ORDERS**

8.1. It is forbidden to misuse the information on pending Client Orders that the Company has at its disposal.

8.2. If the Client has submitted a conditional Order for FI and the order is not executed immediately at existing market conditions, the Company undertakes all necessary steps to execute the Order as soon as possible, disclosing the Order information on the market if necessary, unless the Client has expressly indicated a different course of action.

## 9. EXECUTION VENUES

9.1. In executing the Client's Order with a goal to reach the best possible result from the Client's perspective, the Company can use one or more venues of Client Order execution:

- 9.1.1. regulated markets;
- 9.1.2. Trading Platform;
- 9.1.3. market makers;
- 9.1.4. the Company's counterparties and contractors.

The lists of the possible Order execution venues and contractors are available at the Company's website.

9.2. When considering the Order execution venue for a certain FI category, the Company takes into consideration the following criteria:

- 9.2.1. security of settlement;
- 9.2.2. facility of settlement;
- 9.2.3. prices;
- 9.2.4. information access;
- 9.2.5. the fastest possible access to the execution venue;
- 9.2.6. costs;
- 9.2.7. liquidity.

9.3. When determining the execution venue, none of the provisions in paragraph 9.2 prevails. The Company evaluates all the factors in section 9.2. The Company takes into account that the chosen execution venue may not always offer the lowest price possible, yet in any case the Client Order execution policy related to order execution must be followed.

9.4. In case the FI mentioned in the Order is included in the trading list in several Order execution venues, the Company at its discretion chooses the venue with the highest liquidity.

9.5. If the Company has only one order execution venue available at which the Client's Order could be executed, it is deemed that the best result can be achieved by completing the order in that venue, even though the prices available at the venue differ from the market prices that are not available to the Company.

9.6. The Company is entitled to execute Client Orders outside a regulated market.

## 10. LIST OF EXECUTION VENUES AND PARTNERS BY INSTRUMENT TYPES

10.1. The full list of execution venues and partners is determined in Annex 1 which is an integral part of this Policy.

10.2. The Company accepts Client Orders of the following FI categories:

- 10.2.1. money market instruments;
- 10.2.2. derivatives – financial contracts for difference;

10.2.3. stocks;

10.2.4. bonds;

10.2.5. promissory notes;

10.2.6. investment units or investment fund certificates;

10.2.7. other FI that might be classified as exchange-traded or OTC derivatives;

10.3. The main factors that the Company has considered when choosing counterparties with which to cooperate in the aforementioned markets:

- direct-access platforms
- counterparty's reliability
- fees
- order execution speed as to input and output of assets
- speed of application's availability on the market
- effective support by phone
- technical support work
- ownership structure and location
- reputation on the market

## **11. SUPERVISION**

11.1. The Company verifies whether this Policy corresponds to the real situation as and whether Orders are being executed in accordance with this Policy on a regular basis.

11.2. The Company informs the Client about changes in this in accordance with the procedure stipulated in written agreements with the Client.

11.3. The Company shall review this Policy annually or in the event of significant changes which can affect the provision of the rule of achieving the best possible result for the Client by using the Order execution venues mentioned in the Policy and Annex 1.

## **12 ADDRESSEES**

12.1. This Policy shall be binding on all of the Company's entities and their employees.



**Dukascopy Europe IBS AS Client Order Execution Policy**  
**Annex 1**

**LIST OF EXECUTION VENUES AND PARTNERS BY INSTRUMENT TYPES**

1.1. When executing Client Orders in derivatives- financial contracts for differences, money market instruments and Over-The-Counter (OTC) (agreement between two parties on FI traded outside regulated market) the Company's contractor and counterparty shall be **Dukascopy Bank SA** (Switzerland).

1.2. When executing Client Orders in stocks, bonds, promissory notes, investment units or investment fund certificates and other FI that might be classified as derivatives - AS Rietumu Banka and its counterparties are the Company's counterparties.