

GRANDIS SECURITIES LTD

Execution Policy

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1. Introduction

Following the implementation of the Markets in Financial Instruments Directive 2014/65/EU ("MiFID II") in the European Union and its transposition in Cyprus with the Investment Services and Activities and Regulated Markets Law of 2007 to 2017 (L. 87(I)/2017), the Markets in Financial Instruments Regulation (EU) No 600/2014 ("MiFIR"), and other relevant regulations and guidelines issued by the European Securities and Markets Authority ("ESMA") and/or CySEC (hereinafter collectively referred to as the "MiFID II framework") impose a general obligation on Grandis Securities Ltd when providing services to clients, to act honestly, fairly and professionally in accordance with the best interests of its clients. More specifically, MiFID II framework, requires Grandis Securities Ltd (GSL) to establish and implement a policy to allow GSL to take all sufficient steps to provide the best possible result for clients when providing the following services:

- Executing orders on behalf of the Clients;
- Providing the service of reception and transmission of orders.

2. Purpose of the Policy

Grandis Securities Ltd shall take all sufficient steps to obtain best execution when executing transactions for its Clients. GSL seeks to fulfil this obligation by taking into account such factors as price, commission, size of order, timing of execution, and settlement considerations. Best Execution involves both quantitative and qualitative principles. Best price, giving effect to commissions and other transaction costs, is an important factor but the selection of brokers / counterparties also involves the quality of brokerage services, factoring in such criteria as execution capability, creditworthiness, financial stability, clearance and settlement capability and research. As a result, GSL generally seeks the best price available under the circumstances, each transaction may not necessarily reflect the best price or the lowest commission rate.

3. Scope of Application

The Company's execution policy applies when offering the following investment services:

- reception and transmission of Client Orders to other entities for execution and (GSL owes a duty to act honestly, fairly and professionally in accordance with the best interest of the clients when receiving and transmitting client orders to other entities for execution (the "best interest obligation")).
- execution of Client Orders, (GSL owes a duty of best execution when executing orders on behalf of clients (the "best execution obligation").

with the following financial instruments, whether or not the relevant Financial Instruments are admitted to trading or traded on a EU trading venue or an equivalent third country trading venue:

- (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, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash.
- (5) Options, futures, swaps, forward rate agreements 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 (otherwise than by reason of a 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 or/and an MTF.
- (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 Part III and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognised clearing houses or are subject to regular margin calls.
- (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, emission allowances 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 (otherwise than by reason of a default or other termination event), as well as any other derivative contract relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Part, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognised clearing houses or are subject to regular margin calls.

Best Execution applies to Retail and Professional Clients. If the Company classifies a Customer as an Eligible Counterparty, this policy does not apply to such a Customer. However, we should draw your attention to the fact that the Company is not providing services to Retail Clients.

4. Exceptions to Best Execution

Best Execution does not apply, or is modified in its application, to the following cases:

- Single Venue transactions

If the order given by the client relates by definition to only one venue or one major execution venue (in terms of liquidity). In this case, Best Execution obligation will be satisfied by executing through that venue.

- Specific client instructions

When the Company receives specific instructions from a client relating to the execution of an order, it will follow such instructions and in doing so shall be deemed to have satisfied its best execution obligation. Where such instruction relates to only part of the order, then the Company will continue to apply this policy to those aspects of the order not affected by the specific instructions.

- Client's Direct Access to the Market

When the Company provides to a client direct access (for example through an electronic interface provided by the Company) and that client specified the venue of execution, it will execute the order in accordance with these specific instructions.

Regardless of any legal obligation to do so, the Company upholds the highest standards of integrity and fairness for the execution of client orders and will always take the client's interest into consideration.

5. Order Execution - Obtaining the Best Possible Result

According to MiFID II framework, GSL is required to take all sufficient steps, when executing orders, and when receiving and transmitting orders, to obtain the best possible result for its clients, taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to order.

This policy sets out how GSL proposes to meet its best execution and interest obligations bearing in mind the nature of its business and of its clients.

The Company will determine the importance of the Execution Factors by using its commercial judgment and experience in the light of the information available on the market and taking into account the Execution Criteria described below.

Demonstrating best execution does not necessarily involve a transaction-by-transaction analysis, but rather involves an assessment of a record of transactions over a period indicating that overall the best result is achieved by executing orders on the client's behalf on the Execution Venues and in the manner described in the order execution policy.

➤ Execution Factors

The Execution Factors which shall be taken into account are:

- ✓ Price.
- ✓ Cost.
- ✓ Speed of execution.

- ✓ Likelihood of execution and settlement (liquidity).
- ✓ Size of the order.
- ✓ Nature or any other consideration relevant to the execution of the order.

The relative importance of the Execution Factors varies between different financial instruments. In most circumstances, price will be the most important Execution Factor; however, in some circumstances, in particular with reference to the Execution Criteria, the Company appropriately determines that other Execution Factors have greater importance in achieving the best possible result for the client.

➤ Execution Criteria

The Execution Criteria which shall be taken into account are:

- ✓ the characteristics of the client including the categorisation of the client as retail or professional;
- ✓ the characteristics of the client's order;
- ✓ the characteristics of the financial instruments that are the subject of that order; and
- ✓ the characteristics of the Execution Venues to which that order can be directed.

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.

For professional clients, price and cost are generally two separate execution factors. For professional clients price is generally the factor of primary importance for GSL to choose the execution venue, with cost being taken into account as a factor balancing against other execution factors.

6. Execution Venues

The execution of the Client's orders is to a large extent determined by the mode of operation of the execution venue to which the order will be forwarded for execution, in line with the application of the Company's Order Execution Policy.

The following factors should be taken into account while selecting an execution venue and/or broker by GSL:

- Availability of best pricing for a specific Financial Instrument and liquidity of execution venue or broker;
- Overall costs of trades including commissions, mark-ups, mark-downs and/or spreads;

- Likelihood and speed of execution – accuracy, clearance and error/dispute resolution
- Size;
- Reliability of the execution venue and broker in terms of reputation and good standing (e.g. financial strength and stability of the broker, sanctions from regulators, etc.);
- Quality of execution and service, both historical and current, based on the review performed;
- Transparency of price formation process (pre-trade);
- The quality and efficiency of the settlement process post-execution
- Market intelligence regarding trading activity;
- Circuit breakers;
- Continuity of trading;
- Access to alternative markets;
- Responsiveness to any requests/complaints and willingness to correct such errors;
- Financial solvency of the entity; and
- Any other relevant factor.

The Company uses the execution venues provided by licensed brokers such as Grandis Capital Investment Company, Atonline Limited, Interactive Brokers, Veles International Ltd, but it reserves the right to use other execution venues where this is deemed appropriate, with the aim to obtain the best possible result for the client.

The client consents that the execution venues may be either within the European Economic Area (“EEA”) or outside the EEU. Using a venue or broker outside of the EEA does not remove the best execution/best interest obligation to a client. In such cases, the Company will properly assess the execution policies and quality of the venues, assuming it is subject to similar regulatory requirements on the third country jurisdiction.

7. Execution of Orders outside the Trading Venue

GSL may execute or place an order (or transmit an order for execution) outside a trading venue provided that the client’s prior express consent is obtained.

It is noted by executing a transaction outside a trading venue, additional risks may be incurred. For example, the transaction will not be covered by any settlement and clearing rules applicable to a trading venue and will be subject to counterparty risk which may result in a loss for a client if the counterparty is not able to fulfil its contractual obligations.

For additional information on the relevant risks associated with executing transactions outside a trading venue please refer to the Disclosure of Risks statement that is provided to you as a part of on-boarding process.

8. Order Priority

The Company will execute clients' orders in a prompt, fair and expeditious manner. It will execute clients' orders sequentially in accordance with the time of their reception, unless:

- ✓ Otherwise instructed by the client.
- ✓ The characteristics of the client's order or prevailing market conditions make such course of action impracticable
- ✓ The interest of the client requires otherwise.

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

9. Limit Orders

"Limit order" means an order to buy or sell a Financial Instrument at its specified order limit or better and for specified size.

Article 28(2) of MiFID II requires EU regulated Investment Firms, in the case of a client limit order in respect of shares admitted to trading on a regulated market or traded on a trading venue which are not immediately executed under prevailing market conditions, unless the client expressly instructs otherwise, to take measures to facilitate the earliest possible execution of that order by making public immediately that client limit order in a manner which is easily accessible to other market participants.

Currently, GRANDIS SECURITIES LTD exercises its professional discretion as to when and how unexecuted limit orders are displayed. We believe that this approach best serves the interests of our clients and thus we kindly ask you to provide us with your consent in the "MiFID Consents Form" that has been provided to you, to continue applying this approach.

10. Monitoring / Reviewing

The Company will monitor compliance and effectiveness of the order execution arrangements of all brokers and execution Policy of the Company, making any changes where appropriate.

In particular, the Company shall assess on a regular basis whether it needs to make changes to its execution arrangements. Further, the Company will review its order execution Policy at least once a year and will notify its clients accordingly of any material changes to its order execution arrangements or execution policy, by posting an updated version of the policy on the Company's website. The Company will not notify its clients individually of these changes. Any amendments to these will be communicated via the Company's website, where the Execution Policy will be available.

The Company is required to obtain the client's prior consent to its order execution policy.

Should a Client request additional information about the Company's order execution policy he should contact his manager or usual point of contact.

11. Public reporting requirements

Information on the top five execution venues and brokers

In accordance with MiFID II framework, the Company is required to make public on an annual basis, certain information on the top five execution venues, for each class of Financial Instruments traded, where the Company executed client orders in the preceding year and information on the quality of execution obtained.

Similar information will be reported with respect to the top five investment firms (e.g. brokers) where they transmitted or placed client orders for execution in the preceding year.

This information will be published on the Company's website <http://grandissecurities.com.cy/mifidii/top-5-execution-venues/>.

The Company will publish its first report by the end of April 2019.