

*Direct Trading Technologies UK Limited*  
Order Execution Policy

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# 1 Purpose

## 1.1 Introduction

This policy details how Direct Trading Technologies UK Limited (the Firm) will comply with its overarching regulatory requirement of taking all the sufficient steps to obtain, when executing orders, the best possible results for its clients.

The Firm is authorised by the Financial Conduct Authority (FCA) and, as such, will act in accordance to the rules as defined in the FCA Handbook, which will take precedence over the requirements of this policy.

## 2 Review of policy

This policy, and the Firm's order execution arrangements, will be reviewed regularly, at least once a year, and amended as considered necessary by the Firm's Management Body in the event of changing circumstances or regulations.

## 3 Best Execution

Best execution is the overarching requirement for firms to take 'sufficient steps' to provide the client with the best possible overall results on a consistent basis, and not just by providing the best price for an individual trade. To do this, the Firm shall take into account execution factors such as price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration considered to be relevant to the execution of client's orders.

Nevertheless, where there is a specific instruction from the client the Firm shall execute the order following the specific instruction. If the client's specific instruction covers one aspect of the order, the Firm will follow its execution policy for the other aspects to ensure best execution.

### 3.1 Delivery of Best Execution

The Firm is responsible for executing client orders and as such is responsible for providing best execution for those orders.

## 4 Scope

### 4.1 Financial instruments

Best execution requirements apply to all financial instruments as listed in the Annex I of MiFID II, section C. The Firm transact in the following classes of financial instruments:

- Currency derivatives
  - Futures and options admitted to trading on a trading venue
  - Swaps, forwards, and other currency derivatives (f) Structured finance instruments
- Equity Derivatives
  - Options and Futures admitted to trading on a trading venue
  - Swaps and other equity derivatives
- Commodities derivatives and emission allowances Derivatives
  - Options and Futures admitted to trading on a trading venue
  - Other commodities derivatives and emission allowances derivatives
- Contracts for difference

## 4.2 Clients

This policy applies to Professional Clients and Eligible Counterparties. In accordance with the Firm's obligations to the client, it has notified the client of the client classification that applies to them.

### 4.2.1 Professional Clients

When dealing with Professional Clients, the Firm does not differentiate between "elective" Professional Clients and "per se" Professional Clients. It will apply Best Execution to all transactions undertaken for its Professional Clients where it has an agency or contractual obligations to those clients and where it can be demonstrated that the client is legitimately relying on the Firm in relation to the execution of their order.

In relation to quote driven markets the Firm will determine if it owes Best Execution to Professional Clients by determining to what extent the Firm acts on behalf of the client and whether the client legitimately relies on the Firm by carrying out the four-fold cumulative test by assessing the following points:

- Which party has initiated the transaction?
- Market practice & the existence of a convention to "shop around"
- The relative levels of price transparency within the market
- The information provided by the firm and any agreement reached

### 4.2.2 Eligible counterparties

This policy does not apply to Eligible Counterparties where carrying out Eligible counterparty business and as such, the Firm does not owe best execution to transactions undertaken by clients classified as such.

## 4.3 Activities

Direct Trading Technologies UK Limited ('DTT UK') is applying to become authorised as an execution only matched principal broker, servicing professional clients and eligible counterparties ('ECP').

### 4.3.1 Contract for Differences

The Firm recognises that when closing out an open position, the client must close out the contract with the firm that sold it to them, even if there is a better price elsewhere.

To ensure that in those circumstances the Firm will comply with its Best Execution obligations, it will take all sufficient steps to obtain the best possible results in relation to the instrument underlying the CFD and by disclosing how they calculate their internal fees and charges.

## 4.4 Order Types

Regardless of the type of order that the client transacts with the Firm, best execution will apply. This will normally include order types commonly used on an execution venue, as defined by MiFID.

# 5 Best Execution Obligations

## 5.1 Order execution arrangements & client information

The Firm has designed and implemented specific arrangement to take all sufficient steps to obtain, when executing client orders, the best possible results taking into account the execution factors including:

- A specific venue selection process
- The ranking of the execution factors in accordance with the characteristics of the client, the order, the financial instrument and the execution venue to which that order may be directed
- The design of efficient execution strategies
- The verification of the fairness of the price when dealing in OTC products

### 5.1.1 Information on order execution policy

In accordance with its regulatory requirements the Firm has prepared a comprehensive document summarising those arrangements and explaining clearly how the orders will be executed by the Firm: Information on the order execution policy. This document will be made available on the Firm web-site.

### 5.1.2 Demonstrating compliance with the order execution policy

Where a client makes reasonable and proportionate requests for information about its policies or arrangements and how they are reviewed, the Firm will answer clearly and within a reasonable time. The Compliance function is in charge of this process. It may include demonstrating that the client order where executed in accordance with this policy.

## 5.2 Client consent

In accordance with its regulatory requirements, the Firm has implemented a procedure whereby the firm will obtain client consent by a provision in the general terms & conditions of the Firm.

## 5.3 Execution Factors

In the absence of express instructions from the client, the Firm will exercise its own discretion in determining the relative importance it assigns to the execution factors (or the process by which it determines their relative importance) that it needs to take into account for the purposes of providing the client with the best possible result.

These execution factors have been listed in order of priority and will include, but are not restricted to, the:

- Price: The Firm will generally consider that price merits a high importance, however, the nature of securities will determine if the Firm shall give precedence of other factors such as speed or likelihood depending on the security characteristics.
- Speed: The Firm considers that for liquid securities, speed is paramount taking into account the fact that markets tend to move quickly, i.e. the price of the security may vary significantly
- Likelihood of execution and settlement: The Firm considers that for illiquid securities, likelihood of execution may take precedence over price and speed.
- Costs: The Firm will always pay due regards to the costs related to any execution to ensure that the costs will not jeopardise the end result.
- Size of order: The Firm considers the size of the transaction and how it may impact the price of execution
- Nature of order: The Firm will consider how the characteristics of the transaction can impact how best execution is achieved

## 5.4 Executing order outside a trading venue

The Firm will execute client orders outside a trading venue. Under such circumstance the Firm will seek to obtain the clients express prior consent before proceeding with the execution. The Firm has implemented a procedure whereby the firm will obtain client consent by a provision in the general terms & conditions of the Firm. The Firm will maintain the records of the consents obtained and will verify at least annually if the client maintains its consent.

The other entities to whom the Firm transmit/places orders for execution may execute orders outside a trading venue. To ensure that its clients understand the risks of such type of execution the Firm has included in its "Information on order execution policy" document all the necessary elements highlighting the risks and benefits of such mode of execution.

## 5.5 Executing orders via connected parties

The Firm executes/may execute client's orders via connected parties, to ensure that it complies with its overarching best execution requirements it has design a robust procedure to prevent any potential conflicts of interest from damaging client interest by closely monitoring costs and applying the same selection procedure to those venues that it applies to not connected venues.

Any conflicts identified are logged in the Firm Conflict of Interest register

## 5.6 Client instructions

Where the client provides the Firm with a specific instruction in relation to an order, or any particular aspect of that order, including an instruction for the trade to be executed on a particular venue, the Firm will execute the order in accordance with the client's instruction.

The Firm will take all the steps it has designed in this policy to obtain the best possible results for the client in respect of the order, or aspect of the order, not covered by the specific instruction. It is however possible that the specific instruction may prevent the Firm to take all the steps it has designed in its order execution policy to obtain the best possible results in respect of the elements of the order not covered by the specific instruction.

## 5.7 Verifying the fairness of the price

For each financial instrument that is traded OTC, the Firm before proposing the price to the client and/or executing the order will check the fairness of the price by comparing the price to external market data or reference prices in the same financial instrument or a comparable financial instrument if no reference price is available in the same financial instrument.

## 5.8 Annual information on the identity of execution venues and on the quality of execution

The Firm will summarise and make public on an annual basis, for each class of financial instrument, the top five execution venues in terms of trading volumes, where it has executed client orders in the preceding year, together with information on the quality of execution obtained.

# 6 Monitoring

The Firm will monitor the effectiveness of its order execution arrangements and order execution policy in order to identify and, where appropriate, incorporate any amendments to procedures. The Firm will monitor the prices available in the wider market to make sure that its executing parties are offering fair prices and that they continue to

provide the best results for clients. This will include monthly Liquidity Provider reports to be included senior management MI packs and monitored.

The Firm will assess, on a regular basis, whether the execution venues included in the order execution policy provide for the best possible result for clients or whether it need to make changes to its arrangements.

The Firm will review its order execution arrangements and order execution policy at least annually or whenever a material change occurs that affects its ability to continue to obtain the best possible result for the execution of client orders on a consistent basis using the venues included in its order execution policy.

## **7 Material Changes**

The Firm will notify clients of any material changes to its order execution arrangements or order execution policy as described above by posting the information on its website.

## **8 No Fiduciary Relationship**

The Firm's commitment to provide clients with "best execution" does not mean that it owes clients any fiduciary responsibilities over and above the specific regulatory obligations placed upon it or as may be otherwise contracted between the Firm and clients.

Clients remain responsible for their own investment decisions and the Firm will not be responsible for any market trading loss clients suffer as a result of those decisions.

## **9 Breaches of Order Execution Policy**

Any breaches of the Order Execution Policy will be recorded on the Firm's breach log in conjunction with its regulatory breach procedure.