

**SUMMARY OF THE
BEST INTEREST AND ORDER EXECUTION
POLICY**



Lydya Financial LTD

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1. INTRODUCTION

Lyda Financial Ltd (“the Company”, “we”) operating under the trading name “Forex24” is Cyprus Investment Firm incorporated and registered under the laws of the Republic of Cyprus, with registration No. 334292. The Company is authorised and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under the license No. 300/16.

2. GENERAL

This Summary of the Best Interest and Order Execution Policy (“the Policy”) is provided to you (the Client or prospective Client), in accordance with the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 87(I)/2017, as subsequently amended from time to time (“the Law”). Pursuant to the Law, “the Company” is required to take all sufficient steps to obtain the best possible result (best execution) on behalf of its Clients, either when executing Client(s)’ orders or receiving and transmitting orders for execution.

By opening a Trading Account, you agree/consent to the fact that your Orders will be executed outside a Regulated Market (e.g. Licensed Stock Exchange) or an European Financial Trading System eg. Multilateral Trading Facility (“MTF”), Organised Trading Facility “OTF”.

The Company executes Client(s)’ Orders in relation to financial instruments, specifically Contracts for Differences (“CFDs”) in stocks, commodities, equity indices, metals, forwards, futures and currency pairs (“FX”).

3. SCOPE

This Policy applies to both Retail and Professional Clients (as defined in the Company’s Client Categorisation Policy, found on the Company’s website. If the Company classifies a Client as an Eligible Counterparty, this Policy does not apply to such Client.

This Policy applies when executing Client(s)’ Orders for all types of CFDs, offered by the Company.

In case you have been categorised as an Eligible Counterparty, although this Policy does not apply to you, in our relationship with you, we will act honestly, fairly and professionally and communicate in a way which is fair, clear and not misleading.

This Policy should be read in conjunction with the Client Agreement and other documents forming a part of the relation between you and the Company.

4. BEST EXECUTION FACTORS

When executing Client(s)’ Orders, the Company takes all sufficient steps to obtain the best possible result (“Best Execution”), 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”).

Where the Company executes an order on behalf of Client(s), 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, and shall include all expenses incurred by Client(s) which directly relate to the execution of the order. For determining the relative importance of the execution factors, the following criteria is considered:

- The characteristics of Client(s) including the categorisation of the Client as Retail or Professional;
- The characteristics of Client(s)' order(s);
- The characteristics of the financial instrument that is the subject to that Order;
- 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 financial instruments offered by the Company.

4.1 Price – High Importance

For any given CFD, the Company will quote two prices to Client(s):

- ❖ the higher price (“ASK”), at which the Client can buy (“go long”) the specific CFD;
- ❖ the lower price (“BID”) at which the Client can sell (“go short”) the specific CFD.

Collectively, the ASK and BID prices are referred to as the Company’s prices. The difference between the lower and the higher price of a given CFD is the spread.

Prices: The Company will quote to Client(s) the prices based on the prices provided by the Company’s Execution Venue (“EV”) and the applicable spreads and commissions. The EV provides its own tradable prices, for a given CFD, referring the actual price on the relevant underlying asset. The Company’s prices can be found on the Company’s trading platforms. The Company updates its prices as frequently as possible, depending on the limitations of technology and communication links.

In order to ensure that Client(s) receive(s) the best price, the Company should reference and compare, to a range of underlying price providers and data sources, the bid/ask spread of the relevant CFD. The Company reviews regularly, or at least annually, the EVs as 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 Client(s)' Order(s), the price, offered by the Company, will be more favourable than one which might be available elsewhere.

Pending Orders

Types of Orders:

- 1) "Buy Limit", "Buy Stop" and "Stop Loss", "Take profit" on "short" open position are executed at ASK price;
- 2) "Sell Limit", "Sell Stop" and "Stop Loss", "Take profit" on "long" position are executed at BID price.

Execution of Orders

Automatic execution: If the price reaches a level stated within Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit or Sell Stop, the orders are executed at the requested price level. However, in certain conditions, it may be impossible to execute the relevant Orders (Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit or Sell Stop) at the requested price level. In such cases, the Company has the right to execute the relevant Order(s) at the first available price. This may occur, for example, at times of rapid price fluctuations ie if the price rises/falls, in one trading session, to such an extent that, under the rules of the relevant exchange, trading is suspended or restricted, or 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 within the Trading Platform, under the relevant financial instrument.

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.

4.2 Costs - High Importance

For opening a position in some types of CFDs the Client may be required to pay commission and/or financing fees, the amount of which is disclosed on the Company's website and the Trading Platform.

Commissions: Commissions may be charged either in the form of a percentage of the overall value of the trade or as fixed amount(s). More information on commissions can be found on the Company's website.

Financing Fee: In the case of financing fees, the value of opened positions, in some types of CFDs, is affected ie increased or reduced by a daily financing fee "swap rate" throughout the period that the relevant position remains open. Financing fees are based on prevailing market interest rates, which may vary over time. Details of daily financing fees applied on open positions are available on the Company's website and/or Trading Platform.

For all types of CFDs offered by the Company, the commission and/or financing fees are not incorporated into the Company's quoted prices and are instead charged separately and explicitly to Client(s)' account.

In addition, where the Company transmits orders for execution to a third party, Client(s) may be subjected to additional charges (in cases where EV fees or other fees are paid to a third party involved in the transaction), the amount of which is disclosed on the Company's website.

The Company shall not obtain a commission/inducement from EV as consideration for the transmission of Client(s)' Orders for execution. Client(s) has the right to contact the Company for more clarifications in relation to the subject matter.

Note: in cases where the Company, at any time and for any period of time, decide not to apply charges, it shall not be construed as a waiver of its rights to apply them in the future, with prior notice to Client(s), as further clarified in the Client Agreement, found on the Company's website. The relevant notice may be sent personally to Client(s) and/or posted on the Company's website.

4.3 Speed of Execution - High Importance

The Company places a significant importance, when executing Client(s)' Orders, and strives to offer high speed of execution, within the limitations of technology and communications links. For instance, in cases where Client(s) is 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 Client(s) placing Order(s) with a delay and hence the Order(s) may be executed at better or worst prevailing price offered by the Company, at the time of receiving the relevant Order(s).

4.3.1 Likelihood of Execution - Medium Importance

The Company arranges for the execution of Client(s)' Orders with third party(ies) (i.e. Execution Venue – "EV"); hence, execution may sometimes be difficult. The likelihood of execution depends on the availability of prices of the EV(s). In some cases it may not be possible to arrange an order for execution, for example, but not limited to, in the following cases: during news times, trading session start moments, volatile markets where prices may move significantly up or down and away from declared prices, where there is rapid price movement, where there is insufficient liquidity for the execution of the specific volume at the declared price, 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 order will not be executed. In addition, the Company is entitled, at any time and at its discretion, without giving any notice or explanation to Client(s), to decline or refuse to transmit or arrange for the execution of any order or request or instruction of Client(s) in circumstances explained in the Client Agreement.

Where the Company may transmit orders for execution to a third party (EV), 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.

4.3.2 Likelihood of settlement – Low Importance

The Company shall proceed to a settlement of all transactions upon execution of such transactions. The Financial Instruments of CFDs offered by the Company do not involve the physical delivery of the underlying asset, so they are not settled physically as there would be for example if Client(s) had bought shares. All CFDs are cash settled.

4.3.3 Size of Order – Low Importance

The actual minimum size of an order may be different for each type of Client(s)' account(s). A lot is a unit measuring the transaction amount and it is different for each type of CFD. Please refer to the Company's website for the value of minimum size of an order and each lot for a given CFD type. If Client(s) wished 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, or for any other reason as explained in the Client Agreement.

4.3.4 Market Impact – Medium Importance

Some factors may rapidly affect the price of the underlying instruments/products from 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.

4.3.5 Nature of the Order

The nature of an Order may affect the execution of that particular Order. Client(s) is given the option to place, with the Company, on its Trading Platform, the Orders.

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. Nevertheless, whenever there is a specific instruction from Client(s), the Company shall make sure that Client(s)' Order(s) is executed, following the specific instruction.

Types of Order(s) in Trading in CFDs

The particular characterisation of an Order may affect the execution of Client(s)' Order. Please see below the different types of Orders that Client(s) can place:

a) Market 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 types of trading accounts.

b) 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, defined in the order, 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.

A Pending order is an Order that allows Client(s) to buy or sell a CFD, at a pre-defined price in the future. These Pending Orders are activated and respectively 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 Client(s)' requested price. In this case(s), the Company has the right to execute the Order(s) at the first available price. This may occur, for example, at times of rapid fluctuations of the price of relevant financial instrument(s), 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 session(s).

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

c) Take Profit

Take Profit Order is intended to secure the profit, on an open position, when the price of the relevant financial instrument reaches a certain/predefined level. Execution of this Order results in closing of the existing position. This type of Order is always connected to an open position, market or a pending Order. Under this type of Order, level of the order for the existing "long" positions is placed above the current "BID" price of the relevant financial instrument and for "short" positions, the level of the order is placed below the current "ASK" price.

d) Stop Loss

Stop Loss Order is used for minimising losses, on an open position, in cases where the price of the relevant financial instrument is moving in an opposite direction of Client(s)' open position (ie unprofitable direction). If the price defined within the order is reached, the position will be closed automatically. This type of Order is always connected to an open position, market or a pending order. Under this type of Order, level of the order for the existing "long" positions is placed below the current "BID" price of the relevant financial instrument and for "short" positions, the level of the order is placed above the current "ASK" price.

4.3.6 Execution Practices in CFDs

a) Slippage

You are warned that Slippage may occur when trading in CFDs. This is the situation when, at the time that an Order is activated for execution, the specific price, requested by Client(s) may not be available; therefore Order(s) will be executed at the first best available price, following its activation for execution.

Slippage is the difference between the requested price of an Order, and the price the Order is actually executed at. If the price at which the order was executed is better than the price requested by Client(s), this is referred to as “positive slippage”. If the price at which the order was executed is worse than the price requested by Client(s), this is referred to as “negative slippage”. It should be noted that Slippage is a common 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, Order(s) may not be executed at requested price(s).

Slippage may appear in all types of accounts offered by the Company. It is noted that Slippage occurs with orders that are executed at the market, including Stop Loss, Take Profit and other type(s) of Orders considered Market orders at the time of their activation/execution. The Company does not guarantee the execution of Client(s)' Orders at the price requested/specified. Nevertheless, the Company confirms that Order(s) will be executed at the first/next best available price from the price requested/specified under Client(s) Order(s).

b) Re-quotes

In some cases, the Company may be providing a secondary quote to Client(s), after an Order has been submitted named “Re-quote”; Client(s) needs to agree to the re-quoted price, before Order(s) is executed. The Company shall provide re-quotes if the requested price is not available, at the specific time of execution. The re-quoted price, provided to Client(s) is the next available price received by the Company from EV(s).

4.3.7 Different Types of Trading Accounts in CFDs

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

5. PROFESSIONAL CLIENTS REQUESTING TO BE TREATED AS RETAIL

It is noted that Professional Clients, by default, are allowed to request non-professional treatment and instead be treated as Retail Clients, so as to enjoy a higher level of protection. It is the responsibility of Client(s), considered to be a Professional Client, to ask for a higher level of protection, when it deems to be unable to properly assess or manage the risks involved.

This higher level of protection will be provided when Client(s), considered to be Professional Client, enters into a written agreement with the Company to the effect that it shall not be treated as a Professional Client, for the purposes of the applicable conduct of business regime. Such agreement should specify whether the classification is applicable to one or more particular product, services and/or transaction(s).

6. ELIGIBLE COUNTERPARTIES

An Eligible Counterparty is an undertaking which falls within categories (a), (b) and (c) of Clients considered to be Professionals by default, as per the “Client Categorisation Policy” of the Company, and/or those included in Section 31(2), 31(3) and 31(4) of the Law.

Further, the Eligible Counterparty category is applicable for the following investment services offered by the Company:

- Reception and transmission of Client orders in relation to one or more financial instruments;
- Execution of orders on behalf of Clients.

On request, the Company may also recognise as an Eligible Counterparty Clients which fall within a category of Clients who are to be considered Professional Clients, based on the fitness test. In such cases, however, the undertaking concerned shall be recognised as an Eligible Counterparty only in respect of the services or transactions for which it could be treated as a Professional Client.

In the event of a transaction where the prospective counterparty is located in another EU Member State, the Company shall defer to the status of the other undertaking as determined by the legislation of the said Member State in which that undertaking is established.

7. REQUESTS FOR DIFFERENT CATEGORISATION

The following requests may be submitted to the Company should Client(s) wish to change its categorisation:

- i. A Retail Client can request to be categorised as a Professional Client. The Client therefore accepts a lower level of protection;
- ii. A Professional Client can request to be categorised as a Retail Client. The Client therefore obtains higher level of protection. A Professional Client can request to be treated as an Eligible Counterparty, obtaining therefore a lower level of protection;
- iii. An Eligible Counterparty can request to be categorised as a Professional Client or a Retail Client. The Client therefore obtains higher level of protection.

It is noted that the Company is not required to agree with a request for non-Professional or non-Eligible Counterparty treatment. In addition, the Company may, on its own initiative, treat as a Professional or Retail Client an Eligible Counterparty or treat as a Retail Client a Professional Client.

Clients wishing to change their Client Categorisation, may request so by completing the relevant application, for the change of categorisation.

7.1 Protection rights

7.1.1 Retail and Professional Clients

Where the Company treats a Client as a Retail Client, Client is entitled to more protections under the Law, than if treated as a Professional Client. In summary, the protections that

the Retail Clients are entitled to are as follows (the list may not be exhaustive):

- (a) A Retail Client will be given more information disclosures regarding the Company, its services, financial instruments and their performance, the nature and risks of the relevant financial instruments offered, its costs, commissions, fees and charges and the safeguarding of Client(s)' financial instruments and Client(s)' funds, including summary details of any relevant investor compensation or deposit guarantee scheme, as applicable;
- (b) Where the Company is providing the services of Reception & Transmission of orders and/or Execution of Client(s)' orders, the Company shall ask a Retail Client to provide information regarding knowledge and experience in the investment field relevant to the specific type of product and/or service offered and/or demanded, so as to enable the Company to assess whether the investment service and/or product, envisaged, is appropriate for Client(s). In case the Company considers, on the basis of the information received, that the product and/or service is not appropriate to a Retail Client, it shall warn Client(s) accordingly. It should be noted that the Company is not required to assess appropriateness in certain cases specified by the Law 87(I)/2017 (for example, but not limited to, the situation where, on an execution only basis, the financial instrument concerned is not complex);
- (c) On the other hand, the Company shall be entitled to assume that a Professional Client has the necessary experience and knowledge in order to understand the risks involved in relation to those particular investment services and/or transactions, or types of transaction and/or product, for which Client(s) is classified as a Professional Client. Consequently, and unlike the situation with a Retail Client, the Company should not generally need to obtain additional information from Client(s) for the purposes of the assessment of appropriateness for those products and/or services for which they have been classified as a Professional Client;
- (d) When executing Client(s)' orders, the Company shall take all sufficient steps to achieve, what is called "best execution" of Client(s)' orders, i.e to obtain the best possible result for Client(s);
- (e) Where the Company executes an order 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 Client(s), which are directly related to the execution of Order(s), including EV(s) fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of Order(s);
- (f) The Company shall inform Retail Clients of any material difficulties relevant to the proper carrying out of their Order(s) promptly upon becoming aware of the difficulty;

- (g) Where the Company executes Order(s) for Retail Client(s), it shall provide Client(s) with a summary of the relevant policy focused on the total cost(s) incurred;
- (h) Retail Clients may be entitled to compensation under the Investor Compensation Fund (“ICF”) for Clients of Investment Firms up to €20,000 per Client, while Professional Clients are not entitled to compensation under the ICF;
- (i) When providing Investment Advice, the Company will, before any transaction is made, provide the Retail Client(s) with a statement/report, in a durable medium, specifying the advice given and how that advice meets the preferences, objectives and other characteristics of the Retail Client;
- (j) Retail Clients will be provided with negative balance protection and as such, may not lose more than the total amount deposited in their trading account(s). Professional Clients and/or Eligible Counterparties will not be provided with negative balance protection.

7.1.2 Eligible Counterparties

Where the Company treats the Client as an Eligible Counterparty, the Client will be entitled to fewer protections under the Law than it would be entitled to as a Retail or Professional Client. In particular, and in addition to the above-mentioned (the list may not be exhaustive):

- (a) The Company is not required to provide Client(s) with best execution, when executing Order(s). Nevertheless, Eligible Counterparties may request, on a trade by trade basis, or in general, treatment that would allow the Company to take all sufficient steps to achieve best execution;
- (b) The Company is not required to implement procedures and arrangements which provide for the prompt, fair and expeditious execution of Client(s)’ Order(s), relative to other Client(s)’ Order(s) or its trading interests (if any);
- (c) The Company is not required to assess the appropriateness of a product and/or service provided to Client(s) but can assume that Client(s) have the expertise to choose the most appropriate product and/or service for itself and has the ability to bear losses;
- (d) The Company is not required to provide Client(s) with information about the Company’s EV(s), the arrangements through which the Company will be remunerated and other relevant information;
- (e) The ICF does not cover Eligible Counterparties;
- (f) The Company is not required to ensure that the financial instruments, so offered, are designed to meet the needs of an identified target market of Eligible Counterparties;

- (g) The Company, when dealing with Eligible Counterparties, is not required to ensure that it does not remunerate its staff in a way that conflicts with its duty to act in the best interests of Clients and that it does not accept any fees/commissions in relation to the provision of services to Client(s);
- (h) Where the Company informs Client(s) that investment advice is provided, on an independent basis, the Company is not required to assess a sufficient range of financial instruments available to ensure that the Eligible Counterparty's investment objectives can be met.

However, Eligible Counterparties will be entitled to the same reporting obligations as they apply to Retail and Professional Clients.

8. UPDATES

The Company reserves the right to amend this Policy, at any time, and when it is deemed necessary, to meet regulatory requirements.