

# Best Execution Policy

## 1. Overview

This Order Execution Policy is applicable to BLACK PEARL SECURITIES LTD (“BP”) as a Matched Principal Broker (“MPB”) broker. This Policy should be read in conjunction with BP’s standard terms of business.

### 1.1 Introduction

The content of this document, prepared in accordance with the requirements of Article 27 of the Markets in Financial Instruments Directive 2 2014/65/EU (“MiFID 2”) and FCA Conduct of Business rules.

As a straight through processing (“STP”) broker, BP does not execute orders on clients’ behalf. Orders are executed by our chosen Liquidity Providers (“LPs”) who provide the contract for the transaction. We execute transactions as your agent or as riskless principal on your behalf.

Your trades will be executed on BP’s MT4 trading platform or via FIX API protocol. Those trades will be immediately matched through our chosen LP’s via our XCore aggregator (XCore is a technology for liquidity aggregation owned by PrimeX) that allows us to execute your trades.

When providing brokerage services to you in relation to Contracts for Differences (“CFD’s”), BP will take reasonable steps to achieve the best overall trading result for you. This means that BP will aim to provide “best execution” subject to and taking into account the nature of your orders, the prices available to BP in the market, the nature of the market in question and a reasonable assessment of the sometimes overlapping and conflicting execution factors (which are detailed below).

BP’s intention is, so far as possible, to exercise consistent standards and operate the same processes across all markets, clients and financial instruments in which BP operates.

BP also intends to provide you and other market participants with access to tradable prices on a non-discriminatory basis. However, the diversity in those markets and instruments, and the kind of orders that you may place, mean that different factors will have to be taken into account in relation to any particular transaction. Different factors such as illiquidity during time periods, volatility, and fundamental news will have an effect on the way orders may be executed. We will generally give the highest priority to total consideration representing the price of the relevant financial instrument to which the order relates and the characteristics of the execution venues to which the order can be directed.

BP prices are sourced from independent LP’s. We do not source prices from a BP Group Company. BP will access such prices from (in our experience) consistent service providers taking into account factors such as frequency of updates and reliability. The spread provided by BP may widen. Slippage on trade execution will arise due to the underlying nature of the FX market especially during illiquid time periods and where increased volatility arises (data latency may also be a factor). For the avoidance of doubt the BP price provided will also have a mark-up/down added to the spread to take account of our own administrative and execution costs.

This is a cost we add to the bid/offer spread. We also charge a commission per trade executed. Our charges on each trade are not taken into account when determining best execution.

## 2. Exemptions from the provision of Best Execution

Notwithstanding the intentions expressed above, BP does not undertake to provide “best execution” if you fall within any of the following exemptions:

### 2.1 Eligible Counterparties

If you are classified as an Eligible Counterparty you will not be entitled to best execution under the UK Financial Conduct Authority (“FCA”), or equivalent EU rules. This is in line with Article 24 of MiFID which provides that the best execution obligation under Article 21 will not apply.

### 2.2 Market Practice

In the wholesale OTC derivatives and bond markets (and for the avoidance of doubt this would include derivatives in Equities, Energy and Commodities) in which BP operates it is normal market practice for buyers and sellers to “shop around” by approaching several brokers/dealers for a quote.

In these circumstances, there is no expectation between the parties that the broker/dealer chosen will owe best execution. As a sophisticated participant in the wholesale markets, unless you advise us to the contrary we will assume that this is your normal trading behaviour.

### 2.3 Client Instructions

Where you provide BP with a specific instruction in relation to your order, or any particular aspect of your order, including an instruction for your trade to be executed on a particular venue, BP will execute the order in accordance with your instructions.

However, please note that in following your instructions, BP will be deemed to have taken all reasonable steps to provide the best possible result for you in respect of the order, or aspect of the order, covered by your specific instructions.

## 3. Clients

BP deals with Retail Clients, Professional Clients and Eligible Counterparties as defined in MiFID and by the FCA.

BP always intends to handle orders and expressions of interest in an equitable and consistent manner, once a client is classified, for the purposes of a particular instrument, that client may not then elect to be re-classified for the purposes of one transaction of a type it customarily undertakes.

Exceptional circumstances may be taken into account at the time, with the consent of BP (BP may decline to provide a service should a reclassification be requested).

## 4. Execution Venues

BP as indicated earlier has chosen certain LP's which are the most consistent and reliable. BP also believes the chosen LP's offer the best prospects for achieving the best possible results for you, taking into account the execution factors detailed below.

When selecting the venue on which to transmit trades BP will take reasonable measures to ensure that the selected venue obtains the best possible trading result for its clients. In selecting the venues, BP has considered the client categories already under the scope of venue, the nature of transactions that they undertake, whether they are established firms, whether they are authorised by a recognised regulatory body, are compliant and have completed a due diligence assessment.

Selection criteria are also subject to the following factors:

- In the markets in which BP operates, it can only give clients visibility to prices that have been communicated to BP;
- BP will provide details of all tradable bids and offers with the BP mark-up (via the platform and subject to the other matters referred to below);
- Time availability of prices – in many markets there are lulls and spikes in trading as negotiations align trading interests at different times and different parts of the curve, accordingly the “last traded” price may not always be available or act as a reliable indicator of current price;
- Fees will be added to the bid and offer indicated earlier per the BP mark-up.

## 5. Execution Factors

In the absence of express instructions from you, BP will exercise its own discretion in determining the factors that BP needs to take into account for the purpose of providing you with the best possible result.

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

- Price and costs of execution: The automated system will seek out the best overall outcome for the transaction and this is likely to be the most important execution factor to our clients.
- Characteristics of the client: Our client base will mainly be Retail Clients although we will also deal with Professional Client and Eligible Counterparties. BP is aware that Retail Clients are afforded the highest protections and will place greater emphasis on any obligations owed to them.
- Likelihood and speed of execution: Through the use of an automated trading platform, orders will be executed promptly with only rare opportunities for price slippage to occur. Due to the nature of the platform it is likely that speed of execution will be of high importance to our clients.

- Size, nature and characteristic of the order: A typical transaction consists of a currency trade in one lot or less, hence will be highly liquid. Some venues will not cover all instruments therefore in some cases the nature of the order will determine the venue. Each transaction is subject to size considerations, which means that an order may be rejected if liquidity or market conditions dictate otherwise as provided by our LP. Please note the FX market by its very nature is volatile and subject to a variety of factors that will influence spreads, liquidity and execution.

The execution of all trades depends on the liquidity available at our LPs. The reason for this is the volatile and illiquid nature of FX.

## 5.1 Contracts for Difference (CfD)

BP recognises that when closing out an open position, the client must close out the contract with BP that sold it to them, even if there is a better price elsewhere. The price that is quoted for a CFD product will be based on the price of the relevant underlying instrument with the added BP mark up (as indicated earlier). This means that the price may differ from the exchange or market makers quotes on the underlying instrument, however we will seek out the best possible consideration on the underlying instrument [by ensuring the order is directed to the appropriate LP].

## 5.2 Price Slippage

It is acknowledged that in rare circumstances, price slippage may occur despite the automated nature of the platform. There are several factors that may lead to price slippage, for example, market data latency, the speed of a client's internet connection or high market volatility can cause this (nature of the MT4 platform in conjunction with the ticket size of the trade could increase the size of the slippage.). You should be aware that when price slippage occurs it can be to your disadvantage, nevertheless in the event that it is in your favour, BP will pass on the advantage to you. Price slippage is inherent in the FX markets and please refer to our Risk Warning Notice for full details which highlights that such slippage may create losses greater than anticipated and more than the collateral deposited.

## 5.3 Trades outside Market Hours

In some cases, BP will obtain a quote outside of market hours and these may be subject to discretion. It may be necessary to reduce the maximum size of the trade or the spread may widen significantly or take any other steps required to obtain a fair price wherever possible in those circumstances which will also include our mark up on the spread as indicated earlier.

## 6. Fees and Costs

BP does not charge different fees or commissions depending on the venues used, although spreads may vary depending on the LPs due to the particular currency offered. Costs, charges and spreads are fully disclosed to you, the client. BP'S charging structure is clear and transparent. Lower charges can be individually discussed and lower commissions will be based on volumes generated monthly. All implicit and explicit costs will be disclosed to you upon request. We may share revenues generated by your trading activity with third parties and upon a written request we will advise you of such arrangements.

## 7. Conflicts of Interest

The platform on which orders are transmitted will display the best available price from a blend of banks and brokers through our LP without bias as to the venues available, thereby reducing the scope for conflicts. BP will take steps to manage, mitigate and avoid potential and actual conflicts and internal systems are in place to ensure that otherwise comparable client orders are carried out sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impractical or it is not in the best interests of the client. We review our LP's on a regular basis to ascertain that conflicts do not arise.

## 8. Monitoring and Review

BP 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.

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

BP 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.

BP will notify you of any material changes to its order execution arrangements or order execution policy as described above by posting the information on BP's website.

## 9. No Fiduciary Relationship

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

You remain responsible for your own investment decisions and BP will not be responsible for any market trading loss you suffer as a result of those decisions.