BEST EXECUTION POLICY
INTRODUCTION

As required by the Markets in Financial instruments Directive II (‘MiFID II’), this document (the “Policy”) sets out ITI Capital Limited’s (“ITIC”) Order Execution Policy and arrangements for complying with the obligation to take all sufficient steps to obtain the best possible outcome for our clients’ orders (so called “best execution”).

SCOPE

ITIC is required to put in place an Order Execution Policy, and to take all sufficient steps to obtain the best possible outcome for clients who are ‘legitimately relying’ on ITIC for the execution or receipt and transmitting of client orders in “financial instruments” (as defined in Annex 1 Section C of MiFID II).

WHAT TYPE OF CLIENTS DOES BEST EXECUTION APPLY TO

A client’s regulatory classification, as detailed below, impacts the determination of whether a client is ‘legitimately relying’ on ITIC to protect their interests, and as such whether best execution is owed.

- Retail Clients: Retail clients are always deemed to legitimately rely on ITIC to protect their interests, and as such the best execution obligation is deemed to apply whenever ITIC transact with retail clients, except where specific instruction has been provided.
- Professional Clients: Each specific transaction needs to be assessed in order to make a determination as to whether the client is “legitimately relying” on ITIC to protect their interests:
  - Four-fold test: In order to determine whether a professional client is “legitimately relying” on ITIC in relation to a particular client order (whereby best execution is therefore owed to the client), the following four factors are considered by ITIC:
    - Which party initiates the transaction: where it is ITIC that “initiates” a transaction the client is more likely to place “legitimate reliance” on ITIC. In this context, “initiate” means where ITIC approaches a client regarding a potential transaction;
  - Market practice and the existence of a convention to “shop around”: In certain wholesale markets, there is a common practice or convention to ‘shop around’ and obtain quotes from a number of dealers prior to a client executing any transaction. The existence of such a practice indicates that a client is less likely to place “legitimate reliance” upon ITIC for best execution of the order (for example, wholesale bond markets and OTC markets feature ‘shop around’ practices);
  - The relative levels of price transparency within a market: In certain markets, transparent prices may not be readily available to clients, and this indicates that the best execution obligation is more likely to apply; and
  - The Terms of Business/other information provided to clients should make clear if best execution applies or not. This must reflect the economic reality of the relationship.
- Eligible Counterparties: The best execution obligation is deemed not to apply when dealing with Eligible Counterparties.

All ITIC employees who, on behalf of professional or retail clients, either execute client orders or pass orders for execution to other entities must ensure such activities are conducted in accordance with this Policy.

BEST EXECUTION FOR RETAIL CLIENTS

For retail clients, the best possible outcome will always be determined in terms of the total consideration, represented by the price of the financial instrument and the costs incurred by the client in relation to execution, which includes all expenses incurred by the client that are directly related to the execution of the order (e.g. execution venue, clearing and settlement fees, and any other fees paid to third parties involved in the execution of the order). Other factors as noted below under the particular asset classes may only be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible outcome in terms of the total consideration to the retail client.
SPECIFIC INSTRUCTIONS, TAILORED OTC CONTRACTS AND DMA

ITIC may not be able to follow the steps in our Order Execution Policy to obtain the best possible result for you in the following circumstances:

- Where we receive specific instructions from you because we are obliged to execute in accordance with your specific instruction, for example if you instruct us to execute on a particular venue;
- In tailored OTC contracts where we are structuring a transaction for you where there are no comparable market alternatives, best execution may not be practical to guarantee;
- Where a client uses a direct market access ("DMA") or Sponsored Access ("SA") system provided by ITIC (whereby the client selects transaction parameters, including price, client/venue, timing, size etc.), then such clients will be regarded as providing specific instructions to ITIC in relation to the execution of their order. In such situations, ITIC, while acting on the client's behalf in providing the DMA/SA service, will be deemed to have satisfied its best execution obligations and the client will be deemed to have given a specific instruction for the whole order by means of the DMA/SA system. Such a situation may occur where, for example, a client has been given access to a terminal linking that client to the trading venue which enables the client to enter orders directly on to the particular trading venue through ITIC.

In circumstances where ITIC executes trades with you but does not execute an order on your behalf, ITIC will not owe you a duty to provide best execution. This could include, but may not be limited to, circumstances where ITIC is providing either continual quotes or quotes at your request, upon which you subsequently decide to execute.

EXECUTION FACTORS

In order to provide you with the best possible result, ITIC will exercise our own discretion in determining the factors that we need to take into account, unless otherwise instructed by you. Amongst other factors, these will include:

- Price;
- Market conditions;
- Type of instrument and its suitability to you;
- Size of your order;
- The speed with which the order can be executed;
- The expected likeliness of the order to be filled as given;
- Your characteristics and characteristics of your order;
- Characteristics of execution venues where your order can be filled;
- The impact of your order on the market;
- The order in which client orders have been received; and,
- The costs to execute your order.

EXECUTION VENUES

ITIC will use venues selected on the basis that they provide the maximum pre- and post-trade transparency for you, our client. We will use a venue for your order which is one or more of the following:

- Regulated Markets;
- Multilateral Trading Facilities (MTF);
- Organised Trading Facilities (OTF);
- Systemic Internalisers; and,
- Third party investment firms and brokers (or non-EU entities performing similar functions) which may also trade proprietary positions; act as market makers or liquidity providers. This includes OTC market contracts.

The diverse markets for different financial instruments, and the types of orders that clients place with ITIC, means that different ‘Execution Factors’ could be applicable each time ITIC considers a particular execution strategy. For example, there is no formalised market for some OTC transactions, in some markets price volatility may mean that timeliness of execution is a priority, whereas in an illiquid market the ability to actually execute the transaction may be the key execution factor.

In general, ITIC regards price as being the most important consideration when seeking to obtain the best possible outcome for clients in accordance with this Policy. In certain circumstances we may decide in our absolute discretion that the other factors noted above may be more important than price. In addition, subject to any specific instructions which are given to ITIC by a client, the financial instrument to which the order relates often dictates to a large extent the determination and ranking of the relative importance of the Execution Factors.
EXECUTION VENUES CONTINUED

ITIC’s commissions and charging structure is designed not to discriminate between venues i.e. client commissions will not vary depending on the venue(s) chosen to execute a client’s order. There is no connection/correlation between where orders are routed / executed and the commission rates charged to clients. ITIC receives no payment for order flow nor inducements from any venue.

If ITIC is not a direct member of an exchange to which your order is to be forwarded, we will forward the order to that exchange through an exchange participating member with whom ITIC has an existing relationship. ITIC may also transmit orders to exchanges via direct market access (DMA) connectivity provided by other brokers.

Our Policy Order Execution Policy provides that we only use venues and counterparties that are able to demonstrate to us that they have in place execution arrangements that enable ITIC to comply with its obligations to act in the best interests of its clients.

A list of execution venues used by ITIC can be found in Appendix 1. This list is not exhaustive, and we reserve the right to use other execution venues where we deem appropriate, in accordance with our Policy on Order Execution; and, to add or remove any execution venue to this list, in order to obtain the best possible result for you, our client.

If a client gives ITIC a limit order in relation to shares admitted to trading on an EEA regulated market, we will be required to make public such limit orders to the extent they are not immediately executed under prevailing market conditions unless the client consents to ITIC exercising its discretion as to whether to make such limit orders public.

You should note that, where you have provided your consent to this, some of your orders may be executed outside a regulated market or MTF.

ACHIEVING BEST OUTCOME

When the best execution obligation applies and ITIC are executing or receiving and transmitting orders in relation to financial instruments on behalf of a client, we will take all sufficient steps to achieve the best possible result for the client. This means that ITIC is required to have in place policies and procedures that are designed to obtain on a consistent basis the best possible outcome for execution of client orders, subject to and taking into account the nature of the client orders, the priorities placed on ITIC in filling those client orders, and the nature of relevant markets. ITIC will ensure that clear instructions are received from clients on the relevant aspects of an order that ITIC execute on a client’s behalf, so that where there is a legitimate reliance on us for best execution, we will comply with its best execution obligations.

In taking all sufficient steps, we will look to achieve the best balance across a range of sometimes conflicting execution factors. This does not mean achieving the best outcome for every individual client order, but the best possible outcome that can reasonably be expected given the resources available to ITIC.

LIMIT ORDERS

If we hold your standing instruction not to publish any limit order that you give us in respect of financial instruments admitted to trading on an EEA regulated market which are not immediately executed under prevailing market conditions, you retain the right to revoke this instruction on a trade-by-trade basis. You should note that ITIC retains the right to decide in its discretion that it is in our mutual best interests to so publish.

AGGREGATION OF ORDERS

All client orders will be accurately recorded, executed and allocated promptly and in turn. Client orders, whenever aggregated, will be done so fairly. Partially-filled orders will be allocated to clients according to fair-allocation principles. A fair allocation policy provides for prompt allocation of trades, and in turn, prompt allocation furthers the objective of preventing reallocations. The intended basis of allocation for each order that may affect more than one account will be defined prior to execution of the order or transmission of the order for execution, as the case may be. When client orders are queued with our affiliates’ proprietary orders or employees’ orders, client orders will always take precedence, and be handled fairly to ensure the best possible result for you.

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As an FCA authorised member firm, we are obliged to publish details concerning transactions in shares admitted to trading on a regulated market but which are transacted away from a regulated market. This obligation is specified in Article 28 of MiFID and you can rely on us fulfilling that reporting obligation.

As an FCA authorised member firm, we are obliged to make reports to FCA on a wide variety of transactions in financial instruments as prescribed by FCA rules. Article 25 of MiFID imposes a similar reporting requirement although the Article is restricted to MiFID financial instruments which are admitted to trading on a regulated market. We warrant to you that we are authorised and regulated by FCA and that as your broker, you may rely on us doing this transaction reporting. Should our regulatory status change, we will notify you promptly of this.

ITIC will monitor the effectiveness of our Order Execution Policy, our arrangements and our procedures on a regular basis in order to ensure that we consistently and continually provide the best possible result for our clients. This will be no less frequently than annually, and any material change in our Policy on Order Execution will be notified to you. Once notified, the next time you place an order with us you shall be deemed to have consented to such changes unless you notify us to the contrary.

Unless otherwise agreed between ITIC and you, our commitment to provide you with best execution under this policy does not mean that we owe you any fiduciary responsibilities over and above the specific regulatory obligations that we must meet in any event. You are responsible for your own investment decisions and we will not be responsible for any losses you incur as a result of making such decisions.

ITIC is obliged to obtain your prior consent to this Policy. We bring to your attention that by placing orders with ITIC this will be deemed consent by you to this Policy.
APPENDIX 1

List of Execution Venues where ITI Capital Ltd executes its clients’ orders.

Below is a list of execution venues used by ITIC when executing orders on behalf of clients. This list is not exhaustive and is subject to change and will be reissued periodically.

All domestic Russian listed securities and derivatives on Moscow Exchange and other Russian exchanges

- JSC “Investment Company ITInvest”, Moscow
  [an affiliate of ITI Capital Ltd.]

All US and Canadian listed equities

- Lek Securities Limited
- Jefferies International Limited
- KCG Europe Limited

All London Stock Exchange listed equities

- London Stock Exchange
  *[ITIC is an exchange member]*
- Jefferies International Ltd

All other listed securities

- Jefferies International Ltd.
- All non-Russian Futures and Options exchanges
  - London Stock Exchange Derivatives Market
  - ICE Futures Europe Limited
  - R J O’Brien Inc.
  - Macquarie Bank International Limited

Further information is available to clients upon request.

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RISK WARNING: Trading financial markets on margin carries a high level of risk, and may not be suitable as losses can exceed deposits.

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