



CTS Cloud Trading Solutions Ltd

Order Execution Policy
September 2023



1. Introduction

CTS Cloud Trading Solutions Ltd, previously registered as Novox Capital Ltd, (the “**Company**”, “**CTS**”), is a Cyprus Investment Firm incorporated and registered under the laws of the Republic of Cyprus, with Registration No.: HE 292182. The Company is authorised and regulated by the Cyprus Securities and Exchange Commission (the “**CySEC**”) under the License No.: 224/14.

This Order Execution Policy outlines the Execution Quality Summary Statement (the “**Statement**”) of the Company, with the application of the Law regarding the provision and exercise of Investment Services & Activities and the operation of Regulated Markets of 2017 (the “**Law**”). The Law was issued pursuant to the European Directive, the Markets in Financial Instruments Directive (the “**MiFID II**”), which is the European Parliament and Council’s Directive 2014/65 EC, regarding the financial markets.

The Company is required to inform all its Retail and Professional clients about all reasonable steps taken to obtain the best possible result for its clients (“**Best Execution**”) either when executing client orders or receiving orders for execution in relation to financial instruments. This Statement is addressed to those Retail and Professional clients of the Company who deal directly with the financial markets.

2. Regulatory Framework

The Company is subject to the regulatory duty of Best Execution as defined under MiFID II, in respect of its financial investment services. Where Best Execution is applicable, the Company is required to take all reasonable steps to obtain the best possible result for its clients. In addition, the Company has a policy and related arrangements (the “**Best Execution Policy**”) on best execution in respect of its financial investment services. This Statement provides information on the Best Execution Policy. If you have any questions about this Statement or the Best Execution Policy, please contact us at compliance@cloud-trading.eu

Irrespective of the scope of Best Execution, we are committed to being efficient, transparent and client focused on our sales to and servicing of clients and are open to discussing with you your precise execution requirements to see how we can accommodate them.

3. Scope of Best Execution

Under MiFID II, best execution is applicable to the Company in some circumstances only. In summary, those circumstances are:

- The Company is executing an order;



- The client, in respect of that order, is within the scope of best execution; and
- The Company is acting on the client's behalf for the purposes of best execution.

3.1 Execution of Order

An "order" is an instruction (to buy or sell one or more financial instruments) from the client to the Company that is accepted by the Company and "execution" is the performance by the Company of that instruction.

As part of our practice of providing clients with a consistently high-quality service, the Best Execution Policy applies to all transactions in financial instruments that the Company is licensed to offer.

3.2 Clients

Clients who are classified by us as Retail Clients or as Professional Clients are within the scope of best execution. Eligible Counterparties are not within this scope.

3.3 Acting on the client's behalf

The Company takes account of prevailing regulatory guidance in determining whether we are acting on the client's behalf for the purposes of best execution. In summary, based on this guidance, our approach is as follows:

- For the purposes of best execution, in the normal course of business we are acting on the client's behalf when the client is treated as a retail client.
- For the purposes of best execution, in the normal course of business we are acting on the client's behalf when a professional client instructs the Company to buy or sell a financial instrument for the client. In contrast, in the normal course of business we are not acting on the professional client's behalf for the purposes of best execution where the transaction results from the Company quoting a price following a request-for-quote ("RFQ") or otherwise in the course of operating in quote-driven markets.

This is because of the regulatory assumption that, in these circumstances, the professional client is not legitimately relying on the quoting firm to protect the client's interests in relation to pricing and the other parameters of the transaction that may be affected by the choices made by the quoting firm when executing the transaction ("**Legitimate Reliance**").

In the absence of legitimate reliance, the quoting firm is not acting on the professional client's behalf in respect of this quote-driven activity and best execution is not applicable.

Notwithstanding this regulatory assumption, we do not apply a blanket carve-out from best execution to this quote-driven activity. Based on prevailing regulatory guidance, we take into account the following factors:

- Whether the Company or the client initiates the transaction.

- Whether market practice indicates that there is an expectation of legitimate reliance. In particular, if there is a practice for clients to shop around, this is a contra-indicator of legitimate reliance. The term “**Shop Around**” refers to the practice of seeking price quotations from a number of firms. This practice implies an absence of reliance on any one particular firm in respect of execution.
- The relative levels of price transparency within the market.
- The information provided by the Company about its services and the terms of any agreement between the client and the Company.

We conclude that we are acting on the professional client’s behalf if, having taken into account these factors, our determination is that there is legitimate reliance in respect of the quote-driven activity concerned.

The market practice of shopping around is an important (but not determinative) factor in this context. For example, we may conclude that, in the case of a RFQ for the unwinding of a bespoke product issued by the Company, the client’s ability to Shop Around may necessarily be constrained and that best execution is applicable in such a case.

4. Best Execution

When Best Execution is applicable, we take all reasonable steps to obtain the best possible result for our clients, taking into account the execution factors, on a consistent basis. Such application involves the exercise of commercial judgement in the context of available market information.

In order to apply the best execution, the Company considers the following execution factors:

- price;
- costs payable by the client as a result of the execution;
- speed of execution and settlement;
- likelihood of execution and settlement;
- size of the transaction; and
- nature of the transaction and any other consideration that is relevant to execution.

These execution factors are not listed in any particular order of priority. In assessing the relative importance of the execution factors for a specific scenario, the Company considers the market information that is available to us and the characteristics of:

- the client;
- the transaction;
- the financial instrument that is the subject of the transaction;
- the execution venues over which the transaction can be executed;

The outcome for the client may vary depending on our prioritization of these execution factors.

4.1 Application

In the case of Retail clients, in applying the best execution in the normal course of business, we determine the best possible result in terms of total consideration. Total consideration is the price of the financial instrument concerned and the costs payable by the retail client as a result of execution. These costs include all expenses incurred that are directly related to the execution of the order (such as execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order).

These costs do not include our own commission, spread or margin. We may take the other execution factors into account where they are instrumental in delivering the best possible result (in terms of total consideration) for the retail client.

In the case of Professional clients, in applying the overarching principle in the normal course of business, price merits a high relative importance. In considering price, we also consider the steps that we may reasonably take to minimize the market impact of execution. The application of the best execution is subject to prevailing market conditions and our understanding of the professional client's preferences.

Therefore, there may be circumstances in which we conclude that other execution factors are as important, or more important, than price in applying the best execution.

The application of the best execution is neither a guarantee that the best price will be obtained nor a guarantee that the transaction will be executed in full.

4.2 Execution Venues

A list of the execution venues on which we place significant reliance is available on the Company's website. This list is not exhaustive. We may use other venues where it is appropriate to do so under the Best Execution Policy. This list is not static.

We regularly assess the venues that are available and, following any such assessment, may update this list. Any updates will not be separately notified. In cases of market turbulence or systems failure, we may not be able to access the venues on this list.

Our execution venues may include:

- stock exchanges and other regulated markets;
- multilateral trading facilities ("MTFs");
- systematic internalisers;
- market makers (including, brokers, banks and investment firms);
- other liquidity providers, such as broker cross networks and electronic trading platforms, and
- internal sources of liquidity.

In selecting an execution venue for the execution of a transaction, we take into account in respect of the venue concerned:



- price;
- cost of execution;
- liquidity available for the financial instrument concerned;
- speed of execution;
- reliability of the venue;
- continuity of trading;
- creditworthiness of the venue; and
- quality of any related clearing and settlement facilities

4.3 No unfair discrimination

As required by MiFID II, the Company takes steps to avoid discriminating unfairly between execution venues.

5. Over the Counter (OTC)

The Company may execute transactions in financial instruments that are admitted to trading on an execution venue that is a regulated market or MTF outside of that regulated market or MTF. We apply the best execution in making such a decision, subject to any specific instruction given by the client.

If the client does not provide its prior express consent to this, we may not be able to apply the best execution and may decline to accept the order concerned.

5.1 Termination

In accordance with the terms of a contractual relationship between the Company and the client, we may exercise a power to terminate such relationship upon the occurrence of an event of default in respect of which the client is the defaulting party or a similar event.

In exercising this power (including, without limitation, by unwinding or otherwise terminating any client position or enforcing any security), we act for our own account to protect our interests and do not, for the purposes of best execution, act on the client's behalf. Therefore, best execution does not apply in this case. This is without prejudice to the terms of the contractual relationship concerned.

6. Client Instructions

Best execution (if it is applicable) means that best execution applies to the exercise by the Company at our discretion, having taken into account specific instructions. We encourage clients to be as precise as practicable as to their execution requirements, in particular so that it is clear what discretion we retain in the execution of the transaction concerned.



6.1 Specific Instructions

A “specific instruction” is an instruction from the client to the Company that (i) is accepted by us; and (ii) is a specific direction as to how we should execute the order concerned (or a specific aspect of it). If we accept a specific instruction, we satisfy best execution to the extent that we execute the order, or the specific aspect of the order, following the instruction.

In respect of those aspects of the order (if any) that are not covered by the specific instruction, we apply the best execution. Specific instructions may prevent the Company from applying best execution to the elements covered by those instructions.

6.2 DMA & DSA

The Company may provide a client with Direct Market Access services, where the client trades through an electronic interface provided by the Company, or Direct Strategy Access services, where the client chooses an algorithm to apply. In using these services, the client takes its own responsibility for execution, to the extent that (in using these services) the client gives to the Company specific instructions as regards the venue, price, size, time of execution, algorithm or any other aspect of the transaction. We do not have any discretion over the execution of such trades where we are able to carry out the instructions.

We satisfy best execution by carrying out the specific instructions to the extent it is possible to do so. This does not prejudice the applicability of the best execution to those aspects of execution (if any) over which we retain discretion.

6.3 Fixed Price

In the case of certain order types, the client gives specific instructions on price and the Company’s discretion is thereby limited. By way of example, these may include those orders commonly referred to as “fixed price” and “benchmark”.

6.4 Other types of Orders

In the case of those market and resting orders where the Company has discretion, the best execution applies to the exercise of that discretion. By way of example, these may include those orders commonly referred to as “at market”, “at best”, “at worst”, “stop loss”, “take profit” and “limit”.

7. Conflicts and Best Execution

The Company has established procedures that are designed to identify and manage conflicts of interest. In relation to best execution in particular:



7.1 Payment for order flow

Payment for order flow (“**PFOF**”) is the practice of a firm that executes client orders receiving commissions both from the client originating the order and from the counterparty with whom the trade is executed. The Company does not enter into PFOF arrangements.

7.2 Internalisation

Internalisation may apply to a transaction, whereby the Company becomes the execution venue (in respect of all or part of the transaction concerned). “Internalisation” refers to the Company’s decision to execute the transaction internally, for example, against inventory or by matching separate client buy and sell orders as opposed to executing externally on an execution venue such as a regulated market or MTF. Internalisation decisions are subject to the overarching principle and take account of specific instructions.

7.3 Reception and Transmission

The Company may transmit an order to a third party for execution. This third party is not a connected party, or an entity that is a member of the Company’s Group. We are required to act in accordance with the best interests of our clients when transmitting client orders to third parties for execution.

This means we apply the best execution in making a decision to transmit a client order, subject to any specific instruction given by the client. This does not mean that the standards of execution that apply to us necessarily apply to the third party.

8. Monitoring

The Company monitors the arrangements described in this Statement in order to identify any deficiencies and to assess whether we need to make any changes. This monitoring includes the monitoring of the performance of third parties to whom we transmit client orders.

9. Client Agreement and T&Cs

Retail and Professional Clients, as well as Eligible Counterparties, should refer to the Client Agreement between the client and the Company, where best execution is also addressed.

10. Amendments

The Company may amend the Best Execution Policy and may update this Statement from time to time. When we make a material change to the Best Execution Policy, we inform clients by publishing an updated version of this Statement.

The prevailing version of this Statement is available on the Company’s website. This Statement updates and replaces our prior disclosure statements on best execution in financial markets.