

## **Order Execution Policy Disclosure Statement for Professional Clients**

**This Order Execution Policy Disclosure Statement informs you about when we will provide you with best execution and details of the arrangements that are designed to obtain the best possible execution result for you.**

### **Purpose and Summary of Policy**

This Order Execution Policy informs you of the circumstances in which Avalon Capital Partners Limited (Avalon) will provide you with best execution in accordance with the Markets in Financial Instruments Directive (MiFID 2004/39/EC) and the Financial Conduct Authority (FCA) Conduct of Business Sourcebook Section 11.2 (COBS 11.2) (best execution rules).

This Policy should be read in conjunction with the Avalon Terms of Business.

### **Scope of Application**

This Policy sets forth the minimum standards that must be applied by Avalon and related entities, including Appointed Representatives and/or entities that have been granted a Franchise by Avalon.

This Policy will only apply if you have been categorised as a professional client<sup>1</sup> by Avalon and you give Avalon an order to execute on your behalf in respect of financial instruments<sup>2</sup> covered by MiFID. This Policy will not apply to eligible counterparties because the best execution provisions in FCA Conduct of Business Sourcebook (COBS) do not apply to eligible counterparty business. It does not apply to retail clients because Avalon are not able to provide services to them. Avalon will inform all clients of their classification.

This policy is valid and implemented from the issue date.

### **Guiding Principles**

The three guiding principles of this Policy are:

- Avalon operates policies and procedures that enable it to adhere to the best execution rules, protecting its reputation and financial standing.
- Avalon adheres to the rules in relation to avoiding and/or managing potential conflicts of interest.
- Avalon endeavours to ensure that all clients, regardless of classification, are treated fairly during the execution of trades.

### **Policy**

#### **What is best execution?**

Best execution is the requirement to take all reasonable steps to obtain the best possible result for clients. Subject to any specific instructions that you give, Avalon will take into consideration a variety of factors to ensure the best possible execution result is obtained for you.

If you give Avalon specific instructions as to how you wish your order to be executed that Avalon accepts, Avalon will follow these instructions. This may prevent Avalon from taking the steps that Avalon have designed and implemented to obtain the best possible result for the execution of your orders.

Avalon's commitment to deliver Best Execution does not mean that Avalon owes you any fiduciary obligations over and above the specific regulatory obligations placed upon Avalon or as may be otherwise agreed between you and Avalon.

### Best execution obligation

**Who:** Our duty to provide best execution applies to 'Professional Clients' only. The duty does not apply to parties classified by us as a 'Eligible Counterparty'. If you are a Retail Client, thereby requiring a higher level of regulatory protection, we will not be able to provide our services to you.

**What:** Best execution applies to the execution of orders in relation to Financial Instruments<sup>2</sup>

**When:** where Avalon has a duty to ensure best execution is achieved, this applies when Avalon:

- Execute your orders on your behalf; and/or
- Receive and transmit your orders.

Avalon will be executing and/or transmitting orders on your behalf where you legitimately rely on Avalon to protect your interests in relation to the pricing or other aspects of the transaction that may be affected by how Avalon executes and/or transmits the order. For example, this may be the case when Avalon:

- Executes an order by dealing as riskless principal<sup>3</sup>, but has a client relationship with you in relation to executing a transaction;
- Exercise discretion or "work" an order on your behalf;
- Transmit an order to a third party for execution

**How:** Avalon will apply a four-fold cumulative test to determine if there is 'legitimate reliance' on Avalon to protect the interests of a professional client. Avalon will apply the four-fold cumulative test when:

- We provide you, either on request or on a continuous quoting basis with a quote for the purchase or sale of a Financial Instrument and you decide to execute the transaction on the basis of that quote ("RFQ"s);
- We are acting on specific instructions from you to those aspects of the order that fall outside those instructions;
- Transactions are undertaken via block trade facilities;
- Executing OTC trades;
- In instances when we act as riskless principal; and
- A client chooses to execute an order via Avalon's infrastructure.

Avalon will apply the four-fold cumulative by considering the following:

- Which party initiates the transaction;
- Market practice and the existence of a convention to 'shop around';
- The relative levels of price transparency within the market; and
- The information provided by Avalon and any agreement reached

We will ensure that we have clear instructions from clients on the relevant aspects of the orders that we execute on their behalf, and where there is a legitimate reliance on us for Best Execution, we will endeavour to meet your expectations.

### Best execution factors

When the obligation applies, Avalon is required to take all reasonable steps to ensure the best possible result is obtained for its clients by taking the execution factors into account.

- Price
- Costs;
- Speed;
- Likelihood of execution and settlement;
- Size of order;
- Nature of order; or
- Any other consideration relevant to the execution of the order

Price or market fill will ordinarily merit a high relative importance in obtaining best execution. However, in some circumstances, for some clients, orders, financial instruments or markets, Avalon may reasonably determine that other execution factors are more important than price. For example, there is no formalised market or settlement infrastructure for OTC transactions. In some markets, price volatility may mean that timeliness of execution is a priority whereas, in other markets that have low liquidity, the act of execution may itself constitute best execution. In other cases, Avalon's choice of execution venue may be limited (even to the fact that there may be only one market/platform upon which we can execute your orders).

In certain cases, the nature of the client order is such that the transaction is tailored to meet the client's specific needs and there are little or no comparable products available in the market from which a price and cost comparison could be made. These cases include structured products and bespoke OTC transactions. Where this occurs, Avalon will assess the unique features of the transaction and the client's instructions to determine the relevant execution factors to take into account in executing your order.

Avalon will determine the relative importance of the Execution Factors by using commercial judgement and experience in the light of market information readily available and taking into account the characteristics of execution (the "Execution Criteria") which comprise:

- The characteristics of the client including the categorisation of the client as professional;
- The characteristics of the client order;
- The characteristics of financial instruments that are the subject of that order;
- The characteristics of the execution venues to which that order can be directed

#### **Direct Market Access**

When you submit an order electronically through Avalon's DMA system, you will select the parameters of the trade (such as the price, the counterparty, the venue, the timing, the size and nature of interaction) with your selected execution venue. In such a case, Avalon, while acting on your behalf in providing the DMA service, will be treated as having satisfied its duty of Best Execution and you will be treated as having given specific instructions for the entirety of your order by means of the DMA service.

#### **Statement of the basis of deciding Execution Venues**

The Policy includes, for each financial instrument in which we execute orders on your behalf, those venues that Avalon considers to enable them to obtain, on a consistent basis, best execution. Such venues may include, as appropriate, for each product, Regulated Markets (RM) and Multilateral Trading Facilities (MTF), (and/or where Avalon have express consent Avalon may execute orders on your behalf outside RMs or MTFs) systematic internalisers, third party investment firms and/or affiliates acting as a market maker.

#### **Execution Venues**

We may use one of the following execution venues when executing an order:

AIM (UK Growth Market)<sup>4</sup>  
AO Citigroup Global Markets (for access to the Moscow Stock Exchange)  
Athens Exchange S.A.  
B3 S.A. – Brasil, Bolsa, Balcão  
BATS BYX Exchange  
BATS Chi-X Europe  
BATS EDGA Exchange  
Bolsa de Madrid  
Bolsa Mexicana de Valores  
Borsa Italiana  
Boston Stock Exchange  
Budapest Stock Exchange<sup>4</sup>  
Chicago Board Options Exchange/CBOE Options Exchange  
Chicago Stock Exchange  
Citi Handlowy (for access to the Warsaw Stock Exchange)  
Citi Menkul Degerler A.S. (for access to the Borsa Istanbul)  
Citigroup Financial Products Israel Limited (for access to the Tel Aviv Stock Exchange)

Citigroup Global Markets (Pty) Ltd (for access to the Johannesburg Stock Exchange)  
Deutsche Borsa (Xetra)  
International Securities Exchange  
Investors Exchange, LLC  
Irish Stock Exchange<sup>4</sup>  
ITG Posit (non-displayed order book)  
London Stock Exchange  
MAB – Alternative Market<sup>4</sup>  
Nasdaq Dubai UAE  
Nasdaq OMX Nordic Exchange Copenhagen  
Nasdaq OMX Nordic Exchange Helsinki  
Nasdaq OMX Nordic Exchange Stockholm  
NASDAQ Stock Market  
New York Stock Exchange  
NYSE American  
NYSE Arca, Inc.  
NYSE Euronext – Amsterdam  
NYSE Euronext – Brussels  
NYSE Euronext – Lisbon  
NYSE Euronext – Paris  
NYSE National  
Oslo Bors ASA  
Philadelphia Stock Exchange  
Prague Stock Exchange<sup>4</sup>  
SIGMAX (non-displayed order book)<sup>4</sup>  
Six Swiss Exchange  
Turquoise  
Wiener Boerse

#### **Method of Execution**

Subject to your specific instructions, Avalon will select an Execution Venue that is most appropriate having regard to the Execution Criteria and the relative importance of the Execution Factors specific to that order.

Subject to any specific instructions, Avalon will execute an order by one of the following methods or combination of methods:

- I. Directly to a RM or MTF, or where Avalon are not a direct member of the relevant RM or MTF with a third party/affiliated broker;
- II. Outside a RM or MTF by executing the order with a matching order of a systematic internaliser, or another client or counterparty of Avalon's

#### **Client Limit Orders**

FCA rules require unexecuted client limit orders to be made public immediately unless the client expressly instructs otherwise. By consenting to this Policy, you are expressly instructing Avalon NOT to make such orders public.

#### **Demonstration of best execution**

Avalon will demonstrate, upon request, your order has been executed in accordance with this policy

#### **Consent**

In order to transact business with you, Avalon require your express consent to this Policy and the specific matters relating to executing orders outside RMs or MTFs.

Your consent acknowledges that you have been made aware of and accept the nature, policy and processes which we have in place for providing best execution as defined above and that, in the absence of any express instructions from you, Avalon shall have full discretion to choose a relevant venue from the current list of execution venues (as amended and restated from time to time) for executing any order or orders (which may include dealing on a matched-principal basis), but in doing so shall assess and balance the range of all relevant factors, including those set out in this disclosure



statement which, in Avalon's reasonable discretion, they consider relevant to achieving the best results for you.

You also agree that Avalon may execute your orders outside a RM or MTF as set out above, and that unexecuted limit orders will not be made public immediately.

You may confirm consent by email, or alternatively by signing and returning the form in Appendix 1. For the non-specific matters, your tacit consent will be deemed to have been given if you ask Avalon to act on your behalf.

**Procedures**

Avalon will maintain adequate systems and controls to effectively monitor the implementation of the Best Execution policy. Where necessary, Avalon will take into account the execution factors, while considering the peculiarities and features of the products and markets they operate on.

**Appendix 1 - Form of Consent Order Execution Policy**

I, \_\_\_\_\_ on behalf of \_\_\_\_\_ [name of Company] confirm that I consent to this Order Execution Policy (as amended and restated from time to time), including inter alia: to

- (a) you executing orders outside a Regulated Market or MTF;
- (b) for unexecuted limit orders to be not immediately publicly displayed

**Signed:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Position:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Email:** \_\_\_\_\_