

- **Order Execution Policy**



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Contents

Introduction	3
Order Handling - Aggregation, Execution, Promptly and Fairly	3
Scope of Best Execution	3
Best Execution and Relevant Factors	4
Best Execution and Execution Venues	5
Types of Transactions where Best Execution has Limited Scope	5
Specific Instructions	6
Monitoring and Review	6
Fees, Commissions and Mark-Ups	7
Consent	7
Appendix 1 - Policies by Asset Classes	8
Foreign Exchange	9
Repo / Stock Lending & Borrowing	9
Exchange Traded Derivatives	9
OTC Derivatives	9
Structured Products	9
Appendix 2- Execution Venues	10
Appendix 3- Definitions	11

Introduction

This document sets out information and the approach of SOVA CAPITAL LIMITED (“SOVA”) to its order handling, including the steps it will take to provide the best possible execution result on a consistent basis.

The Markets in Financial Instruments Directive 2014/65/EU (“MiFID II”) came into force on 3 January 2018. The order handling and best execution requirements are contained in Articles 27 - 28 in Articles 64 & 65 and are transposed in the UK Financial Conduct Authority (“FCA”) Handbook in COBS 11 (“COBS”).

MiFID II and COBS require SOVA to treat customers fairly, mitigate conflicts of interest and take all sufficient steps to obtain the best possible result for its Professional Clients (“client”).

This document applies only to clients that SOVA has categorised as Professional Clients (and confirmed the same in writing to the client) and only to dealings in applicable Financial Instruments as defined in MiFID II. This policy does not apply to those clients classified as Eligible Counterparties, although we will treat all our clients fairly.

SOVA is authorised and regulated by the FCA, and provides a brokerage service to its clients in many asset classes.

Order Handling - Aggregation, Execution, Promptly and Fairly

1.1. SOVA will take sufficient steps to execute client orders in a prompt, fair, and expeditious manner relative to other client orders. SOVA will execute comparable client orders sequentially in accordance with the time of their reception unless otherwise instructed by the client; or the characteristics of the client order or prevailing market conditions make this impracticable

1.2. Client orders will only be carried out in aggregation with another client order if: the order is executed on a venue where order aggregation is allowed; it is unlikely that the relevant aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated; and it has been previously disclosed to a client that their orders may be aggregated and that the effect of aggregation may work to its disadvantage in relation to a particular order.

1.3. SOVA will allocate trades promptly and fairly. As a result of an order being aggregated, it may be carried out in the form of a block trade where permitted by the venue.

Scope of Best Execution

2.1. To satisfy its obligation to provide best execution, SOVA must take into account execution factors such as price, costs, speed, likelihood of execution and settlement, size, nature and/or any other relevant order execution consideration, and whether it is executing orders on behalf of clients or placing orders with, or passing orders to, others for execution. This overarching obligation to obtain the best possible result for clients is referred to as SOVA’s Best Execution obligation.

2.2. Best Execution is only owed when SOVA accepts an order to execute a transaction on behalf of the client or in other circumstances where it has otherwise expressly agreed to accept such a Best Execution obligation.

2.3. SOVA applies one of two methods to a client order of a financial instrument it receives,

which are distinguished for the purposes of MiFID II, with a different best execution obligation for each: direct execution and indirect execution. In accordance with Article 27 of MiFID II (COBS 11.2A), where clients interact directly with an exchange or another trading system, SOVA may, for example, deal directly with an execution venue on a “request for quote” basis, or access an exchange or trading platform directly by using Direct Electronic Access (“DEA”) provided by a Broker to access the exchange or platform. If the DEA facility sends the order to a smart order router before the relevant transactions touch an execution venue, such execution activity will not be direct execution. Upon receiving our instruction, the execution brokers will decide where this order should be routed and how it will be executed across all available liquidity pools, full discretion being exercised to achieve the best possible outcome. To the extent that a client is executing directly with an exchange, no duty of best execution is required. With all execution provided, SOVA will act in the best interests of the client when executing on behalf of all clients. Further information can be found in section 6.2

2.4. Where SOVA is dealing on own account, the best execution obligation shall apply where the client is relying on SOVA to obtain best execution.

2.5. Details of the order handling policies relating to each Financial Instrument are outlined in Appendix 1.

Best Execution and Relevant Factors

3.1. When executing orders on behalf of clients in relation to Financial Instruments, SOVA will take all sufficient steps to achieve best execution. SOVA has in place processes, which are designed to obtain the best possible execution result on a consistent basis, subject to, and taking into account the Financial Instrument subject to the order, the nature of the order, the execution venues available to SOVA for such Financial Instruments and the priorities the client places upon SOVA executing those orders. For the avoidance of doubt, an order is an instruction to buy, sell or short-sell a financial instrument that is accepted by SOVA for execution or onward transmission to an executing broker and which gives rise to contractual or agency obligations to the client. Implicit in the instruction received will be the understanding that the client is relying on SOVA to protect its interests in relation to the pricing or other aspects of the transaction that may be affected by how SOVA or the entity to which the order is transmitted executes the order.

3.2. SOVA will generally give price a higher relative importance when obtaining the best possible result for orders executed on behalf of the client. However, it may also take into consideration a range of different factors, including the need for timely execution, the availability of price improvement, the liquidity of the market (which may make it difficult to execute an order), potential price impact on the market, the size of the order, the nature of the financial transaction (including whether or not such transactions are executable on a regulated market, over-the-counter, or both) and the quality and cost effectiveness of any related clearing and settlement facilities. SOVA will determine the importance of the execution factors by using its commercial judgement and experience in light of the market information available to it in support of the best possible outcome for its clients. The relative importance of the execution factors must be determined by referring to the execution criteria, which include the characteristics of the client, the client order, the brokers/ execution venues and finally the instrument class.

3.3. Extended hours trading is offered by SOVA and whilst the scope of best execution remains unchanged for orders placed during these periods, it should be noted that there are a number of factors that may affect the outcome of execution of such orders (when compared with normal trading hours). These may include lower liquidity, higher volatility, prices deviating from normal trading hours and wider spreads and reduced availability of SOVA personnel. However, this does not affect or change SOVA’s obligation to provide the best possible execution result for orders placed during extended hours trading, where best execution applies.

Best Execution and Execution Venues

4.1. This Order Execution Policy includes, for each Financial Instrument in which SOVA executes orders on behalf of its clients, those venues that SOVA considers enables it to obtain best execution on a consistent basis. The possible execution venues include for each product and market (for example US and EEA): regulated markets, multilateral trading facilities, organized trading facilities, third party systematic internalisers, market makers and other liquidity providers (including SOVA and its affiliates acting as principal - SOVA may seek to execute an order by netting or cross trading internally with another client order if this results in the best possible outcome for the client). Selection of execution venues includes consideration of factors such as liquidity and price offered, credit and settlement risk, performance and reliability. These venues are listed in Appendix 2.

4.2. For exchange traded products SOVA will generally execute client orders directly on the relevant exchange or, where it is not a direct member of the relevant exchange, with a third party participant which is a member see section 3.2). It may also enter into trades with the client directly as principal. Owing to the nature of some of the markets on which SOVA clients effect transactions, the execution venues chosen by SOVA for executing orders are often product driven and there may only be limited venues for the execution of those products. When selecting venues for direct execution SOVA will take into account the following qualitative factors: price, cost (including mark ups, mark downs, and spreads) liquidity, credit and settlement risk, market share and speed of access (not usually an issue in EEA or US markets)

4.3. As stated above in section 4.2, SOVA may transmit client orders to executing brokers (which may be located outside of the EEA and/or could be affiliates of SOVA) for execution. In these cases, SOVA will either determine the ultimate execution venue and instruct the other broker accordingly, or it will satisfy itself that the executing broker has arrangements in place to enable it to comply with its best execution obligations to its clients. In certain products, there may only be one execution venue, in which case SOVA will presume it has provided the best possible result.

4.4. The selection of executing brokers or new venues is subject to SOVA's pre selection process, which sets out the criteria for selecting and maintaining a third party broker relationship.

4.5. Access to a new market or product is subject to SOVA's internal policies, which are subject to review, approval and oversight by its New Products Committee.

4.6. SOVA will also take steps to structure or charge its commissions in such a way as to not discriminate unfairly between execution venues.

Types of Transactions where Best Execution has Limited Scope

5.1. In some cases the application of the best execution obligation may be limited by the nature of the order given by the client. MiFID II recognises that different considerations apply where the transaction involves a customised OTC financial instrument tailored to client instructions. Such transactions will probably always be effected by way of direct execution. For equities transactions, the transactions may be executed by placing an order with a broker who is a member of the relevant exchange or may - having regard to the execution factors - be executed directly. Although best execution technically applies, there may be little or nothing against which to compare the transaction. This applies if it is (i) an OTC transaction, which is (ii) highly structured/customised to the particular client and, therefore, (iii) is not one of a series of similar deals to which SOVA is a counterparty, and (iv) there is nothing comparable in the market.

Specific Instructions

6.1. Where a client gives specific instructions to SOVA, including specifying the characteristics of a bespoke product, either relating to an order or a particular aspect of an order, SOVA will take all sufficient steps to obtain the best result in accordance with those instructions. SOVA will fulfil its best execution obligations in line with this policy in respect of other parts or aspects of the client's order which are not covered by the specific instruction.

6.2. Where a client chooses to execute an order via SOVA's DEA system, the client will select parameters of the trade (such as the price, the counterparty, the venue, the timing, the size and nature of interaction with the selected execution venue). In such a case SOVA, while acting on the client's behalf in providing the DEA service, will be treated as having satisfied its best execution obligation and the client will be treated as having given specific instructions for the entirety of the order by means of the DEA system. SOVA provides the opportunity for clients to access the algorithmic trading system based on third party outsourced solutions. Once the order is received, the exact way of how the order will be worked depends on the algorithm. The intended outcome of these solutions is to minimise the market impact of placing large orders and/or achieving a desired trading benchmark (VWAP, Close/Open auction price, Market price upon arrival of the order, TWAP, Participation in market volume, etc.). Orders are executed entirely at SOVA's discretion and a copy of its algorithmic trading policy can be accessed on request.

6.3. Where a client privately negotiates a trade with a third party and asks SOVA to register both sides of the trade on a regulated market, SOVA will not owe any best execution obligations to the client. Where a client asks SOVA to find a buyer or seller to a block trade, where the client has determined the financial instrument, size and price, SOVA's role is limited to finding a buyer or seller on terms defined by the client and registering the trade on a regulated market.

6.4. SOVA is subject to the trading obligation for investment firms under Article 23 of MiFIR when executing trades in securities traded on a trading venue. Such a requirement may limit the number of execution venues SOVA may be able to access when executing relevant orders. SOVA may also execute trades with a trading venue and on an equivalent third country venue, subject to certain requirements being met. For shares this includes an obligation, where SOVA has transmitted a client order to a Broker outside the EEA, to ensure the ultimate execution complies with the mandatory trading obligation.

6.5. Subject to Article 23 of MiFIR2, SOVA may execute trades outside a trading venue. When executing client orders off a trading venue SOVA will consider the best interests of its clients when selecting counterparties and brokers. This will include a consideration of the type of client and the service that is in their interests, as well as consideration of the type of instrument being executed. If the broker fails to deliver the best possible result, the relationship will be reviewed and the engagement potentially terminated.

6.6. When SOVA receives a high touch (indirect) instruction, a trader may initiate execution on exchange or execute the order OTC fully or party depending on the requirements of the client. In this case the OTC best execution (4 fold test, etc) obligation applies.

Monitoring and Review

7.1. SOVA will monitor the effectiveness of its execution arrangements (including the appointment and selection of affiliates and executing brokers and/or third party providers) and of this Order Execution Policy and assess on a regular basis whether the execution venues it has selected provide for the best possible result (on an ex-ante and ex-post basis) for orders it executes on behalf of clients. It will ensure that all brokers are regulated and/or members of relevant exchanges with which we will be executing our client orders.

7.2. SOVA will review its Order Execution Policy and its order execution arrangements at least annually or whenever the material change occurs. It will take into account publicly available information relating to the quality of execution disclosed by a trading venue and its own data. It will notify clients of any material changes to its order execution arrangements or the Order Execution Policy by posting an updated version on the SOVA Website address (www.sovacapital.com).

7.3. The reviews of this policy will be conducted by business and compliance and this requirement has been incorporated into SOVA's compliance monitoring programme. The review will include whether additional venues or brokers should be added or removed to achieve better execution, whether the execution factors are assigned the correct relative importance, or any other changes.

7.4. At the request of a client, SOVA will provide a written explanation of how it has executed their orders in accordance with this Order Execution Policy. SOVA will deal with such requests on a timely basis.

7.5. In accordance with Article 27 "RTS 28", SOVA is required to publish annual reports on the top five execution venues where it has executed orders, and the top five brokers to whom it has transmitted orders for execution, including information on the quality of execution obtained. The top five brokers and execution venues are chosen on the basis of trading volumes in the preceding calendar year. Each report will also include information on the quality of execution obtained including those from the top five brokers, all direct execution trades using a DEA facility (where the relevant Broker will be the provider of the DEA facility) plus all indirect execution. The transactions, which are counted for the purposes of the list of the top five execution venues, will include all direct execution other than direct execution using a DEA facility. This will be published annually on SOVA's website.

Fees, Commissions and Mark-Ups

8.1. Regulators require that SOVA demonstrates that it is taking sufficient steps to get the best possible price for a client when the obligation arises. SOVA will charge commission or mark-ups for the execution services it provides for clients. In cash equities, fees will take the form of pre-agreed commissions.

8.2. SOVA will ensure that mark-ups and spreads charged on transactions where best execution is owed are reasonable, not excessive and will be within a range that it considers reasonable for the product type and size of the trade. This does not mean that commissions and markups will be exactly the same for all clients.

8.3. SOVA will not seek to benefit from clients through asymmetric price movements e.g. where it may pass on any adverse price movements to the client while retaining for itself any movement in the client's favor.

Consent

MiFID II requires that clients consent to a firm's order handling policy and expressly consent before proceeding to execute their orders outside a regulated market, MTF or OTF. When a client agrees to SOVA's Terms of Business, it will have consented to the terms of this Order Execution Policy (as amended from time to time) and provided its express consent to SOVA's executing orders outside a regulated market, MTF or OTF. Executing orders outside a trading venue (a block trade for example) may provide access to additional liquidity. However, clients will need to understand that they will not benefit from a clearing mechanism. This arrangement may therefore give rise to additional risks from executing outside of a regulated venue, such as counterparty risk. Clients may request additional information from SOVA regarding the consequences of executing outside off a trading venue.

Appendix 1 - Policies by Asset Classes

A. Equities, Equities like:

A.1. The flow traders receive and execute orders on local (Russian) and global markets via directly held exchange memberships or with executing brokers who are believed to have expertise and the required understanding of SOVA's trading objectives and its Best Execution obligations.

A.2. SOVA can act in an agency capacity, matched principal capacity (riskless principal) or risk principal. The process by which the decision as to the appropriate venue on which to execute any order will depend on the capacity in which SOVA will act, the number of securities involved, the percentage of average daily volume that the trade represents, the available liquidity in the stock at the time, or any other factor deemed relevant by SOVA's brokers.

A.4. If an executing broker is used, brokers will be selected on their pricing, liquidity capability, clearance and settlement capabilities, quality of service, access to markets, credit worthiness and financial stability in accordance with SOVA's pre-selection process.

A.5. The list of execution venues SOVA mainly utilizes when executing equities orders, i.e. the venues on which SOVA typically executes clients' orders and which allow SOVA delivering best result to our clients, is given in Appendix 2.

A.6. For illiquid equities client orders can be executed OTC via market maker, OTF or SI. When deciding upon the correct execution method the trader must determine the most important execution factor as dictated by the client.

A.7. Algorithmic trading. The Firm maintain relationships with a number of Algorithm providers. While executing clients' orders the trader should select the Broker and algorithm that, in the trader's view, has a track record of achieving the best result in terms of the relevant execution factors predetermined by the client. Where an algorithm is used that allows the trader to adjust the execution parameters, the parameters that are most consistent with delivering the best possible result for the client should be selected.

A.8. With regards Securities and Futures Transactions ("SFT") for example, a client is selling short and SOVA is the borrower (certainty of borrow locate, likelihood of recall and financing rate are the most important factors). The trader will select the counterparty which is able to satisfy all the necessary criteria.

B. Fixed Income:

B.1. Transactions are generally, but not exclusively, executed on exchange or other trading platform or over-the-counter (bilaterally arranged trades) for Eurobonds with approved counterparties where one of the key execution factors is likelihood of execution (i.e., order size the execution venue would accept). In most instances, competitive quotes are sought from two or more IDBs (inter-dealer brokers), but for larger transactions and/or transactions in less liquid markets, a single counterparty may be approached on the basis of that counterparty's suitability for the transaction, especially in cases where to approach multiple counterparties may be detrimental to clients' interests. Where the size of the trade is deemed too large (or it is illiquid) to trade through an IDB or venue, SOVA would execute on a request for quote basis to determine the most competitive overall pricing for each order to be executed. Execution quality is a key component that is considered as part of the review of IDB and counterparty performance carried out annually by SOVA Front Office. IDBs and counterparties who are unable to continue to deliver the execution quality SOVA requires are removed from the list of execution venues.

B.2. Execution of Fixed Income - the traders take into account a range of factors in deciding

where and how to execute an order to obtain the best possible result for the client. Consistent liquidity and price are normally the most important factors in this decision. Other factors which will be considered include speed, size, likelihood of execution and settlement.

C. Foreign Exchange

C.1. If FX executions refer to FX spot transactions (transactions with immediate delivery without rolling over the open position), best execution will not apply. As a non-MiFID instrument FX spot transactions are out of scope for best execution obligation.

D. Repo / Stock Lending & Borrowing

D.1. SOVA may execute transactions under repurchase contracts, reverse repurchase contracts and borrowing and lending securities contracts with Professional clients. Generally, price will be one of the most important execution factors but due to the bespoke and very structured nature of the instrument, many bespoke factors to each trade will affect the price, including: characteristics of collateral, exposure to counterparty, margin and haircuts applied.

E. Exchange Traded Derivatives

E1. SOVA acts as a principal (back-to-back or riskless principal trading) when buying and selling listed derivatives for its clients. The dominant execution factors are likely to be price and speed of execution, when executing electronically, although other factors may be considered including price, costs, size, likelihood of execution and settlement.

E.2. The execution venues that SOVA mainly utilises when executing orders in Exchange Trading Derivatives are FORTS (Russia's largest public trading market for derivatives where there is deemed sufficient liquidity for trade execution and the availability of in depth price discovery), ICE, COMEX and NASDAQ.

F. OTC Derivatives

F1. SOVA acts in a principal capacity when buying and selling OTC derivatives contracts for its clients, SOVA being the counterparty to each contract.

F2. For OTC derivatives the predominant execution factor is likely to be liquidity. SOVA will treat clients fairly where they wish to close their positions before the expiration date, applying equivalent pricing benchmarks to when positions are opened.

G. Structured Products

G1. The Structured desk executes trades with structured products (debt securities linked to the performance of the underlying such as for example notes or warrants linked to such underlying as equities, commodities, indexes, loans, etc.).

G2. In most instances, competitive quotes are sought from two or more Issuers (Tier-1 global banks). SOVA will act in a principal (back-to-back) capacity in relation to structured products when buying and selling structured products for its clients, based on the client accepting a quote provided by the Issuer.

G3. Issuers are selected on their pricing, credit rating of Issuer and/or instrument, liquidity capability, speed of execution and choice of underlying.

Appendix 2- Execution Venues

The table below lists the execution venues and executing brokers that SOVA currently uses and comprises those execution venues and executing brokers which IT mainly utilizes. SOVA reserves the right to use other execution venues and third parties where it considers that it is appropriate in the light of its Order Execution Policy, and it may from time to time add or remove an execution venue or an executing broker from this list:

Asset Class	Execution Venue	Execution Broker
Equities, equity-like instruments, exchange traded funds and exchange traded products, bonds etc.	Exchanges: Moscow Exchange Borsa Italiana Euronext Amsterdam Euronext Brussels Euronext Lisbon Euronext Paris London Stock Exchange US markets: NYSE/NASDAQ/OTC BB/other US venues TSX (Canada) SGX (Singapore) SEKH (Hong Kong) WSE (Warsaw Stock Exchange) XETRA Displayed MTFs: Aquis Cboe BXE Cboe CXE Torquoise Non-Displayed MTFs Cboe BXE - Dark Order Book Cboe CXE - Dark Order Book Virtu POSIT Sigma X MTF Turquoise Plato UBS MTF	AK Jensen GFI Securities Limited Tullett Prebon Securities Virtu Financial Ireland Limited Jefferies International Limited Instinet LLC Limited Liability Company REGION Investment Barclays Capital LLC HSBC Bank MarketAxess GFI Securities Limited Continental Capital Markets SA Tradition (UK) Ltd
Foreign Exchange	Exchanges: Moscow Exchange FX	
Derivatives	Exchanges: Moscow Exchange (FORTS) SPIMEX ICE COMEX NASDAQ	Limited Liability Company REGION Investment Sova Capital Limited
Structured Products	Various Issuers, in the form of Tier-1 global banks, e.g.: Citigroup Global Markets Limited JP Morgan Chase bank N.A. Leonteq Securities AG HSBC Bank PLC	
Repo		Sova Capital Limited

SOVA as an execution venue refers to the use of entities within SOVA (being SOVA and its affiliates acting in a principal capacity) where SOVA or its affiliate will execute client orders using their own internal sources of liquidity, including its internal order crossing capabilities and dealing on its own account.

SOVA has disclosed certain venues and executing brokers in its policy. SOVA may however in exceptional circumstances use venues and executing brokers not listed in its policy, for example on a provisional basis or to accommodate a client request to trade in an unusual instrument, with a view to satisfying the overarching best execution requirement.

Appendix 3- Definitions

	Definition
FCA	Financial Conduct Authority, the UK regulator.
MiFID II	The Markets in Financial Instruments Directive (MiFID) II is a legislative framework instituted by the European Union (EU) to regulate financial markets in the bloc and improve protections for investors. Its aim is to standardize practices across the EU.
DEA	Direct Electronic Access. An arrangement where a member or participant or client of a trading venue permits a person to use its trading code so the person can electronically transmit orders relating to a financial instrument directly to the trading venue and includes arrangements which involve the use by a person of the infrastructure of the member or participant or client, or any connecting system provided by the member or participant or client, to transmit the orders (direct market access) and arrangements where such an infrastructure is not used by a person (sponsored access).
COBS	FCA Conduct of Business Rules
Trading venue	A regulated market, Multilateral Trading Facility, Organized Trading Facility, Liquidity providers
Cross Trading	A cross trade is a practice where buy and sell orders for the same asset are offset without recording the trade on the exchange
OTC	Over the Counter. An execution not on exchange.
VWAP	The volume weighted average price is a trading benchmark used by traders that gives the average price a security has traded at throughout the day, based on both volume and price. It is important because it provides traders with insight into both the trend and value of a security.
TWAP	The time weighted average price is the average price of a security over a specified time.
Algorithmic Trading	Trading in financial instruments which meets the following conditions: (a) where a computer algorithm automatically determines individual parameters of orders such as whether to initiate the order, the timing, price or quantity of the order, for how to manage the order after its submission; and (b) there is limited or no human intervention