



**Order Execution Policy**

**NKB Investments Limited**

**Version 3 (November 2009)**

## **NKB Investments Limited's Policy on Order Execution**

### **Application**

NKB Investments Limited ("NKB") Order Execution Policy applies to both Professional and Retail Clients as defined by EU MiFID 2004/39/EC for the handling and execution of orders in financial instruments again as defined.

If we have classified you as an Eligible Counterparty then you will not be entitled to best execution under CySEC Rules and as provided by Article 24 of MiFID and this Policy will not apply to you.

### **Policy Objective**

Irrespective of any legal obligation to do so, NKB will uphold the highest standards of integrity and fairness when executing your orders and we will always take into consideration the interest of our clients.

### **Definition of Best Execution**

NKB defines best execution as the procedure by which we take all reasonable steps to ensure that we obtain the best possible overall trading result in executing client orders, taking into account the nature of your orders, the nature of the markets in which you give us orders and an assessment of the factors and criteria listed below. The obligation to provide best execution is given under Article 21 of MiFID and this article also requires us to provide you with appropriate information on our policy.

### **Exemptions**

NKB may not be able to follow the steps in our Policy on Order Execution 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 we provide you with direct market access through an electronic interface and which links only to a particular exchange.

In circumstances where NKB executes trades with you but does not execute an order on your behalf, NKB will not owe you a duty to provide best execution. This would include, but may not be limited to, circumstances where NKB 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, NKB 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:

- 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;
- the costs to execute your order.

### **Execution Venues**

NKB 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;
- Other exchanges that are not Regulated Markets;
- Multilateral Trading Facilities (MTF);
- Systemic Internalisers;
- Market Makers or other EEA approved liquidity providers;
- Over the Counter (OTC) market contacts, including, without limitation, third party investment firms, brokers, and/or affiliates acting as a Market Maker or other liquidity provider; and/or non EEA entities performing similar functions.

A list of execution venues used by NKB 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.

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.

### **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 NKB 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.

### **Trade Reporting**

As a Cyprus authorised investment 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.

### **Transaction Reporting**

As a Cyprus authorised investment firm, we are obliged to make reports to the CySEC on a wide variety of transactions in financial instruments as prescribed by the CySEC rules and regulations. 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 the CySEC 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.

### **Monitoring and Review**

NKB will monitor the effectiveness of our Policy on Order Execution, our arrangements and 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 NKB will notify any material change in our Policy on Order Execution by posting an updated version of this document on our website ([www.nkb.com.cy/information/mifid/download.wbp](http://www.nkb.com.cy/information/mifid/download.wbp)). **We will not notify clients individually of any future changes to the Order Execution Policy.** 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.

### **Duties and Responsibilities**

Unless otherwise agreed between NKB 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.

**Consent**

NKB is obliged to obtain your prior consent to this Policy. Kindly note that by placing orders with NKB after 1<sup>st</sup> November, 2007 this will be deemed consent by you to this Policy.

## Appendix 1

### List of Execution Venues where NKB Investments Ltd executes its clients' orders.

Our Order Execution Policy provides that we only use venues and counterparties that are themselves regulated in their home state in the EU or US, as we are in Cyprus. Some entities may be part of the same financial services group.

#### Direct Market Access (“DMA”) Counterparties

- GL Net is GL Trade’s broker-neutral order routing network. As a member ourselves, we can route orders electronically to any other GL Net user in any venue supported by GL. A full list is available from GL Trade’s website at [www.gltrade.com](http://www.gltrade.com)

#### All domestic Russian listed securities on RTS, MICEX and other Russian exchanges

- URALSIB Capital LLC, Moscow (an affiliate of NKB Investments Ltd.)

#### All US and Canadian listed equities

- Jefferies International Ltd., London
- Dresdner Bank AG, London
- Auerbach Grayson & Co., Inc., New York
- SunGard Global Execution Services Limited, London

#### All London Stock Exchange and Euronext listed equities

- URALSIB Securities Ltd., London (an affiliate of NKB Investments Ltd.)

#### All other listed securities

- GFI Securities Ltd., London
- Tullett Prebon (Equities) Ltd., London

#### All Futures and Options exchanges

- MF Global, Inc., Chicago
- JP Morgan Securities Limited, London

#### EDX London Futures and Options, London

- URALSIB Securities Ltd., London (an affiliate of NKB Investments Ltd.)

Further information is available to clients upon request.