

## ORDER EXECUTION POLICY

### I. GENERAL PROVISIONS

This Order Execution Policy (the "Policy") is issued pursuant to, and in compliance with the requirements of Art. 86 of the Markets in Financial Instruments Act (MFIA) and Chapter III, Section 5 and Section 6 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (Delegated Regulation (EU) 2017/565), which applies to the activity of investment firm Alaric Securities OOD ("Alaric Securities").

When providing investment services or ancillary services to clients, Alaric Securities has a general duty to act honestly, fairly and professionally in accordance with the best interests of its clients. In relation to order execution Alaric Securities is required to take all sufficient steps to obtain the best possible result when executing client orders or when placing orders with, or transmitting orders to, other entities to execute.

This Policy applies to Alaric Securities execution or placement of orders on behalf of retail clients and professional clients according to the applicable regulations, as defined above.

This Policy shall not apply in the following cases:

**# eligible counterparties** – if the client is classified by Alaric Securities as an eligible counterparty, it does not enjoy the protection of best execution under this Policy. Each client defined as an eligible counterparty may explicitly request not to be considered as such either completely or for a particular transaction.

**# client's specific instructions** – when the client gives specific instructions regarding the whole order or some aspect thereof, including a requirement for execution of the order by a specific investment firm and/or at a specific execution venue, Alaric Securities shall execute the order according to these instructions. Thus, it shall be considered that Alaric Securities has taken all sufficient steps to achieve the best result for the client regarding the whole order or of aspects of the order contained in the client's instruction.

**Clients should be aware that any specific instructions given by them may prevent Alaric Securities from taking the steps that it has designed and implemented in its execution policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.**

Upon placing an order via electronic trading platform (**Hammer, Sterling Trader, SterlingLST** and the like), the client selects all the parameters of the order and the latter is classified as placed with special instructions. In such case, the IF acting on behalf of the client and giving it access to the system, shall be deemed to have fulfilled the task of achieving the best execution for the client. In the event that the electronic system allows some parameters of the order not to be specified, the Alaric Securities shall take care for them in order to ensure the best result in accordance with this Policy.

**Art. 1.** This Policy lays down the rules that Alaric Securities shall observe in order to ensure the best execution of client orders in the best interest of the client under the provisions of MFIA, with due care and in compliance with fair trade practices, in all cases where:

- a) orders are executed on behalf of clients;
- b) orders are received and transmitted for execution to another entity on behalf of clients;
- c) instructions are given for executing transactions on behalf of clients in relation to client's portfolio managed by Alaric Securities.
- d) transactions are executed for the Alaric Securities own account.

**Art. 2.** Alaric Securities shall observe this Policy in all cases where executing client orders, unless the client is designated as an eligible counterparty in accordance with the rules and criteria for classification of clients and has not asked to be treated otherwise, or has given special instructions regarding the whole order or some aspect thereof, including a requirement for execution of the order at a particular place or the order has been filed via an electronic trading system. In the event that the electronic system allows for some

parameters of the order not to be specified, the Investment intermediary shall take care for them in order to achieve the best performance in accordance with this Policy.

**Art. 3.** When there are specific instructions from the client, Alaric Securities shall execute the order following these instructions; as regards the factors that determine the best execution, for which there are no instructions, Alaric Securities shall perform the relevant assessment. Special instructions from the client may prevent Alaric Securities to take the necessary actions to achieve the best result when executing client orders in accordance with this Policy, for the part of the order, which the special instructions concern.

**Art. 4.** Alaric Securities cannot execute orders on behalf of clients if they have not given their prior consent to this Policy.

**Art. 5.** Alaric Securities shall take all sufficient steps to obtain the best possible result for its clients taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any factors relating to the execution of the order and listed in Article 6 below.

## II. BEST EXECUTION FACTORS

**Art. 6.** In order to achieve the best execution of client orders, Alaric Securities shall assess the relative importance of the following factors:

**a) Price:** The price that the client will get or pay in the execution of their order is a paramount factor for meeting the criteria for best execution.

**b) Costs:** costs related to the execution of client orders is the second most important factor that Alaric Securities shall consider together with the price of financial instruments. The costs related to execution include all costs directly related to the execution of the order, including execution venue fees, clearing and settlement fees, charges of the investment intermediary that will execute the order, as well as other fees and charges payable to third parties involved in the execution of the order. The costs are also essential for the choice of execution venue of client orders.

**c) Volume/number of financial instruments:** The volume or number of financial instruments in the client's order is directly related to the price of the financial instruments and the costs for the transaction. Depending on the volume of the order, Alaric Securities shall select the most appropriate execution venue.

**d) Speed of execution:** Alaric Securities shall take all sufficient steps to execute each client order as soon as possible on the most representative market for the specific financial instrument. Taking this factor into consideration enables the client to take maximum advantage of the market movement, which is in their best interest.

**e) Likelihood of execution and settlement:** The best price is of little use if Alaric Securities cannot execute at it or if the transaction fails to complete. Depending on this, and as far Alaric Securities is aware of the further intentions and objectives the specific client, this factor may obtain a substantial relative weight in fulfilling the criteria for best execution.

**f) Type and nature of the order:** These characteristics of the client order can have a significant influence on the choice of execution venue, with a view to achieving an optimal price and speed.

**g) Other factors:** This includes but is not limited to possible future costs for safekeeping of financial instruments subject of the specific order, tax liabilities and the like. Alaric Securities shall assess the relevance of these factors only insofar as they are known to it at the time of execution of the order.

**Art. 7.** Alaric Securities shall assess the relative importance of the **factors** for execution under the previous article according to the following criteria:

**a) the characteristics of the client**, where and according to the information available, Alaric Securities can give, for example, bigger importance to speed of execution in relation to the costs. Of particular importance will be whether the client is categorized as retail or professional;

**b) the characteristics of the client order**, where, depending on its peculiarities (for example, specific requirements of the client or the order involves securities financing transaction) the various factors can have different relative weight;

**c) the characteristics of the financial instruments** subject of the order;

**d) the characteristics of the execution venues** to which that order can be directed.

### III. ASSESSMENT OF EXECUTION FACTORS WITH A VIEW TO CLIENT CATEGORIZATION

**Art. 8. (1) Retail Clients:** when executing an order on behalf of retail client, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs relating to execution, which shall include all expenses incurred by the client which are directly relating to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. Where there is more than one competing venue to execute an order for a financial instrument, in order to assess and compare the results for the client that would be achieved by executing the order on each of the execution venues listed in this Policy, Alaric Securities own commissions and the costs for executing the order on each of the eligible execution venues shall be taken into account in that assessment.

**(2) Professional clients** – in execution of orders placed by professional clients, in most cases the price and transaction costs will be crucial for achieving the best result for the client. However, Alaric Securities will assess the importance of the factors in each individual case (e.g. for a hedge fund, the speed of execution and settlement can be much more important than the other factors).

### IV. EXECUTION VENUES AND EXECUTING BROKERS

**Art. 9.** Execution venues may be: a regulated market, a multilateral trading facility (MTF), an organized trading facility (OTF), a systematic internaliser (SI), or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.

**Art 10.** Alaric Securities places the order for execution by its foreign counterparts (executing brokers), which are members of the respective regulated market, MTF or OTF either directly or through another broker.

**Art. 11.** At the time of drawing up and adoption of this Policy, Alaric Securities places client orders at the execution venues appointed in Schedule 1. The list of execution venues is not exhaustive. Alaric Securities may use other places for execution, which it considers appropriate in accordance with this Policy and provided that there is an agreement in place with an execution broker that can execute the orders there. The Client shall check regularly the of execution venues on the website of Alaric Securities – [www.alaricsecurities.com](http://www.alaricsecurities.com).

**Art. 12.** When the financial instrument subject of the client order is traded simultaneously on a regulated market and MTF or OTF, and in the absence of explicit instructions from the client regarding the execution venue, Alaric Securities shall determine it according to this Policy.

**Art. 13.** Within the meaning of this section, "**the respective regulated market, MTF or OTF**" means a stock exchange or other market, which is typical of a particular financial instrument, depending on the issuer, currency and other factors. For example, a typical market for shares of MICROSOFT traded in US dollars are the New York Stock Exchange and NASDAQ, the same shares but in euro are typically traded on the Stock Exchange in Frankfurt am Main and XETRA.

**Art. 14.** The advantages and disadvantages of the execution venues of client orders depend mainly on the characteristics of the financial instruments for which the relevant client has placed an order. Provided that a transaction for purchase/sale of a specific financial instrument can be performed at two specified places, then Alaric Securities should take into consideration the following:

**a)** Above all, the client's preferences for the execution venue, and if such has been specified by the client, Alaric Securities should inform it on the costs of execution at this place.

**b)** If the client has not specified the execution venue - the amount of costs for execution - and at equal other conditions, Alaric Securities shall execute the specific client's order at the venue, which will generate less costs to the client and provided that it does not harm the client in any other way.

**c)** The execution venues shall be identified and assessed according to the following criteria:

- i. the best possible guarantee for protection of the interests of the client with a view to the strictness of the regulatory framework, investor compensation fund, safeguard clauses in favor of the client;
- ii. less costs to the client;
- iii. number and types of financial instruments offered;
- iv. technical characteristics of the platform.

**Art. 15.** At the time of drawing up and adoption of this Policy, Alaric Securities places client orders at the executing brokers appointed in Schedule 2. The list of executing brokers is not exhaustive. Alaric Securities may use other counterparts, which it considers appropriate in accordance with this Policy.

**Art. 16.** The executing brokers to whom client orders are sent to for execution, shall be identified and assessed according to the following criteria:

**a)** Executing brokers shall have the relevant execution arrangements that enable the Alaric Securities to comply with its obligations under this Policy when it places or transmits orders to that entity for execution.

**b)** Alaric Securities shall analyze and review periodically the agreements and mechanisms for execution of client orders that Alaric Securities has with the investment firms to whom orders for execution are placed.

**c)** In case of specific instructions from the client, Alaric Securities shall place the order for execution following these instructions. With regard to the factors that determine the best possible result for the client for which there are no instructions, the executing broker shall make the relevant assessment. Any special instructions of the client may prevent Alaric Securities to take the necessary actions to achieve the best execution when placing client orders in accordance with the Policy for the part of the order, which the special instructions concern.

**d)** Alaric Securities shall add new investment firms to execute client orders, taking into account the following factors:

(i) availability of necessary licenses and authorizations, and client protection similar to the statutory requirements in Bulgaria or stricter;

(ii) number and types of services offered;

(iii) coverage of the various markets;

(iv) amount of fees and commissions;

(v) technical characteristics of the platform;

(vi) Good repute.

**Art. 17.** In order to achieve the best result for the client, client orders may be executed or placed for execution OTC - outside a regulated market or MTF or OTF, provided that clients have been notified and have explicitly given their consent thereto.

**Art. 18.** When executing orders or taking decision to deal in OTC products including bespoke products, Alaric Securities checks the fairness of the price proposed to the client, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

**Art. 19.** OTC trading brings additional risk for the client, for example the counterparty of transaction might fail to fulfill its settlement obligations. Alaric Securities will take into account this risk factor when executing or placing order for execution. Upon client request Alaric Securities will provide additional information about the consequences of OTC execution.

**Art. 20.** For certain financial instruments, the actual execution of the transaction might be possible at only one execution venue. If a client order is executed under such circumstances, it shall be deemed that Alaric Securities has achieved the best execution for the client.

**Art. 21.** Alaric Securities shall summarise and make public, on an annual basis, for each class of financial instruments, the top five investment firms in terms of trading volumes where it transmitted or placed client orders for execution in the preceding year and information on the quality of execution obtained.

## **V. POLICY FOR AGGREGATION AND ALLOCATION OF ORDERS**

**Art. 22.** Alaric Securities may aggregate client orders only if they are related to the same financial instruments and orders which do not differ in their type and nature.

**Art. 23.** Admissible is aggregation of orders whose characteristic "execution quantity" is different, i.e. orders that are executed "partially" with orders that are executed "fully".

**Art. 24.** Alaric Securities has no right to execute client order by aggregating it with other client orders unless the following conditions are met:

- a) it is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated;
- b) it is disclosed to each client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order;
- c) Alaric Securities applies the current policy, providing for the fair allocation of aggregated orders and transactions, including how the volume and price of orders determines allocations and the treatment of partial executions.

**Art. 25.** Alaric Securities shall not aggregate:

1. limited and market orders for purchase or sale of financial instruments.
2. limited orders for purchase or sale of financial instruments when these orders differ in the specified limit price of the financial instrument.
3. orders for purchase or sale of financial instruments that have been submitted in different business days, as well as those that have a different period of validity.
4. orders for purchase or sale of financial instruments to clients that are differentiated according to their place of execution.

**Art. 26.** Aggregated client orders shall be allocated based on the following criteria:

1. date and time of submitting the order;
2. unit price;
3. total value of the order;
4. qualitative execution parameters set by the client;
5. other specific instructions from the client.

**Art. 27.** The allocation of aggregated orders shall be carried out in accordance with the principle of "fair allocation", according to which no client may receive more or less financial instruments than the explicitly ordered quantity for purchase, and more or less monies than the amount due as a result of the execution of the order for sale.

**Art. 28. (1)** In case of full execution of aggregated order, the allocation of the result shall be according to the parameters of each client order and in compliance with the principles laid down in this Policy. In the event of partial execution of an order, which combines two or more limited client orders, the allocation of the related transactions shall be proportional to the volume of each order and according to the date and time of its acceptance, without damaging any of the clients whose orders have been pooled.

**(2)** Provided that the client order was executed at a price more favorable than that originally set by the client, the whole profit shall belong to the client.

**Art. 29. (1)** Provided that the aggregated purchase order is executed at different prices for different parts of the total order, the allocation of related transactions (financial instruments) shall be based on the criteria: date, time of submitting and the volume each order.

**(2)** Provided that the aggregated purchase order is executed at different market prices for different parts of the total order, the allocation of related transactions and the results thereof shall be based on the criteria: date, time of submitting, unit price and total value of each order.

**(3)** The rules under par. 1 and 2 shall apply to orders where the price of financial instruments is not limited and is determined at the time of execution of the order.

**Art. 30.** In cases where Alaric Securities has aggregated a client order with one or more other client orders and the aggregated order is partially executed, it shall allocate the related transactions that are result of execution of the order, in compliance with this Policy for separation of orders.

**Art. 31.** In cases where Alaric Securities has aggregated a transaction of its employee with one or more client orders, it shall not be entitled to separate the transactions concluded in a way that is detrimental to the client.

## **VI. AGGREGATION AND ALLOCATION OF TRANSACTIONS FOR OWN ACCOUNT**

**Art.32. (1)** When Alaric Securities aggregates transactions for own account with one or more client orders it shall not allocate the related trades in a way that is detrimental to a client.

(2) When Alaric Securities aggregates a client order with a transaction for own account and the aggregated order is partially executed, it shall allocate the related trades to the client in priority to the firm.

(3) Where Alaric Securities is able to demonstrate on reasonable grounds that without the combination it would not have been able to carry out the order on such advantageous terms, or at all, it may allocate the transaction for own account proportionally, in accordance with its order allocation policy referred to in Section V.

(4) The Investment firm shall not allow the reallocation, in a way that is detrimental to the client, of transactions for own account which are executed in combination with client orders.

## **VII. POLICY REVIEW**

**Art. 33.** Alaric Securities monitors on a regular basis the effectiveness of this Policy and the execution quality of the entities identified in the Policy and, where appropriate, correct any deficiencies.

**Art. 34. (1)** Alaric Securities reviews the Policy and arrangements with its counterparties at least annually. Such a review shall also be carried out whenever a material change occurs that affects Alaric Securities ability to continue to obtain the best possible result for its clients.

(2) Material change shall be a significant event that could impact parameters of best execution such as cost, price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

(3) Alaric Securities shall assess and analyze possible new execution venues and executing brokers on a regular basis and shall update the lists promptly.

## **VIII. FINAL PROVISIONS**

§ 1. In the event of issues identified in practice that could be addressed by amending or supplementing this Policy, the General Meeting of the shareholders may in due course make the amendment necessary guided by legal requirements.

§ 2. This Policy shall be provided for information to any client, whom it concerns, including via publication on the website of Alaric Securities.

§ 3. This Policy was adopted by the General Meeting of the shareholders of Alaric Securities OOD dated 25.10.2021 and amended on 25.10.2021.

## Schedule 1

List of execution venues to which Alaric Securities has access via executing broker

### **1. Equities and equity like instruments – shares, depositary receipts, ETFs, ETC, ETNs**

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NYSE – New York Stock Exchange	London Stock Exchange (LSE)
NSDQ – Nasdaq Stock Market	LSE International Order Book (LSEIOB1)
NYSE ARCA	Nasdaq Baltic (N.RIGA)
NYSE American (formerly NYSE MKT and the American Stock Exchange AMEX)	Nasdaq Baltic (N.TALLINN)
BATS-Z (BZX) Exchange	Nasdaq Baltic (N.VILNIUS)
BATS-Y (BYX) Exchange	OMXNO
EDGA Exchange	SIX Swiss Exchange (EBS)
EDGX Exchange	Stuttgart Stock Exchange (SWB)
NASDAQ OMX PHLX (Philadelphia Stock Exchange)	Swedish Stock Exchange (SFB)
NASDAQ OMX BX (Boston Stock Exchange)	Tradegate Exchange (TRADEGATE)
Chicago Stock Exchange (CHX)	Turquoise (TRQXEN)
Investors Exchange (IEX)	Turquoise CH (TRQXCH)
ArcaEdge (ARCAEDGE)	Turquoise DE (TRQXDE)
BATS Europe (BATECH)	Warsaw Stock Exchange
Bats Europe (BATEDE)	XETRA (IBIS)
Bats Europe (BATEEN)	Alpha ATS (ALPHA)
Bats Europe (BATEES)	Canadian Securities Exchange
Bats Europe (BATEUK)	CHI-X Canada
Bolsa de Madrid (BM)	Montreal Exchange (CDE)
Budapest Stock Exchange	Omega ATS (OMEGA)
BVL	Toronto Stock Exchange (TSE)
CHI-X Europe Ltd Clearnet (CHIXEN)	TSX Venture (VENTURE)
CHI-X Europe Ltd Clearnet (CHIXES)	Australian Stock Exchange (ASX)
CHI-X Europe Ltd Clearstream (CHIXDE)	CHI-X Australia
CHI-X Europe Ltd Crest (CHIXUK)	Hong Kong Stock Exchange (SEHK)
CHI-X Europe Ltd Swiss (CHIXCH)	National Stock Exchange of India (NSE)
ENEXT.BE	CHI-X Japan
Euronext France (SBF)	Osaka Exchange (OSE.JPN)
Euronext NL Stocks (AEB)	Tokyo Stock Exchange (TSEJ)
Frankfurt Stock Exchange (FWB)	Singapore Exchange (SGX)
	Korea Stock Exchange (KSE)

### **2. Bonds**

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BONDDESK  
IBKRATS  
MUNICENTER  
NYSE BONDS

### **3. Futures**

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CBOT (ECBOT)	Borsa Italiana IDEM
CFE Cryptocurrencies	Intercontinental Exchange (ICE/IPE)
EDXNO	LME OTC Lookalike Platform
EUREX	Spanish Futures & Options Exchange (MEFF)
EURONEXT.LIFFE	MONTREAL EXCHANGE
CME GLOBEX	ICE Futures NYBOT
Hong Kong Futures Exchange (HKFE)	New York Mercantile Exchange NYMEX
ICE Futures US	NYSE LIFFE
Intercontinental Exchange (ICEEU)	Nasdaq OMX – Stockholm (OMS)
Intercontinental Exchange (ICEEUUSOFT)	Osaka Exchange (OSE)

Singapore Exchange (SGX)

ASX24 (SNFE)

#### 4. Options

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BOX Options Exchange LLC

Euronext NL Derivatives (FTA)

CBOE Options Exchange

EDXNO

CBOE C2 Options Exchange

Spanish Futures & Options Exchange (MEFF)

CBOE BZX Options Exchange

Nasdaq OMX - Stockholm (OMS)

CBOE EDGX Options Exchange

EUREX (SOFFEX)

MIAX Options Exchange

Intercontinental Exchange (ICE/IPE)

Nasdaq BX Options

Intercontinental Exchange (ICEEU)

Nasdaq ISE

Australian Stock Exchange (ASX)

Nasdaq Options Market

Hong Kong Futures Exchange (HKFE)

NYSE American Options

Hong Kong Stock Exchange (SEHK)

NYSE Arca Options

National Stock Exchange of India (NSE)

Euronext Brussels (BELFOX)

Osaka Exchange (OSE.JPN)

Euronext France (MONEP)

Singapore Exchange (SGX)

CHI-X Europe Ltd Clearstream (CHIXDE)

Korea Stock Exchange

EUREX (DTB)

Borsa Italiana (IDEM)

Schedule 2

List of entities to which Alaric Securities places for execution orders in any class of financial instruments

Instinet, LLC

Velocity Clearing, LLC

Interactive Brokers (UK) Limited

Interactive Brokers Central Europe Zrt.

Cowen International Limited

United Bulgarian Bank