

## 1 | INTRODUCTION

This Policy sets out the steps taken by Naga Markets Ltd (“NAGA”) in ensuring that the best result is obtained for its clients taking into account the execution factors of price, costs, speed, likelihood of execution, size, nature and any other relevant consideration to the execution of an order.

This Policy applies only to the execution or transmission of client orders in Contracts for Differences (“CFDs”) and reflects the fact that NAGA deals with both professional and retail clients.

## 2 | APPLICATION OF THE BEST EXECUTION OBLIGATION

The obligation to take all sufficient steps to obtain the best possible result for clients applies where a firm owes a client contractual or agency obligations. The best execution obligation applies to all business NAGA executes for Retail clients and will apply for Professional clients where the client places legitimate reliance on NAGA to provide best execution.

The best execution obligations will not apply in the following circumstances:

- (a) Orders carried out with or for Eligible Counterparties (“ECP”) – ECPs do not benefit from the best execution provisions of MiFID II which only apply to Professional and Retail Clients;
- (b) Professional Clients – NAGA will not provide Professional clients with best execution on their order unless it is reasonable for NAGA to assume that due to their knowledge and experience they are relying on NAGA to protect their best interests. In determining whether a Professional client is placing legitimate reliance on NAGA to provide best execution, NAGA will take the following matters into consideration:
  - which party initiated the transaction – where a client initiates a transaction with NAGA, including following receipt of research and marketing material from NAGA, NAGA will consider it less likely that the client will be placing reliance upon it;
  - market practice and an existence of a convention to ‘shop around’ – where it is standard market practice for clients to contact various market participants in order to identify the most favourable quote, NAGA will consider it less likely that the client will be placing reliance upon it;
  - the relative levels of price transparency within a market – in markets where pricing is transparent and it is reasonable to believe that the client has access to this information, NAGA will consider it less likely that the client is placing reliance upon it.

## 3 | EXECUTION CRITERIA

When executing client orders NAGA will take into account the following criteria to determine the relative importance of the execution factors referred to above:

- (a) the characteristics of the client including the categorization of the client as retail or professional – for Professional clients price is likely to be the primary execution factor whereas for Retail clients the price;
- (b) the characteristics of the client order – there are various characteristics of a client’s order, such as whether it is a purchase or a sale, its size, the type of order, etc. that may impact how NAGA decides to execute it. For large in size orders the likelihood of execution is likely to be more important than price;
- (c) the characteristics of the financial instrument subject of that order – intrinsic differences in the behaviour and attributes of financial instruments mean that they will need to be treated differently. Market conditions should also be considered, such as whether there is liquidity at the size of the order being contemplated, and whether there is significant volatility in the market; and
- (d) the characteristics of the Execution Venue to which that order can be directed – relevant considerations might be the reputation and reliability of the venue, whether the order will be subject to pre- and post-trade transparency, and the types of counterparty that the order is likely to be executed against.

NAGA shall take all sufficient steps to obtain the best possible result for its clients to the extent that it executes an order or a specific aspect of an order following specific instructions from the client relating to the order or the specific aspect of the order.

NAGA shall check the fairness of the price proposed to its clients by gathering market data used in the estimation of the price of the product and, by comparing with similar comparable products from independent sources.

#### 4 | EXECUTION FACTORS

NAGA considers the following execution factors when executing your order for a CFD:

- (a) Price
- (b) Speed
- (c) Likelihood of execution and settlement
- (d) Size
- (e) Costs
- (f) Other

Although NAGA is obliged to deliver the best possible result when executing client orders, a uniform procedure for best execution should not and cannot be applied owing to differences in market structures and the different characteristics of the financial instrument of CFDs.

Depending on the order type and the instructions that the client provides to NAGA, certain factors may be considered as more important than other factors, as outlined below:

- (a) **Price:** this refers to the resulting price of the transaction, excluding NAGA's execution charges.
- (b) **Speed:** this refers to the rate at which the client order is progressed. NAGA will progress the client's order at a rate which it believes represents a balance between market impact and executing the order in a timely manner to minimize any execution risk.
- (c) **Likelihood of execution and Settlement:** this refers to the probability that the client's order or transaction can be completed.
- (d) **Size:** this refers to the size of the order or transaction to be executed, which may impact the execution price NAGA obtains for the client depending on the liquidity of the financial instrument.
- (e) **Costs:** this refers to the markup (as defined in the Terms and Conditions) and standardized market fees (charged by the relevant Exchange). The clients are charged according to NAGA's costs and charges schedule.
- (f) **Other:** this refers to any other considerations relevant to the execution of the client's order, for example particular characteristics of the order or transaction

## 5 | EXECUTION VENUES

NAGA acts as principal in respect to its client's orders and assesses the venues available for the pricing and hedging and execution of transactions. NAGA considers that price and costs for clients are the most important factors in the choice of venue, however, other execution factors are also considered, such as speed of processing and likelihood of order acceptance in a variety of markets and order types, as well as the financial soundness and order execution policies of any venue.

## 6 | INFORMATION TO CLIENTS

In accordance with reporting requirements under RTS 28, NAGA will publish annually on its website the top five Execution Venues in terms of trading volumes for all executed client orders per class of financial instrument together with information on the quality of execution obtained.

In accordance with reporting requirements under RTS27, NAGA will also publish information on the quality of its execution on a quarterly basis.

In the event of a material change to NAGA's best execution arrangements or to the contents of this document, NAGA will make an updated version available to its clients. Updates of this document will be posted on NAGA's website.

## 7 | MONITORING AND REVIEW

NAGA will conduct periodic monitoring as to the effectiveness of its best execution arrangements, including those set out in this document, in order to identify and where

necessary, correct any deficiencies. Such monitoring will be completed on at least an annual basis, or otherwise where there is a material change to the execution arrangements that may impact NAGA’s ability to obtain the best results possible for the execution of client orders on a consistent basis using itself as the single Execution Venue of orders related to CFDs.

NAGA will assess its Execution Venues on a regular basis. Such monitoring will be undertaken with a view to ensuring that the each venue enables it to meet its obligation to take all sufficient steps to provide the best possible result for the clients when executing client orders.

## 8 | DEFINITIONS

Client	Any natural or legal person to whom an investment firm provides investment or ancillary services
Eligible Counterparty	Investment firms, credit institutions, insurance companies, UCITS and their management companies, pension funds and their management companies, other financial institutions authorised or regulated under Union law or under the national law of a Member State, national governments and their corresponding offices including public bodies that deal with public debt at national level, central banks and supranational organisations
ESMA	European Securities and Markets Authority
Execution Venue	A regulated market, MTF, OTF, SI, 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 forgoing
MiFID	Markets in Financial Instruments Directive
MiFID II	Collective name for MiFID/MiFIR
MiFIR	Markets in Financial Instruments Regulation
MTF	Multilateral Trading Facility - A multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract
OTF	Organised Trading Facility - A multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract

Professional Client	A Professional client is a client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs
Retail Client	A client who is not a Professional client
RTS	Regulatory Technical Standard – a set of detailed requirements established under European Union law
SI	An investment firm which on an organised, frequent, systematic and substantial basis deals on its own account when executing client orders outside a regulated market, an MTF or an OTF, without itself operating a multilateral system. The frequent and systematic basis shall be measured by the number of OTC trades in the financial instrument carried out by the investment firm on own account when executing client orders. The substantial basis shall be measured either by the proportion of OTC trading carried out by the investment firm in a specific financial instrument in relation to its total trading in that instrument, or by the proportion of the OTC trading carried out by the investment firm in a specific financial instrument in relation to the total trading in the EU in that instrument