

Lightyear Europe AS

Order Handling & Best Execution Policy

Version 2.2

This applies from 16.05.2024.

1. Background

Lightyear Europe AS is a private limited company incorporated in Estonia (company number 16235024) with its registered address at Tallinn, Volta 1, Estonia ("**we**", "**us**", "**our**" or "**Lightyear**") and is authorised and regulated by the Estonian Financial Supervision Authority ("**EFSA**") as an investment firm.

Unless specified otherwise, all definitions are adopted from the Lightyear Europe AS Terms of Service.

2. Purpose

This policy sets out Lightyear's approach to Order handling and best execution of Orders in accordance with our regulatory obligations (the "**Policy**"). When you place Orders with us, you consent to your Orders being executed and/or transmitted for execution in the manner described in this Policy.

Providing the investment service "execution of orders on behalf of clients" means that Lightyear acts to conclude agreements to buy or sell Instruments on behalf of Customers. To facilitate execution in fractional Instruments, we may also execute some Orders on our own account. This is the case for fractional Orders in EU and UK Instruments for which Lightyear offers fractional trading. With Instruments that are traded on venues, Lightyear shall execute the Order on a trading venue. Providing the investment service "reception and transmission of orders" means that Lightyear receives the Customer Order and passes it on to Third Party Broker for execution or onward transmission for execution. This can, for example, be the case when Lightyear is not a member of the trading venue where the Instruments that the Customer wishes to buy or sell are admitted to trading. Please note that, in this Policy, the term "execution of orders" is also used to include the service of "reception and transmission of orders", unless stated otherwise.

The aim of the Policy is to explain the steps we take to execute your Orders or receive and transmit such Orders relating to Instruments for execution to Third Party Broker. The

Policy also explains the circumstances when we have a regulatory obligation to take all sufficient steps to obtain the best possible result for our Customers (“**best execution**”). Best execution is the requirement to take all sufficient steps to obtain the best possible result when executing Customer Orders or when transmitting Orders to other entities for execution. To do this, Lightyear takes into account a range of execution factors and determines their relative importance based on the types of Customers, the types of Instruments and the markets in which we operate.

Certain Transactions in respect to Instruments are executed in a way that the counterparty is not a trading venue or a Third Party Broker but a Third Party Partner or Lightyear itself, which means that such Transactions are executed over-the-counter (OTC). This Policy shall be applicable to such OTC Transactions only to the extent possible, as execution conditions for such OTC Transactions may sometimes be provided by a sole Third Party Partner (if for example the Third Party Partner is the issuer of the Instrument traded OTC) and hence not subject to same execution factors as Orders executed on a trading venue. However, Lightyear shall assess the fairness of the Instrument’s price by ways of comparison & available data, if possible. In case Lightyear executes customer transactions on its own account to facilitate execution of Orders in fractions of Instruments, Lightyear will hold itself to the same best execution principles as when executing the Order in a trading venue.

In all cases, whether or not we have a regulatory obligation to provide best execution, Lightyear must act honestly, fairly and professionally in accordance with the best interest of Customers when providing investment services.

3. Order handling

Lightyear has implemented procedures and arrangements which provide for the prompt, fair and expeditious execution of Orders. Orders placed via Lightyear App are sent for execution immediately unless they require manual handling due to the nature or size of the Order or if the Order is for an Instrument that is executed OTC. With some Instruments that are traded OTC, Orders may be pooled and executed only on certain time(s) during the day. If an Order is sent by a single Customer, the Order is executed in the normal manner in accordance with best execution and allocated to the Customer. Comparable Orders will be executed sequentially and promptly unless the characteristics of the Order or prevailing market conditions make this impracticable, or the interests of the Customer require otherwise. In case of OTC Orders that are pooled together, Lightyear shall exercise due care in making sure that your interests are not

damaged during the course of pooling. Lightyear shall pool together only OTC Orders that are executed on certain time(s) during the day.

When placing an Order, we will provide you with the indicative prices of the relevant Instruments that you can buy or sell via the Lightyear App. These prices are provided by a third party and we have no control over them. At the time an Order is later executed by us or a Third Party Broker, the price of the relevant Instrument may have changed but we shall continue to execute the Order regardless of such changes. In case we execute the transaction on our own account (for fractional Orders), the Instruments' price will be determined by the live market data available to us, to ensure that you receive best execution. We shall not be liable to any Customer for losses suffered as a consequence of changes in price when an Order is submitted by that Customer outside of Market Hours.

You can only cancel an Order with us before we communicate your Order to the trading venue, Third Party Broker or Third Party Partner. This means it is important to ensure that you enter the details of your Order correctly and that you are willing and able to enter into a binding commitment to buy or sell an Instrument when you submit your Order.

4. Execution services

Lightyear receives and if relevant, transmits Orders via the Lightyear App. These Orders are executed or transmitted to Third Party Broker and then executed as follows:

- 1) **Execution on trading venues** – Lightyear may execute Orders directly on one or several trading venues or, if we are not a member of such a trading venue, we may trade indirectly through a third-party investment firm (e.g. broker).
- 2) **Execution via Third Party Broker** – In case when Lightyear is not a member of the trading venue where the Instruments are traded nor has direct access to such venue via a broker, Lightyear uses a Third Party Broker for execution. For US Instruments, Lightyear will hence primarily transmit an Order to be executed by the Third Party Broker. The Third Party Broker may in turn transmit the Order to another broker. It is also possible for the broker to execute the transaction outside of a trading venue. You provide express consent for Orders to be executed outside of a UK or EU trading venue (to be executed on a US trading venue) and outside of any trading venue (to buy or sell a fraction of an Instrument) by agreeing to Lightyear Europe Terms of Service and this Order Handling and Best Execution Policy. When executing Customer Orders by

transmitting them, we will monitor that the Third Party Broker provides the best possible execution;

- 3) **Execution via Third Party Partner** – for Instruments that do not trade publicly on a trading venue, Lightyear executes Orders directly OTC with the Third Party Partner that is usually the issuer or distributor of such Instruments;
- 4) **Execution with Lightyear acting as a counterparty** – for EU or UK Instruments for which Lightyear supports fractionalisation, Lightyear can execute the Order by acquiring the full instrument from the trading venue and executing the fractional part against its own book. This means that the Order for fractional part of the Instrument will execute outside of a trading venue. You provide express consent for Orders to be executed outside of any trading venue (to buy or sell a fraction of an Instrument) by agreeing to Lightyear Europe Terms of Service and this Order Handling and Best Execution Policy. Lightyear maintains a system to provide fractional trading in EU and UK Instruments that ensures that it shall provide best execution for Customers.

In the event of disturbances in the venues, Third Party Broker or with Third Party Partner, or in Lightyear's own systems, e.g. due to outages or deficient access in technical systems, it may be impossible or inappropriate to execute Orders in any of the ways stated in this policy. Lightyear will thereupon undertake all reasonable measures in order to otherwise achieve the best possible result for the Customer.

5. **Best execution, execution factors and their relative importance**

We have a regulatory obligation to provide best execution when executing or transmitting Orders for execution.

5.1 Execution factors

As part of taking all sufficient steps to obtain the best execution for the Customer, we consider the following execution factors and their relative importance:

- 1) **Price** – this is the price at which an Instrument is executed;
- 2) **Costs** – this includes implicit costs such as the possible market impact, explicit external costs e.g. exchange or clearing fees;
- 3) **Speed** – time taken to execute an Order;

- 4) **Likelihood of execution and settlement** – the likelihood that we will be able to complete an Order;
- 5) **Size** – the size of the Order executed for a Customer, accounting for how this affects the price of execution; and
- 6) **Nature of the transaction or any other consideration relevant to the execution of the transaction** – given that the particular characteristics of a Customer transaction can affect how execution is performed and the impact on the market.

Generally, the most important execution factor for Lightyear Customers will be the price at which the relevant Instrument is executed. However, in more illiquid markets, the primary execution factors may vary. Under such circumstances, likelihood of execution will become increasingly important.

5.2 Total consideration as the standard of most important execution factor

For both retail clients and professional clients, the best possible result is usually determined in terms of the total consideration, i.e. the price of the Instrument and the costs relating to execution. For retail clients other factors may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the retail client.

6. Execution venues and selection thereof

When executing Customers Orders in Instruments, we may use one of the following categories of execution venues:

- 1) Regulated Markets and
- 2) Multilateral Trading Facilities.

Lightyear selects execution venues which enable it to provide best execution to Customers on a continuous basis, taking the execution factors and other relevant factors into account. The quality of execution venues is assessed by the aggregated value achieved by these factors. Below is a list of important factors and this list should be regarded as an example of the most important factors, and the quality aspect should, over time, not be restricted to this list.

The most important factors are: the venue's market share, likelihood of execution and settlement, cost of execution (covering both implicit and explicit costs), order

transmission speed (latency) to the venue, and venue features. Market coverage in multiple listed instruments is important, but the addition of a new venue must be considered in respect of possible enhancement of the quality of execution.

When selecting a Third Party Broker, Lightyear evaluates whether it can deliver the best possible result for its Customers. In this evaluation, we consider whether the entity itself is subject to best execution requirements or whether the entity will undertake to comply with the best execution requirements, and whether the entity can demonstrate that it delivers a high level of execution quality for the kind of orders that we place with or transmit to the firm.

Lightyear shall execute Orders on its own account only to enable trading in fractional parts of EU and UK Instruments. In such cases however, full Instruments shall always be sourced from execution venues described above and fractional portions of the Order shall be executed against Lightyear's own balance.

Lightyear reviews execution venues at least annually and assesses the execution quality obtained.

7. Specific instructions

Where a Customer provides specific instructions to Lightyear, Lightyear will execute or transmit an Order in accordance with those instructions. These specific instructions may prevent Lightyear from acting in accordance with this Policy, which is designed to ensure Orders are handled and executed in a Customer's best interests.

Where we received specific instructions, those instructions shall be deemed to constitute best execution (to the extent best execution is applicable). Lightyear is deemed to have provided best execution where it is receiving and transmitting an Order for execution and executing it pursuant to a specific instruction provided by a Customer. Where those instructions only relate to some aspects of an Order, we will comply with this Policy in relation to the other aspects.

8. Transmitting Orders to the Third Party Broker

In case when Lightyear is not a member of the trading venue where the financial instruments are traded nor has direct access to such venue, we use Third Party Broker for execution. For US instruments Lightyear has chosen to primarily transmit Orders to the Third Party Broker as it has been able to demonstrate that it can consistently achieve the best execution results for Customers. In particular, Lightyear has confirmed

the Third Party Broker has the necessary expertise in relation to the Instruments to deliver outcomes at least as good as can be obtained by transmitting Orders to other third party brokers.

The Third Party Broker is registered with the Securities Exchange Commission in the United States and is a member of the Financial Regulatory Authority. The Third Party Broker is therefore also under an obligation of best execution and is required to publish information on its execution practices and venues which it selects for executing transactions.

The Third Party Broker maintains a system in order to provide fractional share trading and listed securities arrangements that ensures that it shall provide best execution for Customers and / or provide benefits with respect to price in circumstances where the Third Party Broker acts both as agent and principal to fill an Order. If an Order to buy or sell a fraction of an Instrument is submitted, the Third Party Broker may execute it outside such execution venues.

Lightyear is deemed to have provided best execution where it is receiving and transmitting an Order for execution pursuant to a specific instruction provided by a Customer (see Section 5 above for details).

9. Review of the Third Party Broker

Lightyear will review the market landscape in order to determine whether alternative third party brokers could be selected to replace the Third Party Broker. These reviews will also occur annually and / or on an ad-hoc basis where a material change occurs that affects Lightyear's ability to continue to obtain the best possible result for the execution of Orders on a consistent basis using the Third Party Broker.

Lightyear will also continue to monitor the quality of execution by the Third Party Broker, taking into account the execution factors stipulated in section 5.1 above.

These execution factors may be weighted differently due to market conditions, such as a lack of liquidity being available.

10. Policy review

Lightyear will review and monitor on at least an annual basis the effectiveness of its order handling and best execution arrangements and execution quality obtained as well as appropriateness of its execution arrangements as documented in this Policy in order to:

- identify and implement any required amendments to this Policy;
- ensure the Policy is fit for purpose; and
- ensure the Policy reflects any changes to Applicable Law;

We shall notify you of material changes to this Policy pursuant to the process described in our Terms of Service.

11. Inducements

Lightyear shall not structure or charge its commissions in such a way as to discriminate unfairly between third party broker(s). Lightyear shall not receive any third-party payments that do not comply with MiFID II and shall inform Customers about the inducements that the firm may receive from execution venues in accordance with applicable law. In cases where Lightyear applies different fees depending on the third party broker selected, Lightyear will explain these differences to the Customers in sufficient detail to allow the Customers to understand the advantages and disadvantages of the choice of a particular third party broker.

For further details, please see the Conflicts of Interest Policy in our webpage here: <https://lightyear.com/eu/documents>.

12. Consent

Customers are deemed to consent to this Policy when they agree to the Lightyear Europe AS Terms of Service.

13. Responsibilities

Where applicable, Lightyear's duty to provide the Customer with regulatory obligation to best execution does not imply that Lightyear owes the Customer any fiduciary responsibilities over and above the specific regulatory obligations placed upon it or as may be otherwise contracted between Lightyear and the Customer. The Customer remains responsible for its investment decisions and Lightyear will not be responsible for any market trading loss the Customer may suffer as a result of those decisions.

14. Further questions

Should you have any further questions about our order handling or best execution, you can contact us:

- by email at support@lightyear.com; or
- by mail at Volta 1, Tallinn, Estonia.

List of Execution Venues and Brokers

List of Execution Venues and Brokers of Lightyear Europe AS are available [here](#).