

# Lightyear Financial Ltd and Lightyear Europe AS

## Order Handling & Best Execution Policy

Version 2.0

This applies from 15.08.2023.

### 1. Background

This document describes Order handling and best execution of Orders by Lightyear Financial Limited and Lightyear Europe AS.

Lightyear Financial Limited ("**Lightyear**") (firm reference number: 955739) is an appointed representative of RiskSave Technologies Ltd, a firm authorised and regulated by the Financial Conduct Authority ("**FCA**"), under firm reference number 775330. Lightyear company registration number is 12925823 and the registered office is at 256–260 Old Street, London EC1V 9DD, United Kingdom.

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

Lightyear and Broker shall both jointly be referred to as "**we**" or "**us**".

Unless specified otherwise, all definitions are adopted from the Lightyear's and Broker's Terms of Service which are available [here](#).

### 2. Purpose

This policy sets out our 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.

Lightyear provides investment services to our customers (the "**Customers**", "**you**" or "**your**") by transmitting Orders to the Broker for execution (or onward transmission to Third Party Broker for execution).

Providing the investment service "execution of orders on behalf of clients" means that Broker acts to conclude agreements to buy or sell Instruments on behalf of Customers. Providing the investment service "reception and transmission of orders" means that Broker 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 Broker 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 Lightyear takes to receive and transmit Orders and Broker takes 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, we take into account a range of execution factors and determine 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, 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, we shall assess the fairness of the Instrument’s price by ways of comparison & available data, if possible.

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

### **3. Order handling**

We have 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, we shall exercise due care in making sure that your interests are not damaged during the course of pooling. We shall pool together only OTC Orders that are executed on certain time(s) during the day.

When placing an Order, Lightyear 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 the Broker or Third Party Broker, the price of the relevant Instrument may have changed but we shall continue to execute the Order regardless of such changes. 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 Broker, 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 transmits Orders via the Lightyear App. These Orders are executed by the Broker or transmitted onwards to Third Party Broker and then executed as follows:

- a) **Execution on trading venues** – Broker may execute Orders directly on one or several trading venues or, if Broker is not a member of such a trading venue, Broker may trade indirectly through a third-party investment firm (e.g. broker).
- b) **Execution via Third Party Broker** – In case when Broker is not a member of the trading venue where the Instruments are traded nor has direct access to such venue via a broker, Broker uses a Third Party Broker for execution. For US Instruments, Broker 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 Third Party 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 Agreement, Broker Agreement and this Order Handling Policy. When executing Customer Orders by transmitting them, we will monitor that the Third Party Broker provides the best possible execution;
- c) **Execution via Third Party Partner** – for Instruments that do not trade publicly on a trading venue, the Broker executes Orders directly OTC with the Third Party Partner that is usually the issuer or distributor of such Instruments.

In the event of disturbances in the venues, Third Party Broker or with Third Party Partner, or in our 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 our 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 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, Broker may use one of the following categories of execution venues:

1. Regulated Markets and

## 2. Multilateral Trading Facilities.

Broker 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, Broker 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.

Broker reviews execution venues and Third Party Brokers at least annually and assess the execution quality obtained.

## 7. Specific instructions

Where a Customer provides specific instructions to Lightyear, Lightyear will transmit an Order in accordance with those instructions to Broker who will execute it or transmit it also in accordance with those instructions. These specific instructions may prevent us 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). We are deemed to have provided best execution where we are 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 Broker is not a member of the trading venue where the financial instruments are traded nor has direct access to such venue, broker uses Third Party Broker for

execution. For US instruments Broker 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, Broker 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.

Broker 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 Provider**

Broker 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 Broker's ability to continue to obtain the best possible result for the execution of Orders on a consistent basis using the Third Party Broker.

Broker 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**

We will review and monitor on at least an annual basis the effectiveness of our order handling and best execution arrangements and execution quality obtained as well as appropriateness of our 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. Reporting**

Broker will annually publish a summary of the analysis and conclusions drawn from our monitoring of the quality of execution obtained on the execution venues where we have executed Customer Orders in the previous year. The report on the quality of execution shall be published on Broker's webpage [here](#).

## **12. Inducements**

We shall not structure or charge our commissions in such a way as to discriminate unfairly between third party partner(s). We shall not receive any third-party payments that do not comply with MiFID II and shall inform Customers about the inducements that we may receive from execution venues in accordance with applicable law. In cases where we apply different fees depending on the third parties selected, we 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 partner.

For further details, please see the Lightyear's Conflicts of Interest Policy in our webpage [here](#) and Broker's Conflicts of Interest Policy in our webpage [here](#).

## **13. Consent**

Customers are deemed to consent to this Policy when they agree to the Agreement and Broker Agreement.

## **14. Responsibilities**

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

## **15. 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](mailto:support@lightyear.com); or
- by mail at 256-260 Old Street, London EC1V 9DD, United Kingdom (or if directed to the Broker, at Volta 1, Tallinn, Estonia).

