

RTS 28 - BEST EXECUTION MONITORING SUMMARY ANALYSIS FOR THE PERIOD 2019 – Contracts for Difference

(APPROVED BY BRIGHTFX CAPITAL LIMITED INVESTMENT COMMITTEE on 13th March 2020)

SUMMARY

This Best Execution Summary report, also called RTS 28, is a summary of the analysis and conclusions drawn by BrightFX Capital Limited (hereinafter referred to as the “**Company**”, “**we**” and / or “**us**”) for the year 2019, following a detailed monitoring of execution quality obtained on the execution venues used by the Company to execute all its client orders, in terms of trading volumes regarding Contracts for Differences (hereinafter “**CFDs**”).

a) Explanation of the relative importance we gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;

When you place an order with us in Contracts for Difference, and for our reception and transmission and / or execution services, we may execute the order on an execution venue (including being an execution venue ourselves) or by sending the order to an external broker for execution.

When the Company is assessing the quality of execution it is considering at least the below execution factors and their relative importance for the quality of execution:

Price. This is the price at which the financial instrument you decided to trade is executed. On our trading platform we quote the best Bid and Ask prices available to us through our Execution Venues. The relative importance we attach to this execution factor is “**high**”.

Cost. These are the Costs relating to execution. This will include among others any clearing or settlement fees involved in the execution of orders, as well as a mark-up on the ask price and a mark-down on the bid price, commissions, rollover interest and etc. The relative importance we attach to this execution factor is “**high**”.

Speed. The speed at which the order can be executed, meaning the time between reception of an order and the time it is allocated. Execution is fully automated, where manual execution is provided only in exceptional cases. The relative importance we attach to this execution factor is “**high**”.

Likelihood of execution and settlement. This is the likelihood of executing the order and settlement including, amongst others, the relative liquidity of the venues available for execution. The relative importance we attach to this execution factor is “**high**”.

Type & Size. The type and size of the order accounting for how the specific type and size affect the price of execution. The relative importance we attach to this execution factor is “**high**”.

Slippage. Slippage is the difference between the expected price of an order, and the price the order is actually executed at. If the execution price is better than the price requested by the Client, this is referred to as positive slippage. The relative importance we attach to this execution factor is “**medium**”.

Client categorization. The Company will take into account the characteristics and expectations of the Client and whether they are categorized as Retail or Professional. The relative importance we attach to this execution factor is “**high**”.

Quality of Liquidity. Execution venues are assessed based on their reliability and operational resilience, both from a trading and post-trade perspective. The relative importance we attach to this execution factor is “**high**”.

Order handling process: order handling process of Execution Venue is relatively similar in modern electronic markets. The relative importance we attach to this execution factor is “**medium**”.

Market Share and Reputation. Execution Venues are assessed on their trading models, including matching and allocation logic, as well as their rules and the type of trading participants. The relative importance we attach to this execution factor is “**high**”.

Market knowledge & Product specialization. Market knowledge and product specialization is the strategy used to target specific customer market segments. Emphasis is given to a high-quality product and the ability to customize it to fit the specific needs of different market segments. The relative importance we attach to this execution factor is “**high**”.

Quality of execution and service. An execution venue that provides or is likely to provide the best quality of execution (historical and current). The relative importance we attach to this execution factor is “**high**”.

Market price transparency. Market price transparency is the extent to which information about the bid prices, the ask prices and trading quantities for a specific financial instrument is available. The relative importance we attach to this execution factor is “**high**”.

When we assess the quality of execution for CFDs we offer, the main execution factors we consider are execution price and costs.

Secondary execution factors we consider when assessing the quality of execution are speed, likelihood of execution and settlement, type & size of the order, slippage and client categorization.

In the assessment and selection of Execution Venues and Brokers where we believe we can consistently obtain best execution in Contracts for Difference for our client, we consider qualitative

factors such as market access, market share, liquidity, market knowledge & product specialization, market price transparency, order handling process, ratings and trading costs.

To ensure that we are consistently able to deliver best execution to our clients, we monitor on an ongoing basis the quality of execution obtained from the execution venues and brokers. Our monitoring consists both of trade by trade monitoring and overall trend monitoring of the performance of the execution factors. For a detailed description of how we carry out client orders, application of execution factors and how we prioritise the factors, please refer to our Order Execution Policy.

b) Description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;

As at the end of 2019 the Company used 1 (one) Execution Venue, namely Leverate Financial Services Ltd. Leverate Financial Services Ltd is regulated by the Cyprus Securities and Exchange Commission (CySEC) under Licence Number 160/11.

Leverate Financial Services is also acting as a Broker for the Company, where clients orders are routed under the licence of Reception and Transmission of Orders the Company holds.

Subject to proper consideration of the execution, where the Company believed that it could trade to the advantage of a Client, it could act as the Execution Venue under its dealing on own account licence. Where BrightFX Capital Limited acts as the Execution Venue, it considers all sources of reasonably available information, including MTFs, local exchanges, brokers and data vendors, to obtain the best possible result for the order. In respect of these types of instruments, the best possible result for all clients was determined in terms of “total consideration”.

BrightFX Capital Limited does not have any close links, conflicts of interests, or common ownerships with respect to any external Execution Venues or Brokers used to execute client orders in Contracts for Difference.

Any dealing or relationship between the Company and its Execution Venues and Brokers is conducted in accordance with BrightFX Capital Limited Conflict of Interest Policy.

c) Description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;

BrightFX Capital Limited does not have any specific arrangements with its external Execution Venue or Broker used to execute client orders in Contracts for Difference regarding payments made or received, discounts, rebates or non-monetary benefits received. Any dealing or relationship between the Company and its Execution Venue and Broker is conducted in accordance with BrightFX Capital Limited Conflict of Interest policy.

d) Explanation of the factors that led to a change in the list of execution venues listed in our execution policy, if such a change occurred;

The list of execution venues which the Company was using during 2019 has been updated, where one Execution Venue was removed and Leverage Financial Services Ltd remained to act as the sole Execution Venue and Broker for the Company.

The main reason for the change in the execution venues list has been the cost and fees charged by the terminated Execution Venue which in the management's view were not corresponding to the Company's business level and operations during the reporting year.

e) Explanation of how our order execution differs according to client categorisation, where we treat categories of clients differently and where it may affect our order execution arrangements;

We treat categories of clients in scope of best execution equally in terms of order execution. ***For retail clients***, the best possible result will be determined in terms of the "total consideration". Total consideration means the price of the financial instrument together with the costs related to execution, including all expenses incurred by the client that are directly related to the execution of the order. ***For professional clients***, the best possible result will usually be determined by price and cost, but may be dependent on other execution factors, such as size and type, specific to the order given. For a detailed description of how we carry out client orders in Contracts for Difference, please refer to our Order Execution Policy.

f) Explanation of whether we have given other criteria precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client;

For retail clients, the best possible result will always be determined in terms of the total consideration, being the price of the financial instrument together with the costs related to execution, including all expenses incurred by the client that are directly related to the execution of the order. However, if you as a retail client provide us with instructions regarding an order or any aspect of an order, we will execute the order in accordance with such instructions to the extent reasonably possible, which may prevent us from taking the steps to execute at the best prices and/or costs.

g) Explanation of how we have used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575 of 8 June 2016 [RTS 27];

We monitor the quality of execution provided by the Execution Venues and Brokers used to execute client orders in Contracts for Difference on a consistent basis. In such monitoring we always strive to

use external and independent market data against which to compare our execution quality. Our monitoring also includes exception-based controls, with results are reviewed by Dealing Desk Head together with the Company's Risk Officer. Under MiFID II Art. 27(3) and Commission Delegated Regulation (EU) 2017/575 (RTS 27), Execution Venues are required to publish a range of information on execution quality on a quarterly basis. The RTS 27 report will be used to evaluate execution venues, and any other relevant source of data.

h) Where applicable, an explanation of how we have used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU;

Currently not applicable as no such data have yet been published in accordance with Article 65 of Directive 2014/65/EU (MiFID II Directive).

Summary of the analysis and conclusions drawn from our monitoring of equities – Contracts for Difference;

We believe that the analysis and conclusions drawn from our monitoring of the quality of execution confirm that the Execution Venues and Brokers used to execute client orders in Contracts for Difference meet our standards in delivering best execution to our clients on a consistent basis. A list of our top five Execution Venues used to execute retail and professional client orders, and a list of our top five Brokers used to transmit retail and professional client orders can be found below together with detailed information on the volume and number of orders executed, expressed as a percentage of the Company's total execution volumes and total number of executed orders in Contracts for Difference.

Top Five Execution Venues in terms of trading volumes - Contracts for Difference

Table 1 – RETAIL Clients

| Class of Instrument | Contracts for difference | | | | |
|---|---|---|-------------------------------------|--|--------------------------------------|
| Notification if < 1 average trade per business day in the previous year | No | | | | |
| Top five execution venues ranked in terms of trading volumes (descending order) | Proportion of volume traded as a percentage of total in that class | Proportion of orders executed as a percentage of total in that class | Percentage of passive orders | Percentage of aggressive orders | Percentage of directed orders |
| BrightFX Capital Limited 213800608D7SV36PWU16 | 39.2% | 87.8% | N/A | N/A | 0% |

Table 2 - PROFESSIONAL Clients

| Class of Instrument | Contracts for difference | | | | |
|---|---|---|-------------------------------------|--|--------------------------------------|
| Notification if < 1 average trade per business day in the previous year | Y | | | | |
| Top five execution venues ranked in terms of trading volumes (descending order) | Proportion of volume traded as a percentage of total in that class | Proportion of orders executed as a percentage of total in that class | Percentage of passive orders | Percentage of aggressive orders | Percentage of directed orders |
| BrightFX Capital Limited 213800608D7SV36PWU16 | 60.8% | 12.2% | N/A | N/A | 0% |

Table 3 - Securities Financing Transactions (SFTs)

| Class of Instrument | Contracts for difference | |
|---|---|---|
| Notification if < 1 average trade per business day in the previous year | No | |
| Top five execution venues ranked in terms of trading volumes (descending order) | Proportion of volume executed as a percentage of total in that class | Proportion of volume executed as a percentage of total in that class |
| | 0% | 0% |

Top Five Brokers in terms of trading volumes - Contracts for Difference
Table 1 - RETAIL Clients

| Class of Instrument | Contracts for difference | | | | |
|---|---|---|-------------------------------------|--|--------------------------------------|
| Notification if < 1 average trade per business day in the previous year | N | | | | |
| Top five execution venues ranked in terms of trading volumes (descending order) | Proportion of volume traded as a percentage of total in that class | Proportion of orders executed as a percentage of total in that class | Percentage of passive orders | Percentage of aggressive orders | Percentage of directed orders |
| BrightFX Capital Limited 213800608D7SV36PWU16 | 39.2% | 87.8% | N/A | N/A | 0% |

Table 2 - PROFESSIONAL Clients

| Class of Instrument | Contracts for difference | | | | |
|---|---|---|-------------------------------------|--|--------------------------------------|
| Notification if < 1 average trade per business day in the previous year | Y | | | | |
| Top five execution venues ranked in terms of trading volumes (descending order) | Proportion of volume traded as a percentage of total in that class | Proportion of orders executed as a percentage of total in that class | Percentage of passive orders | Percentage of aggressive orders | Percentage of directed orders |
| BrightFX Capital Limited 213800608D7SV36PWU16 | 60.8% | 12.2% | N/A | N/A | 0% |