

## Order Execution Policy Disclosure Statement

### 1 Introduction

- 1.1 We are required to take all reasonable steps to obtain the best possible result (or “Best Execution”) on behalf of clients when executing client orders or receiving and transmitting orders for execution<sup>1</sup>.
- 1.2 The rules require us to put in place an order execution policy (the “Policy”) which sets out how we will make arrangements with a view to delivering Best Execution and provide appropriate information about the Policy. This disclosure statement is intended to provide you with information about the Policy.
- 1.3 The Policy is issued by: The Kyte Group Limited, Kyte Broking Limited and Kyte Capital Advisors LLP.

### 2 Giving Consent

- 2.1 In order to do business with you, we require your consent to this Policy and the specific matters relating to executing orders outside Regulated Markets of MTFs<sup>2</sup>. Once you have read this Policy, please signify your consent by either emailing consent or sending/faxing consent. For the non-specific matters, your tacit consent will be deemed to have been given if you ask us to act on your behalf.
- 2.2 **Emailed Consent:** You may confirm consent by email to:

[executionpolicyconsent@kytegroup.com](mailto:executionpolicyconsent@kytegroup.com)

providing in the body of the email:

- (i) your name
- (ii) your position and the name of the organisation (or organisations within your Group) (if applicable)

For example:

Mr Paul Smith

Head of Trading

XYX Trading Company Limited

- 2.3 **Postal/Fax Consent:** Alternatively, consent may be provided by signing and returning Appendix 3 – Form of Consent to the Legal & Compliance Department at address and number provided.

### 3 Application

- 3.1 **Who:** Our duty to provide Best Execution applies to Retail and Professional Clients only<sup>3</sup>. The duty does not apply if you have been classified by us an Eligible Counterparty<sup>4</sup>.
- 3.2 **What:** Best Execution applies to the execution of orders in relation to Financial Instruments<sup>5</sup>.

<sup>1</sup> Pursuant to EU Markets in Financial Instruments Directive (MiFID) and COBS 11.2 of the Financial Services Handbook.

<sup>2</sup> See Appendix 2 for a definition of a MTF.

<sup>3</sup> Broadly formerly Private and Intermediate Customers respectively.

<sup>4</sup> Broadly formerly, Market Counterparties.

### 3.3 **When:** Best Execution applies when we:

- (i) execute your orders on your behalf; and/or
- (ii) receive and transmit your orders.

We will be executing and/or transmitting orders on your behalf where you legitimately rely on us to protect your interests in relation to the pricing or other aspects of the transaction that may be affected by how we execute and/or transmit the order. For example, this may be the case when we:

- (i) execute and order as your agent;
- (ii) execute and order by dealing as riskless principal, but have a client relationship with you in relation to executing a transaction;
- (iii) exercise discretion or “work” an order on your behalf;
- (iv) transmit an order to a third party for execution (including the circumstance where we are acting as discretionary manager).

### 3.4 **When not:** Best Execution does not apply when we:

- (i) provide you, either on request or on a continuous quoting basis with a quote for the purchase or sale of a Financial Instrument and you decide to execute the transaction on the basis of that quote (“RFQs”); or
- (ii) deal with you not as a client, but as a counterparty, which means we will not be executing orders on your behalf but as principal for your account and terms that have been separately negotiated.

### 3.5 **Specific Instructions:** Best Execution does **not** apply when you give specific instructions, including specifying the characteristics of a bespoke product relating to either an order or a particular aspect of an order and we will execute the order in accordance with those instructions. Our compliance with those instructions will be deemed to override the Policy in that respect.

An example of your specific instructions would be when you submit an order electronically to an execution venue such as via Direct Market Access (“DMA”).

## 4 **What does “Best Execution” mean?**

4.1 Best Execution means that we will take all reasonable steps to have in place arrangements that are designed to obtain the best possible execution result for you. Best Execution does **not** mean that we are required to obtain the best possible result for each client order; although we would hope to do so whenever possible.

4.2 Delivering Best Execution will be subject to and take into account the nature of your orders, the priorities you have identified to us in relation to fulfilling those orders and the nature and practice of the market in question with the aim of producing what, in our view, is the best balanced result for you taking into account a range of conflicting factors.

4.3 Our commitment to deliver Best Execution does not mean that we owe you any fiduciary obligations over and above the specific regulatory obligations placed upon us or as may be otherwise agreed between us.

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<sup>5</sup> See Appendix 2 for list of Financial Instruments.

## **5 Factors we will take into account in delivering “Best Execution”**

5.1 At our discretion, we will take into account a range of different factors (the “Execution Factors”) which include not just price (“the Market Fill”) but such other factors as:

- (i) the fixed and variable costs of the transaction;
- (ii) the need for timely execution;
- (iii) the liquidity of the relevant market;
- (iv) the size of the order and the nature of the transaction, including whether it is executed on a Regulated Market, or Over-the-Counter (“OTC”);
- (v) market impact;
- (vi) likelihood of execution and settlement;
- (vii) how we price the risk to us of that transaction; and
- (viii) any other relevant consideration.

5.2 Price or Market Fill will, ordinarily merit a high relative importance in obtaining Best Execution. However, in some circumstances, for some clients, orders, Financial Instruments or markets, we may reasonably determine that other Execution Factors are more important than price. For example, there is no formalised market or settlement infrastructure for OTC transactions. In some markets, price volatility may mean that timeliness of execution is a priority whereas, in other markets that have low liquidity, the fact of execution may itself constitute Best Execution. In other cases, our choice of Execution Venue may be limited (even to the fact that there may be only one market/platform upon which we can execute your orders).

5.3 Where we are, in effect, ourselves the execution venue, i.e. where we deal directly with you on a principal-to-principal basis, we will review the quality of our own execution as if we were an Execution Venue. However you should note that, as a Regulated Market will charge exchange fees which will include the cost attributable to the provision of its execution facility, we have to price the cost of our own business model and the utilisation of our capital to support our dealings with you (including carrying the risk of those dealings, e.g. credit risk) as part of our assessment of the quality of execution offered to you.

5.4 **Retail Clients:** In the case of Retail Clients, total consideration is the most important factor in delivering Best Execution. Total consideration will comprise the price of the Financial Instrument and the costs relating to execution, which must include all expenses incurred by the Retail Clients which are directly related 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. Speed, likelihood of execution and settlement, the size of the order, market impact and other implicit transaction costs will only be given precedence over immediate price and cost considerations if they are key in delivering the best possible result in terms of total consideration.

5.5 We will determine the relative importance of the Execution Factors by using our commercial judgement and experience in the light of market information readily available and taking into account the characteristics of the execution (the “Execution Criteria”) which are:

- (i) the Client;
- (ii) the order;
- (iii) the Financial Instruments that are the subject of that order; and
- (iv) the Execution Venues to which that order can be directed.

## **6 Statement of the basis of deciding Execution Venues**

6.1 The Policy includes, for each Financial Instrument in which we execute orders on your behalf, those venues that we consider enable us to obtain, on a consistent basis, Best Execution. Such venues may include, as appropriate, for each product, Regulated Markets and MTFs, (and/or where we have express consent we may execute orders on your behalf outside Regulated Markets or MTFs) systematic internalisers, our own proprietary trading desk and third party investment firms and/or affiliates acting as a market maker.

6.2 A non-exhaustive list of Execution Venues is provided at Appendix 1 to this Policy. For Retail Clients, there is a column setting out when we place significant reliance on an Execution Venue in meeting our obligation to obtain Best Execution.

6.3 In relation to some Financial Instruments, there may be only one possible Execution Venue. In executing an order on your behalf in such circumstances, it will be assumed that we have delivered Best Execution.

## **7 Method of Execution**

7.1 Subject to you specific instructions, we will select an Execution Venue that is most appropriate having regard to the Execution Criteria and the relative importance of the Execution Factors specific to that order.

7.2 Subject to any specific instructions, we will execute an order by one of the following methods or combination of methods:

- (i) Directly to a Regulated Market or MTF, or where we are not a direct member of the relevant Regulated Market or MTF with a third party/affiliated broker;
- (ii) Outside a Regulated Market or MTF by executing the order with a matching order of a systematic internaliser, or another client or counterparty of ours.

## **8 Client Limit Orders**

8.1 FSA rules require unexecuted client limit orders to be made public immediately unless the client expressly instructs otherwise. By consenting to this Policy, you are expressly instructing us **NOT** to make such orders public.

## **9 Statement as to the monitoring of the Policy and its regular review**

- 9.1 We will monitor the effectiveness of our order execution arrangements and order execution policy. We will regularly assess the Execution Venues, and the brokers and dealers to whom we transmit orders to identify those that enable us, on a consistent basis, to obtain Best Execution. We will also review our order execution arrangements and order execution policy regularly whenever a material change occurs either in respect of one of our chosen Execution Venues or otherwise that affects our ability to continue to deliver Best Execution.
- 9.2 Accordingly the list of Execution Venues and the Policy may be updated, where necessary following such an assessment. You may at any time request for an updated list of Execution Venues and the Policy. For operational reasons you will not be notified separately of any changes to the Execution Venues. Although we will endeavour to make you aware of changes generally.

## **10 Consent**

- 10.1 You acknowledge that you have been made aware of and accept the nature, policy and processes which we have in place for providing Best Execution as defined above and that, in the absence of any express instructions from you, we shall have full discretion to choose a relevant venue from the current list of Execution Venues (as amended and restated from time to time) for executing any order or orders (which may include dealing on a principal-to-principal basis with us), but in doing so shall assess and balance the range of all relevant factors, including those set out in this disclosure statement which, in our reasonable discretion, we consider relevant to achieving the best results for you.
- 10.2 You also acknowledge that, to the extent that we fill an order from our own order book, including dealing with you in relation to OTC derivative contracts or otherwise enter into transactions with you involving us taking any credit exposure to you, that we may take into account the creditworthiness and other transactional risk features and cost of the order/dealings in providing a price for the relevant transactions to you.
- 10.3 You also agree that we may execute your orders outside a Regulated Market or MTF as set out above, and that unexecuted limit orders will not be made public immediately.

## Appendix 1

### Non-exhaustive list of execution venues

(execution may occur on alternative execution venues from time to time, consistent with this Policy)

| Execution Venue (Regulated Markets) | The Kyte Group Limited | Kyte Broking Limited | <i>(Retail Customers only)</i><br>Firm places significant reliance in meeting its obligation to take all reasonable steps to obtain on a consistent basis the best possible result for the execution of client orders<br><i>(Retail Customers only)</i> | Notes |
|-------------------------------------|------------------------|----------------------|---|-------|
| Euronext.Liffe                      | √                      | √                    | √   |       |
| Euronext.Amsterdam (Cash)           | √                      |                      | √   |       |
| Euronext.Amsterdam (Derivatives)    | √                      | √                    | √   |       |
| Euronext.Brussels (Cash)            | √                      |                      | √   |       |
| Euronext.Brussels (Derivatives)     | √                      | √                    | √   |       |
| Euronext.Lisbon (Derivatives)       | √                      | √                    | √   |       |
| Euronext.Paris (Derivatives)        | √                      | √                    | √   |       |
| Eurex                               | √                      | √                    | √   |       |
| Xetra                               | √                      |                      | √   |       |
| Nymex                               | √                      |                      | √   |       |
| ICE Futures                         | √                      | √                    | √   |       |
| EDX London                          | √                      |                      | √   |       |

|   |                               |                             |  |              |
|---|-------------------------------|-----------------------------|--|--------------|
| Bourse de Montréal                        | √                             |                             | √  |              |
| Dubai Mercantile Exchange (DME)           | √                             |                             | √  |              |
| CME                                       | √                             |                             | √  |              |
| CBoT                                      | √                             |                             | √  |              |
| MEFF                                      | √                             |                             | √  |              |
| London Stock Exchange (LSE)               | √                             |                             | √  |              |
| <b>Execution Venue (MTF or otherwise)</b> | <b>The Kyte Group Limited</b> | <b>Kyte Broking Limited</b> | <b>(Retail Customers only)</b><br><b>Firm places significant reliance in meeting its obligation to take all reasonable steps to obtain on a consistent basis the best possible result for the execution of client orders (Retail Customers only)</b> | <b>Notes</b> |
| Espeed Inc                                | √                             |                             |  |              |
| Brokertec                                 | √                             |                             |  |              |
| EBS                                       | √                             |                             |  |              |
| Reuters                                   | √                             |                             |  |              |
| Currenex                                  | √                             |                             |  |              |
| Hotspot                                   | √                             |                             |  |              |
| Chi-X                                     | √                             |                             |  |              |

## Appendix 2

### Financial Instruments under MiFID

#### Annex 1, Section C of MiFID (as at 1 July 08)

1. Transferable securities;
2. Money-market instruments
3. Units in collective investment undertakings
4. Options, futures, swaps, forward rate agreements, and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
5. Options, futures, swaps forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event);
6. Options, futures, swaps and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market and/or multi-lateral trading facility (“**MTF**”);
7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in C.6 and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognised clearing houses or are subject to regular margin calls;
8. Derivative instruments for the transfer of credit risk;
9. Financial contracts for differences;
10. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contracts relating to assets, rights obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognised clearing houses or are subject to regular margin calls.

**Appendix 3**  
**Form of Consent – Order Execution Policy**

I confirm on behalf of .....

[name of Company, or Groups of Companies] that I consent to this Order Execution Policy (as amended and restated from time to time), including inter alia: to

- (a) you executing orders outside a Regulated Market or MTF;
- (b) for unexecuted limit orders to be not immediately publicly displayed

Signed: .....

Name: .....

Position: .....

Date: .....

Send to: Legal & Compliance Department  
Execution Policy Consent Team  
Business Design Centre  
52 Upper Street  
London  
N1 0QH  
United Kingdom

Fax to: +44 (0)20 7390 7758

Email scan: [executionpolicyconsent@kytegroup.com](mailto:executionpolicyconsent@kytegroup.com)