

**Summary of Execution Quality Statement  
on execution arrangements for CFDs  
for the year 2021**

**LYDYA FINANCIAL LTD**

**CIF 300/16**

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## 1. Introduction

Lydia Financial Ltd. (the “Company”), with the trade name “Forex24”, is Cyprus Investment Firm (“CIF”), authorised and regulated by the Cyprus Securities and Exchange Commission (“CySEC”), with Licence Number 300/16.

The Company is committed to continuously provide the best possible results for its clients’. It is essential for the Company that its clients, and the public in general, are capable to evaluate the quality of the Company’s execution practices.

The Company monitors the effectiveness of the order execution arrangements and regularly assess the execution venues, used by the Company, in order to provide the best possible results for its clients’ orders.

## 2. Purpose

This document, called the Execution Quality Summary Statement (“EQSS”), sets out the regulatory technical standards for the annual publication, as per the requirements set within the Regulation EU 2017/576 of 8 June 2016, supplementing Directive 2014/65/EU of the European Parliament and of the Council, regarding the identity of execution venues and on the quality of the execution provided by the Company.

The EQSS includes the analysis and conclusions, drawn by the Company, from monitoring of the quality of execution, obtained from the execution venues, where clients’ orders were executed, during the year 2021 (hereinafter the “Year Under Review”).

The Company’s clients should read the EQSS carefully as it contains information on how the orders are executed, by the Company, through provision of Investment Services of: “Reception and transmission of orders in relation to one or more financial instruments” and “Execution of orders on behalf of clients”, also known as the Straight Through Processing (“STP”) model while the financial instruments offered to clients are Contracts for Difference (“CFD”)s. The EQSS will remain on the Company’s websites for at least two years post its publication.

### 3. Best Execution Factors and Criteria

The Company takes all sufficient steps to act in the best interest of its clients, when executing clients' orders, as to obtain the best possible result for clients, taking into account the relevant consideration related to the execution of clients' orders.

In order to provide the best available prices to clients, and further to execute their orders, the Company offers an ongoing flow of the bid/ask prices, for each financial instrument, obtained from the LPs.

When executing clients' orders, all sufficient steps are taken, in order to achieve/obtain the best possible outcome/result ("Best Execution") for clients, taking into account the following:

- Price;
- Costs of the transaction;
- Speed of Execution;
- Likelihood of execution and settlement;
- The size of the Order;
- Market Impact;
- Nature of the order.

#### 3.1 Price

The Company places reliance on prices obtained from the regulated liquidity provider(s) ("LP"s), when providing prices to clients, while applying symmetrical and consistent mark-ups to raw spreads, obtained from LPs, as to ensure that the average spreads, offered on relevant financial instruments, are fair and competitive. The Company is monitoring, on an ongoing basis, data feeds and internal pricing mechanisms, as to ensure the quality of the price generation and distribution process. The price is updated as frequently as the limitations of technology allows.

#### 3.2 Cost

Cost is very important factor related to execution of clients' orders. Some types of financial instruments offered for trading by the Company, specifically CFDs, may be subjected to commission and/or financing fees (if applicable), the amount of which is disclosed on the Company's website and/or trading platform(s).

##### i. Commissions

Commissions charges may be applied as either a) percentage of the overall value of the transaction or b) fixed amount. Charges are applied at the "opening" of the trade.

## ii. Financing Fees/SWAPS

Financing fees/SWAPS may be applied for some types of CFDs, on the positions held open overnight. The daily financing fee may be positive or negative, depending on the directions of the “open” position (ie “long” or “short”) and the duration of the period that the position is held open. Therefore, the value of the open positions is affected, increased or decreased, by SWAPS value, throughout the time that the relevant position is held open. Financing fees are based on prevailing market interest rates, for the specific financial instrument, which may vary over time. Details of daily SWAPS applied are available on the Company’s website, under Contracts Specifications section or on the trading platform(s).

For all types of financial instruments, offered by the Company (CFDs), the commission and financing fees are not incorporated into the quoted price and are instead charged directly from the client(s)’ trading account(s).

### 3.3 Speed of Execution

When executing clients’ orders, the Company places a significant importance on the speed of execution. The possible delays should not exceed the limitations of technology and communication links.

### 3.4 Likelihood of Execution

Although the Company strives to execute all client(s)’ orders, the Company may not be able to execute orders at the best price but, instead, at the best available price. The Company reserves the right to decline client(s)’ order(s). Further information can be found within the Company’s Order Execution Policy.

### 3.5 Likelihood of Settlement

The financial instruments offered by the Company (CFDs), do not involve the physical delivery of the underlying asset(s), therefore there is no physical settlement/delivery of the financial instruments, as the case may be with purchase of shares or other assets.

### 3.6 Market impact

Some market factors may affect the operations of the relevant markets and as such the prices provided by the Company to Clients. These factors may affect some of the other execution factors, listed above. The Company, however, takes all sufficient steps to obtain the best possible result for its Clients.

### 3.7 Nature of the order

Client(s) have the ability to provide the Company with specific instruction(s) related to the client(s)' order(s), or any part of order(s), including selection of execution venues. The Company will execute order(s) in accordance with those specific instructions and, in doing so, will have complied with its obligations to provide the best possible results to the extent that those instructions are followed.

## 4. Conflicts of interests related to order execution

This section refers to any close links, conflicts of interests and/or any common ownerships that may existing between the Company and execution venues/LPs, used by the Company for execution of clients' orders.

### 4.1 Specific arrangements with execution venues

The Company does not have any specific arrangements with the execution venues/LPs. Moreover, there are not specific agreements made between the Company and the LPs in regard to the discount, benefits and/or rebates to be received by the Company for transactions.

The Company is committed to act honestly, fairly and professionally and in the best interests of clients and to comply, in particular, with the principles set out by the legislation, when providing investment services and ancillary services related to such investment services.

## 5. Client Types

Clients classified as Retail Clients and Professional Clients are falling under the scope of the aforesaid Regulations.

**“Retail Client”** is a client who is not a Professional Client, as defined further below. It is noted that Retail Client is afforded with the highest level of protection.

**“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.

## 6. Execution Factors

When executing client(s)' order, the Company takes into consideration the following “Execution Criteria”:

- characteristics of the client;
- characteristics of the client's order;

- characteristics of the relevant financial instrument;
- characteristics of the execution venues to which the order can be directed;

The Company considers price as being the most important factor when seeking to obtain the best possible result for clients. In addition, the type of financial Instrument is important factor taken into consideration for the Execution Criteria. However, in certain circumstances the Company may decide, in its absolute discretion, that other factors may be considered more important for determining the best possible results for clients.

For Retail Clients, the best possible result is determined in terms of the total consideration, represented by the price of the financial instrument and the costs incurred by client(s) related to execution of client(s)' orders.

For all clients, both Retail and Professional Clients, the best possible result is determined in terms of the total consideration, represented by the price of the financial instrument and the costs incurred by the client related to execution.

When the Client gives a specific instruction as an order, the Company will execute the order following such instruction, which may prevent the Company from implementing the best possible result for the Client, in accordance with the relative importance of the execution factors. In such circumstances, the Company shall execute the order in accordance with the specific instruction. Nevertheless, if the Client provides a specific instruction, then, by executing that order, the Company will be complying with its duty to provide the Client with best execution.

## 7. Execution Venues

No changes apply as to Company's execution venue list for the year 2020.

The Company uses the below-mentioned entities as LPs:

- 1) LMAX Broker Europe Limited (LMAX Global)
- 2) Broctagon Prime Ltd.

The entities used as LPs may be changed, at the Company's discretion.

Client(s) acknowledges that the transactions received/transmitted and executed by the Company fall under the asset class "CFDs", financial instruments traded as over the counter" ("OTC"). The CFDs, being executed as OTC, may expose Clients to higher risks considering that the transactions are not executed on regulated markets/exchanges.

## 7.1 Execution Venues-Retail Clients

The information presented below refers to the top execution venues, in terms of trading volumes, used by the Company for executing the orders of Retail Clients. The information refers to the Asset Class of CFD's for the year 2021.

Asset Class	Contract for Difference ("CFD")				
Notification if < 1 average trade per business day in the previous year					N
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 percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
LMAX Broker Europe Limited (LMAX Global) LEI: 213800GJ47NI1547NH25	0%	0%	0%	0%	0%
Broctagon Prime Ltd LEI 213800AYVP83GMTLSE33	100%	100%	0%	0%	0%

## 7.2 Execution Venues-Professional Clients

The information presented below refers to the top execution venues, in terms of trading volumes, used by the Company for executing the orders of Professional Clients. The information refers to the Asset Class of CFD's for the year 2021.

Asset Class	Contract for Difference ("CFD")				
Notification if < 1 average trade per business day in the previous year					N
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 percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
LMAX Broker Europe Limited (LMAX Global) LEI: 213800GJ47NI1547NH25	0%	0%	0%	0%	0%
Broctagon Prime Ltd LEI 213800AYVP83GMTLSE33	100%	100%	0%	0%	0%

## 8. Quality of execution assessment

This section provides an explanation of how the Company uses data and/or tools relating to the quality of execution.

The Company monitors the effectiveness of the Order Execution Policy, and relevant order execution arrangements, in order to identify and implement, where necessary, the appropriate measures. The Company takes into account numerous factors, when executing Client(s)' order(s), such as but not limited to the price, costs, speed of execution. The Company monitors its execution arrangements, on an ongoing basis, by selecting appropriate samples of orders executed and evaluating the samples as per the below below:

- ❖ Evaluating Quality of Execution: Price Latency, Speed of Execution, Frequency and Duration of Price Freezing, Depth of Liquidity, Price Transparency, Re-quotes;
- ❖ Comparing prices obtained from LPs with the prices provided by the Company to Clients;
- ❖ Monitoring Slippage as to identify whether it is symmetric or not;
- ❖ Monitoring IT infrastructure, including the adequate integration with data providers;
- ❖ Utilizing control functions (compliance function and internal audit) who scrutinize the monitoring procedure and the actions taken by the Company.

In order to effectively implement a robust Best Execution Policy, the Company monitors the quality of execution Client(s)' order(s), on an ongoing basis. The Company has introduced three distinct stages for monitoring the quality of execution:

- Stage 1: Real time monitoring;
- Stage 2: Regular independent reviews of execution quality arrangements and operating effectiveness, on a quarterly basis;
- Stage 3: Periodic review of the execution quality arrangements, that aims to enhance the oversight of the Company's control environment, at least annually, through the internal audit function of the Company.

The goals of each stage of monitoring is to ensure that Clients are provided with the best possible results for the execution of the orders. To this end, the Company conducts annual reviews of the fairness of the price provided to Clients, by gathering market data used in the estimation of the price of the products and comparing with similar or comparable products.