



**Lykke Cyprus Ltd**

# **Order Execution Policy and Trading Rules**

**February 2018**

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## 1. General

Lykke Cyprus Ltd (hereinafter referred to as "Lykke" or the "Company") is committed to treat our clients fairly. As such, Lykke has implemented this Order Execution Policy (hereinafter referred to as the "Policy") aimed to obtain the best result for our clients, taking into account factors listed below.

Lykke operates a trading venue. The Policy describes the functionalities for trading on the trading venue. Unless mentioned otherwise the Policy concerns Lykke in its function as the operator of the trading venue.

Lykke will determine in its absolute discretion the products that are available for trading on the Lykke trading venue. Admission to trading on the trading venue of Lykke is open to all persons who meet the requirements of the *Client Agreement* (hereinafter referred to as the "Participant", the "Client" or "you"). The suspension or termination of the admission of a Participant is governed by the *Client Agreement*.

On its website and on the Lykke app, Lykke lists the types of transactions that the Participant may conclude and the types of products that may be purchased and sold. Lykke reserves the right to modify the types of transactions and type of products at any time without prior notice.

The Lykke trading venue is accessible only in those countries approved by Lykke and only to those Participants who confirm to Lykke that they are compliant with the respective local regulation. Participants represent and warrant that, at all applicable times, they have all permissions, licences and approvals required by applicable law in order to be a Participant on the Lykke trading venue.

## 2. Acceptance of Risk involved with the use of the Lykke trading venue

The Participant accepts, acknowledges and understands that the transactions:

- a) are or might be highly speculative;
- b) pose very significant financial risk and might cause unlimited losses or exceed the investments in certain cases; there is no guarantee that the capital invested will be retained or that any profits will be made;
- c) are only suitable for persons who are able to bear the financial losses arising from such associated risks.

The Participant is aware of the fact that using electronic devices and the internet exposes him/her/it to a number of risks, in particular the possibility that:

- a) an unauthorised third party might access the Lykke app;
- b) the relationship between the Participant and Lykke might be revealed;
- c) computer viruses might infect the Participant's computer system without the Participant's knowledge;
- d) third parties might send messages to the Participant, alleging to represent Lykke;
- e) chat conversation between the Participant and Lykke might be visible to third parties;

- f) partial or total loss might result from the transactions.

The Participant is fully aware that the access to your Lykke account through the Lykke app, Lykke application programming interface (API) and the use of Lykke's services from abroad might violate foreign laws applicable to the Participant. The Participant undertakes to inform himself and assumes sole liability for any risks relating to such foreign legislation. Any responsibility of Lykke regarding the possible infringement of foreign laws in connection with the Participant's use of Lykke's services or services from abroad is expressly and completely excluded.

The Participant undertakes to obtain full information (and acknowledges that he/she is solely responsible for doing so) regarding the risks to which he/she may be exposed and regarding any necessary security measures. Further, the Participant is responsible to minimize the security risks resulting from the use of Lykke's services by using the appropriate and state-of-the-art security measures (e.g. anti-virus program).

The Participant shall take the necessary precautions to ensure the confidentiality of all information, including, among other things, the system password, user ID, portfolio details, transaction activities, account balances, as well as all other information and orders.

### **3. Confirmations and Obligations of the Participant**

The Participant confirms and undertakes that:

- a) it is familiar with the products, the transactions and the functioning of financial markets;
- b) it understands the functionality, usage, storage, transmission mechanisms and complexity associated with blockchain-based systems;
- c) it is able to bear losses connected with the transactions;
- d) any decision to conclude a transaction shall be taken by the Participant, based on its own assessment of its financial situation and its investment objectives;
- e) it will monitor the open positions on its trading wallet (in particular in respect of sufficient margin liquidity);
- f) Lykke will not supply any service other than carrying out the Participant's orders relating to the transactions and, in particular, will neither give the Participant advice nor manage assets ("execution only");
- g) any discussions between the Participant and Lykke's employees or any information provided by them will not give rise to any advisory or asset management relationship, nor do they constitute recommendations of Lykke;
- h) Lykke will not examine whether any transaction or any decision made by the Participant or whether its trading or investment strategy pursued are justified, suitable or reasonable;
- i) Prior to issuing orders, the Participant will familiarize himself with the Lykke trading venue, its functionalities and features and with the type of orders that are possible of being carried out.

Further, the Participant confirms to check the content of each document, including documents sent electronically by Lykke or made available to the Participant and to immediately inform

Lykke in case of any discrepancies. Such documents shall be deemed to be binding without immediate opposition of the Participant.

#### **4. Relation between the trading venue, the Participant and Lykke**

The Lykke trading venue is the platform on which the Participant may sell or buy products. Lykke is the operator of the Lykke trading venue. Lykke is always the counterparty for all transactions effected on the Lykke trading venue between the Participant and Lykke.

#### **5. Relation to Third Parties**

The Participant may have been recommended to the Lykke trading venue by a third party such as an external asset manager or a referring agent. In such cases, Lykke shall not be liable for any agreement or terms that may exist between the Participant and the respective third party.

#### **6. Communications from the Participant to Lykke**

The Participant may choose among the following communication methods for contacting Lykke and transmitting instructions (e.g. change of contact details etc.):

- a) on the Lykke app or other electronic devices;
- b) in writing and duly signed;
- c) sent via e-mail with authentication (including scanned attachments).

In any particular case, Lykke reserves the right to request another communication method than the one chosen by the Participant.

Lykke shall be entitled to follow the instructions received through the above-mentioned means from persons authorised by the Participant or by the Participant himself.

Lykke reserves the right to request at any time an original written confirmation duly signed by the Participant prior to the execution of a transfer order.

The Participant confirms that he is aware of the risks associated with using these communication methods, in particular the risks that could result from the execution, non-execution, late or wrong execution, fault or misunderstanding at the time instructions are transmitted to Lykke or from improper use of Participant identification methods towards Lykke. The Participant acknowledges and declares that it assumes responsibility for all the consequences that could result therefrom. Further, the Participant understands and agrees that Lykke shall not incur any liability by refusing to carry out orders given by a person whose identity has not in its opinion been sufficiently verified.

If the Participant gives its instructions in writing, Lykke will verify its identity in particular by comparing its signature on the copy of the passport provided in the on-boarding process. Nevertheless, Lykke shall not be liable for any fraud and/or lack of identification that it has not discovered despite of applying all reasonable diligence.

The Participant shall be responsible for all instructions and for the accuracy of all information sent via the internet or the Lykke app by using the Participant's name, his/her password or any other personal identification credentials used to identify the Participant, regardless of who is the actual user. Any Person who identifies himself in accordance with the Participant's identification credentials shall be considered as being authorised to use Lykke's services offered to the respective Participant. Lykke shall consider such orders or communications as having been authorised and issued by the Participant and is allowed to fully rely on the use of the respective Participant credentials.

The Participant authorises Lykke to record, to listen and/or produce a written transcript of all telephone conversations, electronic communications, internet-based conversations (chats) and meetings between the Participant and representatives of Lykke and to use such records or transcriptions as evidence in relation to any parties (including but not limited to a regulatory authority and/or a court) to whom Lykke, at its entire discretion, regards it as desirable and necessary to disclose such information as part of any litigation and procedure that it expects to arise between it and the Participant. Any records or transcriptions produced by Lykke will be treated in accordance with the Lykke's Privacy Policy.

## **7. Communications from Lykke to the Participant**

All notices or other communications made by Lykke to the Participant, including Trading Wallet statements and transaction confirmations may, at Lykke's sole discretion, be sent to the Participant by e-mail to the address specified by the Participant or made available on the Lykke app. Such notices or communications shall be deemed to have been received by the Participant and transmitted in the proper manner once Lykke has placed them on the Lykke app or sent them by email. It shall be the Participant's responsibility to take the necessary actions to ensure that he/she is able to access any communications sent to him. Lykke shall not be liable for any delay, modification, re-routing or any other modification that the message might undergo after being sent by Lykke unless it is a result of gross negligence, wilful default or fraud attributable to Lykke. The Participant is responsible to communicate immediately to Lykke any change of its details (including but not limited to its e-mail address, domicile address, phone number, and beneficial ownership on its Lykke Wallet etc.).

## **8. Transactions and Cancellation**

The Participant accepts, acknowledges and understands that:

- a) all transactions carried out are executed subject to and in conformity with these rules;
- b) these rules may make it possible to retroactively intervene and cancel transactions entered into, particularly in the case of mistakes, illegal or abnormal transactions or exceptional market situations, in which case the Participant accepts any losses or other consequences of the cancellation. The cancellation provisions of the *Client Agreement* apply in addition.

## 9. Participant Complaints

The Participant undertakes to inform Lykke immediately if an incorrect transaction appears in the Lykke app or it has concluded a transaction which does not appear in the Lykke app.

Any complaints in relation to the execution or non-execution of a transaction will be resolved in accordance with the *Complaints Handling Policy*.

## 10. Errors

In the event that there is an obvious error in the price quoted by Lykke, Lykke shall not be bound by any transaction whatsoever (whether or not confirmed) which is, or purports to have been entered into at a price which Lykke is able to substantiate to the Participant was manifestly incorrect at the time of the transaction or which was or ought to have reasonably been known by the Participant to be incorrect at the time of the execution of the transaction. In such situation Lykke may in its sole discretion either not execute the transaction or execute the transactions at the quoted price or the correct price and, if it does so, Lykke may close out the transaction executed (including by correcting either the price at which Lykke hedged the transaction or the historic market price). In any such situation, Lykke shall not be liable for any losses, damages, costs, expenses, liabilities or claims except to the extent that they arise directly out of Lykke's gross negligence, wilful default or fraud.

## 11. Blocking of the Lykke Trading Wallet

The Participant may request Lykke to block the access to its Lykke Trading Wallet. Such a blockage may only be requested by the Participant itself via e-mail.

Lykke shall have the right to block the Participant's access to the Lykke Trading Wallet at any time, without any further explanation or notice, whenever Lykke is legally required to do so or considers this to be an appropriate course of action.

## 12. Participant's Liability

The Participant shall indemnify and hold Lykke harmless against any and all losses, taxes, expenses, costs and commitments (present, future, unexpected or otherwise and which include reasonable legal fees) that Lykke may sustain or incur as a result of or in relation to:

- a) breach of duties by the Participant;
- b) measures taken by Lykke to safeguard its own interests.

## 13. General Trading Rules

The Lykke trading venue is ordinarily open for trading 24/7, every day of the year, with the exception of maintenance work that ordinarily occurs at 12:00am CET on Sunday.

The opening hours of the Lykke trading venue are no assurance of liquidity. Market liquidity depends on the time of the day and week and on public holidays.

Lykke may, on reasonable notice to the Participant, audit the Participant's access to the Lykke trading venue to ensure its compliance with these rules.

#### **14. Suspension of trading (Trading halts)**

Trading may be suspended by Lykke either for technical reasons or for regulatory reasons.

Technical suspension means that trading is suspended when the order book becomes inaccessible for technical reasons. In this case a trading halt will be imposed.

Regulatory suspension means that the order book is suspended due to rules and regulations. In this case a trading halt will be imposed too.

Lykke shall provide its members with information on trading halts via suitably accessible information technology. In practice this means that Lykke publishes a system message and/or an exchange notice.

#### **15. Market Disorder**

Each Participant shall be deemed to acknowledge that, in accordance with applicable laws, Lykke as operator of the Lykke trading venue may:

- c) exercise certain rights in respect of the non-performance or Default (according to the *Client Agreement*) of a Participant;
- d) in certain circumstances, cancel a transaction, permit a "contra trade" in respect of a transaction or suspend or halt trading in specific products;
- e) intervene as a result of a special situation in accordance with this Clause 15;

and Participants shall, in such circumstances, be bound by such measures.

Special situations shall be defined as exceptional situations and emergency situations. Lykke decides at its own discretion whether there is a special situation.

The following specific circumstances may be deemed to be exceptional situations:

- a) major price volatility, especially where a trade differs significantly from the market price;
- b) decisions or information which are to be published imminently and which might have a significant influence on the price of a Product or its underlying (price-sensitive facts); or
- c) other situations that might compromise fair and orderly trading.

Should an extraordinary situation arise, Lykke may institute all the market control measures which it deems necessary to maintain fair and orderly trading as far as possible (incl. deleting orders or declaring transactions invalid).

The following specific circumstances shall be deemed to be emergency situations:

- a) failure of Lykke's system or its access infrastructure or parts thereof;



- b) failure of a Participant's access system;
- c) failure of the technical clearing and settlement infrastructure;
- d) Force Majeure according to the *Client Agreement*; or
- e) other situations that might compromise fair and orderly trading.

In emergency situations Lykke may suspend these rules in full or in part, including the *Client Agreement*, and replace them temporarily with new provisions instead. In particular, Lykke may temporarily interrupt trading in full or in part.

Neither Lykke nor a Participant (an "Affected Party") shall be liable for any failure or delay in performing any of its obligations under or pursuant to these rules and the *Client Agreement* to the extent that such failure or delay is due to an Event of Force Majeure and it shall be entitled to a reasonable extension of the time for performing such obligations as a result of such Event of Force Majeure.

On the occurrence of an Event of Force Majeure:

- a) the Affected Party shall immediately notify Lykke of the same (or if the Affected Party is Lykke, it shall issue a circular to affected Participants in relation to the Event of Force Majeure) and the Affected Party shall exercise reasonable endeavours to resume performance of any of its obligations affected by the Event of Force Majeure;
- b) Lykke shall be entitled to require any Participant to take such action as Lykke may direct in respect of a transaction affected by Event of Force Majeure; and
- c) Lykke shall be entitled but not obliged to subject affected transactions according to Lykke's directions, and Lykke shall be entitled to require or implement appropriate measures to achieve such transactions. Lykke shall, where practicable, consult affected Parties in advance of requiring or implementing any such measures.

## **16. Order book**

Lykke maintains one order book for each type of products. This order book shall classify and manage all orders according to price and the time at which they are received by Lykke.

## **17. Orders**

An order is a binding offer to buy or sell a certain quantity of products at an unlimited or limited price.

Execution of an order will result in a trade. Lykke does not guarantee that execution at our price will be more favourable than one which might have been available elsewhere.

Orders may be entered in the order book, amended or deleted, during set periods. All incoming orders shall be assigned a time stamp and an identification number. Amended orders shall lose their original time priority and be given a new time stamp.

There are times when, due to abnormal increase in market volatility, orders may be subject to slippage. Lykke shall not be held liable for losses suffered by the client caused by slippage.

Lykke reserve the rights to void any positions opened and was subsequently closed within 1 minute. Any profit, loss, and/or commission fees made through these transactions may be deemed invalid.

Lykke is under no obligation to accept an Order from you. However, we shall normally do so if you have sufficient funds in your Account with us, you are not otherwise in breach of the applicable terms and it is possible to execute such Order. Factors such as the size of your Order and liquidity available in the Instrument you wish to trade will impact whether and when it is possible to execute your Order.

You acknowledge, agree and accept that a transaction on Lykke may not be completed, or may be substantially delayed, by the network. When you send the buy or sell order, you authorize us to match your order and submit the resulted trade transaction in products to the network in accordance with the instructions you provide.

## **18. Order types**

A market order is an order to sell or buy at the best available price and is therefore entered without a price. During continuous trading the time in force for a market order is always fill-or-kill (the order is matched in full or not at all). The order is never registered in the order book. A market order will trade through the order book until the entire quantity is filled. As long as there is an order on the opposite side of the order book there will be a match no matter the price level.

A limit order stipulates a maximum purchase price or minimum selling price. If not fully matched, the remainder of the order is stored in the order book in descending buy-price order or ascending sell-price order and joins the queue of orders having the same price according to time priority. If the price specified by a limit price is not valid according to the allowed tick sizes, it will be rejected. It will only execute at prices equal to or more generous than its specified limit price. Limit orders can be matched in part or in its entirety.

For limit orders Lykke may request a collateral from the Participant.

## **19. Quotes**

Quotes enable Participants to simultaneously enter firm bid and offer (buy and sell) prices for a certain number of products. A quote specifies the simultaneous entry of one or more limited buy and/or sell order(s) in a single instruction. Quotes remain in the order book until they are executed, overwritten or deleted.

## **20. Order specification**

An order must be recorded with the following attributes:

- a) Participant identification: Participant identification number;

- b) Transaction type: buy or sell;
- c) Quantity: order size measured in asset units;
- d) Identification of the order book: products trading on the Lykke trading venue;
- e) Identification: product symbol, trading currency;
- f) Trading capacity: client transaction (trading in own name but for the account of the client) or principal transaction (trading in own name and for own account);
- g) Price limit: limited or unlimited;

## **21. Order modification**

The priority of a stored order is retained if the volume (shown and or hidden) is reduced, if the time validity is changed and if the free text pass through fields are changed. Other changes such as increase of the quantity or change of the price is equivalent to cancellation of the order and the placing of a new order. All the changes are applied immediately on submission.

## **22. Order Priority**

The main rule for ranking of orders is based firstly upon best price/net price and secondly by the longest storage time.

The alternative rule for ranking of orders is based firstly upon weighted rank of best price/net price and spread.

## **23. Privileges and Responsibilities**

The Company reserves the right to refuse the placement of any orders, due to a variety of reasons.

The Company reserves the right to limit the volume of positions (in lots) that Client may open on the trading account.

The Company reserves the right to limit the number of positions and pending orders to open a position.

The Company reserves the right to set the rate (depending on market conditions) at which the orders on opening / closing positions will be executed, when the current rate differs from the rate set by the Client in the initial order.

The Company reserves the right to charge fees for trading with specific instruments or for trading on a certain account type.

The Company reserves the right to increase spread and/or apply restrictions on the setting, modification and execution of orders in conditions of low market liquidity or high volatility.

The Company reserves the right to increase the margin on any product at any time, proceeding from market conditions.

The Company reserves the right to change an account type and/or to reduce the leverage of trading accounts and levels of leverage.

The Company does not undertake the responsibility for Client's activity or inactivity.

Information offered by the Company is introductory in its nature; it expresses the author's opinion and does not contain orders or solicitation for any trading actions.

## **24. Costs**

Opening a position in some types of products provided by Lykke may require the Client to pay commission and/or other fees if applicable.

## **25. Margin Trading**

To engage in margin trading a Participant must deposit a certain amount of certain products. It is in the sole discretion of Lykke to specify the specific amount and the type of products to be accepted.

The Participant must be aware of the fact that margin trading carries a high level of risk to his/her capital with the possibility of losing all or more than the initial investment and may not be suitable for all investors.

The Participant ensures that it fully understand the risks involved and is in a position to bear these risks. For more information, see the *Risk Disclosure* document.

## **26. No Fiduciary Duty**

Lykke provides the client with access to the Trading Platform and is not acting in any other capacity, including as an agent or as a fiduciary. Lykke does not owe the client any fiduciary responsibilities over and above the specific regulatory obligations placed upon Lykke, or as may be otherwise contracted between Lykke and the client. The client remains responsible for its own investment decisions and Lykke will not be responsible for any market trading loss he suffers as a result of those decisions.

## **27. Cooperation with Regulators**

Lykke will provide full assistance to, and may also supply any relevant information without delay to the competent regulators.

Lykke will comply with all relevant laws and regulations, and any request of the competent regulators.

## **28. Participant Support and Deal Queries**

The Lykke Participant Support (support@lykke.com) is available on a 24x7 basis to assist Participants with all issues pertaining to Lykke's services.

If the Participant requests actual transaction information related to a transaction query, Lykke Participant Support will gather relevant transaction information from the Participant and subsequently, will, where possible, use reasonable endeavours to supply the Participant with Lykke market data.

## **29. Amendments**

Lykke shall be authorised to change or amend these rules at any time. Such amendments will be communicated to the Participants in an appropriate manner, such as a notification on the Lykke app, and shall enter into effect on the date determined by Lykke.

## **30. Severability, Delegation to Third Party, No Waiver**

Should any clause in these rules be or become illegal, invalid or unenforceable in any manner whatsoever, this shall not affect the remaining provisions of these rules.

The Participant may not assign any of its rights or delegate any of its duties arising under these rules to a third party.

Any delay or omission by Lykke in relation to the exercise of any right granted by the law or under these rules, or the partial or incomplete exercise of such a right, power or action shall not as a result exclude or prevent the later exercise of such a right.

## **31. Applicable Law and Place of Jurisdiction**

This Agreement shall exclusively be governed by and construed in accordance with the substantive laws of Switzerland, excluding the Swiss International Private Law Act, as amended from time to time.

All disputes arising out of or in connection with these rules, including disputes on its conclusion, binding effect, amendment and termination, shall be resolved by the exclusive jurisdiction of the courts of Cyprus.