



LIGHTSHIP

DERIVATIVES

Order Execution Policy

Version	Date	Author	Update Summary	Approved by	Owner
1.0	25/2/2025		Creation		CCO
1.1	5/9/2025	CCO	Updated to reflect proposed business	CEO	CCO
1.2	30/10/2025	CCO	Corrections made	CEO	CCO

1. Purpose

This Order Execution Policy (the “**Policy**”) sets out the principles, procedures and controls that Lightship Derivatives UK Limited (“**Lightship**”) applies to the broking and execution of commodities futures and options contracts offered by its derivatives broking service. This is applicable to execution services provided to you under the Lightship brand within the UK or any member state of the European Union/European Economic Area (“**EU/EEA**”).

This Policy should be read in conjunction with the Lightship Terms of Business. Please refer to Annex 2 for the Order Execution of Lightship Derivatives Broking FZCO.

2. Scope

In providing execution services to you in relation to financial instruments (as set out in Annex 1), Lightship may (subject always to applicable law):

- arrange a transaction in the over-the-counter financial or commodities markets, which may be inside or outside of the EU/EEA;
- arrange for the submission of trading interests to a trading venue for execution, which may be inside or outside of the EU/EEA;
- arrange a transaction which is submitted to a trading venue for registration, which may be inside or outside of the EU/EEA; or
- transmit an order to another entity (which may be an affiliate of Lightship) for execution in accordance with one of the methods described above.

Lightship's execution services, including all client orders for commodity futures and options, are provided through:

- **Voice broking**
where brokers, supported by proprietary screens displaying historical data, analytics, and real-time prices, discover price and liquidity for their clients;
- **Electronic platforms**

These arrangements can be combined in hybrid broking models, which allow for the interaction of trading interests through both voice and electronic systems. The business brokers products using two major execution methods:

- Name Passing - where a broker acts as agent and arranges a trade(s) to settle directly between counterparties or which is posted directly to a central counterparty;
- Exchange Give-Up - where a broker places an order as principal for a client on a trading venue and then "gives up" the resulting trade to the relevant client or its clearer.

A derivation of this business model includes trades which are privately negotiated and registered on an exchange or MTF or provides the clients with a settlement process through a central counterparty (CCP settlement).

3. Roles & Responsibilities

- **Compliance Department**
 - Oversees the Firm's adherence to local Regulations and internal policies.
 - Implementing the policy, monitoring adherence, conducting training, identifying breaches, and taking appropriate actions.
- **The Board / Senior Management**
 - Maintains oversight of Order Execution arrangements and ensures sufficient resources and training to carry out the policy effectively.
 - Approves any significant amendments to this policy and addresses escalations and breaches as necessary.
- **Front Office Employees**
 - Full understanding and adherence of the policy.
 - Escalation of any breaches.

4. Execution Factors

In the absence of express instruction from you, Lightship will express its own discretion in determining the factors that Lightship needs to take into account for the purpose of providing you with the best possible result.

These execution factors in the wholesale markets in which Lightship operates will include, but not limited to, the:

- characteristics of the client;
- size, nature and characteristics of the order;
- characteristics of the execution venue on which that order can be directed;
- likelihood and speed of execution; and
- price and costs of execution.

In addition the following execution factors are given greater weight in descending order;

- Price;
- Time priority;
- Likelihood of execution, and
- Speed of execution.

Cost of execution is not considered a major factor in the Commodities market.

When selecting an execution venue the following factors will be considered;

- Type of commodity and specification traded
Certain commodity contracts only clear at certain venues. In such circumstances, the execution venue will be prescribed; Lightship will not 'select' the execution venue.
- Client instruction and/or ability to trade/clear at a particular execution venue.

5. Best Execution - Owed

Lightship's intention is, so far as possible, is to exercise consistent standards and operate the same processes across all markets, clients and financial instruments in which it operates. Lightship also intends to provide clients with access to (where possible) tradable prices on a non-discriminatory basis. However, the diversity in those markets and instruments, what Lightship knows of your own trading intentions, and the types of orders that placed, mean that different factors will have to be taken into account in relation to any particular transaction.

To determine whether best execution obligations are owed, Lightship employs the four-fold test to assess whether a client is legitimately relying on the firm for best execution. This assessment considers the following factors:

1. Which party initiates the transaction.

- Where a transaction is initiated by the client it is less likely that the client is placing reliance on Lightship to provide best execution.

2. Market Practice to "shop around"

- it is normal market practice for buyers and sellers to "shop around" by approaching several brokers/dealers for a quote. In these circumstances, it is less likely there is any expectation between the parties that the broker/dealer chosen will owe best execution.

3. Relative Transparency of prices in the market

- In liquid markets where there is access to multiple providers of pricing information, it is less likely that the client is placing reliance on Lightship to provide best execution.

4. Information provided by the firm and any agreements with the client

- Terms of Business Where our agreements with the client, including this policy and our Terms of Business, state that Lightship will provide best execution, then it is more likely that the client will be placing reliance upon LIGHTSHIP.

6. Best Execution – Not Owed

Notwithstanding the intentions expressed above, Lightship does not undertake to provide “best execution” in the following circumstances:

- **Eligible Counterparties**
If you are classified by Lightship as an Eligible Counterparty, you will not be entitled to best execution under the UK Financial Conduct Authority (“FCA”) or equivalent EU/EEA rules (pursuant to Article 30 of MiFID II, which disapplies the best execution obligation under Article 27 of MiFID II for Eligible Counterparties).
- **Legitimate reliance / four-fold test**
Considering the high levels of sophistication across our client base and the wholesale OTC commodity futures and options markets in which Lightship operates (and as recognised by the European Commission) it is considered normal market practice for buyers and sellers to “shop around” by approaching several brokers/dealers for a quote, there are high levels of price transparency, meaning that for most business that Lightship transacts in, there is no expectation between parties that the chosen broker/dealer will owe best execution. As a sophisticated participant in the wholesale markets, unless you advise us to the contrary, we will assume that this is your normal trading behaviour.
- **Client Instructions**
Where you provides Lightship with a specific instruction in relation to an entire order, or any particular aspect of an order, including an instruction for the trade to be executed on a particular venue, Lightship will execute the order in accordance with the client instructions. In following your instructions, Lightship will be deemed to have taken all sufficient steps to provide the best possible result in respect for you in respect of the order or aspect of the order covered by the specific instructions.
- **Request for Quote (RFQ)**
The scope of best execution is limited to where Lightship is acting on behalf of clients. Where Lightship provides a Request for Quote service " RFQ" Lightship will not be acting on behalf of clients and will not owe best execution.
- **Aggressing Orders**
Note that when you aggress a resting order the best execution provision of MiFID II will not apply.

7. Client Categorisation

Clients are classified as either Eligible Counterparties or Professional Clients as defined in MiFID II and by the FCA. The classification of a client is notified to the client in a separate notice (the Client Classification Notice).

MiFID II entitles clients to request a different client classification from that notified in the Client Classification Notice in respect of one or more investment services or transactions, or one or more types of transaction or product. Any such request must be made to Lightship in writing. However, because Lightship always intends to handle orders and indications of interest in an equitable and consistent manner, once a client is classified as an Eligible Counterparty for the purposes of a particular instrument, it is Lightship's policy that it will decline to provide services should an Eligible Counterparty request to be re-classified for the purposes of one transaction of a type it customarily undertakes.

There may be exceptional circumstances, and Lightship will consider each written request on a case-by-case basis.

8. Execution Venues

This Policy sets out the venues on which Lightship may execute your order. It has identified those venues on which Lightship most regularly seeks to execute your orders and which Lightship believes offer the best prospects for achieving the best possible results for you, taking into account the execution factors detailed below. Lightship is able to execute trades on your behalf on any of the following execution venues:

- regulated markets;
- (in a quasi-venue or non-venue capacity) systematic internaliser, market makers or other liquidity providers; and
- execution venues in non-EU/EEA and Non-UK countries that perform a similar function to any of the foregoing to which Lightship may have access and which are listed in Annex 3. Please note that this list is not intended to be exhaustive and Lightship reserves the right to utilise alternative execution venues.

When selecting the venue on which to transact, Lightship will take sufficient measures to ensure that the selected venue obtains the best possible trading result for its clients, subject to the following general factors:

- In the OTC markets in which Lightship operates, it can only give clients visibility to prices that have been communicated to Lightship by other clients that operate in the same market, accordingly any "best outcome" will solely be within these limits;
- Lightship will provide details of all tradable bids and offers (subject to the other matters referred to below);
- Time availability of prices – in many markets there are lulls and spikes in trading as negotiations align trading interests at different times and different parts of the curve, accordingly the "last traded" price may not always be available or act as a reliable indicator of current price;
- Lightship cannot allow clients to trade in a market unless it is reasonably satisfied that the client (via an agent or otherwise) is operationally capable of settling the relevant trade;
- Lightship cannot control either the cost of credit (credit premium) or credit acceptance between its clients; and
- Where Lightship invites you to choose one execution venue rather than another, we will provide fair, clear and not misleading information to prevent you from choosing one

execution venue rather than another on the sole basis of the price policy applied by Lightship.

In cases where Lightship applies different fees depending on the execution venue, we will explain these differences to you in sufficient detail to allow you to understand the advantages and disadvantages of the choice of a particular execution venue. Similarly, Lightship will inform you of any inducements (if any) it receives from an execution venue and of the value of any monetary or non-monetary benefits it receives in circumstances where Lightship charges more than one participant in a transaction.

The execution venues on which Lightship places particular reliance in meeting its best execution obligations, and the relevant factors for selecting a particular execution venue, also vary depending on the class of financial instruments to which your order relates.

9. Order Handling

When handling orders, our objective is to:

- ensure that executed client orders are promptly and accurately recorded and allocated; and
- carry out otherwise comparable client orders sequentially and promptly unless:
 - otherwise instructed by the client;
 - the characteristics of the order or prevailing market conditions make this impracticable; or
 - the interests of the client require otherwise.

When Lightship accepts an order from you to effect a single transaction or a series of transactions for the purpose of acquiring or disposing of all or part of a portfolio or a large basket of securities, it may undertake other client orders with respect to the constituent securities or any related security which could have an impact on the price of the constituent security.

10. Settlement of Orders

Lightship will not be party to the settlement of orders, except the processing of indicative matches in Regulated Market systems.

11. Aggregation and Allocation

The Exchanges that Lightship transacts business on, do not permit the aggregation of orders. As such, Client orders will not, under any circumstance, be aggregated by Lightship.

12.No Fiduciary Relationship

Lightship's commitment to provide you with "best execution" does not mean that it owes you any fiduciary responsibilities over and above the specific regulatory obligations placed upon it or as may be otherwise contracted between Lightship and yourself. You remain responsible for your own investment decisions and Lightship will not be responsible for any market trading loss you suffer as a result of those decisions.

13.Monitoring and Review

Lightship will regularly monitor the effectiveness of our execution arrangements and this policy.

We will review this policy at least annually and whenever a material change occurs that affects our ability to obtain the best possible result for our clients.

Feedback from clients and staff is encouraged to improve the effectiveness of the Order Execution practices and controls.

The Firm will refine its internal systems and training programmes to reflect best practice and emerging regulatory expectations.

Any changes must be approved by Senior Management.

14.Record-Keeping

All records pertaining to Order Execution shall be retained in accordance with applicable retention periods set out in the Firm's Data Retention Policy and relevant legislation.

Annex 1: Financial Instruments as defined by MiFID II

Section C of Annex 1 to MiFID has been onshored in Part 1 of Schedule 2 to the Regulated Activities Order. There are eleven categories of financial instruments in Section C, which have been onshored in Part 1 (C1 to C11, which have been onshored in paragraph 1 to paragraph 11).

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, emission allowances, or other derivative instruments, financial indices or financial measures which may be settled physically or in cash;
5. Options, futures, swaps, forwards 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 (other 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 UK regulated market, a UK MTF or a UK OTF (as defined by Article 2(1)(13A), (14A) and (15A) respectively of the markets in financial instruments regulation) except for wholesale energy products traded on a UK OTF that must be physically settled;
7. Option, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Section and not being for commercial purposes or wholesale energy products traded on an EU OTF (as defined by Article 2(1)(15B) of the markets in financial instruments regulation) that must be physically settled, which have the characteristics of other derivative financial instruments;]
8. Derivative instruments for the transfer of credit risk;
9. Financial contracts for differences; and
10. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates 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 other than by reason of 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 UK regulated market, a UK OTF, or a UK MTF (as defined by Article 2(1)(13A), (15A) and (14A) respectively of the markets in financial instruments regulation);
11. Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).

Annex 2 – Lightship Derivative Broking FZCO

This addendum to the Execution and Order Handling Policy applies to all employees in Lightship Derivative Brokers FZCO (“**LDD**”), established in the Dubai Free Zone. Employees for these purposes includes all permanent employees, contractors, temporary staff, secondees, external consultants, interns and agents at LDD where they are permitted to execute client orders.

Policy Requirements

While not Regulated in Dubai, when LDD agrees, or decides in the exercise of its discretion, to execute any transaction with or for a client in an investment, it chooses to provide ‘best execution’ in line with the Lightship in the UK. This Policy sets out the arrangements to ensure employees comply with this requirement.

The Group-wide Compliance framework will monitor to ensure LDD employees adhere to this policy.

Annex 3 – Execution Venues

Third Party Execution Venues
• Chicago Mercantile Exchange (CME) • European Energy Exchange (EEX) • ICE Futures Europe (ICE) • Singapore Exchange (SGX) • London Metal Exchange (LME)