

BEST EXECUTION STANDARDS POLICY

LEXIM TRADING DMCC

Updated on: 14 October 2024

1. INTRODUCTION

- 1.1 This Best Execution Policy (“**Policy**”) sets out information relating to how Lexim Trading DMCC (“**Lexim**”) seeks to provide the best execution as required by the Virtual Assets Regulatory Authority (“**VARA**”) when executing Orders on behalf of clients.
- 1.2 “**Best Execution**” is the term used to denote the duty that Lexim has to take all sufficient steps and exercise reasonable diligence to obtain the best possible result under the relevant circumstances when executing transactions on behalf of Lexim’s clients.
- 1.3 Lexim owes its clients a duty to seek best execution when it executes trades on clients’ behalf in the types of virtual asset set out in this Policy.

2. SCOPE

- 2.1 This Policy covers trading by Lexim in any of the virtual assets listed on Lexim’s platform as per its Virtual Asset Standards and Listing Policy.
- 2.2 This Policy does not apply to situations where Lexim is providing another virtual asset service provider (“**VASP**”), or a Qualified Investor or an Institutional Investor with a quote to execute at Lexim’s discretion, whether Lexim is executing the Order on behalf of a client or on its own account.

3. APPLICATION OF EXECUTION FACTORS

- 3.1 In seeking to achieve the Best Execution with respect to a particular Order, Lexim will take into account all relevant factors, including the following:
 - (a) **Price:** This is the price at which a virtual asset is traded;
 - (b) **Costs:** This includes all fees and costs related to Order execution, including implicit costs, such as possible market impact, and explicit costs, such as broker fees;
 - (c) **Speed:** This is the time it takes to execute a transaction;
 - (d) **Likelihood of execution and settlement:** This is the likelihood that Lexim will be able to complete the transaction and that the transaction will settle;
 - (e) **Size:** This is the size of the transaction;
 - (f) **Nature of the transaction or any other consideration relevant to its execution:** This is how a transaction’s particular characteristics can affect its best execution;
 - (g) **Accessibility of quotes to trade in the virtual asset:** This refers to the accessibility of quotes under prevailing market conditions. Even if certain sources of liquidity are unavailable, Lexim will still take reasonable steps and apply market expertise in seeking to achieve the best execution of client orders; and
 - (h) **The terms and conditions of the Order:** This includes the specific terms communicated by the client to Lexim that resulted in the transaction.

- 3.2 Lexim will maintain comprehensive documentation of its compliance with this Policy for how client Orders are executed in conformance with the Best Execution standards.

4. CLIENT SPECIFIC INSTRUCTIONS

- 4.1 If the client provides Lexim with a Specific Instruction in relation to an Order, Lexim will follow that instruction so far as is reasonably possible when executing the trade. By following the client’s Specific Instruction, Lexim will have satisfied the obligation to provide the client with Best Execution in relation to that transaction or in relation to the part or aspect of the Order to which the client’s instructions relate.
- 4.2 If Lexim receives an unsolicited Specific Instruction to route that client’s Order to a particular Market or counterparty, Lexim does not have the obligation to make a determination of Best

Execution beyond the client's Specific Instruction, provided Lexim has processed the client's Order promptly in accordance with the Specific Instructions.

5. ORDER HANDLING

- 5.1 Client Orders will be handled promptly, fairly, and expeditiously. Orders will be executed in the sequence they are received unless the characteristics of the Order or prevailing market conditions make this impractical. Lexim will ensure that competing Orders do not improperly influence client Orders.
- 5.2 When executing client Orders, Lexim will disclose to clients, both before execution and in the trade confirmation, the portion of the amount payable by the client that the firm retains as fees or commission for the trade.
- 5.3 Lexim shall not pay or receive any monetary or non-monetary benefits, including any form of reciprocation for services or business, to or from any third party in connection with its execution services provided to clients, except for necessary service fees required to execute the client's Order.
- 5.4 Lexim shall not:
 - (a) receive any remuneration, discount, or non-monetary benefit for routing client Orders to a particular trading venue or another entity; or
 - (b) engage in any practice that may incentivise Lexim to prioritise its own interest or the interests of a third party over the Best Execution of the client's Order.
- 5.5 Any fees payable to or by another VASP or third party shall be structured to avoid conflicts of interest in executing client Orders. Lexim will ensure that these arrangements do not compromise its duty to act in the best interests of its clients and will implement adequate controls to manage potential conflicts of interest.

6. ORDER ROUTING

- 6.1 Lexim does not delegate its responsibility to provide the Best Execution of client Orders to any other entity and does not currently route client Orders to other entities for execution.
- 6.2 In the future, Lexim may initiate a mechanism of routing client Orders to other entities for execution on an automated, non-discretionary basis. If Lexim routes its Order flows to another entity, which has agreed to handle the Order flow as an agent for the client, Lexim may rely on that entity's regular and rigorous review of execution quality. However, this reliance is conditional upon Lexim receiving full disclosure of the rationale and methodology behind the review. Lexim will ensure that the review meets the required standards of Best Execution and that the disclosed rationale supports the entity's ability to act in the best interest of the client.
- 6.3 In any such case, Lexim will continue to fulfil its obligations under clause 6.3 of this Policy.

7. PLACING AND DISTRIBUTING VIRTUAL ASSETS

- 7.1 Lexim, when providing services to an issuer or in connection with the placing of virtual assets with investors, will establish and maintain written controls to prevent, monitor, manage, and disclose any conflicts of interest that may arise during the placement process. These controls shall include specific procedures to address potential conflicts when placing Virtual Assets with Lexim's own clients, particularly regarding the pricing of the initial placement or distribution of those assets.
- 7.2 Prior to agreeing to the sale of newly issued virtual assets to any client or investor, Lexim shall disclose the following to the counterparty and, where required, obtain consent from the issuer allowing Lexim to make such disclosures:
 - (a) The basis on which Lexim is acting for the issuer, including whether Lexim will receive any fees, incentives, or non-monetary benefits from the issuer or any third party in connection with the placement or distribution of the virtual assets;
 - (b) The timing of the issuance and settlement of the virtual assets; and
 - (c) Information on the intended target Market for the virtual assets.

8. REVIEW OF EXECUTION QUALITY

- 8.1 Lexim will review the execution quality received by its clients every quarter.
- 8.2 If the review identifies significant differences in execution quality, Lexim will take corrective actions, such as modifying its Order routing arrangements. If Lexim chooses not to modify its routing arrangements, it will provide a documented justification explaining why the current arrangements remain in the best interest of its clients.

9. OFF-MARKET EXECUTION

- 9.1 Where Lexim executes a client Order off-Market by trading with another VASP, or a third party, Lexim will ensure that all sufficient steps are taken under this Policy to achieve the best possible results for the client.
- 9.2 The burden of demonstrating compliance with the Best Execution standards remains with Lexim. In such cases, Lexim will document and retain records detailing:
- (a) The rationale for executing the Order off-market;
 - (b) The steps taken to ensure that the execution provides the best possible result for the client, considering price, costs, speed, and other relevant factors; and
 - (c) Any relevant information about the counterparty, including their execution standards and trading practices.

10. IMPLEMENTATION, MONITORING AND REVIEW

- 10.1 Lexim's senior management has oversight for Best Execution by ensuring that all matters related to Best Execution brought to their attention are reviewed on a timely basis.
- 10.2 As a second line of defence, Lexim's Compliance Department performs independent reviews on the executions in addition to the review carried out by the business. The Compliance Department also makes enquiries to the business where necessary to ensure compliance with Best Execution standards. They are also responsible for arranging training on Best Execution to relevant staff.
- 10.3 Lexim shall ensure that any department responsible for executing client orders is adequately resourced and maintained to fully comply with the execution requirements as set out in this Policy. The firm must provide sufficient staffing, technology, and other resources necessary to meet Best Execution standards and always fulfil its duties to clients.
- 10.4 Lexim will implement and maintain systems to ensure their capacity and capability to execute client Orders effectively. These systems will be designed to handle Orders received through Lexim's platform or any other agreed means, ensuring consistent and reliable execution of client Orders.
- 10.5 Lexim will continuously monitor the effectiveness of its execution arrangements and of this Policy to identify and, where necessary, correct deficiencies.
- 10.6 This Policy will be reviewed at least annually and whenever a material change occurs that affects Lexim's ability to continue to obtain the best possible result for clients.

11. CLIENT DISCLOSURE

- 11.1 Lexim will provide clients with whom they have an ongoing relationship with appropriate information about this Policy and any material changes to it. Lexim will also disclose the execution venues used and summarise the execution factors considered, ensuring that the clients are notified of the order execution arrangements and any material changes to them.

[Appendix to follow]

APPENDIX - A

Term	Definition
Institutional Investor	<p>means—</p> <ul style="list-style-type: none"> a. any entity regulated by a competent financial services regulator in the jurisdiction in which it is located [including but not limited to CBUAE, the UAE Securities and Commodities Authority, the Dubai Financial Services Authority and the Financial Services Regulatory Authority of the Abu Dhabi Global Market]; b. any VASP; c. any government with relevant knowledge in respect of virtual assets for the nature of the virtual asset activities to be provided, the manner of demonstration of which shall be defined by Lexim prior to offering any products or services and shall be demonstrated to VARA on request; d. any institution which performs the functions of a central bank; or e. any multilateral agency with relevant knowledge in respect of virtual assets for the nature of the virtual asset activities to be provided, the manner of demonstration of which shall be defined by Lexim prior to offering any products or services and shall be demonstrated to VARA on request.
Market	means a variety of different venues, including but not limited to, market centres that are trading a particular virtual asset.
Order	means an instruction to buy or sell a virtual asset which is accepted by us for execution or transmission to a third party.
Qualified Investor	<p>means—</p> <ul style="list-style-type: none"> a. an individual— <ul style="list-style-type: none"> i. maintaining a cash holding of AED 500,000 supported by documentary proof of funds [e.g. bank statements] that illustrate relevant assets have remained, and will remain, liquid for a reasonable period of time and which shall be checked periodically; and ii. has relevant knowledge in respect of virtual assets for the nature of the virtual asset activities to be provided, the manner of demonstration of which shall be defined by Lexim prior to offering any products or services and shall be demonstrated to VARA on request; or b. a legal entity validly incorporated in the jurisdiction in which it is located— <ul style="list-style-type: none"> i. maintaining a cash holding of AED 500,000 supported by documentary proof of funds [e.g. bank statements] that illustrate relevant assets have remained, and will remain, liquid for a reasonable period of time and which shall be checked periodically; and ii. whose directors have relevant knowledge in respect of virtual assets for the nature of the virtual asset activities to be provided, the manner of demonstration of which shall be defined by Lexim prior to offering any products or services and shall be demonstrated to VARA on request.
Specific Instruction	means instructions provided to Lexim by a client when placing an Order for execution. Examples of such instructions may contain, but are not limited to,

	the selection of a limit price, a period of time the Order may remain valid or request to execute the Order on a specific venue;
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