

Order Handling and Execution Policy

2024

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1. PURPOSE

JVA Brokers Limited (“**JVA**” or “**the Firm**”) is authorised and regulated in the UK by the Financial Conduct Authority (“**FCA**”). The Firm is committed to adhering to all applicable legal and regulatory requirements. The purpose of this Policy is to set out JVA’s approach to ensure that its organisational arrangements and procedures enable it to comply with the relevant requirements related to order handling and best execution.

2. POLICY OVERVIEW

This document describes JVA’s Order Handling & Execution Policy (the “**Best Execution Policy**”), setting out the requirements imposed by the second Markets in Financial Instruments Directive (“**MiFID II**”) and the Financial Conduct Authority (“**FCA**”), with regards to the handling of client orders and the provision, where applicable, of best execution.

Under these Rules, where JVA executes client orders or routes or transmits orders for execution to another entity, including any affiliates, JVA is required to:

- Establish and implement policies and procedures, including this Best Execution Policy, to allow JVA to obtain the best possible result for its clients when executing client orders in Financial Instruments¹. This is the “**best execution**” rule.
- Implement procedures and arrangements which provide for the prompt, fair and expeditious execution of client orders.

3. EXECUTION FACTORS

When executing certain client orders, JVA is required to take all sufficient steps to obtain the best possible results for clients, taking into consideration the following “**execution factors**”, listed in no particular order of importance:

1. Price – what the best price available is in the market.
2. Cost – consideration will be given to both explicit and implicit costs of execution including but not limited to, trading venue fees, clearing fees, and commissions.
3. Speed – orders should be executed as promptly as possible, except where a better result may be achieved by delaying the execution. Clients should be informed at such time that it is best to delay the execution; Likelihood of execution - consideration will be given as to whether an order can be executed in its entirety on a trading venue taking into account the prevailing liquidity of the relevant financial instrument.
4. Likelihood of settlement - consideration will be given as to whether the resulting trade can be settled according to client instructions.
5. Size – consideration will be given to the market impact of an order. For example, large orders may impact the prevailing market price or liquidity of the relevant financial instrument.

¹ As defined in Annex 1 of this Execution Policy

6. Nature of the client order – constraints relating to the execution of the order may impact the result obtained; and
7. Any other consideration that JVA considers relevant to the execution of an order.

JVA will determine the relative importance of each execution factor to achieve the best possible result by considering the following criteria:

1. The type of client (including regulatory client categorisation).
2. The characteristics of the client order (including type of transaction, size, and likely market impact).
3. The characteristics of the financial instruments to which the order relates.
4. The characteristics of the execution venues (if more than one) where the client order can be executed; and
5. Any other circumstance that we deem relevant to the execution of the order.

The relative importance of each of the execution factors may vary according to the class of financial instruments to which your order relates.

In the absence of express instructions from a client, JVA will exercise its own discretion in determining the execution factors and relative importance.

In OTC markets, JVA will check the fairness of the price proposed to the client by gathering market data used in the estimation of the price of such products and where possible, by comparing that data with similar or comparable products.

JVA will use reasonable endeavours to act in accordance with this Best Execution Policy, but the Firm does not guarantee that the best possible price will be obtained in all circumstances. There may be occasions when JVA changes the priorities of the execution factors where the Firm determines that the best price may not lead to the best possible result for the client. For example, during a severe market disruption or in the event of a system outage other execution factors, factors such as “likelihood of execution”, may become a priority.

4. CLIENT CLASSIFICATION

JVA is only authorised to provide investment services to clients classified as either a Professional Client or an Eligible Counterparty. JVA is not authorised to provide investment services to any customer classified as a Retail Client.

5. CONSENT TO EXECUTION POLICY

As part of JVA's client onboarding process, JVA will seek to obtain the express consent of its clients to this Best Execution Policy prior to executing client orders. However, JVA will deem such consent to have been provided at such time that the client has been sent the Policy and subsequently gives JVA orders for execution.

6. EXECUTION VENUES

JVA is a Registered Intermediating Broker ("RIB") of the London Metal Exchange ("LME").

In addition, JVA is registered with the NFA as an Introducing Broker (No: 485396) allowing the Firm to offer execution on the Chicago Mercantile Exchange ("CME").

Due to the regulatory implications for clients of executing on a US or UK exchange, JVA operates no discretion in the choice of execution venue. Instead, JVA will request specific instruction from a client on whether to execute a transaction on either the LME or CME. Such instruction will be requested on receipt of a client order.

Consequently, choice of execution venue is not an 'Execution Factor'.

7. TRANSACTIONS OUTSIDE A TRADING VENUE

JVA does not currently execute transactions outside of a trading venue, with all transactions being executed on either the LME or CME.

Should JVA commence such activity, it will obtain prior express consent from clients either in the form of a general agreement or in respect of individual transactions. Such consent is necessary due to the additional risks associated with executing transactions outside of a trading venue, such as counterparty risk.

Should JVA conduct any activity in OTC markets, it will only be able to give clients visibility to prices that have been communicated to the Firm by other clients that operate in the same market; accordingly, any "best outcome" will solely be within these limits. However, when executing orders or taking a decision to deal in OTC products, JVA will check the fairness of the price proposed to the client by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

As detailed above, JVA does not currently conduct activity in OTC markets. Should the Firm look to do so, clients will be informed prior to conducting such activity and JVA will ensure it obtains all necessary consents.

APPLICATION OF BEST EXECUTION

JVA is only authorised to deal with Professional Clients and Eligible Counterparties. The Firm does not conduct any activity with retail clients.

Best Execution does not apply to Eligible Counterparties.

Instead, the best execution obligation applies where JVA is dealing with Professional Clients, but only in such situations as where the client is deemed to be placing *legitimate reliance* on the Firm to protect their interests in relation to the execution of a transaction or where we have agreed a contractual obligation to do so. Legitimate reliance is determined by a number of factors and includes the “Four-Fold” cumulative test.

QUOTE DRIVEN MARKETS AND LEGITIMATE RELIANCE – THE FOUR-FOLD TEST

To determine whether best execution applies in respect of orders where a client has requested a quote, JVA will determine whether the client has placed a legitimate reliance on JVA to protect the client’s interests in relation to the pricing, and other important elements of a transaction (the execution factors described above). To evaluate whether there is ‘legitimate reliance’, JVA will apply the “Four-Fold” cumulative test which considers:

1. Which party initiates the transaction – where a client approaches JVA the client is less likely to place reliance on JVA.
2. Market practice and the existence of a convention to “shop around” – in certain markets there is a convention for clients to obtain quotes from several market participants to obtain a quote, which indicates the client is less likely to rely on JVA.
3. Relative levels of price transparency within a market – where a client has ready access to prices, they are likely to place less reliance on JVA.
4. Information provided by JVA, and any agreement reached between JVA and a client.

Where JVA determines, based on all of these considerations, that there is no legitimate reliance being placed on the Firm by the client then best execution will not apply.

9. AGGREGATION AND ALLOCATION OF ORDERS

In some circumstances, JVA may aggregate orders from several clients to either improve the quality of execution or the likelihood of a transaction’s success. JVA will only do this where it can meet the following requirements:

1. It is consistent with the obligation of fair treatment of clients, and it is unlikely to work overall to the disadvantage of any client whose order is to be aggregated.
2. Disclosure is made to each client, where order aggregation occurs, that the effect of aggregation may disadvantage a client in relation to a particular order; and

3. If the aggregation involves multiple client orders, JVA will allocate the orders fairly and will not give preference to one client over another.

10. SPECIFIC INSTRUCTIONS

Where a client provides JVA with a specific instruction in relation to all or part of an order, JVA will execute the order according to that instruction. In doing so, JVA will be treated as having satisfied its best execution obligations in relation to those parts of the order to which the specific instructions do not apply.

JVA will not induce a client to instruct it to execute an order in a particular way, by expressly indicating or implicitly suggesting the content of an instruction.

Where a client provides JVA with a specific instruction, this may prevent JVA from taking the steps designed to obtain the best possible result in the execution of that order. As noted in Section 6, due to the regulatory implications associated with executing transactions in the US, JVA will request specific instruction from its client with regards to Execution Venue. Such instruction will be requested by JVA on receipt of a client order.

11. ELIGIBLE COUNTERPARTIES

Where JVA has classified a client as an Eligible Counterparty, JVA is not required to apply best execution. JVA will, however, always act in its client's best interests and must act honestly, fairly, and professionally and communicate in a way which is clear and not misleading, taking into account the Eligible Counterparty's business.

12. DIRECT ELECTRONIC ACCESS

JVA does not offer its client Direct Electronic Access.

13. THIRD PARTY PAYMENTS

In accordance with FCA requirements, JVA discloses all costs and related charges that will apply in providing its services and strictly adheres to the rules on inducements.

JVA does not accept any third-party payments and therefore does not receive any remuneration, discount, or non-monetary benefit for routing client orders to the LME or CME and will not permit such practice going forward. Such practice would violate inducement and conflict of interest requirements under MiFID II.

14. GOVERNANCE AND REVIEW PROCESS

14.1 The Three Lines

JVA implements the three lines of defence approach to best execution governance. This policy acts as part of the first line, along with adherence to it and monitoring by the trading desk. Independent scrutiny is carried out by the Compliance team, which forms the second line. The third line is provided by senior management and oversight.

- **First line:** the ongoing monitoring of execution quality and 'first line' controls are undertaken by our broking desk. JVA's front-office staff fully understand the Firm's best execution policies and processes, seeking to deliver best execution on a consistent basis.
- **Second line:** independent monitoring of the quality of execution is undertaken by the Compliance team as the 'second line of defence'. Testing is undertaken on an 'as required' basis and if issues arise these are discussed with the broker in the first instance. Where immediate remedial action can be taken this is implemented. Any actions which cannot be immediately rectified will be reported to the CEO/Principal of the Firm.
- **Third line:** the CEO/Principal of the Firm is ultimately responsible for this policy and ensuring compliance with it. It bases its decisions on information provided to it by the first and second lines and, where appropriate, its own investigations. The CEO is responsible for ensuring this policy is reviewed on at least an annual basis.

14.2 Review and Oversight of the Policy

The Best Execution Policy and JVA's execution arrangements are reviewed annually, or whenever a material change occurs which affects JVA's ability to continue to provide the best possible result for the execution of client orders. JVA will notify clients of any changes to the Best Execution Policy, by updating the client specific summary of this policy on JVA's website (<https://jvabrokers.com/>).

15. MONITORING AND REPORTING

At a client's request, JVA will demonstrate that it has executed a client's orders in accordance with its policies and procedures. JVA will retain records of all requests to demonstrate best execution, as required by the FCA Rules.

16 CLIENT COMMUNICATIONS AND DISCLOSURE

16.1 Disclosure of Appropriate Information to Clients

It is an FCA requirement that JVA provides clients with 'appropriate information' on its best execution policy, which explains how orders will be executed in a way that is clear, provides sufficient detail and which can be easily understood by clients.

It is JVA's aim that this document provides clients with that appropriate information but if you have any questions, please contact us at contact@jvabrokers.com

16.2 Demonstrating Best Execution to Clients and the FCA

JVA can demonstrate to clients, on request, that all trades have been executed in accordance with this policy and, where applicable, demonstrate that best execution has been achieved.

JVA considers that this policy, along with its internal monitoring and oversight programme, is sufficient to demonstrate that JVA has taken all sufficient steps to provide best execution to its clients and that this is delivered on a consistent basis.

ANNEX 1 – FINANCIAL INSTRUMENTS

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 derivatives 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 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, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled.
7. Options, 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, which have the characteristics of other derivative financial instruments.
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 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 regulated market, OTF, or an MTF.
11. Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).

ANNEX 2 – EXECUTION VENUES AND EXECUTION FACTORS

1. Execution Venues

Venue Name
London Metal Exchange (LME)
Chicago Mercantile Exchange (CME)

2. Relative importance of the Execution Factors

When executing client orders, JVA considers the most relevant factors to be (in no order of priority):

- Price
- Size
- Speed`
- Liquidity
- Type of order
- Time of day
- Complexity of order
- Market risk
- Likelihood of Execution

‘Likelihood of settlement’ is not considered relevant as all execution venues have a central counterparty to ensure settlement / delivery.

Whilst ‘Price’ is generally considered to be the most relevant execution factor, the order of priority of the above-listed factors is dependent on each specific transaction. Consequently, JVA will ensure the Firm considers all of the above factors in equal weighting to ensure it obtains the best possible result for its clients.

Whilst JVA will endeavour to follow the above, there are specific circumstances where the Firm’s approach to the ranking of execution factors may need to be reassessed. These situations include, but are not limited to:

- **Large and/or illiquid transactions:** where the order is large and/or there is limited liquidity in the market, trades may be executed in a manner which: (i) prioritises likelihood