

# Lunaro Financial Services Limited (FRN: 184333) Order Execution Policy

## 1. Introduction

### 1.1 Purpose

This Order Execution Policy outlines the principles and standards adopted by Lunaro Financial Services Limited ('Lunaro') to ensure compliance with the Financial Conduct Authority (FCA) Conduct of Business Sourcebook (COBS) 11. It describes how the firm takes all sufficient steps to obtain the best possible result for its clients when executing client orders or placing orders with other entities for execution.

### 1.2 Scope

This policy applies to all Retail Client and Professional Client orders executed or transmitted by Lunaro across the following Financial Instrument(s):

- Over-the-counter (OTC) Financial Instruments such as contracts for difference (CFDs);

The policy does not apply to transactions with eligible counterparties or to non-MiFID Financial Instruments such as spot foreign exchange (FX).

### 1.3 Commitment to Clients

Lunaro commits to acting honestly, fairly, and professionally in accordance with the best interests of its clients, ensuring the best execution obligation is met consistently.

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## 2. Regulatory and Legal Context

### 2.1 FCA Requirements

This policy adheres to FCA COBS 11.2A, which sets out the requirements for firms to achieve best execution for their clients. These rules are designed to ensure:

- Transparency in execution practices.
- Consistent achievement of the best possible outcomes for clients.

### 2.2 Applicable Legislation

The policy aligns with:

- Markets in Financial Instruments Directive II (MiFID II);

- FCA Handbook COBS 11.2A.
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### 3. Roles and Responsibilities

#### 3.1 Senior Management

Senior management has overall responsibility for ensuring compliance with this policy and the ongoing monitoring of its effectiveness.

#### 3.2 Trading Desk

The trading desk executes client orders in line with the policy, ensuring all sufficient steps are taken to achieve the best execution.

#### 3.3 Compliance and Monitoring Teams

The compliance team performs independent monitoring and reviews of execution arrangements, providing oversight and reporting findings to senior management.

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### 4. Policy Statement

#### 4.1 Execution Factors

When executing orders, Lunaro considers the following execution factors:

1. Price: The price of the Financial Instrument at the time of execution.
2. Costs: Total costs incurred by the client, including commissions, spreads, and fees.
3. Speed: The promptness of execution.
4. Likelihood of Execution and Settlement: The probability of completing the transaction.
5. Order Size and Nature: The specific characteristics of the order.
6. Other Relevant Considerations: Any additional factors relevant to the execution.

#### 4.2 Retail Client Focus

For Retail Clients, the primary measure of best execution is total consideration, encompassing the combined value of price and costs.

#### 4.3 Professional Client Focus

For Professional Clients, the most common measure of best execution will often be the combined value of price and costs. However, where client instructions emphasise the importance of other execution factors, these will be considered when executing the order.

## 4.4 Specific Instructions

Where a client provides specific instructions, Lunaro will execute the order according to those instructions. This may prevent the firm from achieving best execution for the aspects covered by the instructions.

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## 5. Execution Venues

### 5.1 Approved Venues

Lunaro executes client orders through the following venue(s):

- Lunaro Financial Services Limited, acting as principal or on a matched principal trading basis.

### 5.2 Single Execution Venue

In certain cases, Lunaro may use a single Execution Venue for specific Financial Instruments. Lunaro's choice of venue may be constrained when there is only one venue where an order can be executed due to the client's order or requirements.

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## 6. Order Handling

### 6.1 General Principles

Orders are executed promptly and fairly. Competing client orders are prioritised based on the time of receipt unless specific instructions dictate otherwise.

### 6.2 Aggregation and Allocation

Client orders may be aggregated with other client orders or house account orders only if:

1. Aggregation is unlikely to disadvantage any client.
2. Clients are informed that aggregation may sometimes work to their disadvantage.
3. Allocation is conducted fairly, without undue preference to any client.
4. Client orders are prioritised over orders filled for the house account.
5. The allocation is completed on a timely basis and before the close of business on the day that the orders are received.

Where an aggregated order is executed partially, the executed portion is allocated proportionally, with client orders taking precedence over house orders.

An aggregated order that is fully executed will be allocated at the average execution price. If two or more client orders are aggregated and only partially executed, the executed volume will be allocated proportionally at the average price. When a client order is aggregated with Lunaro proprietary order and only partially executed, the client will be given priority over Lunaro.

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## 7. Price Slippage

Price slippage refers to the difference between the expected price of a transaction and the actual price at which the transaction is executed. Lunaro is committed to minimising negative slippage while allowing clients to benefit from positive slippage where possible.

### Key Principles:

1. **Slippage** Tolerance:  
For market orders, slippage is managed within predefined tolerances. These tolerances are set by the firm to reflect market conditions.
2. **Asymmetric Slippage:**
  - **Favourable Movements:** When market movements result in a better price for the client, Lunaro passes on the full benefit.
  - **Unfavourable Movements:** If prices move against the client, orders are filled at the best available price within the set tolerance.
3. **Stop and Limit Orders:**
  - Stop orders may occasionally be executed at a worse price if market conditions cause a gap.
  - Limit orders are never filled at a worse price but may benefit from favourable slippage.
4. **High** Volatility Events:  
During periods of extreme market volatility (e.g., news releases, market opens), slippage is more likely. Lunaro ensures monitoring of execution quality during such events to maintain fairness.
5. **Daily** Slippage Reviews:  
All slippage events are reviewed daily, with outliers identified and assessed to ensure there is no systemic disadvantage to clients.
6. **Transparency** in Reporting:  
Clients may request details of slippage on their executed orders, and aggregate slippage statistics are reviewed internally for compliance oversight.

## 8. Scenario Analysis

### 8.1 Direct Electronic Access (DEA) on OTC Markets

- Overview:

Clients may place orders directly on Lunaro's trading platform for OTC products such as Contracts for Difference (CFDs). These transactions are executed on a principal basis with Lunaro as the counterparty.

- Execution

Process:

OTC orders placed via DEA are subject to:

- Real-time pricing based on underlying market benchmarks e.g., aggregated liquidity provider feeds.
- Monitoring of price fairness by comparing the execution price with external market data.
- Slippage tolerance thresholds pre-set by the platform.

- Example

Scenario:

A client places a market order for 5 lots of EUR/USD via the platform. Due to a sudden market movement, the trade is executed at a slightly worse price, within the slippage tolerance. Client order is filled at the slightly worse price.

### 8.2 Orders Placed via the Trading Desk

- Overview:

Clients may place orders via Lunaro's trading desk using methods such as telephone. These orders may include market, limit, or stop instructions.

- Execution

Process:

The trading desk ensures that:

- Orders are handled promptly and accurately.
- Execution Venues are selected based on the client's objectives (e.g., lowest cost, fastest execution).
- Specific instructions are adhered to where provided.

- Example

Scenario:

A client calls the trading desk to execute a stop-loss order on a CFD for FTSE 100 index. The order is triggered by market conditions and executed at the next available price, considering slippage rules.

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## 9. Monitoring and Review

### 9.1 Monitoring Execution Quality

Lunaro conducts periodic reviews of execution quality using metrics such as:

- Price slippage analysis;
- Rejection rates;
- Speed and likelihood of execution;
- Transaction cost analysis (TCA).

### 9.2 Governance

Monitoring results are presented quarterly to the risk committee. This review ensures appropriate oversight of order execution.

### 9.3 Policy Review

The policy is reviewed annually or when Material Changes occur, such as the introduction of new Financial Instruments, Execution Venues or significant changes to the Firm's order handling arrangements.

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## 10. Training and Awareness

All staff involved in order execution and monitoring receive regular training to ensure they understand regulatory requirements and internal procedures.

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## 11. Reporting and Escalation

### 11.1 Breach Reporting

Any breaches of this policy must be reported immediately to the compliance team.

### 11.2 Client Reporting

Clients may request a summary of how Lunaro ensures compliance with best execution obligations. This is known as a Transaction Cost Analysis (TCA). Where Lunaro receives such a request it will endeavour to respond within 20 business days. TCA requests should be emailed to [support@apmmarkets.com](mailto:support@apmmarkets.com).

## 12. Prohibited practices

Lunaro must not receive any remuneration, discount, or non-monetary benefit for directing orders to a specific Execution Venue, as this could create a conflict of interest between the benefit received by Lunaro and its duty to secure the most favourable terms for the client.

Lunaro may access liquidity through third-party liquidity providers, including market makers. Where this happens, Lunaro will not engage in Payment for Order Flow (PFOF) arrangements. PFOF refers to the practice where an investment firm executing client orders (as a counterparty) receives commissions from both the client initiating the order and the counterparty executing the trade (the market maker).

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## 13. Definitions

DEA means direct electronic access, which is an arrangement where Lunaro permits a client to use its trading ID to electronically transmit orders relating to a Financial Instrument to a trading platform.

Execution Venue is the term used to describe the Regulated Market, Multilateral Trading Facility (MTF), Systematic Internaliser (SI), Organised Trading Facility (OTF), or any other liquidity provider where Lunaro executes an order on behalf of a client.

Material Change means a change where its disclosure is necessary to enable the client to make a properly informed decision about whether to continue utilising the services of the firm. Examples of a Material Change include, but are not limited to:

- A change to Lunaro's business model;
- The introduction of a new product range;
- The introduction or withdrawal of a trading desk; or
- The implementation of a new trading platform.

MTF means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in Financial Instruments—in the system and in accordance with non-discretionary rules—in a way that results in a contract.

OTF means a multilateral system that is not a Regulated Market (RM) or Multilateral Trading Facility (MTF).

Professional Client means a client that meets the criteria laid down in COBS 3.5.

Regulated Market means a multilateral system operated by and/or managed by a market operator that brings together multiple third-party buying and selling interests in Financial

Instruments—in the system and in accordance with its non-discretionary rules—in a way that results in a contract. It operates regularly and is authorised under Title III of MiFID II.

Retail Client means a client who is not a Professional Client or an Eligible Counterparty.

Specific Instruction means an instruction in relation to an entire order, or any particular aspect of an order, including selecting to execute on a particular venue.

Systematic Internaliser means an investment firm which, on an organised, frequent, and systematic basis, deals on its own account by executing client orders outside a Regulated Market or MTF.

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