



Mercia Securities Ltd
(formally Initial Merit Secure Ltd)

Best Interest and Order Execution Policy

August 2026

CIF Licence No. 229/14 | Registration No. HE 291905

BEST INTEREST AND ORDER EXECUTION POLICY

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1. Introduction

Mercia Securities Ltd (ex Initial Merit Secure Ltd) (hereafter “the Company”) is a Cyprus Investment Firm (hereafter ‘CIF’) authorized and regulated by the Cyprus Securities and Exchange Commission (hereafter “CySEC”) with License Number 229/14 and operates in compliance to the Investment Services and Activities and Regulated Markets Law 87(I)/2017, registered (Certificate of Incorporation No. HE 291905) in the Republic of Cyprus through the Department of Registrar of Companies and Official Receiver.

This Best Interest and Order Execution Policy (“the Policy”) is provided to you (our Client or prospective Client) in accordance with the Investment Services and Activities and Regulated Markets Law of 2017, Law 87(I)/2017(hereafter “the Law”), which transposes Directive 2014/65/EU on markets in financial instruments (“MiFID II”) into national legislation. Pursuant to the Law, the Company is required to take all sufficient steps to obtain the best possible result (best execution) on behalf of its Clients either when executing Client orders or receiving and transmitting orders for execution.

Under the applicable legal and regulatory framework, the Company is required to act honestly, fairly and professionally in accordance with the best interests of its Clients and to take all sufficient steps to obtain the best possible result when executing Client Orders or receiving and transmitting Client Orders for execution.

Further to this, the Client acknowledges and consents that, depending on the Financial Instrument, market conditions and the relevant execution arrangement, Client Orders may be executed or transmitted for execution outside a Regulated Market, Multilateral Trading Facility or Organised Trading Facility.

2. Scope

This Policy provides an overview of the Company’s order execution arrangements, the factors and criteria considered when executing Client Orders or receiving and transmitting Client Orders for execution, and the arrangements applicable to the Financial Instruments offered or made available by the Company.



When the Company executes or transmits a Client Order, it acts as agent and not as principal, unless otherwise expressly disclosed to the Client. The Company takes all

sufficient steps to obtain the best possible result for its Clients where best execution obligations apply, but it does not guarantee that the result obtained will be more favourable than a result that may have been available elsewhere.

The main purpose of this Policy is to help Clients understand how the Company executes or transmits Client Orders and to enable them to make an informed decision as to whether to use the Company's services. Clients should ensure that they have read and understood the contents of this Policy.

This Policy applies where the Company provides investment services to Professional Clients by default. Where the Company treats a Client as an Eligible Counterparty, the best execution obligations under this Policy shall not apply, unless the Eligible Counterparty requests, either generally or on a trade-by-trade basis, to be treated in a manner that gives rise to best execution obligations and the Company agrees to such request.

Where the Company deals with an Eligible Counterparty, the Company shall act honestly, fairly and professionally and communicate in a way which is fair, clear and not misleading, taking into account the nature of the Client and the relevant business relationship.

3. Client's Specific Instruction

Where the Client provides a specific instruction in relation to the execution or transmission of an Order, the Company shall execute or transmit the Order in accordance with that specific instruction to the extent possible.

The Client is warned that any specific instruction may prevent the Company from taking the steps designed and implemented in this Policy to obtain the best possible result for the Client in respect of the elements covered by that instruction.

Market conditions, product availability, liquidity, issuer allocation, counterparty restrictions, settlement arrangements, applicable rules, or other circumstances may prevent the Company from following certain instructions of the Client, in whole or in part.



4. Execution Venues Brokers and Counterparties

The Company may execute Client Orders itself or transmit Client Orders for execution to third-party brokers, counterparties, liquidity providers, arrangers, distributors, custodians, settlement providers or other financial institutions, depending on the Financial Instrument, market conditions, availability, liquidity, settlement arrangements and the nature of the Client Order.

The Company acts as agent and not as principal when executing or transmitting Client Orders, unless otherwise expressly disclosed to the Client. The Company does not delegate its best execution obligations and remains responsible for taking all sufficient steps to obtain the best possible result for its Clients where best execution obligations apply.

The Company evaluates, selects and periodically reviews the execution venues, brokers, counterparties, liquidity providers, arrangers, distributors, custodians and settlement providers it uses by applying its commercial judgement and experience in light of the information available on the market. Relevant selection criteria may include, among others, pricing, costs, execution capability, access to relevant markets or products, product availability, liquidity, likelihood of execution, likelihood of settlement, settlement arrangements, creditworthiness, regulatory status, operational resilience, quality of service and any other factor relevant to the execution or transmission of Client Orders.

The Company monitors the effectiveness of its execution arrangements and may review samples of Client Orders and Transactions across different periods, Financial Instruments, counterparties, brokers or execution arrangements in order to assess whether the Company has taken all sufficient steps to obtain the best possible result for its Clients where best execution obligations apply.

The Company may use market data systems, electronic communication channels and the platforms or systems of its counterparties, brokers, liquidity providers, arrangers, custodians and/or settlement providers, depending on the Financial Instrument and the relevant execution, allocation or settlement arrangement. Technical failures, delays, interruptions, inaccurate data, system outages or other operational issues affecting such systems may affect the Company's ability to execute, transmit, confirm, allocate or settle Client Orders.

The Client acknowledges and consents that, depending on the Financial Instrument and the relevant execution arrangement, Client Orders may be executed outside a Regulated Market, Multilateral Trading Facility or Organised Trading Facility, subject to the applicable legal and regulatory requirements.

5. Financial Instruments Covered by this Policy

This Policy applies to the Financial Instruments offered or made available by the Company, including

- Agency/GSE bonds
- Certificates of Deposit
- Corporate bonds
- Fixed-rate capital securities
- Structured products
- Asset-backed securities

For MiFID II purposes, these products generally fall within Annex I, Section C of MiFID II as transferable securities and, where applicable, money-market instruments. Certain products, such as structured products and asset-backed securities, may also be classified as complex financial instruments depending on their structure, embedded features, underlying exposure, liquidity profile and specific terms.

The Company may add, remove, suspend or restrict access to certain Financial Instruments, products, issuers, counterparties or markets at its discretion and in accordance with applicable legal and regulatory requirements, market conditions, product availability and internal policies.

Best execution applies where the Company executes Client Orders or receives and transmits Client Orders for execution in Financial Instruments, subject to the Client categorisation and the applicable legal and regulatory requirements.

6. Execution, Transmission and Allocation of Client Orders

The Company shall satisfy the following conditions when carrying out Client Orders:

(a) ensure that Orders executed or transmitted on behalf of Clients are promptly and accurately recorded and allocated;

(b) carry out otherwise comparable Client Orders sequentially and promptly unless the characteristics of the Order, prevailing market conditions, product availability, liquidity, settlement arrangements, issuer allocation process or the interests of the Client require otherwise;

(c) inform a Professional Client about any material difficulty relevant to the proper carrying out of Orders promptly upon becoming aware of the difficulty, where applicable.



The Company may receive Client instructions through agreed communication channels and may transmit or execute such Orders through third-party brokers, counterparties, liquidity providers, arrangers, distributors, custodians or settlement providers, depending on the Financial Instrument, product availability, market conditions, liquidity, allocation process and settlement arrangements.

The Company may accept different types of instructions depending on the Financial Instrument and the relevant market or transaction structure, including instructions based on price, yield, size, maturity, issuer, product type, settlement terms, allocation preference or other transaction-specific parameters.

In the case of new issue products, execution may depend on issuer allocation, availability, oversubscription, minimum denomination requirements, settlement arrangements and

other factors outside the Company's control. The Client may receive no allocation, a partial allocation or an allocation on terms different from those initially indicated.

6.1. Client Instructions and Order Parameters

The Company may accept Client instructions depending on the Financial Instrument, product availability, market conditions and the relevant execution or settlement arrangement. Such instructions may include, among others, parameters relating to price, yield, size, maturity, issuer, product type, allocation preference, settlement terms or other transaction-specific characteristics.

The Company shall execute or transmit Client Orders in accordance with the Client's instructions to the extent possible, subject to market conditions, liquidity, product availability, issuer allocation, counterparty restrictions, settlement arrangements, applicable rules and the Company's obligation to take all sufficient steps to obtain the best possible result where best execution obligations apply.

6.2. Execution, Allocation and Confirmation

The Company shall execute or transmit Client Orders in accordance with the Client's instructions to the extent possible, subject to the nature of the Financial Instrument, market conditions, product availability, liquidity, issuer allocation, counterparty restrictions, settlement arrangements, applicable rules and the Company's obligation to take all sufficient steps to obtain the best possible result where best execution obligations apply.



Orders in Financial Instruments may be executed immediately, partially executed, transmitted for execution, rejected or not executed, depending on product availability, market conditions, liquidity, issuer or counterparty acceptance, allocation results, minimum denomination requirements, settlement arrangements and any other relevant circumstances.

For new issue products, the Client acknowledges that execution may depend on the relevant issuer, arranger, distributor or counterparty allocation process. The Client may receive no allocation, a partial allocation or an allocation on terms different from those initially indicated.

The Company shall provide confirmations and/or information regarding the status of Client Orders in accordance with the applicable legal and regulatory requirements and the Company's internal procedures.

7. Best Execution Factors

When the Company receives and transmits client orders for execution, it shall take all sufficient steps to obtain the best possible result for its Clients taking into account the following factors when dealing with Clients' orders:

7.1. Price, Yield and Execution Level: The price at which an Order is executed, determined in accordance with the applicable execution arrangements for the relevant financial instrument.

For the Financial Instruments offered or made available by the Company, the relevant execution level may be expressed as price, yield, spread, discount, premium, allocation terms or another product-specific pricing measure.

Prices, yields, quotes, indicative terms or execution levels may be obtained from execution venues, brokers, counterparties, liquidity providers, arrangers, issuers, distributors, market data systems or other third-party sources. Such prices, yields or terms may be indicative, subject to confirmation, withdrawn, amended or no longer available at the time of execution or allocation.

The Company will take all sufficient steps to obtain the best possible result for the Client, taking into account the nature of the Financial Instrument, available liquidity, market conditions, product availability, counterparty pricing, issuer allocation, settlement arrangements and any specific instruction provided by the Client.



The Company does not guarantee that the price, yield, allocation or execution level obtained for the Client will be more favourable than one that may have been available elsewhere.

7.2. Costs: all costs and charges directly related to the execution of the Order, including the Company's fees and any third-party fees or charges (where applicable), so that the Client's overall total consideration is taken into account.

7.3. Speed of Execution: This is defined as the time taken to transmit the Order for execution and for it to be executed/processed. The Company places importance on the speed of execution or transmission of Client Orders. However, speed may depend on the nature of the Financial Instrument, market conditions, product availability, liquidity, the responsiveness of brokers, counterparties, arrangers, liquidity providers, custodians or settlement providers, communication channels, and any operational or technical limitations affecting order transmission, confirmation, allocation or settlement.

7.4. Likelihood of Execution: This is defined as the probability that an Order will be accepted and executed, taking into account factors such as order validation

requirements, availability of liquidity (where relevant), and any applicable execution constraints.

The likelihood of execution may depend on product availability, market liquidity, issuer allocation, oversubscription, minimum denomination requirements, counterparty willingness to trade, settlement arrangements, market disruption, force majeure events and the size or nature of the Client Order.

In the case of new issue products, the Client may receive no allocation, a partial allocation or an allocation on terms different from those initially indicated. Where the Company is unable to execute, transmit or arrange an Order due to price, size, product availability, liquidity, allocation or any other relevant reason, the Order may not be executed.

The Company may decline or refuse to arrange for the execution or transmission of any Order, request or instruction in the circumstances set out in the Client Agreement, applicable product terms, applicable legal and regulatory requirements, or where execution would not be possible or appropriate under the prevailing circumstances.

7.5. Likelihood of settlement: This defined as the probability that the transaction resulting from the executed Order will be successfully completed and settled within



the expected timeframe, taking into account third-party processes and settlement infrastructure.

The likelihood of settlement will depend on the Financial Instrument, the relevant settlement system, custodian, counterparty, broker, issuer, central securities depository, transfer agent or other third party involved in the transaction.

Settlement may be delayed or fail due to operational issues, market disruption, counterparty failure, documentation issues, transfer restrictions, settlement cut-off times, mismatched settlement instructions or other factors outside the Company's control.

7.6. Size of the order: This is the size of the Order, including its potential relevance to execution conditions, liquidity (where relevant), and any applicable minimum/maximum thresholds or constraints affecting how the Order may be handled.

The size of the Order may affect execution, allocation, pricing and settlement. Certain Financial Instruments may be subject to minimum denominations, minimum subscription amounts, maximum allocation limits, issuer restrictions, counterparty limits or market liquidity constraints.

The Company may decline, partially execute or transmit an Order where the Order size cannot be executed in full or where execution would not be in accordance with the Client's instructions, market conditions, product terms or applicable requirements.

7.7. Nature of the Order: The nature of the Order may affect the way in which it is executed or transmitted. Relevant considerations may include whether the Order relates to a primary market or secondary market transaction, a new issue product, a structured product, a fixed income instrument, a certificate of deposit, an asset-backed security, or another Financial Instrument with specific execution, allocation, documentation or settlement requirements.

7.8. Market Impact: the extent to which the execution of an Order may influence the market, including the risk that executing the Order could adversely affect the price or execution conditions.

Some Orders may have an impact on the market price, yield, availability or liquidity of the relevant Financial Instrument, particularly where the Order is large in size, relates to an illiquid product, or concerns a new issue or privately placed product.



Market conditions, issuer activity, credit events, changes in interest rates, widening of credit spreads, product availability and liquidity may also affect the price, yield, allocation, execution, settlement or overall outcome of the Order.

The Company does not consider the above list exhaustive. The relative importance of each execution factor may vary depending on the Client, the Client Order, the Financial Instrument concerned, the available execution arrangements, market conditions and any specific instruction received from the Client.

8. Best Execution Criteria

The Company will determine the relative importance of the Best Execution Factors by using its commercial judgement and experience in light of the information available on the market and by taking into account:

- (a) the characteristics of the Client Order;
- (b) the characteristics of the Financial Instrument that is the subject of the Order;
- (c) the characteristics of the execution venue, broker, counterparty, liquidity provider, arranger, distributor, custodian, settlement provider or other third party to which the Order may be directed; and
- (d) the characteristics of the Client, including its categorisation as a Professional Client by default.

The Company determines the relative importance assigned to the Best Execution Factors in accordance with the above criteria and taking into account the nature of the Financial Instrument and the relevant execution or transmission arrangement.

In view of the above, the Company generally assigns the following importance level to the Best Execution Factors:

Factor	Importance Level
Price / yield / execution level	High
Costs	High
Likelihood of execution / allocation	High
Likelihood of settlement	High
Product availability / liquidity	High
Speed of execution	Medium
Size of the Order	Medium
Nature of the Order	Medium
Market impact	Medium

Where the Company executes or transmits an Order on behalf of a Professional Client by default, the best possible result shall be determined by taking into account the relevant execution factors, including price, yield, costs, likelihood of execution, likelihood of settlement, product availability, allocation, liquidity, speed, size, nature of the Order, market impact and any other consideration relevant to the execution or transmission of the Order.

Price and costs will ordinarily be important factors. However, other factors may take precedence where they are instrumental in achieving the best possible result for the Client, particularly in relation to fixed income instruments, structured products, asset-backed securities, new issue products, illiquid instruments or products subject to issuer allocation, minimum denomination requirements or settlement constraints.

For the purposes of delivering best execution where there is more than one available execution venue, broker, counterparty, liquidity provider, arranger, distributor, custodian, settlement provider or other relevant third party, the Company shall assess and compare the results that may be achieved for the Client by using each available arrangement, taking into account the Company's own commissions and costs, as well as any costs, fees or charges payable to third parties.



The Company shall not structure or charge commissions in such a way as to discriminate unfairly between execution venues, brokers, counterparties or other third parties used for the execution or transmission of Client Orders.

9. Client's Consent

By entering into a Client Agreement with the Company for the provision of Investment Services, the Client consents to the application of this Policy to the business relationship between the Company and the Client. This Policy forms part of the Client Agreement available on the Company's website.

The Client acknowledges and consents that, depending on the Financial Instrument, market conditions and the relevant execution arrangement, the Company may execute or transmit Client Orders for execution outside a Regulated Market, Multilateral Trading Facility or Organised Trading Facility.

Where required by applicable Law, the Company shall obtain the Client's prior express consent before executing Client Orders outside a Trading Venue.

10. Monitoring

The Company monitors on a regular basis the effectiveness of its order execution arrangements and this Policy in order to assess whether it has taken all sufficient steps to obtain the best possible result for Clients where best execution obligations apply.

The Company may review particular Client Orders, Transactions, execution venues, brokers, counterparties, liquidity providers, arrangers, distributors, custodians, settlement providers or other execution arrangements in order to determine whether the Company has complied with this Policy and whether the relevant execution or transmission arrangement has delivered the best possible result for the Client.

This Policy shall be reviewed by the relevant departments at least annually and whenever a material change occurs.

A material change means a significant event that could affect the parameters of best execution, including price, yield, costs, speed, likelihood of execution, likelihood of allocation, likelihood of settlement, size, nature of the Order, product availability, liquidity, market impact or any other consideration relevant to the execution or transmission of Client Orders.



11. Amendment of the Policy and Additional Information

The Company reserves the right to review and/or amend its Policy and arrangements whenever it deems this appropriate according to the terms of the Client agreement

between the Client and the Company. The Company will inform its Clients regarding the amended version of the Policy, once amended, in a durable medium (i.e. e-mail).

Should you require any further information and/or have any questions about this policy please direct your request and/or questions to info@merciasecurities.com.

12. Complaints

A complaint can be submitted to the Company according to the provisions of the Complaints Handling Policy available on our website.

The Company shall analyse the complaint data provided to ensure that any recurring or systematic problems are identified and addressed, as well as any legal and operational risks. Upon completion of the investigation, the Company will inform the client in writing about the results of the investigation and the actions taken to satisfy the client's demand without any necessary delay.

If the client is not satisfied with the Company's final decision, then he/she can raise the complaint with the Financial Ombudsman of Cyprus and seek for possible compensation. For further information on our complaint handling procedure please visit our Complaints Handling Policy available on our website.