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Vivid Money B.V. Netherlands

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1 INTRODUCTION

This Policy provides Vivid Money B.V. (further "**Vivid NL**") clients with information on the Client Order handling and best execution arrangements that Vivid NL has in place. Vivid NL has the strong conviction and duty to act honestly, fairly and professionally in accordance with the best interests of Vivid NL Clients. Vivid NL takes and will take all <u>sufficient</u> steps to obtain the best possible result for Vivid NL Clients when receiving and transmitting Client Orders. To reach the best possible results for Clients, Vivid NL is taking into account multiple execution factors such as price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the Order. These factors are also taken into account in the selection of any 3rd party Brokers Vivid NL uses to execute Client Orders. Best execution does not mean Vivid NL can always guarantee the best price will be achieved for every single Client Order. However, Vivid NL will ensure that, to the extent that it is possible, it is acting in the best interests of its Clients.

1.1 DEFINITIONS

For the purposes of this Policy, the following definitions are relevant:

Application: The Vivid NL digital investment application, part of the overarching Vivid Money Group platform application that provides additional financial services and products.

Board of Directors or **Management Board:** The management board (*bestuur*) of Vivid NL.

Broker: 3rd Party Service Provider that receives, transmits and/or executes Orders.

Business Day: Monday to Friday excluding official public holidays of the Netherlands/EU.

Client or **Customer:** A natural person who has signed a Client Agreement with Vivid.

Client Agreement: An agreement between a (potential) Client and Vivid NL on the provided Invest or Crypto Services, which contains the general rights and obligations that apply between Vivid NL and the (potential) Client.

Crypto-Asset: A digital representation of a value or of a right that is able to be transferred and stored electronically using distributed ledger technology or similar technology in accordance with EU Regulation 2023/1114.

Directors: All full or part-time Employees engaged as a member of the Board of Directors.

Employees: All full or part-time individuals engaged under an employment or consultancy contract on a permanent, fixed term or temporary basis, irrespective of their location, function, grade or standing and any third-party representatives or subcontractors, agency workers, volunteers, interns and agents engaged remotely with Vivid NL.

Execution Venue: A trading platform, exchange, or other infrastructure where Crypto-Assets are bought or sold. This may be a regulated exchange, MTF, or OTC venue, provided it is allowed under MiFID II or MiCAR, as applicable.

Financial Instrument: Any investment product as laid down in Annex I Section C of Directive 2014/65/EU.

Fractional Shares: Any shares/units of Financial Instruments that do not consist of an exact rounded quantity of a single share/unit of a Financial Instrument.

Investment Catalogue: Catalogue with a list of Financial Instruments and/or Crypto-Assets approved by Vivid NL.

Issues/Incident Management: Vivid NL's Framework for the managing of Issues and Incidents.

Order Management System or **OMS:** Vivid NL's System for the facilitation and processing of Client Orders in Financial Instruments or Crypto-Assets, as applicable.

Order: An instruction to buy or sell a Financial Instrument or a Crypto-Asset, as applicable.

Senior Management: The Vivid NL Management Board together with certain other important senior roles within the organisation. The Senior Management shall hold frequent meetings, at least once a month, to discuss and advise the Management Board on certain topics assigned to it in Vivid NL's policies and other governance documents.

Systematic Internaliser: means an investment firm which, on an organised, frequent systematic and substantial basis, deals on its own account when executing client orders outside a regulated market, an MTF or an OTF without operating a multilateral system.

3rd Party Service Provider: Any (financial) services provider Vivid NL has entered into a legal agreement with, to provide identified (mandated) services to Vivid NL and/or its Clients.

Vivid NL: Vivid Money B.V.

Vivid Money Group: Vivid Money Holdco Limited and all its direct and indirect subsidiaries, including Vivid Money B.V.

You: The (potential) Client.

1.2 PURPOSE

The main aim of Vivid NL's Best Execution Policy (the **Policy**) is to ensure that Vivid NL complies with all legal and regulatory requirements on best execution when providing the service of:

1. reception of Client Orders, and

2. the transmission of Client Orders in Financial Instruments or Crypto-Assets for execution to 3rd party Brokers.

1.3 LEGAL AND BEST PRACTICE OBLIGATIONS

The legal basis for this Policy is laid down in:

Article 27 of the Markets in Financial Instruments Directive(2014/65/EU) (**MiFID II**)

Articles 64-66 MIFID II Delegated Regulation (2017/565/EU)

MIFID II RTS 27 & 28 (Best Execution and Reporting)

ESMA Guidelines and Q&As on MIFID II: Best Execution

Section 4: 90a (1) to (3) of the Dutch Financial Supervision Act (**WFT**)

Articles 62, 78 and 80 of Regulation (EU) 2023/1114 on Markets in Crypto-Assets (**MiCAR**)

In short, Vivid NL must take adequate measures to achieve the best possible result when (facilitating the) executing Client Orders.

1.4 SCOPE

1.4.1 INVEST / CRYPTO SERVICES

A clear distinction has to be made between the services Vivid NL provides and the parties involved in the execution of Client Orders.

- Vivid NL does not execute Client Orders itself; it acts as a receiver and transmitter (intermediary) of Orders as received from Vivid NL Clients under its investment/crypto license. All Orders received by Vivid NL from its Clients will be executed by executing Brokers having access to trading venues or trading facilities.

- Clients are informed about selected Brokers in advance. Vivid NL ensures that all 3rd party service providers engaged to execute Client Orders have an order execution policy that enables them to achieve the best possible result.
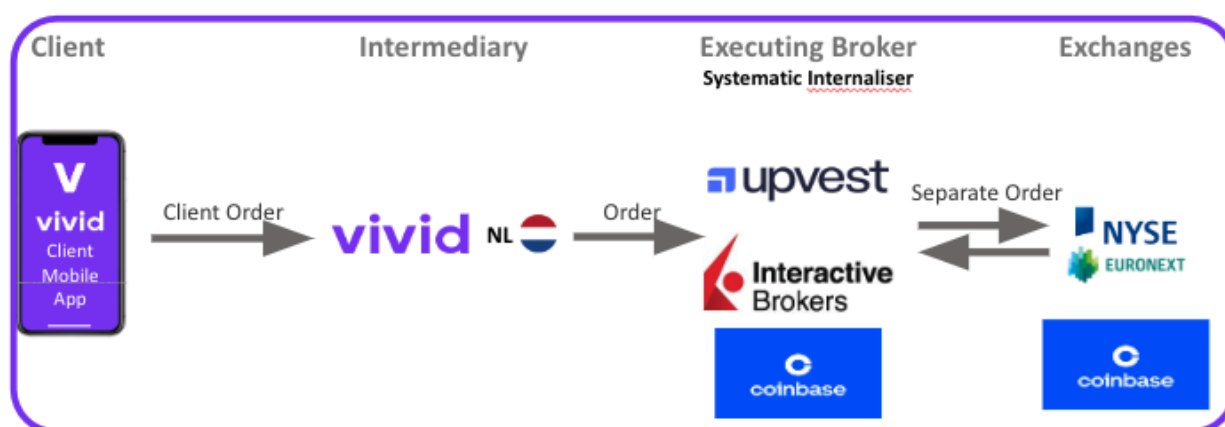
1. Client provides an Order instruction via the Application.

2. Vivid NL processes this Order and submits to the executing Broker.

3. The executing Broker executes the Order on the relevant Execution Venue.

1.4.2 FINANCIAL INSTRUMENTS/CRYPTO-ASSETS

Financial Instruments

Only Financial Instruments that meet the criteria laid down in MIFID II Annex I Section C fall under the best execution principles as laid down in this Policy. Currently Vivid only offers its Clients the following categories of Financial Instruments:

- Securities (in EUR/USD/GBP) listed on exchanges (Euronext/Tradegate/LSE/NYSE)

- ETFs (in EUR/USD/GBP) listed on the main exchanges (Euronext/Tradegate/LSE/NYSE)

- Money market funds (in EUR/USD), not listed but traded with the fund's issuing manager.

Further selection criteria are applied to Vivid NL's Investment Catalogue. Information on the selection of Vivid NL's Financial Instruments can be found in the Securities Acceptance Policy.

Fractional Shares

Besides whole shares, Vivid NL will offer Clients the opportunity to submit orders in Fractional Shares. These Fractional Shares are Financial Instruments as stated above; however, they are a fraction (< 1) of a whole share. The execution of Fractional Share Orders differs from the manner in which standardised Orders are executed, a detailed process description is included in section 3.1.3.

Orders in money market funds can always be presented in amounts, and even in fractions of a unit. This is part of the functioning of unlisted investment funds. These fractions are not fractions of shares as described in this document.

Crypto-Assets

Only Crypto-Assets that meet the criteria laid down in MiCAR fall under the best execution principles as laid down in this Policy. Currently Vivid only offers its Clients the following categories of Crypto-Assets:

- Crypto-Assets listed on exchanges (e.g. Coinbase, Finst)

- Electronic money token (EMT) issued by licensed issuers (e.g. EURC or EURI)

Further selection criteria are applied to Vivid NL's Investment Catalogue. Information on the selection of Vivid NL's Crypto-Assets can be found in the Crypto-Assets Listing & Delisting Policy Vivid NL.

1.4.3 CLIENT TYPES

By default, all Vivid NL's Clients are classified as retail Clients, unless a Client specifically requests to be categorised as a Professional Client.[1] Either way, Vivid NL will apply the same Best Execution principles to Orders received by any respective Client of Vivid NL.

1.4.4 BEST EXECUTION FACTORS: VIVID NL AND VIVID NL'S EXECUTING BROKER

Vivid's Best Execution Factors

In the selection of Brokers as well as the design of Vivid NL's own Order Management System, Vivid focuses on the following (selection) criteria:

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[1] These type of clients will not be accepted within the initial set up of Vivid NLas it initially only caters for retail clients

- Price;

- Costs payable by the Client as a result of transmission and execution of an Order;

- Broker Access to relevant exchanges and Financial Instruments or Crypto-Assets;

- Offering of Fractional Shares execution;

- Additional services provided by the Broker (e.g. FX conversions/clearing/cash depositing etc.);

- Speed of execution;

- Likelihood of execution;

- Size and nature of the Order;

- Potential market impact;

- Risks relevant to the execution;

- Nature of the market for the Financial Instrument/Crypto-Asset;

- Broker reputation;

- Commercial Terms;

- Any other consideration deemed relevant in relation to the execution of the Order.

For the selection of executing Brokers, the main elements Vivid NL focuses on are: (1) price and costs (2) speed of execution, along with a focus on a (3) complete suite of products and services provision to Vivid NL's Clients. Relevant execution Factors have been negotiated with the Broker.

Vivid NL is committed to demonstrate that the choice for a specific (single) executing Broker enables Vivid NL to consistently get the best results for Vivid NL's Clients.

Vivid NL's Broker's Best Execution Factors

Vivid NL will use Interactive Brokers and Upvest as its prime brokers for Financial Instruments and Coinbase and Finst for Crypto-Assets. As such, Vivid NL makes use of the arrangements that Interactive Brokers, Upvest, Coinbase and Finst have put in place to provide its clients with best execution when Interactive Brokers, Upvest, Coinbase or Finst executes an order on Vivid NL's behalf.

Brokers have the following standardised manners to execute Orders on behalf of Clients:

Smart Order Routing ("**SOR**"): this is an automated process (algorithm) for the handling of Orders, aimed at taking the best available opportunity throughout a range of different trading venues. These algorithms are used for optimization of Broker's Order execution process that may determine additional optimization parameters for the Order other than the Execution Venues where the order should be submitted. For example, such algorithms are able to slice the original order into "child orders" or determine the time of submission of the order or the "child order".

Vivid will be able to send SOR instructions directly from Vivid NL's Order Management System to the Broker. Upon receipt of this instruction Broker will have discretion over the routing of these Orders, based on the execution factors agreed with Vivid NL. The Broker will monitor the effectiveness of the execution arrangements and upon request will provide reporting to Vivid NL to evidence best execution. In its turn, Vivid NL is monitoring execution quality by using eflow's transaction monitoring system which provides for alerting on pre-set parameters generating cases for monitoring purposes.

FX Conversions: Currencies will by default be traded via the Broker's platform and such trades are backed up by a solid pool of counterparties, guaranteeing competitive pricing and liquidity. This setup ensures a FX transaction is in principle being executed against the best price available on the selected platform, including any mark ups.

2 OWNERSHIP AND RESPONSIBILITY

The Vivid NL's Board of Directors have ultimate responsibility to ensure the proper management of this Policy. To this end, the Board of Directors has charged Senior Management[2] with the responsibility to determine the necessary course of action to ensure adherence to all laws and regulations in all applicable jurisdictions and to ensure that our processes are managed in an effective, compliant and professional manner.

2.1 POLICY ADMINISTRATION

The administration of this policy is the responsibility of the Head of Compliance. The Head of Compliance is also responsible for monitoring compliance with the requirements of the Policy.

2.2 POLICY COMPLIANCE

Vivid NL's Chief Compliance & Risk Officer has implemented a compliance monitoring framework which includes an annual review of Vivid NL's compliance with this Policy and individuals' obligations hereunder or more frequent if deemed appropriate.

Vivid NL will monitor the effectiveness of its order transmission and execution arrangements in order to identify and, where appropriate, correct any deficiencies. In particular, Vivid NL shall assess, on a regular basis, whether the Broker and the related exchanges/venues included in this Policy provide for the best possible result for the Client, or whether changes to the execution arrangements need to be made. Vivid NL shall notify its Clients of any material changes to its Order execution arrangements or this policy.

All findings are reported to the Senior Management and Board of Directors. Vivid NL's internal audit shall also carry out an independent review of our compliance with this Policy on at least a periodic basis.

2.3 POLICY TRAINING

The Head of Compliance is responsible for providing training to Directors, Senior Management and all relevant Employees on this Policy and their obligations hereunder.

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[2]Means the Vivid NL Management Board together with certain other important senior roles within the organisation, including the Vivid NL Head of Operations, Head of Compliance, Head of Risk & Controls, Head of Finance and Head of Legal.

3 BEST EXECUTION POLICY

3.1 ORDER HANDLING

3.1.1 RECEIPT AND TRANSMISSION OF AN ORDER

All Client Orders are received via the Application, in a complete mandatory format. Vivid NL's Order Management System will then process the submitted Client Order. Progress of the Client Order is monitored on a real-time basis by Vivid NL and disclosed to and available for the Client through the Application. If Vivid NL receives an incomplete Order from the Client, Vivid NL will contact the Client on the same Business Day to obtain the additional information required to complete the Order. When receiving comparable Client Orders, we will transmit these Orders in a sequentially and promptly manner unless:

- the characteristics of the Client Order or prevailing market conditions make this impracticable; or

- the interests of the Client require otherwise (e.g. more favourable terms via a bulk order).

Competing Client Orders will be handled fairly and in due turn according to the basic principles of time and price:

- Only orders received during market hours from two or more Clients in the same instrument with the same price should be prioritised for transmission and execution according to the date and time at which Orders are received.

The SOR of the executing Broker will, based on underlying algorithms, ensure the best possible result for the submitted Client Order.

3.1.2 SPECIFIC INSTRUCTIONS/ORDERS NOT POSSIBLE

In principle the Client is not able to give specific instructions with regard to Orders other than Vivid NL allows through the Order submission form in the Application, as Vivid NL makes use of straight-through-processing (**STP**) as much as possible and Vivid NL is not executing the actual order.

3.1.3 FRACTIONAL SHARES: EXECUTION OF ORDERS

For Fractional Shares direct order execution on the relevant exchange/venue is not possible, as Fractional Shares cannot be bought/sold directly on exchanges/venues. Therefore, a bilateral trade with the executing Broker will be initiated. This implies the executing Broker will initiate separate transactions with regard to specific (whole) Financial Instruments with the relevant exchange/venue and a separate Fractional Share trade between Vivid NL and the executing Broker. The executing Broker will assume the role of Systematic Internaliser for these trades, still under obligation to always provide the best result for the end Client under these specific conditions.

Orders in Fractional Shares can be internalised when it is determined, in accordance with this Policy, that, taking into account potential conflicts of interest, internalisation is in the best interests of the Vivid NL's Client.
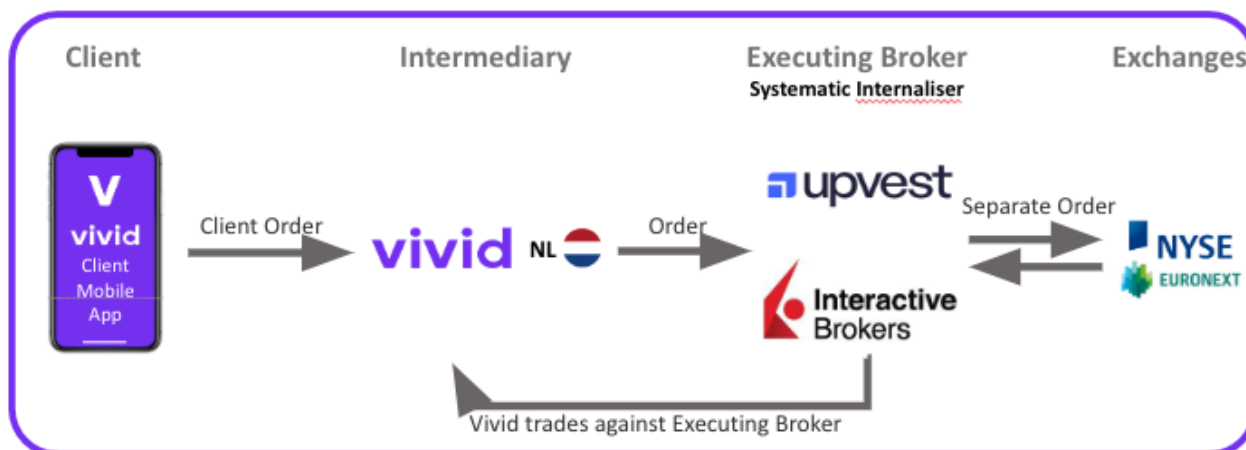
3.1.4 ORDER HANDLING – CRYPTO-ASSETS

Orders in Crypto-Assets are received 24/7 via the Application. Upon receipt, they are directly processed through Vivid NL's Order Management System and submitted to the selected Broker (Coinbase or Finst).

The Smart Order Router (SOR) of these brokers determines the best available trading time and venue, considering price, cost, speed, liquidity, and asset availability. Vivid NL ensures that brokers can consistently deliver best execution, in line with the requirements of Article 62 MiCAR.

When selecting a broker for a specific order, the following criteria are taken into account:

- Price and spread (including potential mark-ups)
- Cost structure
- Order execution speed
- Platform liquidity
- Historical broker performance
- Access to multiple execution venues

If a Crypto-Asset is only available on a single exchange, this will be explicitly stated in the investment offering.

3.1.5 SPECIFIC INSTRUCTIONS FOR CRYPTO-ASSET ORDERS

Clients cannot provide specific instructions regarding the choice of crypto Execution Venue or Order type. All Orders in Crypto-Assets are routinely routed via automated processing to the selected Broker. The Broker is obligated under MiCAR to ensure best execution.

3.1.6 COST STRUCTURE FOR CRYPTO-ASSET ORDERS

For Crypto-Assets, additional costs may apply such as:

- Spread mark-ups applied by the Broker

- Network or transaction fees (e.g. blockchain fees)

- Potential internal costs (including FX conversions)

These costs are transparently disclosed to the Client prior to order submission. Vivid NL does not receive fees from Brokers that would violate MiCAR requirements or its Internal Conflicts of Interest Policy.

3.2 MARKET HOURS

Business hours for Vivid NL are 08.30am to 17.00pm CET on normal Business Days, for any type of Financial Instruments. Next to this, Vivid NL is reliant upon business hours of the executing Broker as well as the opening hours of relevant Execution Venues. For Crypto-Assets this means trading is available 24/7 (unless Execution Venues are closed e.g. due to holidays).

3.3 EXECUTION VENUES

Based on the current set-up of Vivid NL's servicing, the Financial Instruments and Crypto-Assets within scope of this Policy are limited by the access possibilities of the selected executing Broker to relevant exchanges/venues. Vivid NL works in close cooperation with the executing Broker on selection and submission to Execution Venues that give the best chance of obtaining the best possible result for the Client Order. In doing so Vivid NL will take into account all factors as provided for in Section 1.4.4.

3.4 FEES & COMMISSIONS

Apart from the executing Broker fees, Vivid NL will inform Clients prior to the order submission of all relevant fees charged by Vivid NL as part of the reception and transmission of orders (e.g. for the execution of the trade or any related FX conversions).

For Crypto-Asset Orders, Vivid NL provides transparency on any applicable mark-ups, spreads, blockchain fees, or other cost components. These are communicated to the Client in advance via the Application.

Vivid NL will not receive any monetary or non-monetary benefits (inducements/rebates) from 3rd Party Service Providers which are not in compliance with Vivid NL's Conflicts of Interest Policy or relevant legislation.

3.5 MONITORING OF BEST EXECUTION PRINCIPLES

Vivid NL will ensure that intended Client Order outcomes can be successfully achieved on an on-going basis. Vivid NL's Order Management System will include necessary controls to ensure any potential deficiencies in relation to the Client Order reception and transmission are identified. The systems will form part of a broader overall monitoring on best execution, including the

monitoring of relevant policies and service level agreements with executing Brokers on an ex-ante and ex-post basis. Issue/Incident Management will be in place, in accordance with principles in Vivid NL's Incident Policy/Outsourcing Policy.

Vivid NL monitors execution of Orders in Crypto-Assets and Financial Instrument based on the following criteria:

- Differences between expected and actual execution price

- Deviations in execution speed

- Broker performance against market benchmarks

- Liquidity and volatility of the Crypto-Asset/Financial Instrument

If structural deficiencies are identified in a Broker's performance, revision or replacement will follow.

4 MANAGEMENT INFORMATION

Order handling performance review reports, which shall include quantifiable and qualitative indicators in achieving best execution, are issued to the Board of Directors at least quarterly for review and discussion. Vivid NL will evaluate the execution quality provided by any 3rd Party Service Provider on at least an annual basis.

The data needed to compile the management information will be available in the database of Vivid NL and constitutes the actual data of executed orders by our Clients. This data comprises (but is not limited to) pricing, product range, availability, transaction costs, failed transactions and speed of execution. In addition, our executing Broker will provide us with an annual report where our transaction data is analysed and compared against market reference data to compute representative benchmarks that enable consistent and fair evaluation of performance.

Quarterly reports are compiled for Crypto-Assets, evaluating the performance of executing Brokers. These reports include metrics such as execution speed, achieved price, costs, and price deviations from market benchmarks.

5 EXTERNAL PUBLICATIONS

Vivid NL will, where relevant based on the services provided (reception and transmission of orders or execution of orders), publish public reports on the used execution venues (Top 5) per asset class, in relation to executed Client Orders. These reports will be available in the public domain via the Vivid NL's website for a minimum period of two years. Reports will not be published later than on the 30th of April following the previous trading year. Reports will be published in a machine-readable electronic format for (potential) external comparison. For the external publication on used Execution Venues, Vivid NLuses data that needs to be provided by the executing Broker.

6 RECORD KEEPING

All relevant data with regard to the initial submission, processing and execution of Client Orders will be stored according to Vivid NL's Data Governance Policy. Vivid NL will record the details of the Order and transaction in the Client file including the date and time of the Order and transaction.

7 NON-COMPLIANCE

All relevant Employees are expected to comply with this Policy at all times. Failure to comply with this Policy will result in an investigation and may be dealt with under our Disciplinary Procedure and, in serious cases, may be treated as gross misconduct leading to suspension and even termination of employment. Failure to comply with the relevant requirements may also result in a fine for Vivid NL, its Directors and Employees and/or imprisonment for Directors and Employees.

8 REVIEW

On an annual basis, Senior Management will assess whether the execution venues included in this Policy provide the best possible result for our Clients or whether changes need to be made to our execution arrangements. This assessment will include benchmark testing against other available execution venues based on relevant (publicly available) data.

Senior Management will also convene whenever a material change occurs that affects our ability to obtain the best result for the execution of orders on a consistent basis using the venues included in this Policy.

A material change shall be a significant event that adversely impacts the parameters for best execution such as, cost, price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order. Such material changes will include, amongst others, the following:

- the addition or removal of Execution Venues or Brokers;

- changes in products (Financial Instruments/Crypto-Assets) or services offered by Vivid NL;

- changes in the relative importance of best execution factors and criteria;

- material market impact;

- material change in the level of costs resulting from connection to a venue;

- development of significant new execution procedures or a change in the market model of an existing venue;

- major change to existing arrangements, such as a material change in the human or technical resources that the Company relies on to provide best execution;

- complaints in relation to a major issue noted by a Client (in such case, this would not necessarily trigger review of the entire Policy).

The Clients with whom Vivid NL has an ongoing relationship, will be notified of any material changes or amendments to the Policy or order execution arrangements, which may be made from time to time. The latest version of the Policy will also be made available to prospects and Clients on the mobile Application.

9   VERSION CONTROL

Version	Date	Status	Comment
V0.1	13.07.20	Draft	Initial draft by Charco & Dique
V0.2	25.07.20	Revision	Review and amendments by Anne Rothwell, Vivid Money
V0.3	27.09.20	Revision	Review and Amendments EvA; Vivid Money
V0.4	16.10.20	Revision	Review by C&D: Changes made
V0.8	23.10.20	Final	Amendments made by EvA: Vivid Money
V1.1	TBA	Final	Final Amendments; EvA
V1.2	28.07.21	Final	Review for submission to AFM
V1.3	24.11.2021	Final	Updated based on AFM questions as per 22.10.2021
V1.5	17.03.2022	Final	Updated based on AFM questions as per 25.02.2022
V1.6	11.05.22	Final	Updated for new prime broker and changes in group entities
V1.7	17.02.23	Final	Updated for additional prime broker
V1.8	28.07.24	Final	Updated with incorporation of MiCAR and crypto-assets
V1.9	20.09.24	Final	Updated in accordance with AFM feedback regarding crypto-asset license notification