

Order Execution Policy

This order execution policy applies to Safello AB's ("**Safello**" or the "**Company**") service Safello Exchange, Safello's brokerage service where customers can buy or sell crypto-assets against payment in fiat or other crypto assets. The Policy aims to ensure that Safello has necessary arrangements to ensure that the Company takes all necessary measures to achieve the best possible result when executing and handling customers' crypto-asset orders, that all customers are treated fairly, and to ensure the prompt and proper transmission of customer orders for execution. This Policy also establishes a non-discriminatory policy for which type of customers Safello agrees to transact with, and the conditions that shall be met by such customers.

Safello's Board of Directors has, in light of the above and article 77, 78 and 80 in MiCA¹, adopted an order execution policy with the contents set forth herein (the "**Policy**"). The Policy applies to all employees, including contractors and consultants.

The term "**liquidity provider**" refers to trading platforms and other crypto-asset service providers where Safello can execute orders on behalf of customers.

Customers and conditions

Safello agrees to transact with the following types of customers:

- Retail customers
- Corporate customers
- Institutional customers

Safello provides its services to retail and business customers with residence in Sweden and Institutional customers with residence in EES. Furthermore, Safello holds the right to provide the service to existing customers only. Customers are required to undergo the Company's KYC procedures and sign relevant customer agreements before conducting a transaction with Safello.

Safello may refuse to enter into, or discontinue a business relationship with customers or stop transactions in accordance with the Company's AML/CFT Policy. Furthermore, Safello holds the right to refuse to enter into or discontinue a business relationship with anyone engaging in illegal activities. Further conditions for the use of Safello's service are set out in the Company's Terms of Service.

Safello shall treat customers (including potential customers) with honesty, fairness and professionalism. Safello may not discriminate or treat customers differently and less favourably because of characteristics that are not related to their ability to meet the conditions stated above.

Fees and exchange rate

When executing customer orders, Safello charges a volume based transaction fee, based on different tiers where the customer's tier is objectively determined on the basis of the customer's trading volume. Safello's transaction fees for executing orders are firm and presented to the customer when the customer initiates the order.

The exchange rate includes a spread which covers Safello's costs for FX and fees to liquidity providers. The exchange rate offered to customers is determined in accordance with the best execution principles stated in this Policy.

The exchange rate at which an order is executed is decided when the order has been executed with the relevant liquidity provider. When preparing an order, the customer is presented with an estimated exchange rate, i.e. an estimated amount of crypto-assets or fiat to be received by the customer after execution of the order. The estimated exchange rate is provided to the customer when initiating the order, and the customer accepts the estimation when placing the order. Safello shall execute customer orders in a timely manner after

¹ Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937.

the customer has placed the order.

The customer's transaction fee is deducted from the order and included in the estimated amount to be received post-settlement.

In order to provide customers with general information on current market rates, Safello also publishes mid-rates (i.e. the average of the current market buying- and selling rates respectively) for the crypto assets on the static pages of www.safello.com and in the mobile app in the form of the current price and the historical price graph. The prices can be calculated in one of the two mechanisms:

For trading pairs BTC-SEK and ETH-SEK, Safello uses the prices from the completed orders by Safello customers;

For all other trading pairs, Safello uses an external API (CoinGecko) to present prices of specific crypto assets paired with the fiat currency selected by the customer (e.g. BTC-USD or USDC-SEK).

The above mechanism presents the most accurate general price indication at the moment but cannot be treated as an estimate for an individual order. Each customer needs to initiate an order to be presented with the estimated exchange rate for the individual order, and the applicable transaction fee will be presented simultaneously.

Should Safello decide to execute a placed customer order against its own capital instead of executing the order with a liquidity provider, Safello would be providing the crypto-asset service *exchange of crypto-assets for funds or other crypto-assets*. In such a case, the exchange rate offered to the customer placing the order must nevertheless be no less favourable for the customer than the terms offered by Safello's liquidity providers, i.e. in accordance with the best execution principles stated in this Policy.

Limitations

Due to the delay between the moment a customer accepts the estimate of the exchange rate and the moment when the order is executed with a liquidity provider, there always is a risk that the final exchange rate deviates from the estimated exchange rate. Although Safello puts in utmost effort to deliver the customer with an exchange rate that is no less favourable than the estimated exchange rate, there are certain limitations in this process. The risk of deviation increases in case the order is not executed immediately with a liquidity provider after the customer has placed the order.

In rare situations like the ones listed below, there is an increased risk of so-called slippage, i.e. that the final exchange rate at which an order is actually carried out differs from the estimated exchange rate which the customer accepted when placing the order. In cases when this difference is substantial, Safello should always request the decision from the customer if they would like to execute the order at the actual exchange rate.

Events increasing the risk for slippage:

The size of the order is large enough to influence the execution price in the order book of the liquidity provider;

The sudden price movement between the order estimate and the order execution influenced the exchange rate at which Safello could execute the order at the liquidity provider;

The order was flagged by Safello's compliance systems (due to suspicion or any other alert), stopped from automated execution, and awaits a manual review by Safello staff which increases the delay.

There are also certain limitations as regards the general information provided by Safello on current market rates, i.e. the mid-rate exchange rates of the crypto-assets presented on the static pages and in the mobile app described above. Rates that are fetched from an external API that aggregates prices from multiple exchanges in the crypto market to deliver the most accurate price at any given moment. It is never the actual exchange rate at which Safello executes an order as each liquidity provider has their individual asset pricing. Therefore those prices should be treated as an approximation, not the offer or estimated exchange rate for any individual order. In addition, rates which are derived based on completed orders of other Safello customers are subject to a risk of being outdated, in case there has been no recent order in the Safello database.

Criteria for the best execution of orders

4.1 General rules

The basic rule is that all orders must be executed in a manner that achieves the best possible result for the customer. This means that Safello has an obligation to take all sufficient steps to obtain the best possible result for its customers on a continuous basis when executing customer orders.

When Safello executes a customer's order, it shall take all necessary measures to achieve the best possible result, taking into account the following execution factors:

- Price,
- Costs,
- Speed,
- Likelihood of execution and settlement,
- Size,
- Nature,
- Conditions of custody of the crypto-assets, and
- Any other considerations relevant to the execution of the order.

The best possible result shall be determined based on the total costs, consisting of the exchange rate and the costs relating to execution.

Safello shall have processes, routines and systems in place to ensure that the best possible result is achieved when executing customer orders. Safello shall monitor, regularly evaluate, and update its processes and procedures to attain best possible result. In cases where the business has made significant changes to its systems or procedures to attain best possible result, Safello shall inform its customers about the changes.

Safello is prohibited from receiving any remuneration, discount or non-monetary benefit in return for routing orders received from customers to a particular liquidity provider or Partner (as defined below).

4.1.1 The customer's specific instructions

In cases where a customer has given specific instructions, Safello shall execute the order in accordance with these instructions. However, Safello shall inform the customer that specific instructions provided by the customer implies deviating from this Policy and might not result in the best possible result for the customer.

Safello shall refrain from executing an order based on the customer's instructions if the Company deems that executing the transaction in accordance with the customer's specific instructions would violate the rules of the liquidity provider where the customer's order would be executed or other regulations in the crypto market, such as market abuse.

4.2 Transmission of orders

When providing the service of execution of orders, there is normally no intermediary between Safello, acting on the customer's behalf, and the liquidity provider. However, it may occur that a customer wants to trade a crypto-asset for which Safello does not have access to the liquidity provider where this crypto-asset is traded. In these situations, the Company will forward the order to another crypto-asset service provider or institution (a "**Partner**") that executes the order, i.e. in this case Safello would be providing the crypto-asset service *reception and transmission of orders for crypto-assets on behalf of clients*.

The Company will, when choosing the Partner for the execution, take necessary measures to ensure that the selected Partner will achieve the best possible result for the customer.

In cases where the executing Partner allows Safello to choose between different liquidity providers, Safello shall select the liquidity provider based on where the best possible result for the customer is achieved.

Methods for order execution and transmission

Safello shall execute and transmit customer orders quickly, efficiently, and fairly. A customer must not be disadvantaged in relation to other customers, or in relation to Safello when the Company is trading on its own behalf. Comparable orders shall be executed in the order they are received, unless there are specific reasons to execute them in a different order.

Safello shall inform customers of any significant difficulties in executing or transmitting an order correctly as soon as the Company becomes aware of the difficulty.

Choice of liquidity provider

When a customer places an order, Safello will execute it with a liquidity provider where Safello has access and where the best possible result can be achieved for the customer. The crypto-assets offered by Safello within the scope of its services can be traded with one or several of the liquidity providers to which Safello has access. The choice of liquidity provider where an order will be executed is determined by the best possible result for the customer, through Safello's system for smart order routing, which is used to optimize how orders are routed to different liquidity providers with the aim of achieving best execution.

Currently, Safello can execute customer orders with the following liquidity providers:

Bitstamp

[Europe S.A.](#)

● [Blockchain.com](#)

B2C2 [Overseas Ltd](#)

LMAX [Digital Broker Limited](#)

Bitvavo [B.V.](#)

[Scrypt Digital Trading AG](#)

[Tradias GmbH](#)

When procuring a new liquidity provider, Safello shall ensure that it has internal rules, processes and procedures for best execution, compliance with AML/CTF regulations, and fulfils certain additional requirements in accordance with Safello's internal framework.

Execution of orders outside a trading platform

Since the smart order routing system, as described above, routes orders to a trading platform or another crypto-asset service provider depending on where the best price etc. can be obtained, the customer's prior consent to that orders may be executed outside a trading platform is collected by way of the customer accepting the terms of service, where this Policy is included.

Order placement and capacity

When Safello executes customer orders, the Company can act in different capacities; Safello may trade on the customer's behalf or execute customer orders against the Company's own books. In both capacities, the best execution requirements shall apply.

Reservations

In the event of market disruptions or issues within Safello's own system, such as interruptions or lack of availability in technical systems, it may, according to the Company's assessment, be impossible or inappropriate to execute orders in the manner specified in this Policy. The Company will then take all reasonable steps to achieve the best possible outcome for customers in another way.

If the disruptions are of a serious nature, the Company shall take reasonable measures to contact its customers whose orders have not yet been executed in order to obtain specific instructions. If the Company is unable to contact its clients, it will act based on what is deemed to be in the customer's best interest, and the customer will be bound by the outcome.

Information to customers

If there are material changes to this Policy, Safello shall inform its customers about this via their registered email address or in another suitable manner. Significant events that could impact best execution of customer orders shall be considered as a material change.

The possibility to execute orders with additional liquidity providers, or terminating the possibility to execute orders with a liquidity provider, or the entry into or termination of a cooperation with a Partner is generally not considered as a material change, unless it relates to a liquidity provider which Safello relies upon for execution of a certain crypto-asset, and where the change materially impacts one or several of the abovementioned factors to be considered for best execution in relation to the relevant crypto-asset.

If a customer requests documentation as proof that this Policy has been complied with in the customer's specific case, Safello shall provide this to the customer.

Employees own transactions in crypto-assets and prevention of market abuse

Safello shall prevent the misuse by its employees of any information relating to customer orders. Safello has established internal rules for employees' own transactions in crypto-assets.

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Table moves from	0
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