

# **Fx Stat Ltd (OneTrade)**

## **BEST EXECUTION POLICY (the “Policy”)**

v1.0 - 2017

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## 1 INTRODUCTION

Usage of this Best Execution Policy must be in conjunction with **Fx Stat Ltd** (hereinafter referred as the "Company") Compliance Manual and other company policies and procedures currently in effect and as amended from time to time and which are available to the Client upon request.

Reference to the Compliance Officer throughout this policy includes in his / her absence, his / her appointed deputy. For the benefit of clarity an appointed deputy will be defined as any one person from:

- (i) The Managing Director (hereinafter referred as the "MD"), being a Financial Conduct Authority (hereinafter referred as the "FCA") Approved Person;
- (ii) In the absence of (i) above, another Director of the Company, also being an FCA Approved Person and in association with (iii) below;
- (iii) The Compliance Assistant (if required).

References to the masculine include the feminine and items in italics have their meaning defined in the FCA Handbook's Glossary. Please refer to the Compliance Department if you require further information. This Best Execution Policy must not be reproduced, or provided to third parties without prior reference to the Compliance Officer and their subsequent approval.

### 1.1 *Sponsor*

This Policy is approved and sponsored by the Company's Executive Management and will be reviewed annually by the Company's Compliance Officer and updated if required. Any queries and / or suggestions for change to the Policy should be addressed to the Company's Compliance Officer.

Ongoing monitoring of the Company's adherence to the policy will occur via the monitoring from the line management of the operations of the brokerage department and the frequent and systematic testing to be performed as the first line of defence of the policy. The second line of defence will be maintained by the Compliance Officer. The second line of defence should be adequately equipped to challenge the conclusions reached by execution desks to mitigate the potential for conflicts of interest that may result from front-office staff providing the sole scrutiny of their own performance. The third line of defence of the policy will be maintained through the outsourcing of health checks / internal audits for ad-hoc assessment of potential weaknesses as well as general health checks covering all areas as the Company evolves and grows. The three lines of defence set a clear governance structure for escalation and resolution of issues, which underpins the delivery of best execution on a consistent basis.

### 1.2 *The Company's regulated status*

The Company is currently authorised and regulated by the FCA under Firm Reference Number (hereinafter referred as the "FRN") **537787** as a Matched Principal Broker. The company is registered in England and Wales under company number: **07212997**. Henceforth, by agreeing to the terms of this Policy you will also be acknowledging to agree with the terms and conditions of the Company.

### 1.3 *The Company's products and services*

The Company provides Internet based services, including (i) brokerage, (ii) software, and (iii) ancillary services at <http://www.onetrade.com> (the Company's website) and operates online trading platforms for trading in financial instruments (hereinafter referred as the "Trading Platform"). Information regarding the full range of products that the Company offers can be found on the Company's website. Further information about the Company can be found on the FCA's website.

The Company's core business is providing liquidity to Professional, Institutional (small funds and FX retail brokers) and Retail Clients in FX, Contracts for Difference and similar instruments. Clients trades will be executed through our Trading Platforms, **MetaTrader 4** and the OneTrade proprietary

platform – **MT4 web trader**. Trades will be immediately matched through our Prime Brokers who are connected to multiple liquidity providers (please refer to Section 3.1. Execution Venues) via technology FxStat Bridge, using a Straight Through Processing Model.

#### 1.4 The Company's Best Execution Policy

Following the implementation of the Markets in Financial Instruments Directive and the Markets in Financial Instruments Directive II (hereinafter referred as the "MiFID II") in the European Union and pursuant to Section 11.2A of the FCA's Conduct of Business Sourcebook (hereinafter referred as the "COBS"), the Company is required to provide its Clients and potential Clients with a summary of its Best Execution Policy. Under the above legislation and COBS 11.2A.2R, the Company is required to comply with the overarching requirement to take all sufficient steps to achieve Best Execution (hereinafter referred as the "Best Execution") on behalf of its Clients considering the execution factors, either when executing Client orders, or receiving and transmitting orders for execution. Although the Company will take sufficient steps to achieve the best overall trading result for you, the policy cannot guarantee that when placing an instruction to execute, that the price will always be better than one which is, or which may have been available elsewhere.

Senior management and the Compliance department are responsible for ensuring that robust business practices are operating in all clients' trading activities to deliver Best Execution on a consistent basis and for promoting a culture that proactively identifies and manages conflicts of interest. The Company aims to select execution venues that can provide you with "Best Execution" subject to and considering the nature of your orders, the prices available to the company in the market, the nature of the market in question and a reasonable assessment of the sometimes overlapping and conflicting execution factors. The Company aims to provide all market participants with access to (where possible) tradable prices on a non-discriminatory basis however, the diversity in those markets and instruments, and the kind of orders that you may place, mean that a range of factors will have to be considered in relation to any transaction.

##### 1.4.1 Background – Development of COBS 11.2A rules

The FCA's best execution requirements in COBS 11.2A were established as part of the UK implementation of MiFID II. The key developments relating to the implementation of the MiFID II best execution requirements were as follows:

- **September 2016.** The FCA published its *third consultation paper* (CP16/29) on the implementation of MiFID II. It contained a draft Handbook instrument containing the proposed text for COBS 11.2A and, in chapter 9, the FCA set out its thoughts on the development of the proposed rules implementing the MiFID II best execution regime;
- **July 2017.** The FCA published its *second policy statement* (PS17/14) on the implementation of MiFID II. In chapter 13, the FCA set out its final policy decisions in response to feedback received to CP16/29. The relevant rule changes were set out in the *Conduct, Perimeter Guidance and Miscellaneous Provisions (MiFID 2) Instrument 2017 (FCA 2017/39)*.

##### 1.4.2 Application of COBS 11.2A

Like the rest of COBS, the FCA's best execution requirements in COBS 11.2A apply to firms carrying on designated investment business from an establishment maintained by them, or their appointed representatives, in the UK. In practice, the FCA's best execution requirements in COBS 11.2A are only directly applicable to:

- Firms providing the service of executing orders on behalf of clients;
- Firms providing the service of reception and transmission of orders, when transmitting client orders to other entities for execution; and
- Firms providing the service of portfolio management, when executing decisions to deal

on behalf of client portfolios or when placing orders with other entities for execution.

### 1.4.3 The overarching best execution requirement

When executing orders, the Company must take all sufficient steps to obtain the best possible result for its clients, considering the execution factors. There is however, an exemption to this requirement where a client gives a specific instruction about an order.

The MiFID II requirement to take "all sufficient steps" replaced the original MiFID requirement to take "all reasonable steps". ESMA's view is that the requirement for "sufficient" steps sets a higher bar for compliance than "reasonable" steps and suggests that firms will be expected to meet the higher standard of "all sufficient steps" by closely monitoring their execution arrangements and execution policies.

### 1.4.4 Execution factors

The execution factors are:

- Price;
- Costs;
- Speed;
- Likelihood of execution and settlement;
- Size;
- Nature; and
- Any other consideration relevant to the execution of an order.

If the Company is executing an order for a Retail Client, best execution should usually be determined in terms of price and costs i.e., total consideration.

The FCA expects that the Company's best execution policy should do one of the following:

- Determine the relative importance of each of the execution factors;
- Establish a process by which the Company will determine the relative importance of the execution factors.

The relative importance that the Company gives to the execution factors must be designed to obtain the best possible result for the execution of its client orders.

### 1.4.5 Role of price in best execution

If the Company executes an order on behalf of a Retail Client, the "best possible result" must be determined in terms of the total consideration. FCA guidance suggests that this requirement applies where the Company has not received specific client instructions. "Total consideration" is the total of:

- The price of the financial instrument;
- The costs related to execution, including all expenses incurred by the client that are directly related to the execution of the order, including:
  - ❖ Execution venue fees;
  - ❖ Clearing and settlement fees; and
  - ❖ Any other fees paid to third parties involved in the execution of the order.

The FCA suggests that the other execution factors i.e., speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the Retail Client.

### 1.4.6 Passing on positive price movements

The FCA have advised that one of the factors the Company should consider when obtaining best execution for clients was that positive price movements between the submission of an order and its

execution should be passed on to the client and the Company does not seek to retain any slippage in the clients' favour.

#### **1.4.7 Payment for order flow (“PFOF”)**

The Company will not enter into any arrangement with any Market Maker whereby it will receive payment in exchange for sending order flow to them.

#### **1.4.8 Coverage of execution venues in the execution policy**

The execution policy must include, in respect of each class of financial instruments, information on the different execution venues where the Company executes its client orders and the factors affecting the choice of execution venue. The policy must at least include those execution venues that enable the Company to obtain on a consistent basis the best possible result for the execution of client orders under COBS 11.2A.21R. The Company is not required to include all available execution venues in their execution policy, but the expectation is that, where there is more than one execution venue that would enable the firm to obtain best execution on a consistent basis, the Company should consider the respective merits of these venues.

Although the policy should contain information on execution venues used by the Company, it can in exceptional circumstances use an execution venue not listed in the policy when executing an order. This might be appropriate on a provisional basis or to accommodate a client request to trade in an unusual instrument.

When selecting execution venues for inclusion in the execution policy, the Company should not consider the fees and commission that it will charge its clients and should focus on the potential of the venues to enable it to obtain on a consistent basis, the best possible result for the execution of its client orders however, the Company should consider the effect of its own fees and commission when choosing a venue for the execution of a client order.

#### **1.4.9 Using a single execution venue**

The Company, when executing orders can only include a single execution venue in their policy to execute client orders in each class of financial instruments where they are able to demonstrate that this choice enables them to consistently get the best results for their clients.

If the Company should select a single execution venue only where they can reasonably expect that the selected execution venue will enable them to obtain results for clients that are at least as good as the results that they could reasonably expect from using alternative execution venues. The Company should support this reasonable expectation in accordance with published data relating to execution quality as well as internal analysis conducted by it and regularly assess the market landscape to determine whether there are alternative venues it could use and to ensure that the use of a single execution venue does not lead them to be over-reliant on that venue.

It should be noted that using a single venue does not diminish the Company's responsibility to monitor the quality of execution and it does not mean that merely executing client orders on that venue will allow the firm to discharge its best execution obligations i.e., when using only a single venue, the specific way the Company executes the order may be just as important in achieving best execution.

#### **1.4.10 Execution criteria**

When executing a client order, the Company must consider the following criteria for determining the relative importance of the execution factors:

- The characteristics of the client, including the categorisation of the client as Retail or Professional;
- The characteristics of the client order;
- The characteristics of financial instruments that are the subject of that order; and

- The characteristics of the execution venues to which that order can be directed.

#### **1.4.11 Specific instructions from the client**

If a client gives a specific instruction about an order, the Company must execute the order following that specific instruction. The Company will satisfy its general obligation to take all sufficient steps to obtain the best possible result for a client to the extent that it executes an order, or a specific aspect of an order, following specific instructions from the client relating to the order or the specific aspect of the order.

If the Company executes an order following specific instructions from the client, it should be treated as having satisfied its best execution obligations only in respect of the part or aspect of the order to which the client instructions relate. The fact that the client has given specific instructions that cover one part or aspect of the order will not release the Company from its best execution obligations in respect of any other parts or aspects of the client order that are not covered by those instructions.

The Company must not induce a client to instruct it to execute an order in a certain way, by expressly indicating or implicitly suggesting the content of the instruction to the client, if the Company ought reasonably to know that an instruction to that effect is likely to prevent it from achieving best execution. This should not prevent the Company inviting a client to choose between two or more specified trading venues, provided that those venues are consistent with the Company's Best Execution policy.

#### **1.4.12 Execution arrangements and execution policies**

When the Company executes orders, it must establish and implement effective arrangements for complying with the obligation to take all sufficient steps to obtain the best possible result for its clients. The Company must establish and implement an execution policy to allow it to obtain, for its client orders, the best possible result in accordance with the best execution obligation. The Company should apply its execution policy to each client order that it executes with a view to obtaining the best possible result for the client in accordance with that policy.

#### **1.4.13 Review of execution policy and execution arrangements**

The Company must conduct at least on an annual basis a review of its execution policy and its execution arrangements and should consider whether it could consistently obtain better execution results if it were to do any of the following:

- Include additional or different execution venues or entities;
- Assign a different relative importance to the execution factors; and / or
- Modify any other aspects of its execution policy or arrangements.

The Company must also review its execution policy and its execution arrangements if a material change occurs that affects the Company's ability to continue to obtain the best possible result for the execution of its client orders on a consistent basis using the venues included in its execution policy. The Company must assess whether a material change has occurred and consider making changes to the relative importance of the best execution factors in meeting the overarching best execution requirement.

For these purposes, a "material change" is a significant event that could affect the parameters of 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.

#### **1.4.14 Demonstrating best execution**

When executing orders, the Company must be able to:

- Demonstrate to its clients, at their request, that it has executed their orders in accordance with its execution policy; and

- Demonstrate to the FCA, at the FCA's request, its compliance with COBS 11.2A.2R i.e., the overarching best execution requirement and with the related provisions that require firms to execute orders on terms most favorable to the client.

## 2 SCOPE AND SERVICES

This Best Execution Policy is effective from the day that the Company received its license from the FCA. It applies to both Retail and Professional Clients and applies when executing transactions with the Clients for the financial instruments provided by the Company. It should be stated that for Professional clients the assumption is that they do not rely on firms to achieve best execution however, to reach this conclusion, the Company applies a four-fold cumulative test, which addresses:

- Which party initiates the transaction;
- Questions of market practice and the existence of a convention to 'shop around';
- The relative levels of price transparency within a market;
- The information provided by the Company and any agreement reached.

It is important that the Company's processes accurately reflect client categorisation requirements on an ongoing basis to determine if you fall as a Retail, Professional or Eligible Counterparty.

### 2.1 *Exemptions from the provisions of Best Execution*

Notwithstanding the information in Section 1, the company does not undertake to provide "Best Execution" if you fall within any of the following exemptions:

#### Eligible Counterparties

If you are classified as an Eligible Counterparty you will not be entitled to best execution under the UK Financial Conduct Authority ("FCA"), or equivalent EU rules.

#### Client Instructions

Trading will be undertaken via a Straight Through Processing OneTrade MT4 platform or FIX API) where you provide the firm with a specific instruction in relation to your order, or any particular aspect of your order, including an instruction for your trade to be execution on a particular venue, the Company will execute the order in accordance with your instructions however, please note that in following your instructions, the Company will be deemed to have taken all sufficient steps to provide the best possible result for you in respect of the order, or aspect of the order, covered by your specific instructions.

For the remaining orders placed by the Client, the Company will still be under the obligation to take all reasonable steps to obtain the best possible result, as per the clauses of this Policy and COBS 11.2.2.G.

### 2.2 *Clients*

The Company deals with Retail Clients, Professional Clients and Eligible Counterparties as defined by MiFID and by the FCA.

As per COBS 3.3.2.G, the Company will allow upon request the re-categorisation of a client, if they can benefit from more protection. The Company will notify clients that are categorised as Professional Clients or Eligible Counterparties of their right to request a different categorisation whether the Company will agree to such requests however, the Company needs only to notify a client of a right to request a different categorisation involving a lower level of protection if it is prepared to consider such requests.

Exceptional circumstances may be considered at the time, with the consent of the Company.

### 2.3 Products

It is at the Company's discretion to decide which types of financial instruments to make available, based on its authorisation permissions, and to publish the prices at which these can be traded. The Company, through the Trading Platform, provides the Client with live streaming prices, as received from third party liquidity providers via its Prime Brokers. The Company is always the counterparty or "Matched Principal" to every trade; therefore, if the Client decides to open a position in a financial instrument with the Company, then the open position can only be closed with the Company. The Company at no point in the trade flow will assume any risk on its own books nor will be incentivised in any way through remuneration models or any other means to benefit from a client's loss in a specific trade. The Company will clearly identify to clients that its operations are those of a broker and its remuneration model will be always clear and evident in all communication with the client.

## 3 THE DUTY OF BEST EXECUTION

### 3.1 Execution Venues

The Company has selected the Prime Brokers based on the technology they use to obtain the best possible outcome for your order. The Prime Broker derives its prices for Spot FX from multiple liquidity providers in the wholesale market. Currently the following banks and non-banks can provide liquidity to the feed and price / execution engine: ANZ, Bank of America, Citi, Commerzbank, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JP Morgan, Mizuho Bank, Morgan Stanley, Nomura International PLC, RBS, SEB, SG Paris PM, Standard Chartered, State Street, The Bank of Tokyo-Mitsubishi, UBS and Non-Banks: Citadel, Lucid, XTX and more. A copy of the Prime Broker's Best Execution Policy can be provided to you upon request.

Although the Company will transmit Client orders for execution to its Prime Broker (Matched Principal), contractually the Company remains the sole counterparty to the Clients' trades and any execution of orders is done in the Company's name, therefore the Company is the sole Execution Venue for the execution of Client orders. When selecting the Prime Brokers, the Company took reasonable measures to ensure that they could obtain the best possible trading result for its clients, subject to the following factors:

- In the market in which the Company operates, the Trading Platform will give clients visibility to prices that have been communicated to the Company;
- The Trading Platform will provide details of all tradable bids and offers (subject to all other matter referred to below);
- Time availability of prices – in many markets there are lulls and spikes in trading as negotiations align trading interests at various times and various parts of the curve, accordingly the "last traded" price may not always be available or act as a reliable indicator of the current price;
- The Trading Platform cannot allow clients to trade in a market unless it is reasonably satisfied that the client (via an agent or otherwise) is a capable of settling the relevant trade;
- Fees may vary between clients, based on agreement and levels of activity.

The Company will perform due diligence prior the establishment of the relationship, during the relationship and on an annual basis. The Company uses Prime Brokers and liquidity providers of remarkable track record in the field, good compliance and legal record, financially healthy, long and proven experience in the industry, who will maintain a hi-tech technology bridge that can support high speed liquidity solutions and the best possible service to the Company and effectively to the Client.

### 3.2 Contract for Difference (CFD)

The Company recognises that when closing out an open position, the Client must close out the contract with the firm that sold it to them, even if there is a better price elsewhere. The price that is quoted for a CFD product will be based on the price of the relevant underlying instrument. To this will be added our spread and fees so the price may differ from the exchange or market makers quotes on the underlying instrument, however the Company will always disclose these costs to you and seek out the best possible consideration on the underlying instrument.

The price for futures based Indices, commodities and bonds are derived from the Underlying futures of the instrument on the main exchanges such as CME, CBOT, ICE and other world exchanges. In the case of cash indices and spot commodities an adjustment called the “fair value” adjustment is made to consider costs such as financing costs, storage costs and dividends anticipated to occur during the period between the present, and the maturity date of the Underlying future.

The price for equity CFD’s and spread bets is derived from the Underlying equity prices on various exchanges such as BATS and CHI X, Nasdaq Basic, Turquoise and other alternative exchanges on which they trade. Also considered are other market participants and market makers, lit and dark pools to try and achieve the best execution price for Clients. All cash instruments are subject to daily financing.

### 3.3 Price

**Bid-Ask Spread** - For any given financial instrument the Company will quote two prices: the higher price (hereinafter referred as “Ask”) at which the Client can buy or “go long” and the lower price (hereinafter referred as “Bid”) at which the Client can sell or “go short” that financial instrument; collectively referred to as the Company’s prices. The difference between the lower and the higher price of a given financial instrument is the “Spread”.

**Pending Orders** - Such orders as Buy Limit, Buy Stop and Stop Loss/ Take profit for opened short position are executed at the Ask price. Such orders as Sell Limit, Sell Stop and Stop Loss/Take profit for opened long position are executed at the Bid price.

The Company should consider the fairness of the price proposed to the Client pursuant to this Best Execution Policy. Methods used to determine such fairness may include for example, the collating of market data that supports the price of the product and making historic price comparisons for the same product, or comparing the product against comparable products where such comparisons are valid.

In addition, the Company acknowledges that there are several factors which may lead to price slippage (i.e., market data latency, the speed of a client’s internet connection or high market volatility). The Company acknowledges that such movements could be in the client’s favour or to their disadvantage.

The Company will not quote any price outside the Company’s operations time therefore, no orders can be placed by the Client during that time. The Company’s operation time is continuous from 22:00 GMT Sunday through to 22:00 GMT Friday. Therefore, non-operating periods are 22:01 GMT Friday through to 21:59 GMT Sunday. Bank Holidays will be announced through the internal mail of the trading terminal supplied by the Company.

The Company has elected to appoint Prime Brokers to whom all orders will be transmitted for execution. This system automatically requests a quote from a selection of liquidity providers through the technology bridge connecting the Prime Broker. In conjunction with the price, the Company quotes the available liquidity as obtained from the Prime Broker. The technology provider will automatically aggregate all available liquidity at the best possible prices available. The Company is responsible for consistent scrutiny of its Prime Brokers to assess whether the Prime Broker is consistently obtaining best execution from its liquidity providers. A copy of the Prime Broker’s Best

Execution Policy can be provided to you upon request.

The Company's cost of executing Client orders are described in more detail in the Client Agreement. The Company shall disclose the costs related to execution of the Client Order, and which shall include all expenses incurred by the Client which are directly related to the execution of the order.

### **3.4 Fees**

The Company is charged rollover / swaps on the positions kept open on the best trading days and these costs will be passed onto Clients. There is a possibility that some currency pairs may have negative rates on both sides. The rollover / swaps are calculated and applied on every trading night at 22:00 GMT. Normally, on Wednesday night rollover / swaps are equal to three days of swaps. The rollover / swap rates are subject to change. All cash instruments are subject to daily financing (this does not apply to futures contracts).

The Company does not charge different fees or costs depending on the ultimate execution venues. This ensures that costs are transparent, and these are fully disclosed to the Client on the Company website.

For some markets the Client may be liable to pay commission charges for opening and closing trades however, these costs will be disclosed in advance to the Client when required.

The Company will agree a charging structure with the Client at the outset of a Client applying for the trading account. There is an option for the Client to build commission into the spread or be charged a commission outside of the wholesale rate aggregated from the Company's Prime Broker. As way of example, for Clients requesting commission separate to the wholesale rate that the Company receives from its Prime Brokers, the first tier of commission will be charged at 7 USD per 1 Lot round turn, traded for Foreign Exchange transactions. All costs are publicly available on the Company's website (i.e. <http://www.onetrade.com>).

The Company does not receive 'Payment for Order Flow' meaning that we do not receive any commission or fees for arranging transactions with market makers, thereby ensuring that there is no conflict of interest created by fees in our execution agreements.

Remuneration for the Company is created solely by adding a mark-up to an aggregated wholesale price provided by our Prime Broker or a separate commission charged outside this quoted aggregated spread.

### **3.5 Implicit and Explicit Costs**

The Company's implicit costs arise from the execution of all Client orders. Implicit costs result from how a trade is executed (i.e., immediately or worked over a period, in a block, aggregated with other trades). The impact of implicit costs can only be precisely assessed after a trade is completed and even then, implicit costs are difficult to quantify. Thus, ahead of a trade, a judgement will be made by the Company about the likely implicit costs of an execution strategy and the Company takes all reasonable steps to manage them.

In relation to the explicit costs, cost control for Retail Clients involves additional requirements. Specifically, best execution for Retail Client orders is assessed based on 'total consideration' which is the sum of the price and the costs incurred by Clients. For this purpose, the best execution regime separately identifies the explicit external and internal costs of execution for retail client orders. This is to enable the Company, and its retail clients, to differentiate between various sources of cost.

These are:

- Explicit external costs which include commissions, fees, taxes, exchange fees, clearing and settlement costs, or any other costs passed on to the client by intermediaries participating in the transaction. Explicit external costs are clearly subject to the best execution obligation;

- Explicit internal costs represent the Company's own remuneration (including a commission or spread) for completing a transaction. These internal commissions and costs for executing an order must be considered in assessing where to execute the order, where there is more than one competing venue available. Thereafter, when judging whether best execution has been given on an individual transaction, the Company can omit its own fees and charges from the assessment. The Company will not structure or charge its commissions in such a way as to discriminate unfairly.

The best possible result for a Client order shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs related to execution, which shall include all expenses incurred by the Client which are directly related to the execution of the order. Costs related to execution, shall include all expenses incurred by the Client which are directly related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.

Therefore, the Company shall disclose to the Clients any external costs prior establishing the business relation, i.e., fees payable to Introducing Brokers and Business Introducers however, the Company should consider always that the external fees do not create any conflicts of interests, as described in SYSC - High Level Standards of the FCA Handbook, Chapter 10, par. 10.1.4:

"... during providing a service, a common platform firm must consider, as a minimum, whether the firm or a relevant person, or a person directly or indirectly linked by control to the firm:

- (1) Is likely to make a financial gain, or avoid a monetary loss, at the expense of the client;
- (2) Has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;

The Company cannot provide any guarantee that, when executing an order, the Company's price will always be better than one which is or might have been available elsewhere.

### **3.6 Conflicts of Interest**

The Company recognises that conflicts may exist between the interests of the Company and its Clients. The platform on which orders are transmitted will display the best available price from several liquidity providers through the Prime Broker's aggregated price, thereby reducing the scope of conflicts.

The Company will take steps to manage, mitigate and avoid potential and actual conflicts and internal systems are in place to ensure that otherwise comparable Client orders are carried out sequentially and promptly unless for a specific reason it becomes impractical and out of the Company's control (i.e. abnormal market conditions, insufficient liquidity, force majeure events etc.).

### **3.7 Currency conversion**

The Company may provide a currency conversion quote from the Client's base currency to the currency of the relevant financial instrument and this will in turn carry high importance when executing transactions for the Company's Clients. The Company will clearly define that any currency spot conversions are for the facilitation of investments by the client as clearly defined by the Company's authorisation. The Company will use a technology software to automatically aggregate all available currency conversion rates from our Prime Brokers and provide the best option to the Client, to ensure that the latter will suffer minimal loss due to the exchange rates.

### **3.8 Speed of execution**

Pursuant to Section 2 and 3 of this Best Execution Policy, the Company acts as a “Matched Principal” and not as an agent on the Client’s behalf. The Company places significant importance on speed of execution when executing Clients’ orders and strives to offer high speed of execution within the limitations of technology and communications links available to the Company. The use of wireless connections, or dial-up connections or any other form of unstable connection at the Clients’ source, may result in poor, or interrupted connectivity or lack of signal strength, causing delays in the transmission of data between the Client and the Company when using the Company’s electronic trading platforms, for which the Company will not be held liable.

### **3.9 Likelihood of execution**

As described in Sections 2 and 3 of this Best Execution Policy, the Company acts as “Matched Principal and not as agent on the Clients’ behalf. Therefore, the Company is the Execution Venue for the execution of the Clients’ orders for the financial instruments provided by the Company. The Company uses a Prime Broker to stream prices and available liquidity derived from multiple liquidity providers, and transmits orders to the Prime Broker through an industry leading technology provider. Consequently, execution of the Clients’ orders will depend on the pricing and available liquidity from the aggregated counterparties through the Prime Broker. The Company remains responsible for obtaining the best possible result for Clients.

Although the Company executes all orders placed by the Clients, it reserves the right to decline an order of any type. Such information and update will be instantly provided to the Clients including a clear and simple explanation of why an order has been declined to serve Clients always with transparency and at the earliest possible time. Examples of declining an order could be due to a suspicion of market manipulation and / or insider dealing, possibility of money-laundering and / or terrorist financing etc.

## **4 ORDERS**

Orders may consist of:

- Market Order;
- Buy Limit;
- Sell Limit;
- Sell Stop;
- Buy Stop;
- Stop Loss; and
- Take Profit.

Financial instruments are executed in the manner explained in this Best Execution Policy. It should be noted that the price at which a trade is executed, may vary significantly from the original requested price during abnormal market conditions. This may occur, for example, in the following cases:

- During market opening;
- During news releases;
- During volatile markets where prices may move significantly up or down and away from a declared price;
- Where there is rapid price movement, if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange, trading is suspended or restricted; and
- If there is insufficient liquidity for the execution of the specific volume at the declared price.

The Company is obliged to provide the best possible price to its Clients and makes every effort and necessary arrangements to do so.

#### **4.1 Likelihood of settlement**

The Company shall proceed directly to a settlement of all transactions upon execution of such transactions.

#### **4.2 Size of order**

The minimum lot size of an order made on Foreign Exchange transactions is 1,000 units of base currency. For example, when trading EURUSD, the minimum size order is EUR1,000. Although there is no maximum size of an order the Client can place with the Company, the Company reserves the right to decline any order as set out in the agreement entered with the Client. The Company makes every effort to fill the order of the Client irrespective of the volume however, if a fill is achieved, it may be at the best available price, that the market liquidity may allow at the time of execution.

#### **4.3 Market impact**

The size and nature of the Client's order may have an impact on the market and over which the Company has no control. Some volatile factors in the market may affect the price of the underlying financial instruments from which the quoted Company's price for its financial instruments is derived. The Company is responsible and will take all reasonable steps to consistently obtain the best possible result for its Clients; nevertheless, whenever there is a specific instruction from the Client, the Company shall ensure that the Client's order shall be executed in accordance with the specific instruction however, the Company will not induce Clients to instruct it to execute an order in a particular way, by expressly indicating or implicitly suggesting the content of the instruction to the Client, when the Company ought reasonably to know that an instruction to that effect is likely to prevent it from obtaining the best possible result for that Client. The Company will determine the relative importance of the above factors by using its commercial judgment and experience in the light of the information available on the market and considering the criteria described below:

- The characteristics of the Client, including the categorisation of the Client as a Retail or Professional Client and more specifically:
  - i. The characteristics of the Clients' order;
  - ii. The characteristics of financial instruments that are the subject of that order; and
  - iii. The characteristics of the Execution Venues to which that order can be directed.

As per the FCA's Thematic Review tr14-13, the Company shall not be allowed to exempt products or activities from best execution requirements or permit clients to waive the application of best execution.

The Company's operation time is continuous from 22:00 GMT Sunday through to 22:00 GMT Friday. Therefore, non-operating periods are 22:01 GMT Friday through to 21:59 GMT Sunday. Bank Holidays will be announced through the internal mail of the trading terminal supplied by the Company.

The Company places significant reliance to the Execution Venues (Section 3.1) based on the factors and their relative importance. It is the Company's policy and its own obligation to maintain such internal procedures and processes to determine the relative importance of these factors, and to act in the best interest of its Clients, and provide the Client with the best possible result or "Best Execution" when dealing with the Client. To this end, the Compliance Officer shall test monthly by examining a sample of random trades, whether the Best Execution applies as described in the present Policy. Additionally, it is also the duty of the Brokerage Department to report to the

Compliance Officer any deficiencies of the Best Execution. In case the issue is not solved, the Compliance Officer shall inform the management of the Company. In case significant and / or constant weaknesses are identified in relation to the adherence of the Best Execution of the orders, the management of the Company shall instruct the preparation of ad-hoc Health Check reports by external advisors, detecting any deficiencies and recommending solutions and/or assisting on the implementation of the recommendations.

The Company has not structured or charged its commissions in such a way as to discriminate unfairly between Execution Venues. A firm would be considered to structure or charge its commissions in a way which discriminates unfairly between Execution Venues if it charges a different commission or spread to Clients for execution on different Execution Venues and that difference does not reflect actual differences in the cost to the firm of executing on those venues.

The Client acknowledges that the transactions entered in financial instruments with the Company are not undertaken on a recognised exchange, rather they are undertaken through the Company's Trading Platform and accordingly, they may expose the Client to greater risks than regulated exchange transactions. Therefore, the Company may not execute an order, or it may change the opening or closing price of an order in certain cases, including but not limited to, instances of a technical failure of the trading platform. The terms and conditions and trading rules are established solely by the counterparty, which in this case is the Company. The Client is obliged to close an open position of any given financial instrument during the opening hours of the Company's Trading Platform. The Client also must close any position with the same counterparty with whom it was originally entered, thus the Company.

## 5 MONITORING

The Company must monitor the effectiveness of its execution arrangements and best execution policy to identify and, where appropriate, correct any deficiencies. The Company must assess, on a regular basis, whether the execution venues included in the best execution policy provide for the best possible result for its clients or whether it needs to make changes to its execution arrangements. The Company must consider the information published relating to execution quality data and on other firms' top five execution venues.

The Company must monitor not only the execution quality obtained but also the quality and appropriateness of their execution arrangements and policies on an ex-ante and ex-post basis to identify circumstances under which changes may be appropriate:

- Ex-ante monitoring includes ensuring that the design and review process of policies is appropriate and considers new services or products offered by the Company; and
- Ex-post monitoring includes checking whether the Company has correctly applied its execution policy and if client instructions and preferences are effectively passed along the entire execution chain when using smart order routers or any other means of execution.

The Company should regularly assess the market landscape to determine whether there are alternative venues that it could use and should use execution quality data, as well as any other relevant source of data, when conducting these assessments. It also suggests that the Company could benchmark the value of expected aggregate price improvements by adding a venue and comparing the expected outcomes against an assessment of any additional direct, indirect or implicit costs and counterparty or operational risks.

The Company should have records and documentation in place to provide evidence of their ongoing monitoring and reviews of best execution and should have records on any pre-trade checks or processes.

## 6 DISCLOSURE OF THE BEST EXECUTION POLICY AND CLIENT CONSENT

### 6.1 Disclosure

The MiFID II regulations require investment firms to establish and implement a Best Execution Policy which should allow the best possible result for the Client orders to be obtained. The Company's Best Execution Policy must be disclosed to Clients and in addition, the Company is required to obtain Clients' prior consent.

When the company executes orders, it must provide "appropriate information" to its clients on its Best Execution policy in accordance with COBS 11.2A.22(1)R). This obligation applies in respect of Professional Clients as well as Retail Clients. The Company must also provide a summary of the relevant Best Execution Policy to its Retail Clients, focused on the total cost they incur, and it must provide a link to the most recent Best Execution quality data for each execution venue listed by the Company in its Best Execution Policy.

The information must explain clearly how the Company will execute orders for its clients under COBS 11.2A.22(2)R. The information must include sufficient details and be provided in a way that can be easily understood by clients and the Company should customise the information that they provide to clients on the Best Execution Policy depending on the class of financial instrument and type of the service provided.

MiFID II indicates that there is certain "core" information that must be disclosed prior the provision of the service and other information that the Company must disclose where applicable. Please refer to Core information to be disclosed in section 6.1.3 below and Additional information to be disclosed on Best Execution venues and inducements in section 6.1.4 below.

#### 6.1.1 Publication of information on top five execution venues

The Company must summarise and make public on an annual basis, for each class of financial instruments, the top five execution venues in terms of trading volumes, where it executed client orders in the preceding year, together with information on the quality of execution obtained. This obligation applies to orders relating to Retail Clients and Professional Clients, but not those relating to Eligible Counterparties.

The Company must make this disclosure in accordance with the requirements of COBS 11 Annex 1EU which contains the text of *Commission Delegated Regulation (EU) 2017/576*, which contains Regulatory Technical Standards ("RTS") on the annual publication by investment firms of information on the identity of execution venues and on the quality of execution. ESMA and the FCA refer to these RTS as RTS 28 and ESMA in isolation refer to the disclosure made under these RTS as "RTS 28 reports".

The Company must publish:

- Information on the top five execution venues in terms of trading volumes for all executed client orders per class of financial instruments with separate information requirements relating to Retail Clients and Professional Clients;
- For each class of financial instruments, a summary of the analysis and conclusions the Company draws from its detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year. The Company is expected to provide a separate summary in relation to each class of financial instrument, although some of the information to be disclosed in the summary may be provided on a consolidated basis where such information is common to several or all classes of financial instruments.

The Company must publish this information on its website in an electronic format available for downloading by the public however, the information relating to the top five execution venues must be

made available in a machine-readable electronic format.

### 6.1.2 Core information to be disclosed

The Company must provide clients with the following details on their Best Execution policy in good time before providing the service:

- An account of the relative importance the Company assigns, in accordance with the Best Execution criteria to the execution factors, or the process by which the Company determines the relative importance of those factors under COBS 11.2A.25EU;
- A list of the execution venues on which the Company places significant reliance in meeting its obligation to take all reasonable steps to obtain on a consistent basis the best possible result for the execution of client orders and specifying which execution venues are used for each class of financial instruments, for Retail Client orders and Professional Client orders under COBS 11.2A.25EU;
- A list of factors used to select an execution venue, including:
  - ❖ Qualitative factors such as clearing schemes, circuit breakers, scheduled actions, or any other relevant consideration; and
  - ❖ The relative importance of each factor.

The information about the factors used to select an execution venue for execution must be consistent with the controls used by the Company:

- ❖ To demonstrate to clients that best execution has been achieved on a consistent basis; and
- ❖ When reviewing the adequacy of its policy and arrangements.
- How the execution factors of price, costs, speed, likelihood of execution and any other relevant factors are considered as part of all sufficient steps to obtain the best possible result for the client;
- Where applicable, information that the Company executes orders outside a trading venue and the consequences of doing so;
- A clear and prominent warning that any specific instruction from a client may prevent the Company from taking the steps that it has designed and implemented in its execution policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions; and
- A summary of the selection process for execution venues, execution strategies employed, the procedures and process used to analyse the quality of execution obtained and how the Company monitors and verifies that the best possible results were obtained for clients. (*Article 66(3)(g), MiFID Org Regulation; COBS 11.2A.25EU*).

### 6.1.3 Additional information to be disclosed on execution venues and inducements

- **Execution venues** – If the Company applies different fees depending on the execution venue, it must explain these differences in sufficient detail for the client to understand the advantages and the disadvantages of the choice of a single execution venue. If the Company invites clients to choose an execution venue, it should provide fair, clear and not misleading information to prevent the client from choosing one execution venue rather than another on the sole basis of the price policy applied by the Company;
- **Inducements** – The Company must inform clients about the inducements that it may receive from the execution venues. The information must specify the fees charged by the Company to all counterparties involved in the transaction, and where the fees vary depending on the client, the information must indicate the maximum fees or range of the fees that may be payable.

If the Company charges more than one participant in a transaction, it must inform its client of the value of any monetary or non-monetary benefits received by the Company in accordance with COBS 11.2A.25EU.

#### **6.1.4 Summary of information for Retail Clients**

When the Company executes orders for Retail Clients, it must provide those clients with a summary of the relevant policy, focused on the total cost they incur. This summary must provide a link to the most recent execution quality data for each execution venue listed by the Company in its execution policy.

#### **6.1.5 Publication of execution quality data**

Individual execution venues, in relation to certain financial instruments, are expected to make available to the public, without any charges, data relating to the quality of execution of transactions on that venue (execution quality data). This information should be provided on at least an annual basis and include details about price, costs, speed and likelihood of execution for individual financial instruments.

#### **6.1.6 Requests for further information**

When the Company executes orders, it must answer any reasonable and proportionate requests from clients for information about its policies or arrangements and how they are reviewed. It must answer these requests clearly and within a reasonable time. If the Company executes orders outside a trading venue, it must, at the request of the client, provide additional information about the consequences of this means of execution.

#### **6.1.7 Notifications of changes**

The Company must notify clients of any material changes to their execution arrangements or best execution policy. A change will be “material” where its disclosure is necessary to enable the client to make a properly informed decision about whether to continue using the Company's services. The Company should consider the materiality of any changes they make to the relative importance of the execution factors or to the venues on which they place significant reliance in meeting the overarching best execution requirement.

### **6.2 Client Consent**

#### **6.2.1 Prior consent to execution policies**

When the Company executes orders, it must obtain the prior consent of its clients to its execution policy.

#### **6.2.2 Express prior consent to executing orders outside a trading venue**

If the Company executes orders outside a trading venue, it must obtain the express prior consent of its clients before proceeding to execute their orders in accordance with COBS 11.2A.24R(2). The Company may obtain this consent either in the form of a general agreement or in respect of individual transactions.

#### **6.2.3 Providing information to clients on order execution**

When executing orders, the Company must inform the client of where the order was executed.

### **IMPORTANT INFORMATION**

Some products offered by the Company may not be eligible for sale in certain jurisdictions or countries. This Best Execution Policy is not directed to any jurisdiction or country where its publication, availability or distribution would be contrary to local laws or regulations, including the

United States of America.

This Best Execution Policy does not constitute an offer, invitation or solicitation to buy or sell CFDs or other derivative instruments. It may not be reproduced or disclosed (in whole or in part) to any other person without prior written permission of the Company's Compliance Department. This Best Execution Policy is not intended to constitute the sole basis for the evaluation of the Client's decision to trade in CFDs or other derivatives.

### **NO FIDUCIARY DUTY**

The Company provides the Client with access to the Trading Platform and are not acting in any other capacity, including as an agent or as a fiduciary. The Company's commitment to provide the Client with Best Execution does not mean that the Company owes the Client any fiduciary responsibilities over and above the specific regulatory obligations placed upon the Company, or as may be otherwise contracted between the Company and the Client. You remain responsible for your own investment decisions and the Company will not be responsible for any market trading loss you suffer because of those decisions.

### **SPECIFIC INSTRUCTIONS**

Where there is a specific instruction from a Client, the Company shall execute the order in strict accordance with the specific Client instruction however, as aforementioned, the Company should not induce a Client to instruct it to execute an order in a particular way, by expressly indicating or implicitly suggesting the content of the instruction to that Client, when the Company should be reasonably expected to know that to do so is likely to prevent the Company from obtaining the best possible result for that Client.

If the Client provides the Company with a specific instruction to deal for the Client it may prevent the Company from following its Best Execution Policy, which is designed to get the best overall result for the execution of orders on a consistent basis.

The Company explicitly wishes to draw the Client's attention to the fact that any specific instructions from the Client may prevent the Company from taking the steps that it has designed and implemented in its execution policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

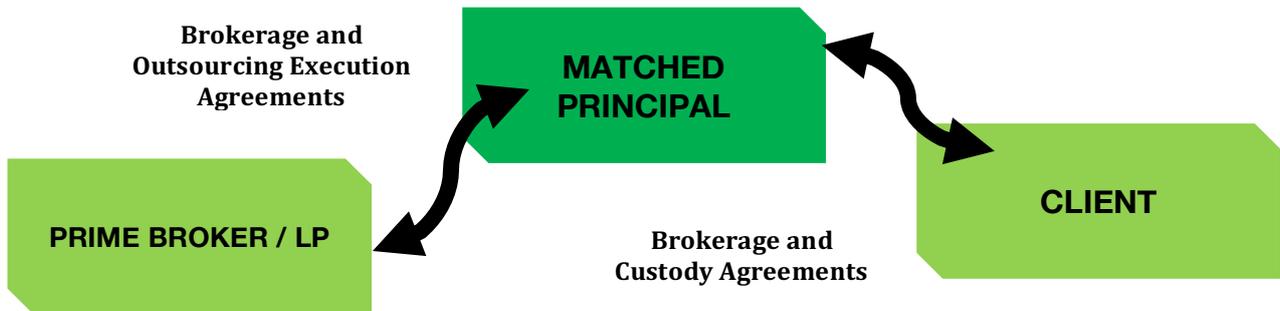
### **FAILED TRADES AND DEALING ERRORS**

If the Company identifies a Failed Trade (for example, where the transaction has failed because of a system failure) and it is the fault of the Company or a Dealing Error (for example, the trade was executed incorrectly), the Company will undertake to ensure that the affected clients are not disadvantaged. The Company maintains a Failed Trades and Dealing Errors Register that is kept by the Compliance Officer.

The Company will not keep a compliance record on late settled trades that do settle as per the original instructions (for example, trade breaks), as these will not involve any loss. However, if there is a loss or ultimately the trade break "fails", the procedure noted above will be followed.

**7 APPENDIX 1**

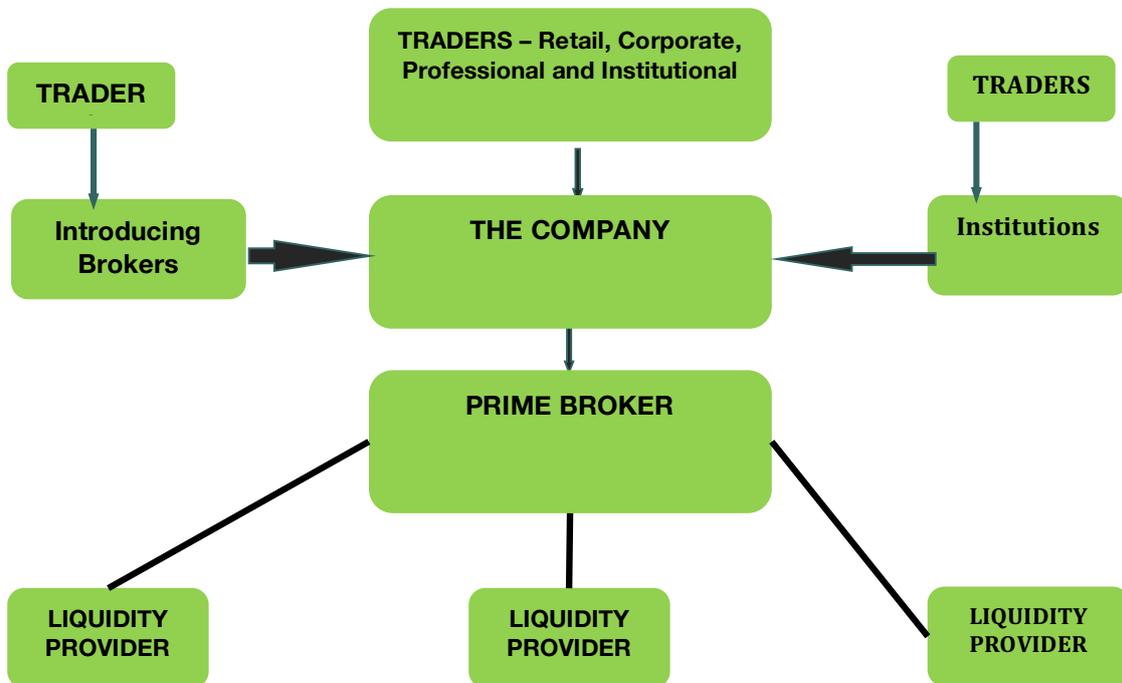
**7.1 Contractual agreements with the liquidity provider**



1. The Client deposits funds with the Company and places an order. The Firm is responsible for holding and controlling Client Money in a segregated Client Money account designated for the purpose;
2. The Firm transmits the order to the Prime Broker for execution;
3. The Prime Broker executes the transaction through its Liquidity Provider; and
4. The Client receives confirmation of execution.

**7.2 Trade flow of the orders**

(See overleaf)



**7.3 Choice of the liquidity providers' pricing**

(See overleaf:)

