

## **XTB Limited (ex. DUB Investments Ltd)** **ORDER EXECUTION POLICY dated December 11<sup>th</sup>, 2018**

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### **1. General provisions**

- 1.1. XTB Limited (ex. Dub Investments Ltd) (hereinafter the "Company") is required to act honestly, fairly, professionally and in accordance with the best interest of its Clients. The Company has therefore adopted this Order Execution Policy (hereinafter the "**the Policy**"), which determines the detailed principles of executing Orders in order to achieve the best possible results for the Clients in accordance with the Investments Services and Activities and Regulated Law of 2017 L.87(I)/2017 ("the Law").
- 1.2. The Policy is an integral part and should be read and understood in conjunction with the "Regulations on the provision of services consisting in the execution of orders to buy or sell property rights, keeping property rights accounts and cash accounts by the Company (hereinafter "**GTC**").
- 1.3. This Policy applies to retail Clients and professional clients (as defined in the Company's Client Categorisation Policy found at the Company's website at Legal documents Section. If the Company classifies a Client as an Eligible Counterparty, this Policy does not apply to such a Client.
- 1.4. The Company reviews the Policy at least once a year.
- 1.5. Any changes to the Policy are notified to the Client. in accordance with the relevant GTC
- 1.6. The Company mainly acts as an agent in relation to the execution of clients' orders (i.e. places client orders for execution to third party liquidity providers). Further to this, there are cases where the Company acts as the execution venue for its clients' orders. The Company acts in accordance with the relevant provisions of the Law concerning the prevention of conflicts of interests and adopted the internal procedure concerning the prevention of conflicts of interest.
- 1.7. Clients' Orders are executed over-the-counter, which means that Orders are executed outside the regulated market or multilateral trading facility, for what Client hereby agrees.
- 1.8. The detailed information on basic principles of the procedures for a conflict of interest are described in Information concerning general rules of conflicts of interest management at the Company's Website.

### **2. Area of application**

- 2.1. This policy applies when receiving and transmitting Client Orders or executing Orders for the Client for all the types of CFDs offered by the Company.

### **3. Place of execution of orders**

- 3.1. When the Company transmits client's orders for execution to third party liquidity providers then the place of execution is the liquidity provider.
- 3.2. When the Company acts as the other party to the Transactions concluded with the Client on Financial Instruments, the place of execution of Orders is the Company.

### **4. Execution criteria (as regards CFDs)**

- 4.1. The Company takes all reasonable steps to obtain the best possible results for the Client, taking into account the price of the Financial Instrument or Underlying Instrument, the cost of the Order execution, speed and probability of concluding of the Transaction, the size and character of the Order, market impact, technological stability, and other factors.
- 4.2. The Company gives the following relative ranks to the above factors in the Orders execution:

- a) Price of the Financial Instrument or Underlying Instrument – high rank. Prices should maximally reflect the market prices of Underlying Instruments.

The Company's price for a given CFD is calculated by reference of the Bid and Ask prices of the relevant underlying asset, which the Company obtains from third party external reference sources (i.e. price feeders). The Company's prices can be found on the Company's website and / or trading platform. The Company updates its prices as frequently as the limitations of technology and communications links allow. The Company reviews its third party external reference sources from time to time to ensure that the data obtained continues to remain competitive. The Company will not quote any price outside the Company's operations time (see Execution Venues below) therefore no orders can be placed by the Client during that time. Certain ex-ante and ex-post quality checks are conducted by the Company to ensure that prices obtained and subsequently passed on to clients remain competitive. Such checks include, but not limited to, reviewing system settings/parameters, comparing prices with reputable price sources, ensuring symmetry of spread and checking the speed of price updating.

**If the price reaches an Order set by you such as:** Stop Loss/Limit Loss, Take Profit/Limit Profit, these Orders are instantly executed. However, under certain trading conditions it may be impossible to execute Orders (Stop Loss/Limit Loss, Take Profit/Limit Profit) at the Client's requested price. In this case, the Company has the right to execute the Order at the first available price. This may occur, for example, at times of rapid price fluctuations, 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, or this may occur at the opening of trading sessions. The minimum level for placing Stop Loss/Limit Loss, Take Profit/Limit Profit, for a given CFD, is specified under your Trading Agreement.

- b) Order execution costs – high rank. The execution costs, such as spreads, swap points and commissions, are set by the Company at the lowest possible level. For opening a position in some types of CFDs the Client may be required to pay commission or financing fees.

**Commissions:** Commissions may be charged either in the form of a percentage of the overall value of the trade or as fixed amounts.

**Financing Fee:** In the case of financing fees, the value of opened positions in some types of CFDs is increased or reduced by a daily financing fee "swap rate" throughout the life of the CFD (i.e. until the position is closed). Financing fees are based on prevailing market interest rates, which may vary over time.

The spreads for the list of financial instruments can be found on the Company's website and/or the Platforms.

Should at any time, the Company decides to charge additional fees such as Client Account maintenance fees, it shall provide Clients prior notice of at least seven (7) business days and such fees will be disclosed at the Company's website.

- c) Speed and probability of concluding a Transaction – high rank. The time of execution of the Order should be as short as possible and the percentage of completed Orders should be as high as possible.

The Company mainly transmits client's orders for execution with a third party (i.e. acts as an agent).

However, the Company places a significant importance when executing Client's Orders and strives to offer high speed of execution within the limitations of technology and communications links. For instance, in cases where Clients are using a wireless connection or a dial up connection or any other communication link that can cause a poor internet connection then this may cause unstable connectivity with the Company's trading Platforms resulting to the Client placing his Orders at a delay and hence the Orders to be executed at better or worst prevailing price offered by the Company.

- d) Order size – high rank. The size of the Order may affect the price due to the available liquidity of a given Financial Instrument or Underlying Instrument.

A lot is a unit measuring the transaction amount and it is different for each type of CFD. Please refer to the Company's website and/or Platform for the value of minimum size of an Order and each lot for a given CFD type. Please refer to the Company's website and/or Platform for the value of the maximum volume of the single transaction. The Company reserves the right to decline an Order due to its size as explained in the Client Agreement.

If the Client wishes to execute a large size Order, in some cases the price may become less favorable considering the liquidity in the market. The Company reserves the right not to accept a Client's Order, in case the size of the Order is large and cannot be filled by the Company.

- e) Technological stability – high rank, the Company makes reasonable effort to ensure the highest quality of technology and applies measures aimed at the best possible execution of Client's orders.
- f) Character of the Order – average rank. An Order may affect the price due to the available liquidity of a given Financial Instrument or Underlying Instrument. The Company executes Client Orders in the order in which they are received, unless something else results from the Agreement, the terms of the Order set by the Client, the character of the Order or if such sequence of Order's execution is not in Client's interest.

**Likelihood of Execution:** In some cases, it may not be possible to arrange an Order for execution, for example but not limited to, in the following cases: during news times, trading session start moments, during volatile markets where prices may move significantly up or down and away from declared prices, where there is rapid price movement, where there is insufficient liquidity for the execution of the specific volume at the declared price, a force majeure event has occurred.

In the event that the Company is unable to proceed with an Order with regard to price or size, or other reason, the Order will be either rejected or partially filled.

In addition, the Company is entitled, at any time and at its discretion, without giving any notice or explanation to the Client, to decline or refuse to transmit or arrange for the execution of any Order or Request or Instruction of the Client in circumstances explained in the Client Agreement/General Terms and Conditions. Without prejudice to General Terms & Conditions (GTC), the Company has the right to close at market prices and or limit the size of Client Open Positions and to refuse new Client Orders to establish new positions in any of the following cases:

- (a) The Company considers that there are abnormal trading conditions.
- (b) The value of Client collateral falls below the minimum margin requirement.
- (c) At any time equity (current balance including open positions) is equal to or less than a specified percentage of the margin (collateral) needed to keep the open position.

- (d) In case of fraud or Abusive Trading of the Client.
- (e) The system of the Company rejects the Order due to trading limits imposed on the Account.
- (f) When the Margin Level reaches the Stop Out Level (ratio of Equity to Margin in the Client Account), the Client positions will start closing automatically at market prices starting with the most losing Order and the Company has the right to refuse a new Orders. Stop Out level is available on the Website and/or the Platform.
- (g) When the Client fails to take a measure of the GTC.
- (h) When the Client is holding a position Open on Future after the official expiry date.

In order to improve speed and likelihood of execution the Company carries out certain ex-ante and ex-post quality checks. Such checks include, but are not limited to, symmetric slippage checks, number of trades to slippage and comparing our average speed of execution with industry standards.

- g) Market impact: Some factors may rapidly affect the price of the Underlying Asset from which the Company's quoted price is derived and may also affect other factors listed herein. The Company will take all sufficient steps to obtain the best possible result for its Clients.

*The Company does not consider the above list exhaustive and the order in which the above factors are presented shall not be taken as priority factor. Nevertheless, whenever there is a specific instruction from the Client, the Company shall make sure that the Client's order shall be executed following the specific instruction.*

- h) Other factors – low rank.
- 4.3. With regard to the retail client, the best result is determined in general, taking into account the price and costs associated with the execution of the Order, covering all expenses incurred by the Client in direct connection with the execution of such an Order.
  - 4.4. The Company immediately notifies the Client about all circumstances that prevent the execution of the Order.
  - 4.5. The Company mainly rely on its counterparties (liquidity providers) to execute client Orders.

## 5. Quotation of prices

- 5.1. On Trading Days, the Company systematically quotes Financial Instruments Prices on the basis of prices of corresponding Underlying Instruments.
- 5.2. Detailed description of Trading Days of Financial Instruments is available in Condition Tables available on the Company's Website.
- 5.3. Transaction prices are quoted in the Trading Account on the basis of current prices made available by Reference Institutions indicated on the Company's Website.
- 5.4. Detailed description of Financial Instrument Prices formation for cryptocurrencies based CFD instruments is available on XTB's [Website](#) .
- 5.5. The Company uses its best efforts to ensure that transaction prices do not differ materially from the prices of Underlying Instruments published in real time by the most reputable information services.

## 6. Execution Practices in CFDs

### a) Slippage

You are warned that Slippage may occur when trading in CFDs. This is the situation when at the time that an Order is presented for execution, the specific price showed to the Client may not be available; therefore,

the Order will be executed close to or a number of pips away from the Client's requested price. So, Slippage is the difference between the expected price of an Order, and the price the Order is actually executed at. If the execution price is better than the price requested by the Client, this is referred to as positive slippage. If the executed price is worse than the price requested by the Client, this is referred to as negative slippage. Please be advised that Slippage is a normal element when trading in CFDs. Slippage more often occurs during periods of illiquidity or higher volatility (for example due to news announcements, economic events and market openings and other factors) making an Order at a specific price impossible to execute. In other words, your Orders may not be executed at declared prices.

It is noted that Slippage can occur also during Stop Loss/Limit Loss, Take Profit/Limit Profit and other types of Orders. We do not guarantee the execution of your Pending Orders at the price specified. However, we confirm that your Order will be executed at the next best available market price from the price you have specified under your pending Order.

#### b) Types of Order(s) available in CFDs trading

The particular characteristic of an Order may affect the execution of the Client's Order. Please see below the different types of Orders that a Client can be placed:

##### 1) Market Order(s)

A Market order is an Order to buy or sell a CFD at the current price. Execution of this order results in opening a position. CFDs are bought at ASK price and sold at BID price. Stop Loss and Take Profit Orders can be attached to a Market Order.

##### 2) Pending Order(s)

This is an Order to buy or sell a CFD in the future at the best available price once a certain price is reached.

A Pending Order is an Order that allows the user to buy or sell a CFD at a pre-defined price in the future. These Pending Orders are executed once the price reaches the requested level. However, it is noted that under certain trading conditions it may be impossible to execute these Orders at the Client's requested price. In this case, the Company has the right to execute the Order at the first available price. This may occur, for example, at times of rapid price fluctuations of 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, or there is lack of liquidity, or this may occur at the opening of trading sessions.

It is noted that Stop Loss/Limit Loss and Take Profit/Limit Profit may be attached to a Pending Order. Also, pending Orders are good till cancel.

##### 3) Take Profit/Limit Profit

Take Profit/Limit Profit Order is intended for gaining the profit when the financial instrument (i.e. CFDs) price has reached a certain level. Execution of this Order results in complete closing of the whole position. The Order can be requested only together with an open market or a pending Order and it is also executed at stated prices.

This type of Order is set above the current price in case of long positions and below the opening price in case of short positions.

##### 4) Stop Loss/Limit Loss

Stop Loss/Limit of Loss Order is used for minimising of losses if the CFD price has started to move in an

unprofitable direction. If the CFD price reaches the stop loss/limit loss level, the whole position will be closed automatically, thus eliminating the incurrance of additional losses. Such Orders are always connected to an open position or a pending Order. They can be requested only together with a market or a pending Order. This type of order is always set below the current price for long positions, and above the opening price for short positions.

**7. Order’s Execution**

7.1. General

- 7.1.1. The stop Orders and limit Orders may be placed only when a given Financial Instrument is traded, with the reservation that the Company may accept stop and limit Orders on selected trading platform for selected Financial Instruments specified in the Condition Tables outside of the Trading Day.
- 7.1.2. The stop Orders and limit Orders at the opening of the market are executed always on the market opening price.
- 7.1.3. , Market, limit and stop Orders, which open new position, shall be executed only if the total nominal value of Open Positions including position that is going to be opened, expressed in Euro, does not exceed the Maximum Nominal Portfolio Value.

7.2. Best Execution Criteria

When executing client orders, the Company takes into account the following criteria for determining the relative importance of the Best Execution Factors referred in paragraph 4 above:

- i. The characteristics of the Client including the categorization of the Client as Retail or Professional;
- ii. The characteristics of the Client order;
- iii. The characteristics of the Financial Instruments that are the subject of that order;
- iv. The characteristics of the execution venues to which that order can be directed.

The Company shall determine the relative importance of the above execution factors by using its commercial judgment and experience in the light of the information available on the market and taking into account the remarks included in paragraph 4. For CFDs, the Company assigns the following importance level to the Best Execution Factors.

Factor	Importance Level	Remarks
Price	High	We give strong emphasis on the quality and level of the price data that we receive from external sources in order to provide our clients with competitive price quotes. We do not however guarantee that our quoted prices will be at a price which is as good, or better, than one might have been available elsewhere.
Costs	High	We take all reasonable steps to keep the costs of your transactions as low and competitive, to the extent possible.
Speed of Execution	High	Execution speed and the opportunity for price improvement are critical to every trader and we repeatedly monitor these factors to ensure we maintain our high execution standards.

Likelihood of Execution	of	High	Even though we reserve the right to decline a Client order we aim to execute all Clients' orders, to the extent possible.
Likelihood of settlement	of	Medium	See relevant description in Best Execution Factors (point 3 above).
Size of order		Medium	See relevant description in Best Execution Factors (point 3 above).
Market Impact		Medium	See relevant description in Best Execution Factors (point 3 above).

For retail Clients, the best possible result shall be determined in terms of the total consideration (unless the objective of the execution of the order dictates otherwise), 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 by the third-party entity, including execution venue fees, as applicable.

For the purposes of delivering best execution where there is more than one competing Execution Venue to execute an Order for a CFD, in order to assess and compare the results for the Client that would be achieved by executing the Order on each of the execution venues (see Paragraph 15 below) that is capable of executing that Order, the Company's own commissions and costs for executing the Order on each of the eligible Execution Venues shall be taken into account in that assessment. The Company shall not structure or charge their commissions in such a way as to discriminate unfairly between Execution Venues.

### 7.3. Specific rules for CFDs.

#### Standard Account

- 7.3.1. An Order to execute a Transaction on CFD on the Standard Account may be placed in the following manner:
- depending on the offer available for the Client, as described on Company's Website or in the Condition Tables, by placing an instant Order at a current price of a CFD published in the Trading Account or by placing a market Order at a current price of a CFD published in the Trading Account;
  - by placing a limit Order to execute a Transaction (buy limit; sell limit; take profit "t/p");
  - by placing a stop Order to execute a Transaction (buy stop; sell stop; stop loss "s/l").
- 7.3.2. Market Orders (market execution) on Standard Account on CFD are executed at VWAP (Volume Weighted Average Price). Prices shown in the Trading Account before placing an Order for market execution are only indicative and are not a binding execution price which will be shown after the effective execution of the Transaction. Market Order shall be rejected, if the Order's volume exceeds the liquidity available in the Company at the moment of its execution.
- 7.3.3. Limit Orders on Standard Account on CFD are executed at the price indicated by the Client or better. In case of market execution, when the Order's volume possible to be executed at the price indicated by the Client or better exceeds the liquidity available at the given moment, the Order is executed at the maximum available volume, and the remaining part of the Order remains active until its execution or cancelation.
- 7.3.4. Stop Orders on Standard Account on CFD are executed at market prices at the moment of a given stop level activation. In case of instant execution, stop Orders (including stop loss "s/l" Orders) are executed at the first available market price, that may be worse than the

price indicated by the Client, if the activation level was reached. In case of market execution, stop Orders are executed according to the rules specified for market Orders, if the market price reaches or exceeds the price level indicated by the Client. In case of market execution, when, at the moment of activation, the Order's volume exceeds the available liquidity, the Order is rejected, and stop loss "s/l" Order, after being rejected, is restored with all parameters indicated by the Client and executed at the first market price available after its activation.

- 7.3.5. For buy limit Orders the highest possible limit is the current Ask price. For sell limit Orders the lowest possible limit is the current Bid price. For buy stop Orders the lowest possible limit is the current Ask price. For sell stop Orders the highest possible limit is the current Bid price.

### **Professional Account**

- 7.3.6. An Order to execute a Transaction on CFD on the Professional Account may be placed in the following manner:
- a) by placing a market Order at a current price of a CFD published in the Trading Account;
  - b) by placing a limit Order to execute a Transaction (buy limit; sell limit; take profit "t/p");
  - c) by placing a stop Order to execute a Transaction (buy stop; sell stop; stop loss "s/l").
- 7.3.7. Market Orders on Professional Account on CFD are executed at VWAP (Volume Weighted Average Price). Prices shown in the Trading Account before placing an Order for market execution are only indicative and are not a binding execution price which will be shown after the effective execution of the Transaction. Market Order shall be rejected, if the Order's volume exceeds the liquidity available in Company at the moment of its execution.
- 7.3.8. Limit Orders on Professional Account on CFD are executed at the price indicated by the Client or better. In case of market execution, when the Order's volume possible to be executed at the price indicated by the Client or better exceeds the liquidity available at the given moment, the Order is executed at the maximum available volume, and the remaining part of the Order remains active until its execution or cancelation.
- 7.3.9. Stop Orders (including stop loss "s/l" Orders) on Professional Account on CFD are executed at market prices valid at the moment of stop level activation, according to the rules specified for market Orders. In case of market execution, when, at the moment of activation, the Order's volume exceeds the available liquidity, the Order is rejected, and stop loss "s/l" Order, after being rejected, is restored with all parameters indicated by the Client and executed at the first market price available after its activation.
- 7.3.10. For buy limit Orders the highest possible limit is the current Ask price. For sell limit Orders the lowest possible limit is the current Bid price. For buy stop Orders the lowest possible limit is the current Ask price. For sell stop Orders the highest possible limit is the current Bid price.

### **7.4. Specific rules for, Stock CFDs and ETF CFDs.**

- 7.4.1. Due to its characteristics rules of placing and executing Orders for, Stock CFD and ETF CFD may differ in some aspects from normal CFD rules as specified above. Prior to entering into any, Stock CFD or ETF CFD Transaction the Client should become aware of how different Order types are executed for these Financial Instruments and how it may influence the price of a Transaction.
- 7.4.2. An Order to execute a Transaction on, Stock CFD or ETF CFD may be placed in the following manner:
- a) by placing a market Order at a current price of an, Stock CFD or ETF CFD, published in the Trading Account;

- b) by placing a limit Order to execute a Transaction (buy limit; sell limit; take profit "t/p");
  - c) by placing a stop Order to execute a Transaction (buy stop; sell stop; stop loss "s/l").
- 7.4.3. Market Orders on, Stock CFD and ETF CFD are executed at VWAP (Volume Weighted Average Price). Prices shown in the Trading Account before placing an Order for market execution are only indicative and are not a binding execution price which will be shown after the effective execution of the Transaction. If relevant Underlying Instrument is currently suspended from trading (frozen) for any reason, then Client's Order will be rejected by the Underlying Exchange or remains active in accordance with the trading rules of the Underlying Exchange.
- 7.4.4. Market orders on Stock CFDs and ETF CFDs having potentially significant impact on market price may be automatically divided into parts before sending to Underlying Exchange for the purpose of achieving best execution price and minimizing impact on the market price.
- 7.4.5.
- 7.4.6. Limit Orders on, Stock CFDs or ETF CFDs are executed at the price indicated by the Client or better. In case of market execution, when the Order's volume possible to be executed at the price indicated by the Client or better exceeds the liquidity available at the given moment, the Order is executed at the maximum available volume, and the remaining part of the Order remains active until its execution or cancelation.
- 7.4.7. Stop Orders on Stock CFDs or ETF CFDs are executed as market Orders in the moment of a given stop level activation.
- 7.4.8. For buy limit Orders the highest possible limit is the current Ask price. For sell limit Orders the lowest possible limit is the current Bid price. For buy stop Orders the lowest possible limit is the current Ask price. For sell stop Orders the highest possible limit is the current Bid price.

Stop Orders and limit Orders on, Stock CFD or ETF CFD, placed without the specified time limit, remains valid until fully executed or cancelled by the Client.

## **8. Orders' time of execution**

- 8.1. The Company executes Clients' Orders in the sequence they are received, unless something different results from Agreement, the conditions of an Order specified by the Client, character of an Order or if such sequence of Order's execution is not in Client's interest. In the period when market opens standard times of Order's executions as set out below do not apply.
- 8.2. An Open Position on CFD shall be closed without Client's consent after 365 days from the date of opening the position unless:
- a) the Client closes the position;
  - b) the Company exercises the right to close Client's Transaction beforehand in situations specified in the Client Agreement.

### **Standard Time of the Execution of the Order**

- 8.3. The Company calculates historical standard time of the execution of the Client's Orders for the previous quarter and makes it public on the Company's Website for information purposes. The Client acknowledges that the standard time of the execution of the Order published by the Company is not a guaranteed time (the Company shall not be obliged to execute the Client's Order in the given standard time nor shall not be liable to the Client for failure to execute the Client's Order in the standard time published on the Company's Website), but only a historic time, which shall be disclosed to the Client only for information purposes.
- 8.4. Delays in the execution of the Client's Order may occur and the Order may not be executed in the standard time in any of the following situations:
- a) breakdown of the IT systems and networks;

- b) suspension or closure of the quotations of the Underlying Instruments or other similar situations;
- c) prices gaps;
- d) erroneous quotation provided by the suppliers of prices or liquidity;
- e) delays in data transmission;
- f) significant volatility of the price of Underlying Instrument;
- g) low liquidity on the Underlying Instrument's market;
- h) exceptional market occurrences on the Underlying Instrument's market;
- i) in the event of the Force Majeure;
- j) imposing the specific conditions of execution of the transactions by a particular basic market;
- k) market opening;
- l) publication of the macroeconomic data;
- m) significant market events;
- n) specific instructions from the Client;
- o) particular for the Financial Instrument conditions of Order's execution;
- p) waiting for a confirmation or execution of the transaction by the liquidity provider;
- q) execution of the pending Order;
- r) rejection of the Order;
- s) the other circumstances described in the Agreement.

8.5. On the Client demand the Company delivers to the Client the information with regard to the time of the execution of a particular Order and the reason for any delays in accordance with the relevant provisions of procedure of filing a complaint.

## **9. Changes to the Spread**

The Company applies a principle of quoting prices of Financial Instruments using variable (floating) Spreads. For detailed rules of quoting prices please refer to the GTC

## **10. Order's size**

Client's Order may be rejected or cancelled if it exceeds the maximal value of Order specified in Condition Tables.

## **11. Warning**

In the event that the Client provided detailed instructions regarding the execution of the Order, the Company may not be able to act in a manner that would allow obtaining the best possible result when executing such an Order with respect to the factors to which such instructions relate.

## **12. Monitoring of the Order Execution Policy**

The Company monitors the implementation of this Policy by verifying the quality of quotations, including the marketability of quoted prices, verification of realized deviations of transaction prices from prices on the transaction platform, monitoring complaints about Orders placed by Clients, and undertaking an independent assessment of the way of Order execution as part of internal control or internal audit.

## **13. Client's Specific Instructions**

- 13.1. Whenever there is a specific instruction from or on behalf of a Client, the Company shall arrange – to the extent possible – for the execution of the Client order strictly in accordance with the specific instruction.

**WARNING:** It is noted that the specific instruction may prevent the Company from taking the steps that it has designed and implemented in this Policy to obtain the best possible result for the execution of those Orders in respect of the elements covered by those instructions. However, it shall be considered that the Company satisfies its obligation to take all sufficient steps to obtain the best possible result for the Client.

13.2. Trading rules for specific markets or market conditions may prevent the Company from following certain of the Client's instructions.

#### **14. Execution on Client Orders**

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

- (a) ensures that Orders executed on behalf of Clients are promptly and accurately recorded and allocated;
- (b) carries out otherwise comparable Client Orders sequentially and promptly unless the characteristics of the Order or prevailing market conditions make this impracticable, or the interest of the client require otherwise;
- (c) informs a Retail Client about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.

#### **15. Execution Venue**

Execution Venues are the third-party entities to which the Orders in Financial Instruments (i.e. "CFDs") are placed for final execution. An "Execution Venue" means a regulated market (e.g. stock exchange), a multilateral trading facility, a systematic internalizer or market maker or another liquidity provider or an entity performing in a third country a function similar to any of the abovementioned.

The Company mainly transmits Client Orders or arranges for their execution with third party (ies) known as Straight Through Processing (STP). Such arrangement can be made to manage the Company's risk and it shall not jeopardize the quality of execution of the Client's order while all abovementioned best execution criteria/factors shall be followed/applied.

There are instances however, where the Company may decide at its own discretion to act as the execution venue of the client's orders.

The Company mainly uses other third-party Institution as Execution Venue. The Execution Venue currently used by the Company is the following:

- a) X-Trade Brokers DM SA

The Company reserves the right to change its Execution Venues at its own discretion.

The Company evaluates and selects the third-party Execution Venues it collaborates with, based on a number of criteria such as (but not limited to) the following:

- a) Regulatory status of the institution;
- b) The ability to deal with large volume of orders;
- c) the speed of execution;
- d) the competitiveness of commission rates and spreads;
- e) the reputation of the institution;
- f) the ease of doing business;
- g) the legal terms of the business relationship;

- h) the financial status of the institution.

The Company selects to work with those third-party venues that enable the Company to obtain on a consistent basis the best possible result for the execution of Client orders.

When providing the investment services of Reception and Transmission of orders the Company shall use as Execution Venue the Broker of the Client that the Client specified, as applicable. It is clarified that when the Client interferes in the characteristics of the Provider's Order when the Automatic Orders Feature is activated, the Company shall use as its Execution Venue the Client's Broker. It is further clarified that should the Client decide to deactivate the Automatic Orders Feature; his Open Positions will be closed at current prices and the Order shall still be executed via the Broker of the Client.

The Client acknowledges that the transactions entered in CFDs with the Company are not undertaken on a recognized exchange/regulated market, rather they are undertaken over the counter (OTC) and as such they may expose the Client to greater risks than regulated exchange transactions.

## **16. Important Disclosures**

16.1. In cases where the Company acts as an STP Broker (i.e. places the clients' orders for execution to third party liquidity providers), the Company undertakes to 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 the client orders were executed in the preceding year and information on the quality of execution obtained, in accordance to the relevant regulatory requirements.

The Company will publish an annual Execution Quality Summary Statement (EQSS) which will, for each class of financial instruments, include a summary of the analysis and conclusions the Company will draw from its detailed monitoring of the quality of execution obtained on the execution venues where all client orders were executed in the previous year.

The EQSS will include:

- (a) an explanation of the relative importance the Company gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;
- (b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;
- (c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;
- (d) an explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred;
- (e) an explanation of how order execution differs according to client categorisation, where the Company treats categories of clients differently and where it may affect the order execution arrangements;
- (f) an explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the Client;
- (g) an explanation of how the Company has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575;
- (h) where applicable, an explanation of how the Company has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.

**The first annual report will be published by the end of April 2018**

16.2. In cases where the Company acts as the execution venue for its clients' orders, it will publish every quarter on its website a report that will contain data of the execution quality (i.e. details about price, costs, speed and likelihood of execution for every individual financial instrument offered) based on the relevant regulatory requirements, as follows:

- a) By 30 June, information regarding the time period 1 January to 31 March;
- b) By 30 September, information regarding the time period 1 April to 30 June;
- c) By 31 December, information regarding the time period 1 July to 30 September;
- d) By 31 March, information regarding the time period 1 October to 31 December;

**The first quarterly report will be published by 30 June 2018 and will cover a reporting period that is representative of the first quarter of 2018.****17. Amendment of the Policy and Additional Information**

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

17.2. Should you require any further information and/or have any questions about the Policy please direct your request and/or questions to [cs@xtb.com](mailto:cs@xtb.com)