

BEST EXECUTION POLICY

Introduction

Introduction We are XTBLimited ("XTBLimited", "XTB" "we", "us" or "our") a company registered in England and Wales (Company Number 07227848) and authorised and regulated by the Financial Conduct Authority ("FCA") (Firm reference number 522157)

General provisions

- A. XTBLimited (XTB) is required to act honestly, fairly, professionally and in accordance with the best interest of its Clients. XTB has therefore adopted this Best Execution Policy (hereinafter the "Policy"), which determines the detailed principles of executing Orders in order to achieve the best possible results for the Clients.
- B. 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 XTB." (hereinafter "GTC").
- C. This Policy applies to retail and professional Clients only. Detailed information on Client classification is in the Clients' classification policy available on the XTB's Website.
- D. XTB reviews the Policy at least once a year.
- E. Any changes to the Policy are notified to the Client in accordance with the relevant GTC.

I. Financial Instruments CFD type (contracts for difference)

1. General provisions regarding Financial Instruments CFD type

- 1.1. XTB acts as the second party to the Transactions concluded in order to execute the Client's Order. XTB operates in accordance with the relevant provisions of law on the prevention of conflicts of interest and has adopted an internal procedure for the prevention of conflicts of interest.
- 1.2. Clients' orders are executed over-the-counter (OTC), which means that Orders are executed outside the regulated market or a multilateral trading platform, to which the Client hereby agrees.
- 1.3. Detailed information on the basic rules of conduct of XTB in the event of a conflict of interest, including the reception and transmission of incentives is available in the Information on general principles of managing conflicts of interest in X-Trade Brokers Dom Maklerski S.A. available on the XTB's Website.

2. Area of application

- 2.1. This chapter of the Policy applies to all Orders executed outside the regulated market or alternative trading system, concerning CFDs.

3. Place of execution of orders

- 3.1. Due to the fact that XTB acts as the other party to the Transactions concluded with the Client on Financial Instruments, the place of execution of Orders is XTB for CFDs.
- 3.2. Considering that the place of execution of Client's order is XTB as the other party to the transaction and Client's orders are executed outside the trading venues, the Client is exposed additionally to the counterparty credit risk, which means the risk of default by XTB resulting from the transaction prior to the final settlement of cash flows related to this transaction. At the Client's request, XTB will provide additional information on the consequences of such a way of executing Orders.

4. Execution criteria (as regards CFDs)

- 4.1. XTB takes all sufficient 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, technological stability, and other factors.
- 4.2. XTB 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.
 - b) 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.
 - c) 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.
 - d) Technological stability – high rank, XTB makes reasonable effort to ensure the highest quality of technology and applies measures aimed at the best possible execution of Client's orders.
 - e) Order execution costs – high rank. The execution costs, such as spreads, swap points and commissions, are set by XTB at the lowest possible level.
 - 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. XTB 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.
 - g) 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. XTB immediately notifies the Client about all circumstances that prevent the execution of the Order.
- 4.5. XTB may rely on its counterparties to execute certain Orders.

5. Quotation of prices

- 5.1. On Trading Days XTB 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 XTB'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 XTB's Website.
- 5.4. Detailed description of Financial Instrument Prices formation for cryptocurrencies based in CFD instruments is available on XTB's website.
- 5.5. XTB 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. Order's Execution

- 6.1. General provisions

- 6.1.1. Subject to the other provisions of the Agreement, the instant Orders are executed at the price indicated by the Client. XTB reserves the right, but not the obligation, to reject the Client's Order, if at the moment of its execution, the price of the Underlying Instrument provided by the Reference Institution differs from the price of the Client's Order of at least 0,5 Standard Transactional Spread value specified by XTB for a particular Financial Instrument in the Condition Tables.
- 6.1.2. The stop Orders and limit Orders may be placed only when a given Financial Instrument is traded, with the reservation that XTB may accept stop and limit Orders on selected trading platform for selected Financial Instruments specified in the Condition Tables outside of the Trading Day.
- 6.1.3. The stop Orders and limit Orders at the opening of the market are executed always on the market opening price.
- 6.1.4. Instant, 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.

6.2. Specific rules for CFDs.

Basic Account

- 6.2.1. For Basic Account the stop Orders and limit Orders cannot be placed if the absolute value of the difference between the price of the Order's activation and the current Financial Instrument Price, and in case of placing stop Orders and limit Orders outside of the Trading Day the last Financial Instrument Price is lower than the minimum limit for a given Financial Instrument. Limit Values are available on the XTB's Website. The limits can be raised in case of the economic data publication (defined in the section Calendar available on the XTB's website) or in case of a high market volatility on a given Financial Instrument.
- 6.2.2. Limits may be increased at market openings e.g. on Sunday at 11 pm. Standard limit values are restored to fixed values usually within 10 to 20 minutes, however, in cases of limited liquidity and enlarged volatility, this period may last longer.
- 6.2.3. An Order to execute a Transaction on CFD on the Basic Account may be placed in the following manner:
 - a) by placing an instant 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").
- 6.2.4. Limit Orders on Basic Account on CFD are executed at the price indicated by the Client or better. Buy stop Orders and sell stop Orders are executed at the first available market price if the market price reaches or exceeds the price indicated by the Client.
- 6.2.5. 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. All above mentioned limits should be adjusted according to the limit values for Financial Instruments.
- 6.2.6. Stop loss "s/l" Orders on the open market on Basic Account for CFDs are guaranteed to be executed at the price indicated by the Client. At the moment of market opening 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.
- 6.2.7. Margin close out for all 'Basic Accounts' is set at 50% on an account level basis. XTB will close your largest losing position first in order to increase your margin level back to above 50%.

Standard Account

- 6.2.8. An Order to execute a Transaction on CFD on the Standard Account may be placed in the following manner:
 - a) depending on the offer available for the Client, as described on XTB'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;
 - 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").
- 6.2.9. 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 XTB at the moment of its execution.
- 6.2.10. 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 cancellation.
- 6.2.11. 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.
- 6.2.12. 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.
- 6.2.13. Margin close out for all 'Standard Accounts' is set at 50% on an account level basis. XTB will close your largest losing position first in order to increase your margin level back to above 50%.
- 6.2.14.

Professional Account

- 6.2.15. 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").
- 6.2.16. 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 XTB at the moment of its execution.
- 6.2.17. 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 cancellation.

- 6.2.18. 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.
- 6.2.19. 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.
- 6.2.20. Margin close out for all 'Professional Accounts' is set at 50% on an account level basis. XTB will close your largest losing position first in order to increase your margin level back to above 50%.
- 6.2.21.

6.3. Specific rules for Stock CFDs and ETF CFDs.

- 6.3.1. 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.
- 6.3.2. 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").
- 6.3.3. 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.
- 6.3.4. 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.
- 6.3.5. 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 cancellation.
- 6.3.6. Stop Orders on Stock CFDs or ETF CFDs are executed as market Orders in the moment of a given stop level activation.
- 6.3.7. 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.
- 6.3.8. Stop Orders and limit Orders on Stock CFD or ETF CFD, placed without the specified time limit, remains valid until the end of a given session.

7. Orders' time of execution

- 7.1. XTB 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.
- 7.2. With the reservation of specific provisions of the GTC, an Open Position on CFD shall be closed without Client's consent after 365 days from the date of opening the position, at the first Financial Instrument Price provided by XTB after that period, unless:
 - a) the Client closes the position;
 - b) XTB exercises the right to close Client's Transaction beforehand in situations specified in the GTC.

Standard Time of the Execution of the Order

- 7.3. XTB calculates historical standard time of the execution of the Client's Orders for the previous quarter and makes it public on the XTB's Website for information purposes. The Client acknowledges that the standard time of the execution of the Order published by XTB is not a guaranteed time (XTB 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 XTB's Website), but only a historic time, which shall be disclosed to the Client only for information purposes.
- 7.4. 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.
- 7.5. On the Client demand XTB 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 provisions of GTC regarding procedure of filing a complaint.

8. Changes to the Spread

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

9. Order's size

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

10. Warning

In the event that the Client provided detailed instructions regarding the execution of the Order, XTB 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.

11. Monitoring of the Best Execution Policy

XTB 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.

