

Order Execution Policy



FXNET Limited is a Cypriot Investment Firm; authorized and regulated by CySEC under license No. 182/12

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1. Introduction

FXNET Limited (the 'Company') is a Cypriot Investment Firm (CIF) which is authorized and regulated by the Cyprus Securities and Exchange Commission ('CySEC'), under license number 182/12, incorporated and registered under the laws of the Republic of Cyprus (Certificate of Incorporation No. 300624), registered office at 4 Theklas Lysioti St, Harmony House, Office 31, 3rd floor, 3030 Limassol, Cyprus.

2. Scope

- 2.1 The Order Execution Policy (the 'Policy') contains the most important and relevant components of the Company's execution policy which provides information in respect to orders and helps Clients to effectively use order execution services provided by the Company.
- 2.2 The Company is obliged to take all reasonable steps to obtain the best possible result ('Best Execution') on behalf of its Clients when executing orders, as provided in the Best Execution Policy.
- 2.3 When establishing a business relation with the Client, the Company is required to obtain Client's prior consent to the Order Execution Policy. The Company is also required to obtain Client's prior express consent before it transmits Client's order for execution outside a regulated market or an MTF (Multilateral Trading Facility).
- 2.4 The Company will monitor the effectiveness of its Order Execution arrangements and this Policy and regularly assess whether or not the execution venues it accesses continue to provide the best possible results for orders it executes on behalf of Clients. The Company will review, at least annually or when a material change occurs, both its order execution arrangements and this Policy. Material changes to this Policy will be notified through the Company website and be available to actual and potential Clients.

3. Application

3.1 The Policy applies to following Financial Products:

- Transferable Securities.
- Money-market instruments.
- Units in collective investment undertakings.
- Options, futures, swaps, forward rate agreements and any other derivative

- contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash.
- Financial contracts for difference.
- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as any other contract relating to assets, rights, obligations, indices and measures not otherwise mentioned in this part, which have the characteristics of other financial instruments, having regard to whether, inter alia, are traded on a regulated market or an MTF, are cleared and settled through recognized clearing houses or are subject to regular margin calls.

4. Types of Orders

4.1 The Company provides the Client with an option to place following types of Orders:

- A Market Order which is an order that the Company makes every effort to execute at the best available price. Generally, this order will be executed immediately, however, the price at which a market order will be executed is not guaranteed, and may be executed at a worse or better price, known as negative or positive slippage. The Client may attach a stop loss and/or a take profit and/or a trailing stop after the market order is executed.
- A Limit or Range Order which is an order to sell a financial instrument at no less than a specific price or buy a financial instrument at no more than a specific price. The Client may attach a stop loss and/or a take profit before the order is executed. In this case the order will be executed at the price specified or better. A trailing stop can be attached after the order is executed.
- A Pending Order or an Entry Order which is an order to be executed at a later time and a price that the Client specifies. When the price reaches the price specified by the Client, then the order becomes a market order. Negative and positive slippage applies to pending orders. The Client has the option to place the following pending or entry orders:
 - i. A Buy Limit Order, which is a pending or entry buy order placed below the current market price. If the market price drops to the level of the buy order that order is then triggered.
 - ii. A Buy Stop Order, which is a pending or entry buy order placed above the current market price. If the market price rises to the level of the buy order that order is then triggered.

- iii. A Sell Limit Order, which is a pending or entry sell order placed above the current market price. If the market price rises to the level of the sell order that order is then triggered.
 - iv. A Sell Stop Order, which is a pending or entry sell order placed below the current market price. If the market price drops to the level of the sell order that order is then triggered.
- A Trailing Stop Order which is a stop loss order set in terms of points (pips) level below the market price – for a long position and above the market price – for a short position. The trailing stop price is adjusted as the price fluctuates.

5. Best Execution Criteria

5.1 When executing Client's order, the Company may take into account the following criteria for determining the relative importance of price, costs, speed, likelihood of execution and settlement, size and any other consideration relevant to order execution (the 'Execution Factors'):

- the characteristics of the Client including his/her classification as Retail or Professional
- the characteristics of the Client's Order
- the characteristics of the financial instruments that are the subject of that order
- the characteristics of the execution venues to which that order can be directed.

5.2 For Retail Clients, the best possible result 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, including execution venue fees, clearing and settlement fees.

6. Best Execution Factors

6.1 The Company shall take all reasonable steps to obtain the best possible result for its Clients taking into account the following factors when dealing with Clients' orders against the Company's quoted prices:

i. **Price:**

Bid – Ask Spread: For any given Financial Instrument, the Company will quote two prices: the higher price ASK at which the client can buy (go long) that Financial Instrument, and the lower price (BID) at which the client can sell (go short) that Financial Instrument; collectively they are referred to as the Company's price. The difference between the lower and the higher price of a given Financial Instrument is the spread.

ii. Orders:

Such orders as Buy Limit, Buy Stop and Stop Loss/ Take Profit for opened short positions are executed as ASK price. Such orders as Sell Limit, Sell Stop and Stop Loss/Take Profit for opened long position are executed at BID price. All orders once triggered are executed as Market Orders at the best available price.

iii. Costs:

The Client is charged a spread (liquidity quoted prices plus a mark-up) and may be requiring paying swaps (overnight interest rate) or commission, if applicable, in some financial instruments depending on the account type. Commissions and Swaps are not incorporated in to the Company's quoted prices, but charged separately. A detailed information regarding costs is provided in the 'Costs, Fees and Charges' section of the Company's Terms and Conditions.

- Swaps are charged in the form of points (pips) or monetary terms depending on the financial instrument, which are based on market interest rates, which may vary from time to time. The Company has the right to change the swap rates at any given time without any notice.
- Commissions may be charged in the form of a fixed amount or in terms of points of the overall value of the trade.

iv. Speed of Execution:

The Company acts as an agent and not as a principal on the Client's behalf; therefore, the Company's Execution Venues for the execution of the Client's orders are various financial institutions such as Banks or other Dealer Brokers. For that reason, speed of execution depends on these Execution Venues. 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.

v. Likelihood of Execution:

The Company acts as an agent and not as a principal on the Client's behalf; therefore, the Company's Execution Venues for the execution of the Client's orders for the financial instruments offered by the Company are Banks or other Dealer-Brokers. As the Company received direct liquidity from the markets, the execution may be more difficult. Therefore, the likelihood of execution depends on the availability of prices of other market makers / financial institutions (Execution Venues). This means that likelihood of execution depends on the availability of prices of other market makers / financial institutions. Although the Company arranges for the execution of all orders placed by the Clients, it reserves the right to decline an order of any type or to execute the order at the best available price.

vi. Likelihood of Settlement:

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

vii. Size of Order:

The minimum size of an order is 0.01 lots, which depends on the account type and instrument traded. A lot is a unit measuring the transaction amount and it is different for each type of financial instrument. Please refer to the Company website for the value of each lot for every financial instrument. The Company reserves the right to decide on the minimum/maximum size of an order (lot size) based on the Clients profile and/or initial deposit. The maximum order size for all account types is 20 lots, but the Company reserves the right to alter the maximum order size at any given time. The Company reserves the right to decline an order.

7. Execution Venues

7.1 Execution Venues are the entities with which the orders are placed or to which the Company transmits orders for execution. For the purposes of orders in the various financial instruments offered, the Company acts as an agent on the Client's behalf and not as a principal; therefore, the Company's Execution Venues for the execution of the Client's orders are various financial institutions such as Banks and other Dealer-Brokers. The transactions entered by the Client in financial instruments with the Company are not undertaken on a recognized exchange or an MTF (Multilateral Trading Facility), rather they are undertaken over the counter (OTC) through the Company's Trading Platform and, accordingly, they may expose the Client to greater risks than regulated exchange transactions.

8. Execution Risk

8.1 The Client shall be aware of the following execution risks:

i. Market Volatility:

There may be significant market movement after a news announcement or economic event or between the close and re-opening of a market which will have a significant impact on the execution of an order. Clients should be aware of the following risks associated with volatile markets, especially at or near the close of the standard trading session:

- An order may be executed at a substantially different price from the quoted bid or offer.
- Executed or may be executed in several shapes at different prices.
- Opening prices may differ significantly from the previous day's close.

In respect to the above market risks, the Company will take all reasonable steps to obtain the best available price for its Clients.

ii. Slippage

Due to fast moving markets, all type of Orders as disclosed in the General Trading Conditions section of the Agreement will be executed at prices worse or better due to Negative or Positive Slippage, although the Company will take all reasonable steps to provide Clients the best available price.

It is important to note that Slippage does not affect the Negative Balance Protection and therefore the Client will never lose more than the amount invested (including any profit, if gained), even if a slippage occurs. In addition, transactions in some currencies (e.g. RUB) or other instruments (e.g. shares, indices) which are not traded on a 24 hours basis, may experience a Market Gap on a daily basis and are therefore more susceptible to slippage.

iii. Technical Errors

In some cases, delays in execution beyond the Company's control may occur as a result of technical failures or malfunctions in connection with use of the Company's Online Trading Facility or internet connectivity or processing speed for which the Company does not accept responsibility.

9. Monitor and Review

9.1 The Company will monitor the effectiveness of its order execution arrangements and this Policy and regularly verify whether the execution venues it accesses continue to provide the best possible results for orders executed on behalf of Clients. The Company will review, at least annually or when a material change occurs, both its order execution arrangements and this Policy. Material changes to this Policy will be notified through the Company's Website and be available to existing and potential Clients.

10. Market Hours

- 10.1** During the European and North American winter, the weekly activity begins on Sunday at 22:05 GMT continuously until Friday, 21:00 GMT. During the Day Light Saving times in these regions, the weekly market activity begins on Sunday at 21:05 GMT and ends on Friday at 20:00. Market activity hours may vary due to public holidays or due to unusual liquidity conditions which may arise from exceptional global events. Opening or Closing times may also be altered by the Company due to liquidity and risk management considerations. It should be noted that trading of certain financial instruments occurs during specific time frames.

11. Amendments to Policy

- 11.1** The Company reserves the right change and update the terms of this Order Execution Policy from time to time. All amended terms shall be effective five (5) calendar days after their initial posting on the Company's Website, or as of the first time that the Client access and or uses Online Trading Facility after such amendments were made, whichever is sooner, unless the Company amends the Order Execution Policy to comply with legal or regulatory requirements. In the latter cases the amendments will become effective as required, or ordered.