



XM

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ORDER EXECUTION POLICY



Introduction

Trading Point of Financial Instruments Ltd operating under the trading name XM.com is a Cypriot Investment Firm ("CIF") registered with the Registrar of Companies in Nicosia under number: HE 251334, and regulated by the Cyprus Securities & Exchange Commission ("CySEC") under license number 120/10 (hereinafter called the "Company").

The Company is operating under Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC, as the same may be in force from time to time and modified or amended from time to time (the "Markets in Financial Instruments Directive (2004/39/EC)" or "MiFID").

Following the implementation of the Markets in Financial Instruments Directive (MiFID) in the European Union and in accordance with the Investment Services and Activities and Regulated Markets Law of 2007 (Law 144(I)/2007) in Cyprus, the Company is required to provide its clients and potential clients with its Order Execution Policy (hereinafter the "Policy").

Under the above legislation, the Company is required to take all reasonable steps to obtain the best possible result (or "best execution") on behalf of its clients either when executing client orders or receiving and transmitting orders for execution. These rules require firms to put in place an execution policy which sets out how it will obtain best execution for its clients and to provide appropriate information to its Clients on its order execution policy.

This Policy forms part of our Terms and Conditions of Business and is incorporated therein by reference. Therefore, by agreeing with our Terms and Conditions of Business, which is a contractually binding agreement between you and the Company, you are also agreeing to the terms of the Policy set forth in this document.

Scope and Services

The Policy applies to retail and professional clients. Therefore, if the Company classifies the Client as an eligible counterparty, this Policy does not apply to the respective Client.

This Policy applies when executing transactions with you for the Financial Instruments provided by the Company. The Financial Instruments provided by the Company are derivatives of an underlying financial instrument, and it is up to the Company's discretion to decide which types of Financial Instruments to make available and to publish the prices at which these can be traded. The Company is always the counterparty (or principal) to every trade; therefore if the Client decides to open a position in a Financial Instrument with the Company, then that open position can only be closed with the Company.

The Client is given the option to place with the Company the following orders for execution in the following ways:

- The Client places a “Market Order” which is an order instantly executed against a price that the Company has provided. The client may attach to a market order a Stop Loss and/or Take Profit. Stop Loss is an order to limit Client’s loss, whereas Take Profit is an order to limit Client’s profit.
- The Client places a “Pending Order”, which is an order to be executed at a later time at the price that the Client specifies. The Company will monitor the pending order and when the price provided by the Company reaches the price specified by the Client, the order will be executed at that price. The following types of pending orders are available: ‘Buy Limit’ (an order to purchase a Financial Instrument at or below a specified price), ‘Buy Stop’ (an order to buy a Financial Instrument, which is entered at a price above the current offering price; it is triggered when the market price touches or goes through the buy stop price), ‘Sell Limit’ (an order to sell a Financial Instrument at a specified price or better), and ‘Sell Stop’ (an order to sell a Financial Instrument when it reaches a certain price). You may attach to any ‘Pending Order’ a ‘Stop Loss’ and/or ‘Take Profit’.

In the case that the Client has no balance and no activity (trading/withdrawals/deposits) in his trading account for thirty (30) calendar days, any pending order(s) may be deleted.

- You may hold up to 200 positions simultaneously (considered as summary of “Market” and “Pending Orders” per “Client”).

The Client may modify an order before it is executed. The Client has no right to change or remove Stop Loss, Take Profit and Pending Orders if the price has reached the level of the order execution.

Best Execution Factors

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

1. Price:

- a. **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.
- b. **Pending Orders:** Such orders as Buy Limit, Buy Stop and Stop Loss / Take profit for opened short position are executed at ASK price. Such orders as Sell Limit, Sell Stop and Stop Loss / Take profit for opened long position are executed at BID price.
- c. **Company’s price:** The Company’s price for a given Financial Instrument is calculated by reference to the price of the relevant underlying financial instrument, which the Company

obtains from third party external reference sources. The Company's prices are constructed with reference to the given Financial Instrument Spreads and Conditions, which can be found in the Company's website. The Company updates its prices as frequently as the limitations of technology and communications links allow. The Company reviews its used third party external reference sources at least once a year, to ensure that the data obtained continue to be competitive. The Company will not quote any price outside Company's operations time (see Execution Venue below) therefore no orders can be placed by the Client during that time.

2. **Costs:** For opening a position in some types of Financial Instruments the Client may be required to pay commission or financing fees, if applicable, the amount of which is disclosed in the Spreads and Conditions in the Company's website.
 - a. **Commissions:** Commissions may be charged either in the form of a percentage of the overall value of the trade or as fixed amount.
 - b. **Financing Fee:** In the case of financing fees, the value of opened positions in some types of Financial Instruments is increased or reduced by a daily financing fee "swap" throughout the life of the contract. Financing fees are based on prevailing market interest rates, which may vary over time. Details of daily financing fees applied are available under Spreads and Conditions section in the Company's website.

For all types of Financial Instruments that the Company offers, the commission and financing fees are not incorporated into the Company's quoted price and are instead charged explicitly to the Client account.

3. **Speed of Execution:** As it is explained in the Execution Venue section of this Policy, the Company acts as principal and not as agent on the Client's behalf; therefore, the Company is the sole Execution Venue for the execution of the Client's orders for the Financial Instruments provided by the Company. 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.

If the Client undertakes transactions on an electronic system, he/she will be exposed to risks associated with the system including the failure of hardware and software (Internet / Servers). The result of any system failure may be that your order is either not executed according to your instructions or it is not executed at all. The Company does not accept any liability in the case of such a failure. The use of wireless connection or dial-up connection or any other form of unstable connection at the Client's end, may result in poor or interrupted connectivity or lack of signal strength causing delays in the transmission of data between the Client and Company's when using the Company's Electronic Trading Platform. This delay may result in sending to the Company out of date "market orders". In this case the Company will update the price and execute the order at the market price available.



The Client may request the Company to execute upon receipt instructions conveyed by telephone, facsimile, e-mail or any other written or oral means of communication that each of the present and future account holders, attorneys and duly authorized representatives shall give individually to the Company, even if these instructions are not followed by a confirmation in writing. The Company does not accept any liability in case of misunderstanding, error in the identification of the person giving the instruction or other errors on its part related to such method of communication and which may involve losses or other inconveniences for the Client. The Company reserves the right not to execute instructions transmitted by telephone or fax. Telephone conversations may be recorded, and you will accept such recordings as conclusive and binding evidence of the instructions.

- 4. Likelihood of Execution:** As it is explained in the Execution Venue section of this Policy, the Company acts as principal and not as agent on the Client's behalf; therefore, the Company is the sole Execution Venue for the execution of the Client's orders for the Financial Instruments provided by the Company. Although the Company executes all orders placed by the Clients, it reserves the right to decline an order of any type or execute the order at the first available market price.

Orders: Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit, Sell Stop on Financial Instrument contracts are executed at the declared by the Client price on the first current price touch. But under certain trading conditions it may be impossible to execute orders (Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit, Sell Stop) on any Financial Instrument contract at the declared price. In this case the Company has the right to execute the order at the first available price. This may occur, for example, at the following cases:

- a. Trading Session start moments,
- b. During news times,
- c. During volatile markets where prices may move significantly up or down and away from declared price,
- d. 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,
- e. If there is insufficient liquidity for the execution of the specific volume at the declared price,

The Company strives to provide the best possible price to its clients, and makes every effort and necessary arrangements to do so; however it may be impossible to guarantee the execution of any or all of the pending orders at the declared price.

The minimum level for placing Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit and Sell Stop orders is between 1 to 5 times the spread for a given Financial Instrument.

- 5. Likelihood of settlement:** The Company shall proceed to a settlement of all transactions upon execution of such transactions.

6. Size of order: The minimum size of an order is 0.01 lots. A lot is a unit measuring the transaction amount and it is different for each type of Financial Instrument. Please refer to the Spreads and Conditions in the Company's website for the value of each lot for a given Financial Instrument type. The Company reserves the right to decline an order as explained in the terms and conditions entered with the Client.

The Company makes every effort to fill the order of the Client irrespective of the volume. However, if this is achieved, it may be at a best available price, different from declared price, as the market liquidity may allow at the time of execution. (See likelihood of execution)

7. Market Impact: Some factors may affect rapidly the price of the underlying financial instruments from which the quoted Company price for its Financial Instruments is derived. These factors may influence some of the factors listed above. The Company will take all reasonable 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.

Best Execution Criteria

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 taking into account the criteria described below:

- a. the characteristics of the client including the categorization of the client as retail or professional
- b. the characteristics of the client order
- c. the characteristics of financial instruments that are the subject of that order
- d. the characteristics of the execution venues to which that order can be directed

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 and any other fees paid to third parties involved in the execution of the order.

Execution Venue(s)

Venue: 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 for the Financial Instrument provided by the Company, the Company acts as principal and not as agent on the Client's behalf; therefore the Company is the sole Execution Venue for the execution of the Client's orders. The Company does not transmit the Client order in the external market if the order is for the financial instrument provided by the Company.



Operating hours: The Company's operation hours are as follows:

- a. Round - the - clock: from 00.00.01 A.M. Cyprus Time (GMT +2) Monday through 00.00.00 P.M. Cyprus Time (GMT +2) Friday.
- b. Non-working periods: from 00.00.01 A.M. Cyprus Time (GMT +2) Saturday through 00.00.00 P.M. Cyprus Time (GMT +2) Sunday. Holidays will be announced through the internal mail of the trading terminal supplied by the Company.

Best Execution: The Company places significant reliance to the above Execution Venue based on the above mentioned factors and their relevant importance. It is the Company's policy to maintain such internal procedures and principles in order to act for the best interest of its Clients and provide them the best possible result (or "Best Execution") when dealing with them.

Off-exchange transactions: The Client acknowledges that the transactions entered in Financial Instruments with the Company are not undertaken on a recognized 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 (closing) price of an order in case of any technical failure of the trading platform or quote feeds. 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 Instruments during the opening hours of the Company's Trading Platform. The Client also has to close any position with the same counterparty with whom it was originally entered into, i.e. the Company.

Monitor and Review

The Company will monitor on a regular basis the effectiveness of this Policy and, in particular, the execution quality of the procedures explained in the Policy and, where appropriate, reserves the right to correct any deficiencies.

In addition, Company will review the Policy at least annually. A review will also be carried out whenever a material change occurs that affects the ability of the Company to continue to the best possible result for the execution of its client orders on a consistent basis using the venues included in this Policy. The Company will notify its affected clients on any changes in its Policy.

Client Consent

When establishing a business relation with the Client, the Company is required to obtain the Client's prior consent to this Policy. The Company is also required to obtain the Client's prior express consent before it executes or transmits its order for execution outside a regulated market or an MTF (Multilateral Trading Facility).



The Company may obtain the above consents in the form of a general agreement where the Client is informed that any orders placed with the Company for the Financial Instruments offered by the Company, the Company acts as the principal and the Company is the sole Execution Venue which is a non-regulated market.

The Company reserves the right to review and/or amend its Policy and arrangements, at its sole discretion, whenever it deems fit or appropriate.