

## ORDER EXECUTION POLICY

### Introduction

FX Global Markets (FXGM) Ltd (hereinafter called the “Company”) is an Investment Firm regulated by the Cyprus Securities and Exchange Commission (license number 074/06).

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 agreement. Therefore, by entering into an agreement with the company, you are also agreeing to the terms of our order execution policy, as set out in this document.

### Scope and Services

The Policy is effective from 1st November 2007 and applies to retail and professional clients.

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 Counterparty (or principal) to every trade is always ForexCT;

therefore if the Client decides to open a position in a financial instrument with ForexCT, then that open position can only be closed with ForexCT.

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 may enter, cancel or modify the Stop Loss and/or Take Profit of an open position at any given moment. Once the position has been closed the client cannot alter the Stop Loss and Take Profit levels.
- The Client places an “entry order”, which an order to be executed at a later time at the price that the Client specifies. 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 entry orders are available: Buy Limit and Sell Limit. The Client may attach to any entry order a Stop Loss and/or Take Profit. The client may enter, cancel or modify the Stop Loss and/or Take Profit of an entry order at any given moment. Once the position has been closed the client cannot alter the Stop Loss and Take Profit levels.

## **Best Execution**

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:** 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. Short positions

will be closed at the ASK price (whether the transaction is closed manually by the client or through the Stop Loss or Take Profit). Long positions will be closed at the BID price (whether the transactions are closed manually by the client or through the Stop Loss or Take Profit). 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 specification, 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.

**Orders:** Stop Loss, Take Profit, Buy Limit, Sell Limit, on financial instruments contracts are executed at the price specified by the client 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 next best price. This may occur, for example, at times of 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, trading session start moments, during volatile markets where prices may be moving significantly up or down and away from declared price and during news time.

- 2. Costs:** For opening a position in some types of financial instruments the Client may be required to pay commission or financing fees, the amount of which is disclosed in the Contracts Specification in the Company's website. Commissions may be charged either in the form of a percentage of the overall value of the trade or as fixed amount. 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 on the financial instruments Contracts Specifications 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/paid 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 an agent and not as a principal on the client's behalf, therefore, the Company's sole Execution Venue for the execution of the Client's orders for financial instruments is ForexCT. 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. The use of any form of unstable internet connection may result in delays in the transmission of data between the Client and the Company when using the Company's electronic trading platform. The delay might result in sending to the Company out of date "market orders" which might be declined by the Company or cause the Company to send an updated price for approval before execution.
- 4. Likelihood of Execution:** As it is explained in the Execution Venue section of this Policy, the Company acts as an agent and not as a principal on the Client's behalf; therefore, ForexCT is the sole Execution Venue for the execution of the Client's orders for 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 to offer the Client a new price for "market order". In last case the Client can either accept or refuse the new price as explained in the agreement entered with the Client.
- 5. Likelihood of settlement:** The Company shall proceed to a settlement of all transaction upon execution of such transactions.
- 6. Size of order:** The minimum size of an order is:

  - a) 0.05 lots (one twentieth of a lot) in PROfit platform and
  - b) 0.1 lots (one tenth of a lot) in MT4 platform.

A lot is a unit measuring the transaction amount and it is different for each type of financial instrument. Please refer to the financial instruments contract Specification in the Company's website for the value of each lot for a given financial instrument type. 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. Although there is no maximum size of an order where the Client can place with the Company, the Company reserves the right to decline an order as explained in the agreement entered with the Client.

- 7. Market Impact:** Some factors may affect rapidly the price of the underlying financial instruments from which the quoted Company price for 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.

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 instruments 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 Venues**

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 instruments provided by the Company, the Company acts as an agent on the Client's behalf; therefore ForexCT is the sole Execution Venue for the execution of the Client's orders. The Company does not transmit the Client's order in the external market if the order is for financial instruments provided by the Company.

The Company's operation time is round – the – clock from Sunday 22.00.01 Greenwich Mean Time (GMT) through Friday 22:00.00 Greenwich Mean Time (GMT). Non working periods: from Friday 22:00:01 Greenwich Mean Time (GMT) through Sunday 22.00.00 Greenwich Mean Time (GMT). Holidays are announced via the Company's main website.

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.

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.

For this reason, 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 ForexCT. The Client is obliged to close an open position of any given financial instrument during the opening hours of the Company's Trading Platform. The Client

also has to close any position with the same counterparty with whom it was originally entered into, thus ForexCT.

## **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 Instrument offered by the Company, the company acts as an agent on the Client's behalf; The sole Execution Venue for the execution of the Client's orders is ForexCT, which is a non-regulated market.