

The logo features a stylized 'X' in light blue followed by the word 'TRADE' in dark blue. Below this, the text 'ONLINE CFD TRADING' is written in a smaller, dark blue, sans-serif font.

XTRADE
ONLINE CFD TRADING

SUMMARY

BEST INTEREST AND ORDER EXECUTION POLICY

February 2017

1. Introduction

Xtrade Europe Ltd (ex. XFR Financial Ltd.) (hereinafter “the Company”) is a Cypriot Investment Firm (“CIF”) registered (Certificate of Incorporation No. HE248449) in the Republic of Cyprus through the Department of Registrar of Companies and Official receiver and is authorized and regulated by the Cyprus Securities and Exchange Commission (hereinafter “CySEC”) under License Number 108/10.

Following the implementation of the Markets in Financial Instruments Directive (EU 2004/39/EC) (MiFiD) as well as the Investment Services and Activities regulated Markets Law 144(1)/2007 the Company is required to provide its Clients and potential Clients with its Order Execution Policy (hereinafter the “the Policy”).

Under the above legislation, the Company is required to take all reasonable steps to act in the best interest of its Clients and to achieve the best execution results when executing Client Orders and to comply, in particular, with the principles set out in the Law when providing investment services.

Further to this, the Client also agrees/consents to the fact that his orders will be executed outside a Regulated Market (e.g. Licensed European Stock Exchange) or a Multilateral Trading Facility (e.g. European Financial Trading System).

2. Scope

This Policy applies only to Retail and Professional Clients (as defined in the Company’s Client Classification Policy).

This Policy applies when executing orders for the Client for all the types of Contracts for Difference (“CFDs”) as applicable, offered by the Company.

3. Best Execution Factors

The Company shall take all reasonable steps to obtain the best possible results for Clients taking into account the following factors when dealing with Client orders: price, costs, speed, likelihood of execution and settlement, size, market impact or any other consideration relevant to the execution of the order. We do not consider the above list exhaustive and the order in which the above factors are presented shall not be taken as priority factor.

We will determine the relative importance of the above best execution factors by using our commercial judgment and experience in the light of the information available on the market and taking into account the criteria described below:

- (a) **Price:** For any given CFD, the Company will quote two prices: the higher price (ASK) at which the Client can buy (go long) that CFD, and the lower price (BID) at which the Client can sell (go short) that CFD. Collectively, the ASK and BID prices are referred to as the Company's price. The difference between the **BID** and the **ASK** price of a given CFD is the spread. 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.

The Company's price for a given CFD is calculated by reference to the price of the relevant underlying asset, which the Company obtains from third party external reference sources. The Company's prices can be found on the Company's website or trading platforms. 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 venue below) therefore no orders can be placed by the Client during that time.

-If the price reaches an order such as: Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit or Sell Stop, these orders are instantly executed. However, under certain trading conditions it may be impossible to execute orders (Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit or Sell Stop) 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, Take Profit, Buy Limit, Buy Stop, Sell Limit and Sell Stop orders, for a given CFD, is specified under your Trading Agreement.

- (b) **Costs:** The Company does not charge commission fees, however, for opening a position in some types of CFDs the Client may be required to pay financing fees, depending on specific factors which are disclosed on the Company's website.
- (c) **Speed of Execution:** 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 Company executes the Client Order in CFDs as a principal to principal against the Client, i.e. the Company is the Execution Venue for the execution of the Client's orders for the CFDs provided by the Company-

- (d) **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, 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 not be executed.

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 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.

- (e) **Likelihood of settlement:** The Company shall proceed to a settlement of all transactions upon execution of such transactions. The Company strives to provide its Clients with the fastest execution in the best available prices. Nonetheless, the volatility in the market may affect the price, speed and volume.
- (f) **Size of order:** The minimum and maximum size of an order that the Client can place is different for each type of CFD and may vary between different types of account groups.. The relevant size of the minimum/maximum size of order is provided to the Client, through the trading platform, once the Client selects to place an order for a specific CFD.

(g) **Nature of the order:** The particular characteristic of an order can affect the execution of the Client's order. The following types of order can be placed:

- **Stop Loss order:** This order is used for minimizing of losses if the CFD price has started to move in an unprofitable direction. If the CFD price reaches this level, the whole position will be closed automatically. 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. Under this type of orders, the Company's trading platform checks long positions with Bid price for meeting this order's provisions (the order is always set below the current Bid price), and the Ask price for short positions (the order is always set above the current Ask price).
- **Take Profit order:** It is intended for gaining the profit when the CFD price has reached a certain level. Execution of this order results in complete closing of the whole position. It is always connected to an open position or a pending order. The order can be requested only together with a market or a pending order. Under this type of order, the Company's trading platform checks long positions with Bid price for meeting this order's provisions (the order is always set below the current Ask price).
- **Pending Order(s):** The Company offers the following types of Pending Orders: Buy Limit, Buy Stop, Sell Limit or Sell Stop, Buy Stop Limit or Sell Stop Limit orders. 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 and Take Profit may be attached to a Pending Order. Also, Pending Orders are good till cancel.

(h) **Market Impact:** Some factors may rapidly affect the price of the underlying instruments/products from which the Company's quoted price is derived and may also affect other factors listed herein. As stated above, the Company will at all times 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.

4. 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 high 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. Slippage may appear in all types of accounts we offer.

It is noted that Slippage can occur also during Stop Loss, Take 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) Re-quotes

In some cases, the Company may be providing a secondary quote to the Client after an Order has been submitted; the Client must agree to this re-quote before the order is executed. The Company shall provide re-quotes if the requested price of the Client is not available at the specific time of execution. The secondary quote provided to the Client is the next available price received by the Company from its liquidity providers. It is noted, that re-quotes are not applicable for accounts or currency pairs with Market Execution or for Pending Orders.

5. Best Execution Criteria

The Company will determine the relative importance of the above Best Execution Factors (see point 3, above) by using its commercial judgment and experience in the light of the information available on the market and taking into account:

- (a) The characteristics of the Client order.
- (b) The characteristics of CFDs that are the subject of that order.
- (c) The characteristics of the execution venue to which that order is directed.
- (d) The characteristics of the Client, including its categorisation as Retail or Professional.

In view of the above, the Company assigns the following importance level for the above Best Execution Factors:

Factor	Importance Level
Price	High
Costs	High
Speed Execution	High
Likelihood Execution	Medium
Size of order	Medium
Nature of orders	Medium
Market Impact	Medium

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 CFD 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.

6. Client's Specific Instruction

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

WARNING: Nevertheless, if the Client provides a specific instruction as to the execution of to carry out an order, may prevent the Company from taking the steps designed and implemented in the Policy to obtain the best possible result for the Client.

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

7. Execution Venues

Execution Venues are the entities with which the Orders are placed.

For the purposes of Orders for the CFDs, the sole Execution Venue will be the Company. This fact will be made known to Clients in a durable medium or may be publicized on the main website of the Company.

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

8. Execution on Client Orders

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 interests 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.

9. Client's Consent

By entering into a Client Agreement with the Company for the provision of Investment Services, the Client is consenting to this Policy.

10. Amendment of the Policy and Additional Information

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. The Company will inform its Clients regarding the amended version of the Policy, once amended, in a durable medium (i.e. e-mail).

Should you require any further information and/or have any questions about this policy please direct your request and/or questions to info@xtrade.com.