



XTRADE
ONLINE CFD TRADING

The logo features a stylized 'X' in cyan and blue, followed by the word 'TRADE' in dark blue. Below it, the text 'ONLINE CFD TRADING' is written in a smaller, dark blue, sans-serif font. The background consists of overlapping geometric shapes in shades of light blue and white.

SUMMARY

BEST INTEREST AND ORDER EXECUTION POLICY

December 2018

1. Introduction

This Summary of the Best Interest and Order Execution Policy (“the Policy”) is provided to you (our Client or prospective Client) in accordance with the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 87(I)/2017, as subsequently amended from time to time (“the Law”). Pursuant to the Law, Xtrade Europe Ltd (“the Company”, “we”) is required to take all sufficient steps to obtain the best possible result (best execution) on behalf of its Clients either when executing Client orders or receiving and transmitting orders for execution.

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 to both Retail and Professional Clients (as defined in the Company’s Client Classification Policy). If the Company classifies a Client as an Eligible Counterparty, this Policy does not apply to such a Client.

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

In case you have been categorized as an Eligible Counterparty, although this policy does not apply to you, in our relationship with you, we will act honestly, fairly and professionally and communicate in a way which is fair, clear and not misleading, taking into account the nature of you as a Client and of our business.

3. Best Execution Factors

When executing Orders, we take all sufficient steps to obtain the best possible result (“Best Execution”) for our Clients, taking into account price, costs, speed, likelihood of execution and settlement, size, market impact or any other consideration relevant to the execution of the Order (“Best Execution Factors”).

Where the Company executes an order on behalf of a Client, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs relating to execution, which shall include all expenses incurred

by the Client which directly relate to the execution of the order. For determining the relative importance of the execution factors, the following criteria are taken into account:

1. The characteristics of the Client including the categorization of the Client as Retail or Professional;
2. The characteristics of the Client order;
3. The characteristics of Financial Instruments that are the subject of that order;
4. The characteristics of the Execution Venues to which that order can be directed.

The Company considers price and costs as the most important execution factors, followed by speed, likelihood of execution and settlement, size and nature, and market impact. The relative importance attached to these execution factors does not differ across the asset classes traded by the Company.

- (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.

The main way in which the Company will ensure that the Client receives the best price will be to ensure that the calculation of the bid/ask spread is made with reference and compared to a range of underlying price providers and data sources. The Company reviews regularly or at least once a year its Execution Venue to ensure that relevant and competitive pricing is offered.

Despite the fact that the Company takes every sufficient step to obtain the best possible result for its Clients, it does not guarantee that when executing an Order its price will be more favourable than one which might be available elsewhere.

-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.

Commissions: Commissions may be charged either in the form of a percentage of the overall value of the trade or as fixed amounts. More information on commissions can be found on the Company's website.

Financing Fee: In the case of financing fees, the value of opened positions in some types of CFDs is increased or reduced by a daily financing fee “swap rate” throughout the life of the CFD (i.e. until the position is closed). Financing fees are based on prevailing market interest rates, which may vary over time. Details of daily financing fees applied are available on the Company’s website.

For all types of CFDs that the Company offers, the commission and financing fees are not incorporated into the Company’s quoted prices and are instead charged explicitly to the Client account.

In addition, where the Company transmits orders for execution to another third party, the Client may be required to pay additional costs (whether Execution Venue fees or other fees paid to a third party involved in the transaction), the amount of which is disclosed on the Company's website.

Note that the Company nevertheless may obtain a commission/inducement from its Liquidity Provider in consideration for the transmission of Clients Orders for execution to the Liquidity Provider. The Client has the right to contact the Company for more clarifications in relation to these commissions. Should the Company at any period of time decide not to charge such costs, it shall not be construed as a waiver of its rights to apply them in the future, with prior notice to the Client as explained in the Client Agreement found on the Company’s website. Such notice may be sent personally to the Client and/or posted 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. For instance, in cases where Clients are using a wireless connection or a dial up connection or any other communication link that can cause a poor internet connection then this may cause unstable connectivity with the Company's trading platform resulting to the Client placing his Orders at a delay and hence the Orders to be executed at better or worst prevailing price offered by the Company.

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.

Where the Company may transmit orders for execution to a third party (another Execution Venue), the likelihood of execution depends on the pricing and available liquidity of such other third party.

In order to improve speed and likelihood of execution the Company carries out certain ex-ante and ex-post quality checks. Such checks include, but not limited to, symmetric slippage checks, number of trades subject to slippage and comparing our average speed of execution with industry standards.

- (e) **Likelihood of settlement:** The Company shall proceed to a settlement of all transactions upon execution of such transactions. The Financial Instruments of CFDs offered by the Company do not involve the physical delivery of the underlying asset, so they are not settled physically as there would be for example if the Client had bought shares. All CFDs are cash settled.

- (f) **Size of order:** The actual 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. The Company reserves the right to decline an Order in case the size of the Order is large and cannot be filled by the Company or for any other reason as explained in the Client Agreement found at [\(Click here\)](#)

(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).
- Market Order(s): A Market Order is an Order to buy or sell a CFD as promptly as possible at the prevailing market price. Execution of this Order results in opening a trade position. CFDs are bought at ASK price and sold at BID price. Stop Loss and Take Profit Orders can be attached to a Market Order. Market Orders are offered for all type of accounts.
- 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. 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 therefore no orders can be placed by the Client during that time. Certain ex-ante and ex-post quality checks are conducted by the Company to ensure that prices obtained and subsequently passed on to Clients remain competitive. Such checks include, but not limited to, reviewing system settings/parameters, comparing prices with reputable price sources, ensuring symmetry of spread and checking the speed of price updating.
- If the price reaches an Order set by you such as: Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit or Sell Stop, then these Orders are automatically 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 in the Client Agreement and/or the Company's website at ([Click here](#))

- (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. Slippage more often occurs during periods of illiquidity or higher 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 the Financial Instruments 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.

The Company determines the relative importance it assigns, in accordance with the abovementioned criteria, to the Best Execution Factors by using its commercial judgment and experience in light of the information available on the market. 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

Where the Company executes an order on behalf of a Retail Client, 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.

For the purposes of delivering best execution where there is more than one competing Execution Venue to execute an Order, in order to assess and compare the results for the Client that would be achieved by executing the Order on each of the execution venue (see Paragraph 7 below) that is capable of executing that Order, the Company's own commissions and costs for executing the order on each of the eligible execution venue shall be taken into account in that assessment. The Company shall not structure or charge commissions in such a way as to discriminate unfairly between execution venues.

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.

The Company evaluates and selects the Execution Venues based on a number of criteria including such as (but not limited to) the following:

- the regulatory status of the institution,
- the ability to deal with large volume of Orders,
- the speed of execution,
- the competitiveness of commission rates and spreads,
- the reputation of the institution,
- the ease of doing business,
- the legal terms of the business relationship,
- the financial status of the institution,
- various qualitative criteria such as clearing schemes, circuit breakers and scheduled actions.

The Company places different relative importance on each of the criteria mentioned above by using its commercial judgment and experience in the light of the information available on the market.

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 Company, before deciding which Execution Venues to use for Client orders, it compares different Liquidity Providers and performs due diligence of them. Some of the parameters that the Company evaluates, include the following:

- Pricing frequency – how many ticks per second does the Liquidity Provider provide,
- Speed of communication/execution – How fast are the prices received/orders executed,
- Occurrence of price freezes and frequency,
- Depth of liquidity – What is the liquidity provided by the Liquidity Provider,
- If dealing back-to-back is the overall cost (i.e. total consideration paid by Clients) competitive compared to the industry,
- If dealing back-to-back symmetry of slippage should be evaluated in detail for every order type.

In general, the Company places great significance on the choice of its Liquidity Providers as it strives to offer, on a consistent basis, best execution to its Clients.

The Company randomly selects a sufficiently large sample of trades to ensure, with a high statistical confidence level, that it constantly obtains and will obtain the best possible results for the Clients. This is verified by selecting samples from different periods of time, for different instruments and different types of CFDs. Also, the sample checks include trades under irregular market events.

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 an application of this Policy on the business relationship between the Company and the Client (i.e. this Policy forms part of the Client Agreement found at www.xtrade.eu).

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.

11. Important Disclosures

The Company undertakes to summarise and make public on an annual basis, for each class of financial instruments, the top five execution venues in terms of trading volumes where the Client orders were executed in the preceding year and information on the quality of execution obtained, in accordance to the relevant regulatory requirements.

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The Company will publish an annual Execution Quality Summary Statement (EQSS) which will, for each class of financial instruments, include a summary of the analysis and conclusions the Company will draw from its detailed monitoring of the quality of execution obtained on the execution venues where all Client orders were executed in the previous year.

The EQSS will include:

- (a) an explanation of the relative importance the Company gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;
- (b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;
- (c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;
- (d) an explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred;
- (e) an explanation of how order execution differs according to Client categorisation, where the Company treats categories of Clients differently and where it may affect the order execution arrangements;
- (f) an explanation of whether other criteria were given precedence over immediate price and cost when executing retail Client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the Client;
- (g) an explanation of how the Company has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575;
- (h) where applicable, an explanation of how the Company has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.