

iTrade Global (CY) Limited

Order Execution and Best Interest Policy

For Forex/CFDs

Last updated on 9.3.2018

1. INTRODUCTION

- 1.1. iTrade Global (CY) Ltd hereinafter referred to as “**the Company**” is an Investment Firm that owns and operates the brand “**TRADEFW**” (www.TRADEFW.com). The Company is incorporated and registered under the laws of the Republic of Cyprus, with registration number HE 335424 and is authorized and regulated by the Cyprus Securities and Exchange Commission (CySEC) with CIF license number 298/16.
- 1.2. In accordance with the Markets in Financial Instruments Directive (MiFID) 2004/39/EC as well as the Investment Services and Activities and Regulated Markets Law of 2007 (Law 144(I)/2007) and its subsequent amendments, when executing orders, the Company must take all reasonable steps to obtain, the best possible result for its Clients taking into account the price, costs, speed, likelihood of execution, size, nature or any other consideration relevant to the execution of the order.
- 1.3. The Company has established and implemented the “Order Execution and Best Interest Policy” (hereinafter referred to as the “Policy”) to take all reasonable steps to obtain the best possible result for its Retail and Professional Clients, either when executing Client orders or receiving and transmitting orders for execution in relation to Forex/CFDs and/or any other Financial Instruments that the Company may offer from time to time, or placing orders with other entities for execution that results from decisions by the Company to deal in Forex/CFDs and/or other financial instruments on behalf of the Client.
- 1.4. The Senior Management of the Company reviews the Policy on an annual basis and/or whenever a material change occurs, that impacts the Company’s ability to continue offering best execution through its trading platform. It is noted that the Clients will be informed accordingly in relation to any material changes to the Policy.
- 1.5. The Company provides herein the Policy it maintains in order to set out a general overview on how the Company will obtain best execution for its Clients in order to ensure compliance with the obligation to execute orders on terms most favorable to the Clients. It is noted however that when executing an order following a specific Client instruction, the Company will execute the order in line with those instructions and will consider that it has discharged its best execution obligations. The Company operates as the counterparty to

every Client's trade, so if a Client chooses to deal with the Company to open a position in the market, the position can only be closed by dealing again with the Company.

2. SCOPE OF THE POLICY

- 2.1. This Policy applies to Retail and Professional clients, as these are defined in the Company's Client Categorization Policy, as well as to all the Company's directors, employees, and any persons directly or indirectly linked to the Company (hereinafter called 'Related Persons') and refer to all interactions with all its Clients.
- 2.2. The Policy forms part of the *Service Agreement* as defined in the Terms and Conditions of Business of the Company. Therefore, by entering into the Service Agreement with the Company, the Client is also agreeing to this Policy relating to Forex, CFDs and/or any other financial instruments provided by the Company the contract specifications of which are available online on the Company's official website (www.TRADEFW.com) herein referred to as the "Financial Instrument(s)".
- 2.3. This Policy applies when executing transactions with the Client for the Financial Instruments provided by the Company. The Financial Instruments provided by the company are Forex/CFDs 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 on the Company's Platform. The Company, through its Trading Platform(s), provides the Client with live streaming prices, 'Quotes', along with a breakdown of the available volumes as received from its Market Maker/Liquidity Provider. The Company is always the counterparty (or principal) to every trade; therefore, if the Client decides to place an order in Forex, CFDs or any other Financial Instruments with the Company, then that order can be only executed with the Company.
- 2.4. It is noted however that when executing an order following a specific Client instruction, the Company will execute the order in line with those instructions and will consider that it has discharged its best execution obligations.

3. EXEMPTIONS FROM THE PROVISION OF BEST EXECUTION

Notwithstanding the Company's intentions expressed in Sections 1 and 2 of this Policy, the Company does not undertake to provide "best execution" if the Client falls within any of the following categories:

3.1. Eligible Counterparties

- This Policy does not apply to Eligible Counterparties are these are defined in the Company's Client Categorization Policy.
- Hence, if you are classified as an Eligible Counterparty you will not be entitled to best execution under the Investment Services and Activities and Regulated Markets Law of 2007 (Law 144(I)/2007), or equivalent EU rules. This is in line with Article 24 of MiFID which provides that the best execution obligation under Article 21 will not apply.

3.2. Client Specific Instructions

- This Policy applies upon acceptance of an order when the Client gives no specific instruction on the execution method. Hence when the Client gives a specific instruction and the Company has accepted the instruction, the Company will execute the order in accordance with the Client's specific instructions. In such a case, the Company will execute the order in line with those instructions and will consider that it has discharged its best execution obligations.
- This however, may prevent the implementation of this Policy and the Company may not be able to obtain the best possible result for the execution of that particular order. Moreover, the Company does not guarantee that when executing such a transaction the Client's price will be more favorable than it might be available elsewhere.

4. ORDER TYPE – FOREX/CFDs DEFINITIONS

“**Buy Limit Order**” means an order to carry out a transaction at, or lower than, a specified price, the word ‘limit’ referring to the specified price.

“**Closed Position**” means the opposite of an Open Position.

“**Execution**” means the execution of Clients’ orders on the Company’s trading platform, where the Company acts on behalf of the clients to execute their orders/transactions (via the Execution Venue).

“**Execution Venue**” means the entity with which client orders, assets or securities are placed and/or to which the Company transmits client orders for execution.

“**Instant Execution**” means an execution method type where the order is executed to the most recently available price. In instant execution if the requested price is not available, the current available price will be sent to the Client to confirm execution (requote).

“**Limit Order**” means an order to execute a trade at a specific price or a better one.

“**Market Maker / Liquidity Provider**” means the company that provides quotes for both a buy and a sell price in a financial instrument to the Company.

“**Market Execution**” means that the order is executed depending on the depth of the market. Under Market Execution there are no re-quotes and the order is executed at the best available price in the market.

“**Market Order**” means an order for a trade to be executed at the best available price.

“**No-Dealing Desk Execution**” means that Clients’ orders are sent directly to the interbank market and there is no dealing desk involved in the transaction.

“**Pending Order**” means an Order from the Client that is set to be executed once the price has reach the requested level of the Order and can be either a buy stop, or sell stop, or buy limit, or sell limit order or a stop-limit order.

“**Price Gap on the Market Opening**” shall mean the following:

- (a) The first Bid of the current trading session is higher than the last Ask of the previous session, or
- (b) The first Ask of the current trading session is lower than the last Bid of the previous session.
- (c) Abnormal Spread - during market opening/closing the spread can be significantly increased during the first and last trading hour due to very thin liquidity.

“Quotes” means any bid and ask prices transmitted by the Company, subject to instances outside the control of the Firm, through the trading platform(s).

“Requote” occurs when the price requested by a Client is not available for execution of an order and the Company requotes the current available price to the Client for execution. The Client must explicitly agree to accept or decline the requoted price, prior to execution. Requotes are the result of choosing Instant Execution.

“Slippage” this is when a trader executed an order at a price which is different to the price they expected the trade to be executed at. This usually happens during periods of high volatility. There are two kinds of slippage, positive and negative. Positive slippage occurs when the price is executed at a better level than the one requested; a negative slippage is exactly the opposite situation. Slippage may occur in all the account types and order types offered and under all execution methods.

“Stop Loss Order” means an order placed to close a position once it hits a specific price in order to protect yourself from further losses and avoid potential close-outs/stop-outs.

“Stop Out” means an instruction to close the Client's open position without the consent of the Client or any prior notice in a case of insufficient funds required for maintaining open positions.

“Take Profit Order” means an instruction that is attached to an instant execution or pending order for securing profit.

“Trailing Stop” means a type of stop-loss order connected to open trade, activated once the specified level is reached. Trailing stop moves as price fluctuates to secure your potential profits.

5. ORDER EXECUTION ELEMENTS

- 5.1. **Prices:** The Company generates its own tradable prices based on price feeds from the Company's Market Maker / Liquidity Provider. The main way in which the Company will ensure that the Client receives best execution will be to ensure that the prices of the BID and ASK is made with reference to a range of underlying price providers and data sources. The Company reviews independent price providers on a trimonthly basis to ensure that correct and competitive pricing is offered by its Market Maker / Liquidity Provider.
- 5.2. **Commission:** The Clients shall be charged with a commission when trading Forex/CFDs with the Company which is included in the financial instrument's price and further information can be found on the Company's website www.TRADEFW.com.

6. BEST EXECUTION FACTORS

- 6.1. The Company shall take all reasonable steps to obtain the best possible result for its Clients taking into consideration the below factors when executing Clients orders against the Company's quoted prices. Prices, costs & currency conversion carry the highest importance when executing transactions for our Clients:
- 6.2. **Price for FOREX/CFDs**
- i. *ASK-BID price:* for any given Forex/CFD and/or Financial Instrument the Company will quote two prices: the ASK price at which the Client can buy (go long) that Financial Instrument, and the BID price at which the Client can sell (go short) that Financial Instrument; collectively referred to as the 'Company's prices'. The difference between the ASK-BID price of a given Financial Instrument is the Spread.
 - ii. Orders such as Buy Limit, Buy Stop and Take Profit for opened short position are executed at ASK price whereas orders such as Sell Limit, Sell Stop and Stop Loss take profit for opened long position are executed at BID price.
 - iii. The Company obtains the prices for each financial instrument from its Market Maker/Liquidity Provider. The Company updates its prices as frequently as the limitations of technology and communication links allow.

- iv. The main way in which the Company will ensure that the Client receives the best execution will be to ensure that the price provision to the Client from the Company's Market Maker/Liquidity Provider is made with reference and compared to a range of underlying price providers and data sources. 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.
- v. Under certain trading conditions the Company may not be able to execute orders at the Client's requested price. Therefore, the Company reserves the rights to execute the order at the first available price. This may occur under specific circumstances such as (a) rapid price movements caused by volatile markets or (b) at the opening/closing of a trading session.
- vi. Clients/Traders are routed directly to NSFX Ltd. (the Company's Liquidity Provider), through the Company's trading platform MetaTrader 4 (MT4) or any other platform that the Company will provide to its clients. Through the Platform the Clients can request a quote from the Liquidity Provider and the System will automatically provide this Quote to the Client for its decision for execution.
- vii. NSFX Ltd. (the Liquidity Provider), is continuously updating its prices, therefore the last updated prices are displayed on Company's trading platform.

In order to verify whether the trades of the client were executed with the best price the company will take the following actions;

- i. Request on a weekly basis report with feed data from NSFX Ltd. including market prices;
- ii. Request the latency report providing information with order time and the execution time in order to measure the slippage;
- iii. Based on the reports the company will verify on a regular basis the obligations towards the clients. (i.e. the company will be able to view all the activity of the client including log, time of placing the order and time of execution).

6.3. Charges and other costs:

In order to open a trade in Forex, CFDs and/or any other Financial Instrument it requires the payment of a commission and/or other fees and/or other charges if applicable; these amounts are disclosed in the Company's Terms and Conditions, available in the Company's website(s):

- i. Commissions:* commissions will be charged as a fixed percentage of the overall value of the trade or as a fixed amount that can be found on the Company's website www.TRADEFW.com.
- ii. Financing Fee:* in the case of the existence of any financing fees, the value of opened positions/pending orders 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 Company's website (www.TRADEFW.com) and trading platform.

For all types of Forex/CFDs or other Financial Instruments that the Company offers, the commission and financing fees are incorporated into the Company's quoted price and are charged based on the Clients transactions.

6.4. Currency Conversion:

The Company may provide a currency conversion quote from the Client's base currency to the currency of the relevant Financial Instrument. This will not reflect an actual conversion of currency in the Client's account and serves the purpose of calculating consideration in the base currency only.

6.5. Speed Execution:

As explained in the 'Execution Venues' section of this Policy, the Company acts as a counterparty on Clients orders. 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 communication links. Therefore, the frequency with which the prices change varies with different financial instruments, market conditions and communication links. 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 the Company when using the Company's electronic trading platform. Therefore, the order may be executed at a better or worse prevailing market price offered by the Company via its trading platform or the

Client may place the orders on old prices, where the Company might decline and provide the Client with a new quote (i.e. re-quoting).

6.6. Likelihood of Execution:

The Company will enter into transactions with the client as principal (counterparty) and not as an agent; even though the Company transmits the client's order to the Liquidity Providers for execution, due to risk parameters (i.e. clients with high volume, big equity, etc.), the Company will still be the contractually counterparty to the client. Therefore, the Company will act as the sole Execution Venue for clients' orders. It is clarified that the Company relies on its Market Makers/Liquidity Providers (i.e. NSFX Ltd.) for prices and available liquidity. Although the Company executes all orders placed by the Clients, it reserves the right to decline an order of any type. It should be noted that in certain cases the price at which a trade is executed at, may vary significantly from the original requested price during abnormal market conditions and/or the levels of volatility in the market. In such a case, the Company reserves the right to execute the Client Order at the best available price given the market depth and volatility for the given financial instrument at that point in time. This may occur, for example, at the following cases:

- i. During Market opening.
- ii. During news times.
- iii. During volatile markets where prices may move significantly up or down and away from declared price.
- iv. 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.
- v. If there is insufficient liquidity for the execution of the specific volume at the declared price.

Due to the fact that the Client undertakes transactions on an electronic system, (s)he will be exposed to risks associated with the system including hardware and/or software failure. System failure may result in client orders not being executed according to client instructions or may not be executed at all. The Company does not accept any liability in case of such a failure.

6.7. Best Possible Price:

The Company strives to provide the best possible price to its Clients and makes every effort and necessary arrangements to do so.

6.8. Likelihood of Settlement:

The Company shall proceed to a settlement of all transactions upon execution of such transactions and/or time of expiration of the specific transaction.

6.9. Size of Order:

All orders are placed in monetary value. The Client will be able to place his/her order as long as he/she has enough balance in his/her trading account. If the Client wishes to execute a large size order, in some cases the price may become less favorable considering the feed obtained from its price provider the Market Maker/ Liquidity Provider. There is a maximum and minimum size of orders based on the Financial Instrument selected and the Company reserves the right to decline an order as explained in the agreement entered with the Client. The Company makes every effort to fill the order of the Client based on the volume and price available from the Market Maker/Liquidity Provider. However, if the order is achieved, it may be at a best available price, as the Market Maker/Liquidity Provider may allow at the time of execution. (See 'Likelihood of Execution').

6.10. Market Impact:

The Company's quoted prices are derived from its Market Maker/Liquidity Provider. Some factors may affect rapidly the price of the Forex/CFD and/or 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.

6.11. The Company does not consider the above-mentioned factors to be 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.

6.12. 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:

- i. The characteristics of the Client including the categorization of the Client as retail or professional.

- ii. The characteristics of the Client order.
 - iii. The characteristics of the underlying financial instruments that are subject of that order.
 - iv. The characteristics of the execution venues to which that order can be directed.
- 6.13. The best possible result for a Client 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.

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 for the Forex/CFDs and/or the Financial Instruments provided by the Company, the Company acts as principal and not as an agent on the Client's behalf. Consequently, even though the Company transmits the Client's orders to the Liquidity Provider for execution, contractually the Company is the sole counterparty to the Client's trades and any execution of the orders is done in the Company's name. Therefore, the Company will act as the sole Execution Venue for client's orders.
- 7.2. The Company places significant reliance to the above Execution Venue based on the above-mentioned factors set out at paragraph 6 and their relative importance. It is the Company's policy to maintain such internal procedures and principles in order to determine the relative importance of these factors and to act for the best interest of its Client and provide them the best possible result (or "best execution") when dealing with them.
- 7.3. The Client acknowledges that the transactions entered in Forex/CFDs and/or any other Financial Instruments with the Company are not undertaken on a recognized exchange or an MTF 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 or closing price of an order in certain cases including but not limited to instances of a technical failure of the Trading Platform. 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 a trade of any given Forex, CFD or any other

Financial Instrument(s) 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 the Company.

8. REPORTING TO THE CLIENT

- 8.1. The Company will provide retail clients with a notification confirming the execution of their order as soon as possible and no later than the first business day following execution, and if the confirmation is received by the Company from a third party, no later than the first business day following receipt of the confirmation from the third party.

9. MONITOR AND REVIEW

- 9.1. The Company will monitor and assess on a regular basis the effectiveness of this Policy and its order execution arrangements and, in particular, the execution quality of the procedures explained in the Policy in order to deliver the best possible result for the Client, and, where appropriate, the Company reserves the right to correct any deficiencies in this Policy and make improvements to its execution arrangements.
- 9.2. In addition, the Company will review the Policy as well as its order execution arrangements at least annually. A review will also be carried out whenever a material change occurs that affects the Company's ability to continue to provide the best possible result for the execution of its Client orders on a consistent basis using the venues included in this Policy.
- 9.3. The Company will notify its affected Clients on any material changes in its Policy or order execution arrangements.
- 9.4. The Company shall provide written details to its clients how it shall monitor and verify best execution and be in a position to disclose to the clients the extent to which they rely on independent analysis and/or best execution software. It is noted however, that at the time of drafting the present procedures, the Company has not yet agreed on an execution software because the business cycle of its operations is minimal. When the level of transactions/ operation increases, the Company shall respond to this.

- 9.5. The Senior Management of the Company shall regularly review the best-execution management information for assessment and identification of any failures.

10. CLIENT CONSENT AND ACKNOWLEDGEMENTS

- 10.1. The Company is required, when establishing a business relation with the Client, to obtain his/her prior consent to this Policy.
- 10.2. This Policy forms part of the agreement between the Company and the Client. Therefore, when opening a trading account, the Client accepts, understands and agrees with the Terms and Conditions of Business, the Service Agreement as well as with this Policy without modifications. As such, the Company considers that the Client has given his/her consent to this Policy as well as has given his/her consent to the Company to receive and transmit an order for execution outside a regulated market or an MTF. Additionally, the Client acknowledges and accepts that he/she is informed that any orders placed with the Company for the Forex/CFDs and/or any other Financial Instruments offered by the Company, the Company acts as the principal (counterparty) and the Company is the sole Execution Venue which is a non-regulated market. The updated Order Execution and Best Interest Policy will always be uploaded on the Company's website(s).
- 10.3. Appropriate information is provided to the Client on the content of this execution policy.
- 10.4. The Client agrees to deposits funds with the Company and to place orders via the Company's trading platform and the Company is responsible for safeguarding the Clients' funds. Upon receipt of the order, the Company opens an exactly identical order on the Client's name with the Market Maker/Liquidity Provider, per order received or accumulatively. In this respect, the Company executes the Client's order by acting as a riskless principal (i.e. enters into true back to back trades).

11. IMPORTANT INFORMATION

- 11.1. Some Financial Instruments and/or Forex/CFDs traded in by the Company are not eligible for sale in certain jurisdictions or countries. The Policy is not directed

to any jurisdiction or country where its publication, availability or distribution would be contrary to local laws or regulations, including the United States of America.

- 11.2. This Policy does not constitute an offer, invitation or solicitation to buy or sell these financial instruments. It may not be reproduced or disclosed (in whole or in part) to any other person without the Company's prior written permission. The Policy is not intended to constitute the sole basis for the evaluation of the Client's decision to trade in the above-mentioned Forex/CFDs and/or other financial instruments offered by the Company and the Client acknowledges and accepts that he/she has read and understood the documents that constitute the Service Agreement as described on the Terms and Conditions of Business/Client Agreement as well as all the necessary information presented on the Company's website(s).

12. FAQs

- 12.1. Questions regarding the Order Execution Policy should be addressed, at first instance, to the Back-Office Department of the Company via by email to: backoffice@TRADEFW.com.