

# Order Execution Policy

## 1.1 Introduction

- FXNET LTD (“the company”) is an investment firm that operates as a global broker and is regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under license number 182/12
- This policy contains the most important and relevant components of the FXNET LTD (hereinafter called the “company”) execution policy which will provide information in respect to orders and help clients to use effectively the FXNET LTD order execution services
- FXNET LTD reserves the right to amend the Order Execution Policy without any notice. Every amended on this policy will be posted on the FXNET’s website at [www.fxnet.com](http://www.fxnet.com) and it will be freely accessible by anyone.

## 1.2 Scope of the Policy

- The company is obliged to take all reasonable steps to obtain the best possible result (“best execution”) on behalf of its clients when executing orders.
- The Firm is required to provide appropriate information to its clients on its Order Execution Policy; and orders with specific instructions from clients will be executed following these specific instructions.
- The Policy does not apply to Eligible Counterparties.
- This Policy applies where the Company transmitting orders for execution for the Client in all financial instruments available in the Company’s website at [www.fxnet.com](http://www.fxnet.com). 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.
- This Policy forms part of our Terms and Conditions of Business and is incorporated therein by reference. Therefore, by agreeing to our Terms and Conditions of Business, which are a contractually binding agreement between you and the Company, you are also agreeing to the terms of the Policy set forth in this document.

### 1.3 **Financial Products to which this policy applies:**

- Transferable Securities.
- Money-market instruments.
- Units in collective investment undertakings.
- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash.
- Financial contracts for difference
- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as any other contract relating to assets, rights, obligations, indices and measures not otherwise mentioned in this part, which have the characteristics of other financial instruments, having regard to whether, inter alia, are traded on a regulated market or an MTF, are cleared and settled through recognized clearing houses or are subject to regular margin calls.

### 1.4 **The Company gives the option to its clients to place orders for transmittal in the following ways:**

- A ‘market order’ which is an order that the Company makes every effort to execute at the best available price. Generally, this order will be executed immediately, however, the price at which a market order will be executed is not guaranteed, and may be executed at a worse or better price, known as negative or positive slippage. The Client may attach a stop loss and/or a take profit and/or a trailing stop after the market order is executed.
- A ‘limit or range order’ which is an order to sell a financial instrument at no less than a specific price or to buy a financial instrument at no more than a specific price. The Client may attach a stop loss and/or a take profit before the order is executed. In this case the order will be executed at the price specified or better. A trailing stop can be attached after the order is executed.
- A ‘pending order’ or a ‘entry order’ which is an order to be executed at a later time and a price that the client specifies. When the price reaches the price specified by the Client, then the order becomes a market order. Negative and positive slippage applies to pending orders. The client has the option to place the following pending or entry orders:
  - i) A Buy Limit Order, which is a pending or entry buy order placed below the current market price. If the market price drops to the level of the buy order that order is then triggered.
  - ii) A Buy Stop Order, which is a pending or entry buy order placed above the current market price. If the market price rises to the level of the buy order that order is then triggered.

- iii) A Sell Limit Order, which is a pending or entry sell order placed above the current market price. If the market price rises to the level of the sell order that order is then triggered.
  - iv) A Sell Stop Order, which is a pending or entry sell order placed below the current market price. If the market price drops to the level of the sell order that order is then triggered.
- A “trailing stop order” which is a stop loss order set in terms of points (pips) level below the market price - for a long position and above the market price – for a short position. The trailing stop price is adjusted as the price fluctuates.

## 1.5 Best Execution Criteria

When executing a client order, FXNET LTD may take into account the following criteria for determining the relative importance of price, costs, speed, likelihood of execution and settlement, size and any other consideration relevant to order execution (the “execution factors”):

- the characteristics of the client including their classification as retail or professional;
- the characteristics of the client order;
- the characteristics of the financial instruments that are the subject of that order; and
- 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.

## 1.6 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 dealing with Clients’ orders against the Company’s quoted prices:

### Price:

- 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’.

### **Orders:**

- Such orders as 'Buy Limit', 'Buy Stop' and 'Stop Loss'/'Take Profit' for opened short positions 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. All orders once triggered are executed as market orders at the best available price.

### **Costs:**

The client is charged a spread (liquidity quoted prices plus a mark-up) and may be requiring paying swaps (overnight interest rate) or commission, if applicable, in some financial instruments depending on the account type and platform used. Commissions and Swaps are not incorporated in to the company's quoted prices, but charged separately.

- Swaps are charged in the form of points (pips) or monetary terms depending on the financial instrument, which are based on market interest rates, which may vary from time to time. FXNET has the right to change the swap rates at any given time without any notice. Swaps are disclosed in the 'Products' inside the Company's website.
- Commissions may be charged in the form of a fixed amount or in terms of points of the overall value of the trade.

### **Speed of Execution:**

- The Company acts as an agent and not as a principal on the client's behalf, therefore, the Company's Execution Venues for the execution of the Client's orders are Banks or other Dealer-Brokers. So, speed of execution depends on these Execution Venues. However, 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.

### **Likelihood of Execution:**

- The Company acts as an agent and not as a principal on the Client's behalf; therefore, the Company's Execution Venues for the execution of the Client's orders for the financial instruments offered by the company are Banks or other Dealer-Brokers for Client's orders. As the Company received direct liquidity from the markets the execution may be more difficult. This means that likelihood of execution depends on the availability of prices of other market makers/financial institutions (Execution Venues). This means that likelihood of execution depends on the availability of prices of other market makers/financial institutions. Although the Company arranges for the execution of all orders placed by the Clients, it reserves the right to decline an order of any type or to execute the order at the best available price.

### **Likelihood of settlement:**

- The Company shall proceed to a settlement of all transaction upon execution of such transactions.

**Size of order:**

- The minimum size of an order is 0.1 lots, which depends on the account type. A lot is a unit measuring the transaction amount and it is different for each type of financial instrument. Please refer to the “Products” in the Company’s website for the value of each lot for every financial instrument. 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. The maximum order size for all account types is 20 lots, but the Company reserves the right to alter the maximum order size at any given time. The Company reserves the right to decline an order.

**1.7 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 in the various financial instruments offered, the Company acts as an agent on the Client’s behalf and not as a principal; therefore, the Company’s Execution Venues for the execution of the Client’s orders are various Banks and other Dealer-Brokers. The Client acknowledges that the transactions entered in financial instruments with the Company are not undertaken on a recognized exchange or an MTF (Multilateral Trading Facility), rather they are undertaken over the counter (OTC) through the Company’s Trading Platform and, accordingly, they may expose the Client to greater risks than regulated exchange transactions.

**1.8 Execution Risks:**

- **Market Volatility:**  
There may be significant market movement after a news announcement or economic event or between the close and re-opening of a market which will have a significant impact on the execution of an order. Clients should be aware of the following risks associated with volatile markets, especially at or near the close of the standard trading session:
  - i) an order may be executed at a substantially different price from the quoted bid or offer.
  - ii) executed or may be executed in several shapes at different prices; and
  - iii) Opening prices may differ significantly from the previous day’s close.

In respect to the above market risks, the Company will take all reasonable steps to obtain the best available price for its clients.

- **Slippage**  
Due to fast moving markets, all type of orders as disclosed in section 8.4 of this policy will be executed at prices worse or better, although the Company will take all reasonable steps to provide clients the best available price.
- **Technical errors**  
In some cases delays in execution beyond our control may occur as a result of technical failures or malfunctions in connection with use of the FXNET Online Facility or internet connectivity or processing speed for which FXNET does not accept responsibility.

## 1.9 **Monitor & Review**

FXNET LTD will monitor the effectiveness of its order execution arrangements and this Policy and regularly assess whether or not the execution venues it accesses continue to provide the best possible results for orders it executes on behalf of clients. The Company will review, at least annually or when a material change occurs, both its order execution arrangements and this Policy. Material changes to this Policy will be notified through the FXNET website and be available to actual and potential clients.

## 1.10 **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 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. So, if you enter into a separate Agreement with the Company you are also consenting to this Policy.

## 1.11 **Market Hours**

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 Company's operation time for all Trading Platforms is from Sunday 22.05 GMT through Friday 22:00.00 GMT. In some financial instruments trading hours are different. Trading hours for every financial instrument offered, are disclosed in 'Products' in the Company's website. Holidays or other changes in trading hours are announced via the Company's main website and platforms e-mail systems.