

## **Order Execution Policy For Contracts for Differences**

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## **ORDER EXECUTION POLICY FOR CONTRACTS FOR DIFFERENCES**

### **Introduction**

EuroOrient Securities and Financial Services Ltd (hereinafter called the “Company”) is an Investment Firm regulated by the Cyprus Securities and Exchange Commission (license number 078/07).

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 Contract for Differences (CFDs) order execution policy, as set out in this document.

### **Scope and Services**

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

This Policy applies when executing transactions with you for the financial instruments of Contracts for Differences (CFDs). CFDs are derivatives of an underlying financial instrument, and it is up to the Company’s discretion to decide which types of CFDs to make available and to publish the prices at which these can be traded. The Company is always the counterparty (or principal) to every trade; therefore if the Client decides to open a position in a CFD with the Company, then that open position can only be closed with the Company.

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 places a “pending order”, which an order to be executed at a later time at the price that the Client specifies. The Company will monitor the pending order and 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 pending orders are available: Buy Limit, Buy Stop, Sell Limit and Sell Stop.

The client may modify an order before it is executed. The Client has no right to change or remove Stop Loss, Take Profit and Pending Orders if the price has reached the level of the order execution.

### **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 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 they are referred to as the Company's price. The difference between the lower and the higher 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 financial instrument, which the Company obtains from third party external reference sources. The company's prices are constructed with reference to the given CFD Contract 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.

If the price touches an order such as: Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit, Sell Stop these orders are executed at once. But under certain trading conditions it may be impossible to execute orders (Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit, Sell Stop) at the declared Clients 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 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, or this may occur at the trading session start moments.

The minimum level for placing Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit and Sell Stop orders, is 10 points from the Company's market price for a given CFD where its spread is less than 10 points, and minimum level for a given CFD with a spread higher than 10 points is the spread itself.

- 2. Costs:** For opening a position in some types of CFDs 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 CFDs is increased or reduced by a daily financing fee "swap rate" 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 CFD Contracts Specifications section in 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 price and are instead charged 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 principal and not as agent on the Client's behalf; therefore, the Company is

the sole Execution Venue for the execution of the Client's orders for the financial instrument of Contracts for Differences. 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.

- 4. Likelihood of Execution:** As it is explained in the Execution Venue section of this Policy, the Company acts as principal and not as agent on the Client's behalf; therefore, the Company is the sole Execution Venue for the execution of the Client's orders for the financial instrument of Contracts for Differences. 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 0.1 lots (one tenth of a lot). A lot is a unit measuring the transaction amount and it is different for each type of CFD. Please refer to the CFD contract Specification in the Company's website for the value of each lot for a given CFD type. 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 its CFDs 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 judgement 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 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.

### **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 instrument of Contracts for Differences, the Company acts as principal and not as agent on the Client's behalf; therefore the Company is the sole Execution Venue for the execution of the Client's orders. The Company does not transmit the Client order in the external market if the order is for the financial instrument of Contracts for Difference.

The Company's operation time for the trading of the financial instruments of Contracts for Differences (CFDs) is round – the – clock from 10.00.01 P.M. Central European Time (CET) Sunday through 11.00.00 P.M. Central European Time (CET) Friday. Non working periods: from 11.00.01 P.M. Central European Time (CET) Friday through 10.00.00 P.M. Central European Time (CET) Sunday. Holidays are announced through the internal mail of the trading terminal supplied by the Company.

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 CFDs with the Company are not undertaken on a recognised 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. 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 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 an open position of any given CFD 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.

### **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 of Contracts for Differences (CFDs), the company acts as the principal and the Company is the sole Execution Venue which is a non-regulated market.