

# **ORDER EXECUTION POLICY**

## **Version 1.2**

### **Octa Markets Cyprus Limited**

## 1. Best Execution criteria

The Company shall take sufficient steps to obtain, when executing or receiving and transmitting orders, the best possible result for its clients taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order. Nevertheless, whenever there is a specific instruction from the client the Company shall execute the order following the specific instruction.

For determining the importance of the above factors, the Company, when executing or receiving and transmitting client orders, shall take into account the following criteria:

- a. the characteristics of the Client including the categorization of the Client as Retail and Professional
- b. the characteristics of the Client order including cases where the order involves Securities Financing Transaction (SFT)
- c. the characteristics of Financial Instruments that are the subject of the order
- d. the characteristics of the execution venues to which the order can be directed

The Company satisfies its obligation to take all sufficient steps to obtain the best possible result for a client to the extent that it executes an order or a specific aspect of an order following specific instructions from the client relating to the order or the specific aspect of the order.

Where the Company executes or receives and transmits 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 and/or reception and transmission, 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 venue to execute or transmit an order for a Financial Instrument, in order to assess and compare the results for the client that would be achieved by executing the order on each of the execution venues listed in the Company's order execution policy that is capable of executing that order, the Company's own Costs and Charges for executing the order on each of the eligible execution venues shall be taken into account in that assessment.

The Company shall not structure or charge its Costs and Charges in such a way as to discriminate unfairly between execution venues.

The order execution policy shall include, in respect of each class of instruments, details on the different venues where the Company executes its client orders and the factors affecting the choice of execution venue and it shall at least include those venues that enable the Company to obtain on a consistent basis the best possible result for the execution of client orders.

The Company must provide appropriate information to its clients on its order execution policy and obtain the prior consent of its clients to the said execution policy.

Where the order execution policy provides for the possibility that client orders may be executed outside a regulated market or an MTF, the Company must, inform its clients or potential clients about this possibility and obtain their prior express consent before proceeding to execute their orders outside a regulated market or an MTF. The Company may obtain this consent either in the form of a general agreement or in respect of individual transactions.

The Company must monitor the effectiveness of its order execution arrangements and execution policy in order to identify and, where appropriate, correct any deficiencies. It must assess, on a regular basis, whether the execution venues included in the order execution policy provide for the best possible result for the client or whether it needs to make changes to its execution arrangements. The Company must notify clients of any material changes to its order execution arrangements or order execution policy.

The Company must be able to demonstrate to its clients, at their request, that it has executed their orders in accordance with the CIF's order execution policy.

## 2. Best Execution criteria – Reception and Transmission of orders

The Company, when providing the service of reception and transmission of orders, shall act in accordance with the best interests of its clients and shall obtain the best possible result when transmitting client orders to other entities for execution.

The counterparties with which the CIF will collaborate for the purpose of Liquidity Provision / Brokerage services, include:

- ***LMAX Global (agreement also includes provision of Price-Feeds)***

In addition to the requirements stated in **Section 1 above**, the order execution policy shall identify, in respect of each class of instruments, the entities with which the orders are placed or to which the Company transmits orders for execution. The entities identified shall have execution arrangements that enable the Company to comply with its obligations under the Law when it places or transmits orders to that entity for execution. The Company shall provide appropriate information to their clients on the policy established.

The Company shall monitor on a regular basis the effectiveness of the policy established above and, in particular, the execution quality of the entities identified in that policy and, where appropriate, corrects any deficiencies.

In addition, the Company shall review the policy annually. Such a review shall also be carried out whenever a material change occurs that affects the ability of the Company to continue to obtain the best possible result for their clients.

## 3. Order Execution Policy

### 3.1. Introduction

- 3.1.1.** Octa Markets Cyprus Ltd (hereafter “the Company”, “we”, “us”, “our”, “ours” and “ourselves” as appropriate), authorized and regulated by the Cyprus Securities and Exchange Commission (“CySEC”). This Order Execution Policy sets forth Company’s policy and execution methodology for client execution on the best terms in accordance with **Markets in Financial Instruments Directive 2014/65/EU (MiFID II)** and the Investment Services and Activities and Regulated Markets **Law of 2017 (L.87(I)/2017)**. This Order Execution Policy provides the procedures and methods the Company applies to ensure the prompt, fair and expeditious execution with best trade execution condition for the client. Further, the Trading Book Policy has been amended to capture the provisions of Capital Requirements Regulation: Regulation (EU) No 575/2013, Part Three > Title I > Chapter 3 > Article 103 and Article 104.

- 3.1.2. Upon acceptance of a client order for securities listed on regulated markets and outside, the Company will endeavour to execute that order in accordance with the following policy, unless otherwise instructed by the client in respect to order execution.
- 3.1.3. This policy forms part of the Client's agreement with the Company and therefore by entering into an agreement with the Company you are also agree to the terms of this Policy, as set out in this document.
- 3.1.4. Company may trade in complex products which carry a high degree of risk. These products are not suitable for everyone. You should not trade with us unless you understand the nature of the transaction you are entering into and the extent of your potential loss from a trade. You must satisfy yourself that it is suitable for you in the light of your circumstances, financial resources and investment objectives. If you are in any doubt you should seek independent advice. You trade entirely at your own risk.

### 3.2. Scope

- 3.2.1. This policy is issued pursuant to, and in compliance with, **EU Directive 2014/65/EU - Markets in Financial Instruments Directive (hereafter "MiFID II")** and the Cyprus legislation implementing MiFID II, that applies to the Company.
- 3.2.2. This policy provides an overview of how the Company executes orders on behalf of clients, the factors that can affect the timing of execution and the way in which market volatility plays a part in handling orders when buying or selling a Financial Instrument. This Policy aims to set out how the Company intends to meet its best execution obligations bearing in mind the nature of its business and of its clients in relation to the execution of orders.
- 3.2.3. This Order Execution Policy applies to Retail Clients when executing transactions for the Financial Instruments provided by the Company **as specified in Annex 1 of this policy**. We execute each Order you place with us through other licensed and regulated brokers.
- 3.2.4. This Policy applies to the execution venues **listed in Annex 2 of this Policy**, with the top five (5) venues specified meaning those most frequently used. The list of execution venues **presented in Annex 2 of this Policy** reflects the objective capabilities of the Company to obtain the best possible results for the client on a consistent basis. The Company therefore should not be expected to choose among all the execution venues possible.
- 3.2.5. Where client interests are concerned the Company may execute the particular client order on a venue not **listed in Annex 2 of this Policy** or reasonably use the services of another broker or intermediary. The Company will then consider amending **Annex 2 of this Policy** respectively.
- 3.2.6. This Policy applies when the Company executes client's orders provided that the following criteria are satisfied:
  - The client has not been categorized as "Eligible Counterparty" for the related service / transaction
  - The client is dealing in Financial Instruments covered by Company's license
  - Specific instructions given by the client do not prevent the Company from providing to the client this Policy
  - The Company did not provide the client with direct market access through an electronic interface which links only to a particular execution venue.

### 3.3. Execution Criteria

- 3.3.1. For determining the relative importance of the Best Execution Factors, the following criteria will be taken into account:

- **The characteristics of the client including the categorization of the client as Retail**  
(Retail, investment purposes and sensitivity to transaction/periodic costs, capacity to utilize electronic means of order submission, etc.);
- **The characteristics of the client order.**  
(size, market order or limit order, order to trade on margin, collateral provided, time frame for execution, currency of settlement, etc.);
- **The characteristics of Financial Instruments that are the subject of that order.**  
(markets existing for such securities, restrictions to circulation, methods and currency of clearing and settlement, marginal requirements, etc.);
- **The characteristics of the execution venues to which that order can be directed.**  
(regulated market (exchange)/MTF, jurisdiction, trading restrictions, quote-driven or order-driven, clearing and custody rules, liquidity, direct access or through intermediary, etc.).

The high relative importance in obtaining the best possible result for Retail clients is described in **Paragraph 3.4.1. of Section 3.4 of this Section - Policy**.

### 3.4. Execution Factors

In general, all client orders will be executed in accordance with the time of their reception. The Company will carry out otherwise comparable 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. Client orders may not be treated by the Company as otherwise comparable if they are received by different media, e.g. electronically or by fax, and therefore it would not be practicable for them to be treated sequentially.

All sufficient steps will be taken in order to obtain, when executing client's orders, the best possible result for clients taking into consideration a range of different factors as required by **MiFID II** and the relevant local legislation. The Execution Factors that the Company will take into account when executing orders will include:

- price,
- costs,
- speed,
- likelihood of execution and settlement,
- size, nature or any other consideration relevant to the execution of the order e.g. characteristics of the client, of the order, financial instrument, and execution venue.

Execution factors will be applied by the Company, when executing client orders, in light of execution criteria presented above. The methodology indicated in this section is not rigid and may be altered by the Company in each particular situation as the client's interests may dictate. Specified below are the execution factors that the Company will take into account. The relative importance of the factors is also indicated. This is primarily the case with regards to Retail Clients.

#### 3.4.1. Price of the Financial Instruments and Cost – Highest importance

Commonly, client orders will be routed to execution venues where opportunities for price improvement may exist. The criteria used may include:

- i. automatically matching incoming market and limit orders to pending limit orders;
- ii. crossing transactions where price improvement is offered to one or both sides of the trade.

In assessing and comparing prices provided by execution venues, including Company's internal capacity, the Company will use benchmarks or other publicly available pricing data. For more diversified markets, as benchmarks can be used data publicized by several major execution venues, including interdealer- brokers, not listed in **Annex 2 of this Policy** but adequately representing this particular market. Reasonable deviations from the benchmarks (levels of tolerance) will be estimated for every Financial Instrument (group of comparable instruments) taking into account its liquidity and volatility. Actual performance of order execution against the respective benchmarks will be regularly monitored.

- **For Retail Clients:**

in the absence of specific client instructions, the Company will take into consideration all factors that will allow it to deliver the best possible result 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. Speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the Retail Client.

There are three (3) broad categories of cost all of which are relevant to both Retail and Professional Clients and which the Company will make reasonable effort to assess and minimize in choosing the way (including venue) of execution:

- **Implicit cost:** meaning the effect of the market impact of order execution. Implicit costs result from how a trade is executed (for example, immediately or worked over a period of time, in a block, or as small orders sent to multiple different execution venues). For example, working a relatively large order over time on a less liquid market may minimize market impact and therefore achieve the lowest total costs (and the best net price). Although the impact of implicit costs can only be precisely assessed after a trade is completed, the Company will make reasonable estimations about the likely implicit costs of an execution strategy before the order is executed.
- **Explicit external costs:** which include exchange fees, clearing and settlement costs, taxes or any other costs passed on to the client by intermediaries (brokers, agents) participating in the transaction.
- **Explicit internal costs:** which represent Company's own remuneration through its Costs and Charges.

*The Company executes trades on the OTC (Over-the-Counter) market. Where the Company makes its profit on OTC markets through the difference in price between the bid and offer (the spread), these spreads will be treated as internal costs (rather than price). In this case the spread needs to be known and agreed in advance with the Retail Client and clearly differentiated from price.*

## Analysis of Costs and Charges:

### Spread

The spread is the difference between the Bid and the Ask price. This Cost is realized every time the Client opens and/or closes a trade position (Entry and Exit Spread).

In the case where the Company acts in its capacity as a Market Maker (MM), through the MT5 Platform, the spread includes a profit mark-up (ranging from 0 to 40 points) over and above the raw spread quoted by the Price Feeder. On the contrary, when the Company routes trades to the execution venue of the Liquidity Provider (LP) in the context of STP (Straight-Through Processing), through the MT5 Platform the spread will be the raw spread quoted by the Liquidity Provider (LP) plus an additional Profit Mark-up, imposed by the Company (ranging from 0 to 40 points).

#### *Market Maker model:*

- $\text{SPREAD CHARGE}_{\text{MT5}} = \text{Price Feeder raw spread} + \text{Profit Mark-Up}$

#### *STP model:*

- $\text{SPREAD CHARGE}_{\text{MT5}} = \text{LP raw spread} + \text{Profit Mark-Up}$

Note: Price Feeder raw spread = LP raw spread

The Spread for the MT5 Platform includes in the Profit Mark-Up and is chargeable as half upon opening of a trade position and the other half upon closure of the trade position.

As spreads are *variable* the size of the spread can be different when opening and closing a trade. The Company's website provides the Minimum Spread, Typical Spread and the Current Spread for the MT5 Platform and for all the Financial Instruments offered by the Company. These Spreads are accessible at:

MT5 Platform: <https://www.octafx.eu/trading-specifications/>

### 3-days Fee

This Cost is equivalent under either of the two Models (i.e. MM or STP) and the value of such fee is denoted on the Company's website at:

MT5 Platform: <https://www.octafx.eu/trading-specifications/>

The 3-days fee is charged every third rollover, that is, every third (3<sup>rd</sup>) night at 00:00 (EET/EEST) and is calculated per 0,01 lot in USD.

The total amount of 3-days Fee, includes the Currency Conversion fee and represents the exchange rate difference from USD to the trading account Base Currency, i.e EUR. Further analysis on the Currency Conversion fee is shown below.

### Currency Conversion

A Currency Conversion fee will be charged each time for converting any realized profits, losses and/or other fees that are denominated in a different currency to the currency in which your account is denominated (Trading Account Base Currency). The Currency Conversion relates to the 3-days-fee and is inclusive therein. 3-days-fee is being charged every third (3<sup>rd</sup>) rollover at midnight.

**Table: 1 Analysis of Costs and Charges**

Platform	Model	Analysis of Costs borne by the end-Client			
MetaTrader 5	Market-Maker (Dealing on Own Account)	Spread (raw spread provided by Price Feeder)	Profit Mark-up	3-Days Fee	Currency conversion *
	STP (transmit to the LP)	Spread (raw spread provided by Liquidity Provider)	Profit Mark-up	3-Days Fee	Currency conversion *

\*Currency conversion fee is inclusive in the 3-Days fee.

- **MT5 Platform:**

Total Cost to Client  $_{MT5/MM}$  = Price Feeder raw spread + Profit Mark-Up  $_{MT5/MM}$  + 3-Days Fee

Total Cost to Client  $_{MT5/STP}$  = LP raw spread + Profit Mark-Up  $_{MT5/STP}$  + 3-Days Fee

**Where,**

Profit Mark-Up  $_{MT5/MM}$  = Profit Mark-Up  $_{MT5/STP}$

Note: Price Feeder raw spread = LP raw spread

**Hence,**

Total Cost to Client  $_{MT5/MM}$  = Total Cost to Client  $_{MT5/STP}$

**Important Note:**

The total Costs and Charges of your trading account(s) are displayed to the trading account statements, as exported and received from MT5 Platform.

In order to obtain the full breakdown of the Costs and Charges of your trading account(s) please login to your Personal Area, click to the menu list, then click on Trading Account, Accounts List and select the account number for which you require the statement, then click from the list on Trades history & Cost/fees breakdown and select the period you wish to obtain the report and the type of document you require to obtain.

**3.4.2. Speed of execution – High importance**

Due to the levels of liquidity and volatility affecting both price and volume, the Company seeks to provide client orders with the fastest execution reasonably possible although delays may occur. For these purposes the Company will use the data publicized by trading venues on the speed of the execution.

The Company places a significant importance when executing Client's orders and is doing all reasonable efforts to offer a high speed of execution within the technological and telecommunication limitations and it is not responsible for the poor performance of Client's technology, internet connection or any other resources that might result in Client's delay in the transmission of data between the Client and the Company.

Speed of execution may have different meanings for the different types of execution venues as the measurement of speed varies by both trading systems and trading platform. For continuous auction order books, speed of execution is expressed in mili-seconds while for other trading systems it is appropriate to use larger units of time. Anyways, the similar parameters will be compared as to make the decision on the best speed for execution.

The actions specified above in this subsection will be performed by the Company periodically subject to availability of the respective data. All execution venues will be required by law to publicize such data starting from 3<sup>rd</sup> January 2018. Before this date or in case of unavailability of such data (e.g. in case of the venue registered in a third country) the Company will assess speed of the execution using the information on the respective venue that is in fact available to the Company.

The Benchmark which the Company applies in the process and context of reviewing the Best Execution verification factors, is the following:

- At a maximum acceptable of 300 milliseconds. In precise, equal of less than 300 milliseconds as a maximum allowable metric.

**3.4.3. Likelihood of execution and settlement – High importance**

Due to the levels of liquidity and volatility affecting both price and volume, the Company seeks to provide client orders with the fastest execution reasonably possible although delays may occur. For these purposes the Company will use the data publicized by trading venues on the likelihood of the execution.

Likelihood of execution indicates the probability of execution of a particular type of order (e.g. market, limit order) and is supported, inter alia, by details on trading volumes and number of

quotes placed and orders executed in a particular instrument. Information on likelihood of execution is connected with such metrics as the relative market size of a venue in a particular Financial Instrument or the class of instruments. Likelihood of execution may also be assessed with data on failed transactions or cancelled or modified orders.

Furthermore, factors such as the size of your Order and liquidity available in the Instrument you wish to trade will impact whether and when it is possible to execute your Order. The times at which you are able to submit Orders to us are restricted. It is important that you familiarise yourself with the restrictions on the submission of Orders before you commence trading with us, for these restrictions may affect your trading strategy.

The actions specified above in this subsection will be performed by the Company periodically subject to availability of the respective data. All execution venues will be required by law to publicize such data starting from 3<sup>rd</sup> January 2018. Before this date or in case of unavailability of such data (e.g. in case of the venue registered in a third country) the Company will assess likelihood of the execution using the information on the respective venue that is in fact available to the Company.

#### **3.4.4. The size of the order – Medium Importance**

In order to compare the quality of execution for orders of different size, the data provided by execution venues on transactions within several size ranges will be monitored by the Company.

The Company will search for execution venues that provide the greatest liquidity and thus potential for execution of large orders. The Company also will seek opportunities for client orders to benefit from order-size commitments offered by the execution venues.

For these purposes the following data publicized by execution venues will be reviewed:

- median transaction size on that date if more than one transaction occurred
- median size of all orders or requests for quote on that date if more than one order or request for quote was received.

#### **3.4.5. The nature of the order**

The particular characteristics of an order can affect the execution of the client's order. The Client can place with the Company the following types of orders, subject to the capability of the execution venues and the brokers the Company cooperate with:

##### **Type of orders**

**Limit Orders:** this is an order to buy or sell once the market reaches the 'limit price'. Once the market reaches the 'limit price' the 'limit order' is triggered and executed at the 'limit price' or better.

**Market Order (hereafter "Instant Order"):** It is an order to buy or sell at the price available at the time of placing the order.

**Pending Order:** A pending order is an order to buy or sell a Financial Instrument in the future once a certain price specified by the Client is reached. There are four (4) types of pending orders. Buy Limit, Buy Stop, Sell Limit and Sell Stop.

- **Buy Stop:** this is an order to buy at a specified price ('the stop price') that is higher than the current market price.
- **Sell Stop:** this is an order to sell at a specified price ('the stop price') that is lower than the current market price.
- **Buy Limit:** this is an order to buy at a specified price ('the limit price') that is lower than the current market price.
- **Sell Limit:** this is an order to buy at a specified price ('the limit price') that is higher than the current market price.
- **Stop Orders:** this is an order to buy or sell once the market reaches the 'stop price'. Once the market reaches the 'stop price' the 'stop order' is triggered and treated as a 'market order'.
- **Stop Loss:** this is an order that maybe attached to an already open position to close a position at a specified price ('the stop loss price'). Once the market reaches the 'stop loss price' the order is triggered and treated as a 'market order'. A 'stop loss' may be used to minimize losses.
- **Take profit:** this is an order that maybe attached to an already open position to close a position at a specified price ('the take profit price'). Once the market reaches the 'take profit price' the order is triggered and treated as a 'limit order'. A 'take profit' may be used to secure profits.

#### 3.4.6. Any other relevant factors

The Company considers, but without the list being exhaustive, as relevant factors that might affect the execution of Clients Orders, fundamental announcements and unusual market conditions such as low liquidity or/and high volatility. The Company may execute at such times the orders manually which can have an impact on the price and speed the orders are executed.

The Company will take all reasonable steps to obtain the best possible result for its Clients but during times of high demand manual pricing and/or execution may cause delays in processing an order which in turn can have an impact on the price and speed at which the order is executed.

#### 3.5. Refusal to execute orders

The Customer accepts that the Company reserves the right to refuse the provision of any investment and ancillary service, at any time, including but not limited to the execution of instructions for trading any type of Financial Instrument of the Company, without prior notice to the Customer. The circumstances under which the Company shall proceed to the above actions are the following:

- If the Customer has insufficient funds in his/her account;
- If the order affects the orderly function of the market;
- If the order aims at manipulating the market of the underlying Financial Instrument;
- If the order constitutes the exploitation of confidential information;
- If the order affects the orderly operation of the trading platform; and
- If the order contributes to the legalization of proceeds from illegal actions (money laundering)
- The Company obtains the right to reject or refuse any suspicious order that can be justified as abusive.

The Customer understands that any act of refusal by the Company for the execution of any order will not affect any obligation of the Customer towards the Company under the Service Agreement.

### **3.6. The Quality of Execution**

- 3.6.1.** When executing orders on behalf of clients in relation to Financial Instruments as defined by MiFID II, the Company will take all reasonable steps to achieve what is called “best execution” of client’s orders. This means that the Company has in place a policy and procedures that are designed to obtain the best possible result for client’s orders, subject to and taking into account any specific instructions from the client, the nature of client’s orders and the nature of the markets and products concerned.
- 3.6.2.** While the Company will take all reasonable steps based on the resources available to it to satisfy itself that it has processes in place that can reasonably be expected to lead to the delivery of the best possible result for its clients, it cannot guarantee that it will always be able to provide best execution of every order executed on client’s behalf, particularly where the client gives specific instructions as to all or part of its order.
- 3.6.3.** The provision of “best execution” by the Company does not mean that the Company owes its clients any fiduciary responsibilities over and above the specific regulatory obligations placed upon it or as may be otherwise contracted between the Company and its clients. Clients remain responsible for their own investment decisions and the Company will not be responsible for any market trading loss suffered as a result of those decisions.
- 3.6.4.** The Company generally considers the most important of the execution factors to be, in order of importance:
  - a. Price and related execution costs;
  - b. Speed and likelihood and settlement of execution;
  - c. Size of the order;

In addition to the factors discussed above, the Company will determine the relative importance of the Execution Factors by using its commercial judgment and experience in the light of the information available on the market and taking into account the Execution Criteria described above.

Demonstrating best execution does not necessarily involve a transaction-by-transaction analysis, but rather involves an assessment of a record of transactions over a period indicating that overall the best results is achieved by executing orders on the client’s behalf on the Execution Venues and in the manner described in this Order Execution Policy. The Company reserves discretion to modify, add or remove execution venues.

- 3.6.5.** In certain markets and trading situations such as “over the counter” (OTC) markets there may not be an equivalent publicly available market price for the instrument being traded. In such situations the Company will use its experience and commercial judgment to take into account all relevant information available to it and apply this Order Execution Policy with a view to achieving the best possible result in terms of the total consideration.
- 3.6.6.** In some cases, as a result of a system failure or otherwise the Company may have no alternative but to execute an order using a method other than the method it has selected based on this Order Execution Policy. In such cases, the Company will endeavour to execute the order on the best terms possible.

### 3.7. Specific instructions

- 3.7.1. Where the client provides the Company with a specific instruction in relation to his/her/it order or any part of it, including selection of execution venues, the Company will execute that order in accordance with those specific instructions and, in doing so, it will have complied with its obligations to provide the best possible results to the extent that those instructions are followed.
- 3.7.2. For the purposes of this Policy under specific instruction will be meant any Order which expressly includes the indication of execution venue and/or party for execution and/or time limit for execution and/or other firm conditions including specific settlement terms. When executing a specific instruction, the Company will seek the best possible result for the client under the constraints imposed by the specific conditions provided in the Order, e.g. most favourable prices available on the execution venue or offered by the third-party specified by the client within the particular period of time.
- 3.7.3. However, the Company would like to warn its clients that any specific instruction may prevent the Company from taking the steps that it has designed and implemented in its execution policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

### 3.8. Execution Venue

- 3.8.1. Execution Venues shall mean the trading venues or venues with which the Company places client's orders for execution or to which it transmits orders for execution. The Execution Venues which the Company utilizes are the following:
  - a) Market maker (MM) for internalization of trade orders under Dealing on Own Account (DOA) capacity, and/or
  - b) Liquidity Providers (LPs) for routing of trade orders under the Straight-through Processing (STP) brokerage model.
- 3.8.2. Where there is more than one competing venue to execute an Order Company's own Costs and Charges for executing the Order on each of such execution venues will be taken into account. For the purposes of preventing unfair discrimination between execution venues the Company will not charge a different Cost or Charge for execution on different execution venues other than to reflect actual differences in the cost to the Company of executing on those venues.
- 3.8.3. The Company shall not receive any remuneration, discount or non-monetary benefit for routing client Orders to a particular execution venue which may lead to a conflict of interest. This particularly includes instances where such execution venues (e.g. internalisers matching client orders) are also connected parties with the Company. Under the same principle, the Company should not be bound to use services of connected intermediaries (e.g. brokers of the same group) for executing a client Order if the overall cost of such execution, including the intermediary's fee, unfairly exceeds the cost of execution of such an Order through another immediately available intermediary with no specific benefit for the Client (e.g. favourable maintenance or custody fee).

- 3.8.4.** To act in the best interests of its clients, the Company will be considering transmitting client orders instead of executing them itself where that would deliver a better result for clients.
- 3.8.5.** To assess overall execution quality of the execution venue all the parameters pointed out in this section will be evaluated in an integrated way taking into account client category, needs and preferences. To this effect, the following metrics may be additionally taken in consideration:
- best bid and offer price and corresponding volumes
  - book depth
  - average spread
  - the number and average duration of periods during which no bid or offers were provided
  - number, time and duration of clearing sessions
  - margin, collateral requirements and flexibility
  - availability and speed of transfer of assets between different markets of the execution venue
  - existence and quality of a DMA system
  - other relevant characteristics.

### **3.9. Liquidity Providers / Brokers**

In order to select its Liquidity Providers/Brokers the Company considers the following criteria (the list is not exhaustive):

- The regulatory status of the Liquidity Providers/Brokers;
- Financial strength of the Liquidity Providers/Brokers;
- Rating;
- Reputation;
- Perceived creditworthiness - Credit risk rating (if available);
- Whether offered prices are as good as or better than, other competitors;
- Competitiveness of Spreads;
- Competitiveness of Commission rates and fees;
- Costs: whether imposes, or its use results in, charges that are higher or lower than its competitors';
- Ability to deal with large volumes;
- Order sizes that typically accepts;
- Promptness of execution;
- How quickly tends to complete an order;
- The depth of trading opportunities - and thus, the likelihood that will be able to complete the client order;
- Whether and how well performs in executing different types of orders (buy, sell, limit order, etc.);
- Past record in executing orders;
- Clearance and settlement capabilities;
- Ability to settle customer's orders according to the customer's instructions;
- Provision of delegated regulatory reporting;
- Willingness to commit capital;
- Market share;
- Tenure;
- Reliability of technology;
- Quality of service;

- Quality of Execution (i.e. speed of execution, rejections and slippage).

### **3.10. Evidence of best execution**

**3.10.1.** Upon reasonable request from a client, and provided that the order was subject to the Policy, the Company will demonstrate to the client that it has executed its order in accordance with this Policy. In the absence of evidence to the contrary, the records of the Company will constitute conclusive evidence of the actions taken by the Company to obtain Best Execution on behalf of its clients. The Company keeps all records relating to its trading activities and versions of this Policy, for a minimum period of five (5) years in accordance with MiFID II and local regulatory requirements.

**3.10.2.** The RTS 27 and RTS 28 reports are considered part of the Best Execution and thus the Clients of Octa Markets Cyprus Ltd can access these reports through the following link: <https://www.octafx.eu/company/legal-agreements/>

### **3.11. Monitoring / Reviewing**

**3.11.1.** The Company will review and monitor the effectiveness of this Order Execution Policy and arrangements to identify and, where appropriate, correct any deficiencies. It will assess, at least annually, whether the execution venues included in this Order Execution Policy enable the Company to provide the best possible result for the client's orders and whether it needs to make changes to its execution arrangements.

**3.11.2.** Furthermore, a review will also be carried out whenever a material change occurs that affects the ability of the Company to continue to obtain the best possible result for the execution of its client orders on a consistent basis using the venues included in this Order Execution Policy. The Company will not notify its clients individually of changes, other than substantial material changes to this Order Execution Policy and therefore the Client should refer from time to time to the Company website where the latest and most up to date Execution Policy will be available.

**3.11.3.** The Company considers that the following factors, the list is not exhaustive, constitute Material Change:

- Change of execution venues
- Change of Liquidity Providers/Brokers
- Significant delay in the execution of orders
- Any change to the relative importance of execution criteria and relevant factors as described in this policy
- Changes of the platform(s) used by the Company for execution of client's orders
- Addition of provision of Services to EEA Countries or any other Third Countries
- Provision of Services to Professional Clients
- Array of Financial Instruments offered through the Online Trading Platform

### **3.12. Prior Consent**

**3.12.1.** When establishing a business relationship with the Client the Company is required to obtain client's prior consent to its Order Execution Policy.

**3.12.2.** The Company is also requiring client's express prior consent in the event that their orders will be executed or transmitted for execution outside of a regulated market or multilateral trading facility (hereafter "MTF"). This Company's Order Execution Policy provides for the possibility that client's orders may be executed or transmitted for execution outside a regulated market or an MTF.

**3.12.3.** The Company may obtain the above consents in the form of a general agreement. The Company will treat clients who have either received the Execution Policy or agreed to receive it in any electronically format or via the internet and have accepted the Terms of Business of the Company, as Clients who have given consent to the Policy as well as given consent to the Company to execute or receive and transmit an order for execution outside a regulated market or MTF.

### **3.13. Definition**

Multilateral trading facility or MTF means a multilateral system operated by an Investment Firm or market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in Financial Instruments in the system and in accordance with its non-discretionary rules, in a way that results in a contract in accordance with the provisions of ***Title II of the Investment Services and Activities and Regulated Markets Laws of 2017***.

Regulated market or organized market means the multilateral system managed or operated by a market operator and which brings together or facilitates the bringing together of multiple third-party buying or/and selling interests in Financial Instrument, in the system and in accordance with its non-discretionary rules, in a way that results in a contract, in respect of the Financial Instruments admitted to trading under its rules or/and systems, and which is authorized by member state and functions regularly in accordance with the provisions of ***Title III of the Investment Services and Activities and Regulated Markets Laws of 2017*** as amended or respective legislation of other member states that are enacted in compliance with ***MiFID II - Directive 2014/65/EU***.

Systematic Internalizer means the Investment Firm which on an organised, frequent and systematic basis, deals on Own Account by executing client orders outside a Regulated Market or MTF.

**Annexes to Order Execution Policy****ANNEX 1**

This Policy will apply to the following classes of Financial Instruments:

- A. Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
- B. Financial contracts for differences (hereafter “CFDs”);

*The Company executes trades on the OTC (Over-the-Counter) market.*

**ANNEX 2****Execution Venues**

Currently, the Company does not have and will not have direct access to any stock exchanges. The table below lists brokers that the Company currently uses for executing the Orders (execution venues), to which each of these brokers provides access. The Company reserves the right to use other execution venues and third parties where we consider that it is appropriate in the light of this Policy, and we may from time to time add or remove an execution venue or a broker from this list.

**The following Execution Venues will be used for executing the Orders:**

<b>Executing Broker</b>	<b>Markets to which each Broker grants access for Execution</b>				
	<b>Equities</b>	<b>Debt Securities</b>	<b>Foreign Exchange and CFDs</b>	<b>Collective Investment Schemes / Open-ended Investment Companies</b>	<b>Contingent Liability Investments</b>
<b>Octa Markets Cyprus Ltd</b>	n/a	n/a	Octa Markets Cyprus Ltd	n/a	n/a
<b>LMAX Global (LMAX Broker Ltd)</b>	n/a	n/a	LMAX Global	n/a	n/a

The following table provides information about Company's Brokers:

Name of Broker	Jurisdiction	Description	License Number	Date of License	Regulatory authority
Octa Markets Cyprus Ltd	CY	Cyprus Investment Firm (CIF) – provision of Investment Services and Ancillary Services	372/18	10/12/2018	Cyprus Securities and Exchange Commission
LMAX Global (LMAX Broker Ltd)	UK	Exchange – provision of regulated products and services	783200	15/12/2017	UK Financial Conduct Authority