



**BEST INTEREST OF THE CLIENT AND ORDER EXECUTION POLICY**

**V 1.0**

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## 1. Introduction

Following the implementation of the Markets in Financial Instruments Directive 2014/65/EU (“MiFID II”) and in accordance to the provisions of the Financial Services and Activities and Regulated Markets Law of 2017 (the “Law”) of the Cyprus Securities and Exchange Commission (“CySEC”), IC Markets (EU) Ltd (hereinafter called the “Company”) is required to establish an Order Execution Policy (hereinafter called the “Policy”) and take all reasonable steps to obtain the best possible result (“Best Execution”) on behalf of its clients.

The Policy describes the way that the Company will achieve the best possible results for its clients by taking into consideration the provisions of the Delegated Regulation (EU) 2017/565 and includes information that must be provided to clients and potential clients in relation to the execution criteria and factors considered when trying to obtain best possible results on a consistent basis.

## 2. Scope

The Order Execution Policy of the Company applies to both retail and professional clients, when providing the investment service of Reception and transmission of orders only in relation to Financial contracts for differences (“CFDs”) as these are defined in point 9 of section C of Annex I of MiFID II.

The Company’s Best Execution obligations do not extend to Eligible Counterparties as per Article 30(1) of MiFID II.

Moreover, the Policy is limited when the Company receives specific client instructions as provided in section 6 of this Policy.

## 3. Best Execution Factors & Criteria

When receiving and transmitting clients’ orders to third parties (“receiving firms”) for execution, the Company takes into account multiple **Execution Factors**, in order to obtain the best possible result for its clients, such as:

- Price;
- Likelihood of execution;
- Size of order;
- Likelihood of settlement;
- Costs (direct or indirect);
- Speed of execution;
- Nature of the order;
- Any other considerations relevant to the execution of an order (e.g. prevailing market conditions).

The Company determines the relative importance of the aforementioned Execution Factors by taking into account the characteristics of the following **Execution Criteria**:

- the client including the categorisation of the client as retail or professional,
- the client's order,
- the financial instruments that are the subject of that order, and
- the Execution Venues to which that order can be directed.

The process by which the Company performs this assessment depends on the specifics of each case. The Company's execution obligations will be discharged in a manner that considers the different circumstances associated with the execution of the order as they relate to the financial instruments involved, namely OTC derivatives. Financial instruments of this nature are bilateral contracts that are arranged through negotiation, with a quote or price provided to a client. A client will decide whether or not to transact with the Company on the basis of that quote.

To execute such transactions, it may be necessary for the Company to hedge its risk. While the cost of the hedge may be linked to the price of an OTC derivative, hedging is an entirely separate activity. However, where the price of the hedge may be used as a reference price for the derivative, the Company will seek to obtain best execution on the hedge subject to any specific instruction.

Price and costs will ordinarily be of high relative importance in obtaining best possible results. However, in some circumstances, reference to the Execution Criteria may appropriately determine that other Execution Factors have greater importance in achieving the best possible result for the client.

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.

#### **4. Execution Venues**

"Execution Venues" are the locations (with or without a physical presence) such as include regulated markets, multilateral trading facilities, organized trading facilities, systematic internalisers, market makers and other liquidity providers.

For the purpose of transmitting orders for execution, the Company acts as an agent on behalf of the Client. A list of the Execution Venues and intermediaries (third party brokers) used by the Company for the execution of client orders in respect to each class of financial instruments can be found below:

Approved intermediaries:

- IS Prime Ltd -Authorized and Regulated by the Financial Conduct Authority
- LMAX Ltd- Authorized and Regulated by the Financial Conduct Authority
- Invast Financial Services Pty Ltd Authorized by the Australian Securities and Investment Commission
- Interactive Brokers (U.K.) Ltd- Financial Conduct Authority
- FXOpen Ltd- Financial Conduct Authority
- CMC Markets UK Plc- Financial Conduct Authority

Derivatives' trading venues:

- All transactions in CFDs are undertaken over the counter (OTC) and NOT on a recognised exchange. As a result, such transactions may expose the Client to greater risks than transactions executed on regulated markets.

Although this list of Execution Venues and intermediaries (third party brokers) is not exhaustive, it comprises those which the Company places significant reliance. The Company reserves the right to use other Execution Venues where deemed appropriate in accordance with the execution policy and may add or remove any Execution Venues from this list. A complete list of Execution Venues included in the Order Execution Policy of the Company can be provided to the client, upon request.

## **5. Selecting an Execution Venue**

Subject to proper consideration of the Execution Criteria and Execution Factors referred to above, where there is more than one competing Execution Venue to execute an order for a financial instrument, the Company shall assess and compare the results for the client that would be achieved by executing the order on each of the Execution Venues.

The Company will transmit orders to those execution venues that it deems sufficient to provide the best possible result based on comparable venue information. Subject to any specific instructions, in meeting the best execution obligation to take all sufficient steps to obtain on a consistent basis the best possible result for the execution, the Company considers the following execution venues as appropriate:

- Regulated Markets ("RM");
- Multilateral Trading Facilities ("MTF");
- Organised Trading Facilities ("OTF");
- Systematic Internalisers ("SI");
- An entity which performs a similar function in a third country to the functions performed by any of the foregoing outside the EEA which are regulated according to their local rules.

## **6. Specific Client Instructions**

Where the client gives specific instruction as to the execution of an Order the Company shall execute the Order in accordance with that specific instruction according to Article 27(1) of MiFID II.

When the Company executes an order following specific instructions from the client, it should be treated as having satisfied its best execution obligations only in respect of the part or aspect of the order to which the client instructions relate. The fact that the client has given specific instructions which cover one part or aspect of the order should not be treated as releasing the Company from its best execution obligations in respect of any other parts or aspects of the client order that are not covered by such instructions.

The Company will not induce a client to instruct it to execute an order in a particular way, by expressly indicating or implicitly suggesting the content of the instruction to the client.

## **7. Reception and Transmission of Orders**

Subject to any specific instructions from the client (as per paragraph 6), the Company will transmit an order it receives from the client to an associated entity, such as a third-party broker, for execution. In doing so, the Company shall act in the client's best interests and will comply with section 3 above.

The Company will review periodically its choice of third-party brokers to ensure that the third-party broker has execution arrangements and execution policy that enable the Company to comply with all its best execution requirements.

The obligation to provide best execution applies to all types of financial instruments captured under MiFID II and is not based on whether or not the instrument is listed in the European Economic Area. Therefore, the Company will require from third-party brokers to demonstrate that they are providing with best execution on a consistent basis in line with the Policy.

## **8. Client Order Handling**

All client orders will be executed promptly and accurately recorded and allocated. The Company will inform retail clients about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.

Where comparable orders are received, they will be processed sequentially, unless a specific client seeks to be treated otherwise. The Company will disclose any inducements and fees related to the use of execution venues to clients.

## 9. Order Aggregation

To carry out a client order (i) in aggregation with either another client order, or (ii) in aggregation with a transaction for the Firm's own account, the Company will ensure the following requirements are met:

- (a) The client has been made aware that aggregation may, in some cases; result in obtaining a less favourable price than if the order were executed separately;
- (b) The Company, in its sole discretion and under prevailing market conditions, does reasonably believe that such action is likely to be within the client's best interests and the Company is able to demonstrate this;
- (c) In the case of (i), the decision to aggregate and, if necessary, reallocate will be made in accordance with any client instructions, having regard to price and volume and allocated accordingly;
- (d) In the case where the Company is given a proportionate or pro-rated allocation, it will be able to demonstrate that it could not otherwise have executed the order on such favourable terms or at all, without its own participation.

## 10. Monitor and Review

The Company will monitor on a regular basis and the effectiveness of this Policy and the execution quality of the procedures explained in this Policy, making any changes where appropriate.

The Company will also be able to demonstrate to clients, at their request, that we have executed their orders in accordance with this Policy.

In addition, the Company will review this Policy at least once a year and will notify its clients of any material changes (including changes to the selected Execution Venues and third-party brokers). Upon request, the Company will demonstrate to its clients that it has executed their orders in accordance with its Order Execution Policy.

Pursuant to MIFID II, since the transactions are executed outside of the trading venue (i.e. OTC), the Company will monitor and check the fairness of the price by collecting market data used in the estimation of the price of such products, and in cases that is possible, compare with comparable or similar products. The determination of the relevancy of any similar products or markets will be solely at the Company's discretion, when assessing and monitoring the fairness of price and may choose different markets for different products or circumstances.

## 11. 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 client shall be deemed to have provided such consent to the Order Execution Policy, as in force from time to time, by signing the Agreement or by effecting a transaction following the receipt of the notice of any amendment of the Order Execution Policy.

## **12. Publication obligation**

The Company will summarize and make public on annual basis, for each class of financial instruments, the top five execution venues in terms of trading volumes where they execute orders in the preceding year and information on the quantity of execution obtained. The publication must be in line with the provisions of the Delegated Regulation (EU) 2017/576 and includes among others:

- a) Information on the class of financial instrument;
- b) Venue name and identifier; and
- c) Volume of client orders executed on that execution venue expressed as a percentage of total executed volume.

## **13. Request to demonstrate best execution**

Upon reasonable request from a client, and provided that the order was subject to the requirements of this Policy, the Company will demonstrate to the client that it has been executed its order in accordance with this Policy.

In the absence of evidence, the records of the Company will constitute conclusive evidence to the actions taken by the Company to obtain best execution on behalf of its clients. The Company keeps records in relation to the best execution requirements, including records of its trading activities and versions of this Policy, for a period of five years in accordance with MiFID II.

## **14. Additional Information regarding this Policy**

In case that a retail client requests additional information about this Policy, and the request is reasonable and proportionate, the Company will consider honouring such a request, especially where such information is requested to enable the client to make a properly informed decision about whether to utilise (or continue utilising) the services of the Company.

## **15. Notification for changes in the Policy**

The Company will notify its clients of any amendments of this Policy. A change is considered as material when its disclosure/publication is necessary to enable the client to make a properly informed decision about whether to continue utilising the services to the Company.

Specifically, the Company will consider the materiality of any amendment it makes to the relative importance of the execution factors or the execution venues that it places significant reliance in meeting the comprehensive best execution requirement.