



## **BEST EXECUTION POLICY**

**EXENICO (CY) LTD**

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|----------------------------|--------------------|
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| <b>Company Number:</b>     | <b>HE 360960</b>   |
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## 1. Introduction

This Order Execution Policy (the “**Policy**”) is issued pursuant to, and in compliance with, Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (MiFID II), the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87 (I)/2017) and any related regulatory guidance issued by the Cyprus Securities and Exchange Commission (“**CySEC**”) that applies to EXENICO (CY) Ltd (ex. Grandis Securities Ltd) (the “**Company**”).

When dealing with clients, the Company has a general duty to act honestly, fairly, professionally and in the best interests of the client. The Company is required to take all sufficient steps to obtain the best possible results on a consistent basis in relation to the investment services it offers to its Clients in the financial services and products it makes available through its trading platform.

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.

The Company shall review this Policy at least annually and shall update it whenever any material change in the Company’s execution processes is taking place. Material change includes changes to top five venues and investment firms, changes to instruments in the scope of this Policy and changes to the importance of Execution Factors. The Company shall notify its Clients of any material changes to this Policy.

## 2. Purpose

This Policy outlines the Company’s approach to achieving the best possible result for its clients taking into account execution factors such as price, cost, speed, likelihood of execution and settlement, size, nature or any other relevant considerations relevant to the execution of an order. The Policy further sets out:

- procedures and practices established by the Company on identifying and apply the execution factors,
- the monitoring and review processes established to review the quality and appropriateness of the Company’s execution arrangements and policies.

This Policy should be read alongside the Company’s Terms and Conditions.

## 3. Scope

This Policy applies to all transactions we arrange or execute on behalf of Professional Clients, whether those transactions are arranged or executed through third-party liquidity providers or brokers. Specifically, it applies to the reception and transmission of Client orders and/or when executing client orders on behalf of Clients in relation to one or more of the following Financial Instruments provided by the Company. In particular:

1. Contracts for Differences on currency pairs (forex);

2. Contracts for Differences on metals,
3. Contracts for Differences on commodities,
4. Contracts for Differences on indices,
5. Contracts for Differences on bonds.

(the “CFDs”).

This Policy **does not apply**:

- When the Company is following your specific instructions to execute your order in a particular manner or at a particular price,
- when the Company is following your specific instructions to execute a specific part or aspect of an order,
- to Clients classified as Eligible Counterparties.

#### **4. Execution Factors**

Under the provisions of the MiFID II Framework, the Company shall take all sufficient steps to obtain, when executing orders, the best possible results for its clients taking into account the execution factors.

The execution factors the Company considered, include but are not limited to:

- Price
- Costs
- Speed of execution
- Likelihood of execution
- Likelihood of settlement
- Size
- Slippage
- Market Impact
- Client Categorization

The relative importance that the Company will place on each of the factors will depend on:

- 1) Your Categorization,
- 2) Any special objective you may have in relation to the execution of the order,
- 3) The characteristics of your order,
- 4) The characteristics of the financial product to which your order relates,
- 5) The characteristics of the execution venue (if there is more than one) to which your order will be directed.

The Company periodically reviews its choice of third party liquidity providers or brokers, to ensure that, taking into account all the factors specified above, the third party liquidity provider or broker is providing the best results for your orders on a consistent basis.

Details of the above factors and how the Company interprets them are presented below:

#### 4.1. Price

**BID – ASK Spread:** 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, the Ask and Bid prices are referred to as the Company's prices. The difference between the lower and the higher price of a given CFD is the spread.

**Company's Prices:** The Company will quote to Clients the prices provided by the Execution Venue/Liquidity Provider. The Execution Venue calculates and provides their own tradable prices for a given CFD by reference to the prices of the relevant underlying asset, which the Execution Venue obtains from third party reputable external reference sources (i.e. price feeders). The Company's prices can be found on the Company's trading platform. The Company updates its prices as frequently as the limitations of technology and communications links allow. The Company reviews systematically its Execution Venue to ensure that relevant and competitive pricing is offered. Despite the fact that the Company takes every step the Company considers sufficient to obtain the best possible result for its Clients, it does not guarantee that when executing an Order its price will be more favourable than one which might be available elsewhere.

**Pending Orders:** 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.

If the price reaches an Order set by you such as: Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit or Sell Stop, then these Orders are automatically executed. However, under certain trading conditions it may be impossible to execute Orders (Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit or Sell Stop) at the Client's requested 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 fluctuations 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 opening of trading sessions. The minimum level for placing Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit and Sell Stop orders, for a given CFD, is specified in the Client Agreement and/or the Company's website

#### 4.2. Cost

For opening a position in some types of CFDs, the Client may be required to pay commission, a spread or financing fees. Commissions may be charged either in the form of a percentage of the overall value of the trade or as fixed amounts per units of volume traded. 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 vary over time. For the CFDs offered by the, the commission or financing fees may not be incorporated into the Company's quoted price and are instead charged explicitly to the Client account. Information on the costs and associated charges is available on [www.exenico.com](http://www.exenico.com).

#### **4.3. Speed**

The Company arranges for the execution of Client Orders with the Execution Venue. The Company places a significant importance when executing Client Orders and strives to offer high speed of execution within the limitations of technology and communications links. For instance, in cases where Clients are using a wireless connection or a dial up connection or any other communication link that can cause a poor internet connection then this may cause unstable connectivity with the Company's trading platform resulting to the Client placing his Orders at a delay and hence the Orders to be executed at better or worst prevailing price offered by the Company.

#### **4.4. Size**

Depending on the size of the trade there may be restrictions on the Company's ability to fill an order or trade at the requested price. Under normal circumstances the Company will not issue partial fills and instead offers its Clients a price with a minimum and maximum deal size.

All orders are placed in monetary value. The Client will be able to place their order as long as they have enough balance in their trading account. If the Client wishes to execute a large size order, in some cases the price may become less favourable considering the feed obtained from its price provider.

#### **4.5. Likelihood of execution**

The Company arranges for the execution of Client Orders with third party(ies) (i.e. Execution Venue); hence, execution may sometimes be difficult. The likelihood of execution depends on the availability of prices of the Execution Venue(s). In some case it may not be possible to arrange an Order for execution, for example but not limited in the following cases: during news times, trading session start moments, during volatile markets where prices may move significantly up or down and away from declared prices, where there is rapid price movement, where there is insufficient liquidity for the execution of the specific volume at the declared price, a force majeure event has occurred.

In the event that the Company is unable to proceed with an Order with regard to price or size or other reason, the Order will not be executed.

#### **4.6. Likelihood of settlement**

The Company shall proceed to a settlement of all transactions upon execution of such transactions. The Financial Instruments of CFDs offered by the Company do not involve the physical delivery of the underlying asset, so they are not settled physically as there would be for example if the Client had bought shares. All CFDs are cash settled.

#### **4.7. Slippage**

Slippage can occur at any time, during news events or when a market opens. This may result in a Client's order being triggered and/or filled at a different level from where intended. This is the situation when at the time that an order is presented for execution, the specific price showed to the Client may not be available; therefore, the order will be executed close to or a number of pips away from the Client's requested price. Therefore, slippage is the difference between the expected price of an order, and the price the order is actually executed at. If the execution price is better than the price

requested by the Client, this is referred to as positive slippage. If the executed price is worse than the price requested by the Client, this is referred to as negative slippage. It is noted that Slippage can occur also during Stop Loss orders, Limit orders, and other types of orders. The Company does not guarantee the execution of Clients' pending orders at the price specified. However, the Company confirms that Clients' orders will be executed at the next best available market price from the price specified under the pending order.

#### **4.8 Market Impact**

Some factors may rapidly affect the price of the underlying instruments/products from which the Company's quoted price is derived and may also affect other factors listed herein. 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.

### **5. Best Execution in relation to CFDs**

The obligation to deliver the best possible result when executing Client orders applies in relation to all types of financial instruments which the Company is authorised to offer.

Since the Company is currently offering only CFDs to its Clients, details are presented below on how best execution and best interest are addressed among CFDs only.

#### **5.1. Relative Importance of Execution Factors**

In CFD trades for Professional Clients and in the absence of any specific instructions, the Company will prioritize the execution factors as specified below.

| <b>Factor</b>     | <b>Price</b> | <b>Cost</b> | <b>Speed</b> | <b>Likelihood</b> | <b>Size</b> | <b>Slippage</b> | <b>Other</b> |
|-------------------|--------------|-------------|--------------|-------------------|-------------|-----------------|--------------|
| <b>Importance</b> | High         | High        | High         | High              | Medium      | Medium          | Medium       |

### **6. Execution of Client Orders**

The Company uses the MT5 trading platform to facilitate online trading for its clients. Orders placed by clients are transmitted automatically to the Company's third-party liquidity provider, which acts as the execution venue. Once an order is executed, the resulting trade is immediately reflected in the client's account, showing any profits or losses from closed positions.

The Company is committed to executing client orders in a fair, prompt, and accurate manner. To this end, it ensures that the following conditions are met:

- Orders executed on behalf of clients are promptly and accurately recorded and allocated.
- Comparable client orders are carried out sequentially and promptly, unless the nature of the order, prevailing market conditions, or the client's best interests dictate otherwise.
- Clients are promptly informed of any material difficulty that may affect the proper execution

of their orders as soon as the Company becomes aware of such an issue.

The order execution process is summarized below:

1. A client submits an order via the MT5 platform.
2. The order is automatically transmitted to a third-party liquidity provider for execution.
3. Order is executed by the liquidity provider on the prices quoted to the client based on the information obtained from price sources.
4. Once executed, the trade is instantly updated in the client's trading account, including any profit or loss from closed trades.

The Company quotes prices to clients based on aggregated market data sourced from third-party venues or financial institutions. It ensures:

- Continuous monitoring of pricing performance, including update frequency and reliability.
- Engagement with independent financial institutions to guard against market data outages.
- That all reasonable steps are taken to secure the most appropriate market prices for the underlying assets of the CFDs offered.

## **7. Execution venues**

Execution Venues are the entities with which the orders in Financial Instruments are placed and executed. The Company engages with execution venues/brokers to enable it to deliver best execution to its Clients on a continuous basis. When the Company places or transmits orders for execution to other entities (e.g. brokers), it will ensure that such entities have policies and arrangements that enable the Company to comply with its obligations to act in the best interest of Clients when placing orders with, or transmitting orders to, other entities for execution.

The execution venue and third-party liquidity provider currently used by the Company is SM Capital Markets Ltd, which is authorised and regulated by CySEC with CIF licence number 339/17 (the **"Execution Venue"**).

The Company may change its execution venue or use additional execution venues at its own discretion by giving at least one (1) business day prior notice to the Clients on the Website.

Although the Company uses a third-party liquidity provider as its execution venue, it remains its Client's counterparty in all transactions. This means the Company enters into trades with the Client as Principal and not as an agent.

The criteria applied by the Company for execution venue and broker selection, can be grouped into either the soundness or the service level of the execution venues/brokers and include the following:

**Soundness of the execution venue/broker**

- Reputation, financial strength and stability;
- Liquidity analysis
- Clearing schemas
- Access to primary and/or secondary markets and
- Ongoing reliability.

**Service level of the execution venue/broker**

- Circuit breakers
- Overall costs of a trade including commissions, mark-ups, markdowns or spreads;
- Market share;
- Electronic connectivity;
- Block trading and block positioning capabilities;
- Willingness to execute difficult transactions;
- Willingness and ability to locate and/or commit capital to complete trades; and
- Anonymity of trading activity.

In addition, the following conditions must be met before execution venues/brokers can be approved:

- Accurate and timely execution, settlement, clearance and error/dispute resolution processes;
- Licensed, as required, to execute the type of transaction; and
- Supervision by national authorities.

The Company will undertake regular assessments of its execution venues and brokers as well as the execution quality provided by them in order to determine whether existing venues and brokers as specified in this Policy continue to provide the best possible result for the Company's Clients, and to review the suitability of new execution venues or brokers. The assessment will take into consideration the criteria listed in this section.

Where applicable, the Company will take steps to avoid structuring or charging commissions in such a way as to discriminate unfairly between execution venues.

Using a single execution venue requires the Company to demonstrate that such centralization in not preventing the Company to get the best possible results for its Clients on a consistent basis. In order to comply with the requirement to act in the best interests of its Clients, the Company regularly assesses the market landscape to determine whether or not there are alternative venues that could be used.

The Client acknowledges that the transactions entered in Financial Instruments with the Company are not undertaken on a recognized exchange/regulated market, rather they are undertaken over the counter (OTC) and as such they may expose the Client to greater risks than regulated exchange

transactions/orders.

## **8. Benchmarking and monitoring**

The Company gathers relevant market data in order to check whether the OTC price offered for a Client is fair and delivers on the best execution obligation. Monitoring of execution quality in CFDs is based on transaction cost analysis and regular slippage reports.

## **9. Specific Instructions**

In circumstances where the Client provides the Company with a specific instruction as to how to execute an order and the Company has accepted this instruction, then the Company will execute the order in accordance with that specific instruction and the Company's obligation to provide best execution/best interest will be considered to be waived by virtue of the fact it is following the Client's specific instruction.

Where a Client provides specific instructions that only cover a part of their order, the Company will apply the provisions of this Policy to the remainder of the order that is not affected by this instruction. It needs to be noted that by following the Client's specific instruction, the Company may be prevented from taking the steps designed and implemented as described in this Policy to obtain the best possible result for the entirety of the order. In this situation, the Company can only guarantee that the best execution obligations will be adhered to when executing the parts of the order that are not affected by the Client's specific instruction.

## **10. Types of Orders**

Given the nature of risk and volatility of financial markets, the Client may want to consider using different types of orders to limit risk and manage their investment strategies (it should be noted that the following descriptions of order types may apply only to some and not all types of financial instruments).

**Market order:** With a market order, the Client instructs the Company to execute a trade of a certain size as quickly as possible at the current market price. The Company is required to execute market orders without regard to price changes. Therefore, if the market price moves during the time it takes to fill a Client's order, the order will most likely be executed at a price different from the price when the order was entered. Execution price can be either improved, worsened or unchanged.

**At requested/ Limit order:** With an at requested order/limit order, the Client sets the maximum purchase price, or minimum sale price, at which the trade is to be executed. As a limit order might be entered to take effect at a price that is different to the current market price, the order may not be executed immediately.

With those type of orders, a Client must be aware that they are giving up the certainty of execution and are likely to receive requotes/rejects if the market price moves during the time it takes to fill their order.

**Stop order:** A stop order allows selling below the current market price or buying above the current market price if the stop price is reached or breached. A stop order is therefore a pending order until the stop price is reached or breached. When a stop order is executed, it becomes a market order and is filled as soon as possible at the price obtainable on the market. Note that this price may differ from the price you set for the order (slippage).

#### **11. Monitoring of execution quality**

As part of the Company's efforts to deliver the best possible execution for Clients at all times, the Company has implemented a range of initiatives to monitor execution quality.

Furthermore, real time monitoring (limit warnings) are applied for all Client orders. In addition, post-trade monitoring of execution quality based on sample testing, price comparison, benchmarking, review of execution quality statistics related to frequency of rejections, re-quotes, symmetry and etc. is performed periodically and results of the monitoring are reported to the Senior Management at least monthly.

#### **12. Prohibited Practices**

In relation to trading procedures concerning best execution, acting in the client's best interest, and the use of execution venues or brokers, the Company prohibits the below listed practices:

- directing orders to brokers in return for any gifts or entertainment;
- directing orders to brokers if any conflict of interest exists which cannot be mitigated;
- receiving any remuneration, discount or non-monetary benefit for routing client orders to brokers or execution venues which would infringe the requirements on conflict of interest or inducements.
- structuring or charging commissions in such a way as to discriminate unfairly between execution venues.

#### **13. Public Reporting Requirements**

Where applicable under the MiFID II framework, the Company publishes annually, for each class of financial instruments it offers—specifically Contracts for Difference (CFDs)—the top five investment firms (by trading volume) to which it transmitted or placed client orders for execution in the previous year, along with information on the quality of execution achieved.

The above report, along with the Company's best execution monitoring summary is available on [www.exenico.com](http://www.exenico.com).

#### **14. Definitions**

**MTF:** Multilateral Trading Facility. A multi-lateral system, operated by an investment firm or market operator, which brings together multiple third-party buying and selling interests in financial instruments in a way that results in a contract in accordance with the provisions of Title II of MiFID II.

**OTF:** Organized Trading Facility. A multi-lateral system which is not a Regulated Market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products,



emission allowances or derivatives are able to interact in a system in a way that results in a contract in accordance with Title II of MiFID II.