



Order execution policy

ver. 5.19

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”), Conotoxia 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 Counter-parties 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:

I. Price

The company will quote two prices for any given instrument: the higher price (ASK) at which the customer can buy and the lower price (BID) at which the customer can sell. The difference between the ASK and BID price is called “Spread” and is the main measure of comparison. The Company reviews its spread and price streaming in a daily basis to ensure that the offering is fair and continue to be competitive.

II. Likelihood of execution and Settlement

The company acts as an agent on the Client’s behalf and is responsible to monitor and evaluate the historical and current execution quality of its Execution Venues. The Company seeks to provide Client orders with the best execution possible. Upon request and in a quarterly basis, the Company will prepare Execution Statistics report including the Fill ration for the specify period. Rejected or unfilled orders represent an opportunity cost for the clients and the Company,

therefore higher fill ratios are desirable. After the execution of the transactions, the Company shall proceed to the settlement according to the contract specifications of each instrument.

III. Size of order

The unit measuring the transaction amount is the “Lot”, although clients can choose to trade using currency or other standard form of units. The lot is different for each type of financial instrument; contract specifications for each instrument are available on Company’s website and on the trading platform. The Company reserves the right to decline a Client’s order if it is too large and cannot be filled in any of our execution venues.

IV. Costs (direct or indirect)

The Company does not include commissions or any other fees into the quoted price. Nonetheless, for each transaction a commission or other fees might be charged. All fees and commissions are available in the Contracts specifications in the Company’s website and on the trading platform. **Commissions** should be charged in the form of a fix amount per USD volume traded and Financing fee “**Swaps**” will be deposited or credited from clients’ accounts based on the interest rates and the holding period of the position. Further information can be found in the Company’s website www.conotoxia.com/forex.

The internal commissions and costs for executing an order will be taken into account when assessing where to execute the order, in case there is more than one competing venue available. Thereafter, when judging whether best execution has been given on an individual transaction, the Company can omit their own fees and charges from the assessment.

V. Speed of execution

The Company acts as an agent on the client’s behalf and is responsible to monitor and evaluate the historical and current execution quality of its Execution Venues. The Company places a high priority to the quality and speed of each transaction within the limitations of the available communication or technological tools. The company will prepare quarterly and upon request the Execution Statistics report measuring the discretionary element of execution latency. Higher hold times and execution latency represent an opportunity cost for both the company and the clients, hence lower latency is desirable.

VI. Nature of the order;

The Client can place with the Company the bellow type of orders:

Market Order: this is an order to buy or sell at the current market price that is available. The system automatically will place an identical order on Company’s execution venues which they will execute the ‘market order’ at the next best available price.

Limit Order: this is an order to buy or sell once the price of an instrument reaches a desired level (the ‘limit price’). Once the market reaches the limit price, the order gets triggered and executed at the requested price (Limit Price) or better.

Stop Order: With a stop order, once the price assigned to the order has been reached, a Market order will be automatically sent. The order will be filled at the best available price.

Stop Limit Order: Once the Stop price is reached, a Stop Limit Order becomes a Limit Order and will be executed at the specified price (or better). The Limit Order will be executed at Stop Price plus Limit Range for Buy Stop Limit Orders and Stop Price minus Limit Range for Sell Stop Limit Orders.

VII. 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 categorization 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. The Client acknowledges that the transactions entered in CFDs with the Company are undertaken over the counter (OTC) and as such they may expose the Client to greater risks than regulated exchange transactions.

The Company does not receive any remuneration, discount or non-monetary benefit for routing Client orders to a trading venue or execution venue which would infringe the requirements on conflicts of interest or inducements.

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.

1. Negative Balance Protection

! The Company is required to apply the margin close-out protection and the negative balance protection under Article 1(e) and 1(f) of Decision 2018/796 to all CFD positions. A margin close out rule applies on an account basis based on 50% of the initial margin required. This means that the Company is required to close out one or more retail client's open CFDs.

The negative balance protection applies to all Retail Clients and is set on a per account basis, which provides an overall guaranteed limit on retail client losses. This implies that a client can never lose more money than the funds specifically dedicated to CFD trading.

2. Execution Venues

“Execution Venues” are the locations (with or without a physical presence) such as regulated markets, multilateral trading facilities, systematic internalisers, market makers, liquidity providers or any other entity that facilitates trading of Financial Instruments.

The Company is without exception an agent to the client and not an Execution Venue. The Client acknowledges that the orders entered with Conotoxia LTD are passing to a third party Execution Venue.

The current Execution Venues/liquidity providers are:

1. LMAX Exchange LTD

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.

3. 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.

4. 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.

The Company does not accept any liability in case of misunderstanding, error in the identification of the person giving the instruction or other errors on its part related to such method of communication and which may involve losses or other inconveniences for the Client. If the Client undertakes transactions on an electronic system, he will be exposed to risks associated with the system including the failure of hardware and software (Internet / Servers). The result of any system failure may be that his order is either not executed according to his instructions or it is not executed at all. The Company does not accept any liability in the case of such a failure. The Company reserves the right not to execute instructions transmitted by telephone or email. Telephone conversations may be recorded, and the client will accept such recordings as conclusive and binding evidence of the instructions.

5. 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. A complete list of third-party brokers can be provided to the client, upon request.

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. To this end, 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.

6. 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.

7. Order Aggregation

To carry out a client order in aggregation with either another client order, the Company will ensure the following requirements are met:

- it is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated;
- It is disclosed to each client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order;
- an order allocation policy is established and effectively implemented, providing for the fair allocation of aggregated orders and transactions, including how the volume and price of orders determines allocations and the treatment of partial executions.

Where the Company aggregates an order with one or more other client orders and the aggregated order is partially executed, it shall allocate the related trades in accordance with its order allocation policy.

8. 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.

9. 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). Therefore, since this Policy forms a part of the Operational Client Agreement, the client is also agreeing to the terms of our Best Execution Policy for Forex Instruments and Contracts for Differences (CFDs), as set out in this document and is specifically providing us with explicit consent for the orders being executed outside a regulated market or multi-lateral trading facility (MTF) or Organised Trading Facility (OTF), which is the case for OTC instruments.

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.

10. 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.

In addition, the Company publishes data that contains key metrics of execution quality quarterly and no later than three months after the end of each quarter, as follows:

- a) by 30 June, information regarding the time period 1 January to 31 March;
- b) by 30 September, information regarding the time period 1 April to 30 June;
- c) by 31 December, information regarding the time period 1 July to 30 September;
- d) by 31 March, information regarding the time period 1 October to 31 December.

11. 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.

12. Additional Information regarding this Policy

When a retail client requests additional information about this Policy and the request is reasonable and proportionate, the Company will proceed on such 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.

13. 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.

