



Best Execution Policy

October 2019

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 sufficient 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, either when executing clients’ orders or receiving and transmitting orders for execution, 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.

The Policy sets out the execution procedures for the financial instruments offered by the Company. Clients must therefore ensure that they have read, understood and consent to the contents of this Policy before trading with the Company.

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/apply in relation to transactions with Eligible Counterparties as per Article 30(1) of MiFID II and as these are defined in the Company’s Client Categorization Policy.

Moreover, the Policy is limited when the Company receives specific client instructions as provided in section 7 of this Policy.

3. Legal Framework

In order to ensure that the Company meets its obligations regarding best execution the following regulatory framework applies:

Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended from time to time (“MiFID II”); as well as the Law 87(I)/2017 regarding the provision of investment services, the exercise of investment activities and the operation of regulated markets and other related matters, as amended from time to time (the “Law”); and the Investment Services and Activities and Regulated Markets Law No 144(I)/2007 to the extent it remains applicable after coming into force of MiFID II;

The Company also follows the European directives and regulations such as the Commission Delegated Regulation (EU) 2017/565, supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive; and the Commission Delegated Regulation (EU)

2017/576, supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution.

In addition, the Company takes into the consideration Section 9 of the Questions and Answers of the European Securities and Markets Authority (“ESMA”) as amended from time to time, with respect to the provision of CFDs and other speculative products to retail investors and Section 1 of the Questions and Answers of the European Securities and Markets Authority (“ESMA”) as amended from time to time, on investor protection topics.

4. Financial Instruments and Pricing

The Company executes orders in relation to one or more financial instruments such as contracts for difference on Forex, commodities and equity indices.

The company’s financial instruments pricing derives directly from the underlying market and the company is not adding any additional mark-up on the spread.

For more information with regards to the financial instruments offered, please visit the Company’s website on the following link: <https://conotoxia.com/forex/trading/instrument-overview>

5. Best Execution Factors & Criteria

When executing orders or receiving and transmitting clients’ orders to third parties 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 on a daily basis to ensure that the offering is fair and continues 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 on 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 forms 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. However, the company will not offer better or less favorable execution conditions to any order, irrelevant of the size or any other characteristic.

IV. Costs (direct or indirect)

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

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 on 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.

The company will not offer better or less favorable execution conditions to any order, irrelevant of the nature of the order or any other characteristic.

VII. Any other considerations that are 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.[Table 1.0] 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.

In case further explanation of the consequences of this means of execution (i.e. OTC) and the exposure to the risk is required clients may contact our customer support at support@cy.conotoxia.com

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.

Table 1.0

FACTOR	IMPORTANCE LEVEL	REMARKS
Price	High	The Company gives a strong emphasis on the quality and level of the price data received from external sources (i.e. Execution Venues) in order to provide the Clients with competitive price quotes.
Costs	High	The Company takes all sufficient steps to keep the costs of your transactions as low and competitive.

Speed of Execution	High	The Company continually monitors this factor so that ensures high execution standards, since execution speed and the opportunity of price improvement are critical factors to every trader
Likelihood of Execution	High	The Company aim to execute all client orders to the extent possible, even the fact that we reserve the right to decline/ cancel a client order
Likelihood of Settlement	Medium	See relevant description in Best Execution Factors
Size of Order	Medium	See relevant description in Best Execution Factors
Nature of Order	Medium	See relevant description in Best Execution Factors

Price and costs will ordinarily be of high relative importance in obtaining the best possible results. However, in some circumstances, the 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.

6. Negative Balance Protection and Margin Close-out Protection

Conotoxia offers negative balance protection (the 'NBP') on a per-account basis for its retail clients. NBP means the limit of a retail client's aggregate liability for all CFDs connected to a CFD trading account with the Company to the funds in that CFD trading account.

The Company is also required to apply the margin close-out protection in relation to retail clients. A margin close out rule applies on a per-account basis and it means the closure of one or more of a retail client's open CFDs on terms most favorable to the client, when the sum of funds in the CFD trading account and the unrealized net profits of all open CFDs connected to that account falls to less than half of the total initial margin protection for all those open CFDs.

Further information regarding leverage and margin requirements can be found in the Company's Leverage policy at the following link [here](#).

7. Execution Venues

"Execution Venues" are the locations (with or without a physical presence) such as regulated markets, multilateral trading facilities, OTFs, systematic internalizer, 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

The company believes that it is in the best interest of its clients to offer a single execution venue, since it can ensure a negative balance protection to its retail clients and it can also negotiate for better trading conditions.

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.

8. 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”);
- Organized Trading Facilities (“OTF”);
- Systematic Internalizer (“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.

The Company in selecting the execution venue for the execution of a transaction, takes into consideration the following:

- Reliability of the venue
- Price
- Speed of Execution
- Cost of Execution
- Creditworthiness of the venue
- Availability of Liquidity of the Financial Instrument
- Trading continuity
- Quality of any related clearing and settlement facilities

The company considers the above factors to be of equal importance to the decision-making process.

9. 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.

10. 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.

11. 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.

12. 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 determine 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.

13. Monitor and Review

The Company has an obligation to monitor on a regular basis the effectiveness of this Policy and the execution quality of the procedures explained in this Policy *at least annually or whenever there is a material change that affects the Company's ability to obtain Best Execution for Clients*

The Company has procedures and processes in place to analyze the quality of execution, as well as to monitor best execution, by:

- reviewing system settings/ parameters;
- systematically comparing prices provided by its execution venues against external price sources or other venues to ensure that there are no significant or systematic deviations in the pricing provided to its clients;
- monitoring quality of execution by reviewing statistics related to frequency of rejections as well as the symmetry of any observed slippages (positive vs negative);
- comparing the Company's average speed of execution with industry standards;

- monitoring any complaints related to the quality of execution in order to ensure that any deficiencies are improved.

In order to ensure that the Company monitors the best execution adequately, the Company delegates the Brokerage department to monitor the process on daily/weekly basis.

In addition, the Company shall check on a regular basis whether the Company has correctly applied its Order Execution Policy and if client instructions and preferences are effectively passed along the entire execution chain.

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 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 are possible, compare with comparable or similar products.

The company also performs the bellow assessments on a weekly basis to ensure that clients receive the best execution possible according to the order execution policy:

- Assessment of Competitive Pricing.
- Assessment of Fair Price and Execution.
- Assessment of Execution Speed.
- Assessment of the Likelihood of Execution and Settlement.

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. This shall be an ex-ante assessment, which shall take place prior to the execution of an order.

14. 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 Organized 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.

15. Publication Obligation

The Company will summarize and make public on an 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.
- d) number of client orders executed on that execution venue expressed as a percentage of total executed orders;
- e) percentage of the executed orders that were passive and aggressive orders;
- f) percentage of orders referred to in point (d) that were directed orders;
- g) confirmation of whether it has executed an average of less than one trade per business day in the previous year in that class of financial instruments.

16. 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.

17. Additional Information regarding this Policy

When a 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 utilize (or continue utilizing) the services of the Company.

18. Notification for changes in the Policy

The Company will notify its clients of any amendments of this Policy. A material change shall be a significant event that could impact parameters of best execution such as cost, price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order..

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.

Should you require any further information and/ or have any questions about this policy please direct your request and/ or questions to support@cy.conotoxia.com