



# Order Execution Policy

## 1. Purpose

The purpose of this policy is to establish effective arrangements for obtaining, when Spot Capital Markets Limited, hereafter the “Company”, is executing clients’ orders, the best possible result for its clients.

This document aims to set out those arrangements and to ensure compliance with legislative requirements and the departmental and general procedures, which are set within this Internal Procedures Manual.

The Company takes all reasonable 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 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, 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 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 firm's order execution policy that is capable of executing that order, the firm's own commissions and costs for executing the order on each of the eligible execution venues shall be taken into account in that assessment.

## 2. Legal Framework

In accordance with the Investment Services and Activities and Regulated Markets Law of 2007, CIFs must take all reasonable steps to obtain, when executing orders, the best possible result for their clients taking into account price, costs, speed, likelihood of execution, size, nature or any other consideration relevant to the execution of the order. Nevertheless, whenever there is a specific instruction from the client, the CIFs shall execute the order following the specific instruction.

In addition, CIFs must establish and implement an order execution policy to allow the CIF to obtain, for its clients’ orders, the best possible result.

## 3. Policy

Dealing Room is the relevant department to which the order execution policy mainly applies. The policy is reviewed on an annual basis or/and whenever a material change occurs that impacts



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the Company's ability to continue offering best execution of its clients' orders using the Company's trading platform.

The Company proceeded to the establishment and maintenance of an Order Execution Policy, in order to ensure compliance with the obligation to execute orders on terms most favourable to the clients and to achieve the best possible results for its clients, taking into consideration its clients' ability, needs and trading policies, where applicable and possible.

The policy outlines the process that the Company follows in executing trades, and assure taking all reasonable steps to consistently obtain the best possible result for clients through its order execution policy. It is noted however that when executing an order following a specific client instruction, the Company will execute the order in line with those instructions and will consider that it has discharged its best execution obligations.

### 3.1 Order Execution Criteria

When executing client orders the Company takes into account the following criteria:

- The characteristics of the client including the categorization of the client as retail or professional;
- The characteristics of the client order;
- The characteristics of the financial instruments that are the subject of that order;
- The characteristics of the execution venue to which that order will be directed.

The best possible result will be determined in terms of the total consideration, representing the price of the contract and the cost related to execution. The other execution factors of speed, likelihood of execution size, nature or any other relevant consideration will, in most case, be secondary to price and cost considerations, unless they would deliver the best possible result for the client in terms of total consideration.

### 4. Execution Factors

The Company, when managing client's orders takes into account various execution factors, provided that there are no specific instructions from the client to the Company about the way of execution of the orders. The execution factors include:

- Price
- Speed and likelihood of execution
- Costs or commissions
- Size and nature of the order
- Market conditions and variations
- Execution capability
- Any other direct consideration relevant to the execution of the order



### 4.1 Pricing

The Company sets the prices to be used in binary options trading. The pricing rules set by the Company are:

- Pricing is allowed only before option purchasing. No manipulation on the option offering is allowed when the trade is being executed or after;
- The automated risk software shall not act in any case against the client in trade execution regardless of the pricing status;
- All traders shall be offered the same price for any given option.
- Pricing shall affect entry price only and not the expiry price.

### 4.2 Speed

The frequency with which prices change varies with market conditions. Considering that the tradable prices which are distributed via the Company's trading platform/terminal, technology used by the client to communicate with the Company plays a crucial role. For instance, the use of a wireless connection, or dial up connection, or any other communication link that can cause a poor internet connection can cause unstable connectivity to the Company's trading platform/terminal. The result for the client is to place his orders at a delay and the order to be executed at better or worst prevailing market price offered by the Company via its platform/terminal.

### 4.3 Costs

When the client opens a position in some types of financial instruments a commission or a financing fee will apply.

### 4.4 Size of order

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

### 4.5 Nature of order

The particular characterizing of an order depends on the Binary option to be selected by the client. The value of the option is mainly depended on the volatility of the underlying instrument, the set time of option expiration and the risk management to be selected by the client.



### **4.6 Market Impact**

The Company's quoted prices which are derived from its independent price providers may be affected by various factors which could also affect the abovementioned factors. The Company will take all reasonable steps to ensure the best possible result for its clients.

### **4.7 Likelihood of execution**

Due to the levels of volatility affecting the underlying instrument's price, the Company seeks to provide client orders with the fastest execution reasonably possible.

### **4.8 Likelihood of settlement**

The Company shall proceed with the settlement of all transactions upon the execution and/or time of expiration of the specific transaction.

### **4.9 Execution Venue**

Spotoption Exchange Limited, a company licensed and regulated by the Cyprus Securities and Exchange Commission (License No. 170/12) shall be the sole execution venue for the execution of its clients' orders.

## **5. Client consent**

Appropriate information is provided to the client on the content of the execution policy. The prior consent of the clients is obtained regarding the documented order execution policy to be followed.

Adequate information is provided to the clients through this policy in relation to the factors that are taken into consideration by the management when handling clients' orders.

## **6. Financial instruments**

The financial instruments offered to clients are only binary options. Their details are as follows:

### **6.1.1 Standard Binary Options**

The Trading platform will be providing the clients with various options to trade and will also provide option conditions and pay out. The client will be able select the underlying asset and expiry time. The client can submit a trade by clicking the CALL or PUT button and select the amount she/he wish to trade. The applicable pay-out is paid to the client if the option expires in-the-money.

### **6.1.2 One Touch binary Option**

With One Touch options, the clients need to forecast if any asset will touch any set strike at its expiration. In the event the clients forecast correctly, as well as the price of the actual



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asset touches the particular strike price at the time of termination, the client will end up in-the-money and additionally get a pre-determined pay-out.

### 6.1.3 Tailor Made Binary Options

The clients can create their own binary options by using the Options Builder function of the trading platform. The clients can select the underlying asset, expiration time, pay-out ratio, investment amount and submit a trade by clicking the CALL or PUT button. The applicable pay-out is paid to the client if the option expires in-the-money.

### 6.1.4 60 Seconds Binary Option

60 Seconds Binary Options are options that have fixed expiry time of 60 seconds and pay-out ratio. The clients select the underlying asset and submit a trade by clicking the CALL or PUT button. The applicable pay-out is paid to the client if the option expires in-the-money.

For all binary options described above, the balance of the client will be checked automatically by the platform and will proceed to accept or reject the trade accordingly. Moreover, the clients will have the choice to cancel the trade for a period of at least 2 seconds after clicking the CALL or PUT button (cancelling the trade will not affect the client's trading balance and the funds will be returned to the trading account).

## 17. **Review of this policy**

The Company may update this Order Execution Policy from time to time. In the event that the Company materially changes this Policy including how it collects, processes or uses clients' personal information, the revised Order Execution Policy will be uploaded in the Company's website. In this respect, the clients hereby agree to accept posting of a revised Order Execution Policy electronically on the website as the actual notice of the Company to its clients. Any dispute over the Company's Order Execution Policy is subject to this notice and the Client Agreement. The Company encourages its clients to periodically review this Order Execution Policy so that they are always aware of what information the Company collects, how it uses it and to whom it may disclose it, in accordance with the provisions of this Policy.