

**BEST INTEREST & ORDER EXECUTION POLICY**

**Version No. 8**

**February 2019**

# BDSWISS HOLDING PLC

A GROWING COMMUNITY

## 1 Introduction

BDSwiss Holding PLC (hereinafter “BDSwiss”, “the Company”) is a Cyprus Investment Firm licensed and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under License Number 199/13.

## 2 Legal and Regulatory Framework

This document provides a summary of the Company’s Best Interest & Order Execution Policy (the ‘**Policy**’) which applies to Company’s execution of orders in all types of financial instruments including Cryptocurrencies, on behalf of retail and professional clients according to below mentioned Regulations. This Policy is issued pursuant to and in compliance with the requirements of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on *Markets in Financial Instruments* and amending Directive 2002/92/EC and Directive 2011/61/EU (“MiFID II”), the law of the Republic of Cyprus No 87(I)/2017 regarding the provision of investment services, the exercise of investment Services and Activities and Regulated Markets Law of the Republic of Cyprus Law No 144(I)/2007. The Company will refer to all mentioned legislations, regulations and guidelines as “Regulations”.

Under the above legislation, the Company is required to take all **sufficient** steps to obtain the best possible result (or “best execution”) for the Client when executing an order with the Client or on the Client’s behalf, taking into account various execution criteria. The Company has the duty to act honestly, fairly, professionally and in the best interests of its Clients when receiving and transmitting Client orders to other entities or venues, to execute and to achieve the best execution results subject to and taking into account:

- The characteristics of the client’s order
- The characteristics of the financial instruments that are subject to that order (in particular in relation to Over-the-Counter “OTC” financial instruments)
- The characteristics of the execution venues to which that order can be directed
- The prevailing level of liquidity at the time of execution

**The best possible result will be determined in terms of the total consideration, represented by the price of the contract and the cost related to the execution as the main factors. The other factors such as speed, nature and size of the order, likelihood of execution and other relevant factors will be considered as secondary**

# BDSWISS HOLDING PLC

A GROWING COMMUNITY

**factors compared to the total consideration (i.e. price and cost) suffered by the client unless they would deliver the best possible result for the client in terms of total consideration.**

Whenever there is a specific instruction from or on behalf of a client, BDSwiss will to the possible extent, execute the order in accordance with the specific instruction. A specific instruction from a client may prevent BDSwiss from taking the steps that it has described in this Policy to obtain the best possible result for the execution of orders. Trading rules for specific markets may prevent BDSwiss from following certain client's instructions. To the extent that a client instruction is not complete, BDSwiss will determine any non-specified components of the execution in accordance with this Policy.

The Company's commitment to provide best execution does not mean that it owns the client any fiduciary or other responsibilities over and above the specific regulatory obligations placed upon BDSwiss or as may be otherwise contracted between the client and the Company.

### **3 Scope, Purpose and Services**

This Policy applies to both retail and professional, existing and potential clients (as defined in the Company's Client Categorization Policy). Hence, if the Company classifies a Client as an Eligible Counterparty, this Policy does not apply to this category of Clients.

This Policy applies when the Company provides the investment services of reception and transmission of orders in relation to one or more financial instruments and/or when executing of orders on behalf of clients including Cryptocurrencies on behalf of retail and professional clients.

The financial instruments provided by the Company are:

- a. Contracts for Difference (CFDs) on currency pairs, CFDs on commodities, CFDs on Equities, as well as CFDs on Cryptocurrencies

For more information on the contract specifications visit the Company's website at: <https://eu.bdswiss.com/forex/more-information/forex-asset-list/>.

BDSwiss Holdings PLC, is committed to treating our clients honestly, transacting with the Client in a professional and transparent manner, and to act in the Client's best interests

when buying or selling financial instruments on the Client's behalf through the Client's trading account.

More specifically, when we execute and/or receive and transmit orders for the Client i.e. we buy or sell an instrument on the Client's behalf through the Client's Trading Account, we have a duty to provide the Client with '**Best Execution**'. Best Execution means that we must take all reasonable steps to obtain the best possible result for the Client when executing an order with the Client or on the Client's behalf, considering various '**Execution Criteria**'.

The purpose of this Policy is to establish effective arrangements for obtaining the best possible result, when the Company is executing clients' orders.

Accordingly, this Policy aims to set out those arrangements and outline the process that the Company follows in executing trades and assures taking all reasonable steps to consistently obtain the best possible result for clients through its order execution policy. The Company is enabling the Client trading through a Metatrader 4 trading platform, which is also accessible on other electronic devices (mobile, tablet etc.).

The Company is able to demonstrate to Clients, upon request and in reasonable time, that their orders have been executed in accordance with this Policy.

## 4 Order Types

The particular nature of an order depends on the financial instrument to be selected by the Client and can affect the execution of the Client's order. 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.

The Client is given the option to place orders for execution with the Company in one of the following ways:

- The Client places a "**Market Order**" which is an order instantly executed against a price that the Company has provided from the Execution Venue which shall be the best available price. Occasionally, if the market has moved while the Client is placing the Market order, the order might be executed at the first available price (slippage). This slippage can be better or worse for the client or it may not be executed at all. The Client may modify a Market order so as to attach a "**Stop**

# BDSWISS HOLDING PLC

A GROWING COMMUNITY

**Loss**” and/or **Take Profit**”. **Stop Loss**” is an order to limit Client’s potential loss, whereas **Take Profit**” is an order to secure Client’s potential profit.

- The Client places a **Pending Order**”, which is an order to be executed at a later time at the price that the Client specifies. With an entry limit order, the Client sets the maximum purchase price, or minimum sale price, at which the order is to be executed. Once the market price reaches such an entry limit price the order will be triggered and executed at the limit price or at the next best market price at time of execution which can be better or WORSE than the original limit price. As a limit order may be entered at a price which differs from the current market price, it may not be executed immediately. A client that leaves an entry limit order must be aware that he is giving up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. In case the client account does not have enough funds for opening the position, the pending order will be rejected and automatically deleted by the system. “Good till cancelled” is a pending order, that by its terms, is set to remain valid indefinitely, or until filled or cancelled by the client or by the system in the event of no available funds. Unlike from an entry limit order, a stop order allows selling below the current market price or buying above the current market price if the entry stop price is reached or breached. An entry stop order is therefore a pending order until the stop price is reached or breached. The Client has the possibility to modify a pending order including **Stop Loss**” and **Take Profit**”, before it is executed. Nevertheless, a pending order may not be changed or removed if the price has reached the price level for the execution of the order. Pending orders cannot be modified outside of the designated Trading Hours.
- Dealing Desk is available during Trading Hours only. Please note that the Client’s orders may only be triggered/executed during the Trading Hours specified on the trading platform(s) for each CFD. During the Trading Hours, clients may place trades and orders on the Company’s trading platform(s). Trading and order execution is available between designated hours as set out on the Company’s trading platform(s) (“Trading Hours”) and as indicated on the Company’s website. All active orders (whether against open positions as “Stop Loss” or “Take Profit” (limit orders) are executed based upon the published price as quoted by the Company. A Sell order will be triggered with the Bid price and a Buy order will be triggered with the Ask price. A Buy order will be triggered if the Company’s Ask price reaches or exceeds the specified order price. The Client must familiarize fully with these before start trading.

# BDSWISS HOLDING PLC

A GROWING COMMUNITY

- Abusive trading: Because of the highly automated nature of delivering timely streaming, tradable prices, price misquotations and technical issues may occur from time to time. In case the Client will execute trading strategies with the intention of exploiting such misquotations or technical issues, or act in bad faith, the Company shall consider it as abusive behaviour. The Company will determine, at its sole discretion and in good faith, that the Client is attempting to take advantage or to benefit from such misquotation or technical issues and/or, that the Client is committing any other improper or abusive trading act such as for example:
  - a. Fraud/illegal actions;
  - b. Orders placed based on manipulated prices because of system errors or system malfunctions;
  - c. Arbitrage trading, such as “Swap Arbitrage” “Latency Arbitrage” or “Bonus Arbitrage” on prices offered by the Company’s platforms;
  - d. Scalping trade or placing and closing orders or entering positions for an arbitrarily short period of time;
  - e. Coordinated transactions with related parties to take advantage of systems errors and delays on systems updates;
  - f. In case of entering into transactions or combinations of transactions (voluntarily and/or involuntarily) such as holding long and short positions in the same or similar instruments at similar times either by the Client or by the Client acting in concert with others, including (but not limited to) the Company’s accounts held with different entities, which, taken together or separately, are for manipulating the trading platform(s) for gain;
  - g. In case of abuse of the Negative Balance Protection by entering into hedged transactions between two accounts either held by the Client or by other Clients of the Company or of any other broker by utilizing the Client leverage and thereby engaging in essence in risk-free trading;

The Company will have the right to close any open position(s) subject to such abusive behaviour as described above or cancel any profit or loss that the Company incurred as a result of the Client using abusive strategies.

The Company furthermore reserves the right to take any additional measures it deems necessary, depending on the circumstances and the severity of the abusive act(s), such as to:

# BDSWISS HOLDING PLC

A GROWING COMMUNITY

- Restrict the Client access to streaming, instantly tradable quotes, including providing manual quotation only; introduce time delays of up to 6 seconds between the Company and the Client placing the order and the order opening on the trading platform(s) (to prevent scalping); and/or
- Restrict the Client's access to only certain assets; and/or
- Restrict leverage in specific assets and/or in the trading account(s), or
- Adjust the Spreads available to the Client; and/or
- Immediately terminate the Agreement.

## 5 Best Execution Factors

The Company, when executing Clients' orders against the Company's quoted prices as provided by its Liquidity Provider(s)/Execution Venue(s), shall take into account the following execution factors in order to obtain the best possible result for its Clients (provided that there are no specific instructions from the Client to the Company regarding the way of execution of the orders):

- Price (High Importance)
- Cost and Charges (High Importance)
- Speed of Execution (Medium Importance)
- Likelihood of Execution (Medium Importance)
- Likelihood of Settlement (Low Importance)
- Size of Order (Low Importance)
- Market Impact (Low Importance)

BDSwiss it is routing each trade that the Client enters with the relevant liquidity provider.

This means that:

- The Client position can't be transferred to any other investment firm (irrespective of whether regulated or unregulated). This is a major difference to when the Client trade for example in Shares. In such cases, the Client can move his holding in Shares to be traded through another investment firm – broker. In CFDs, the Client can only trade/close his position with the investment firm – broker the Client initially opened the position with.
- The Company derives its income from:
  - a. Spreads
  - b. Overnight rollovers (Swaps)

# BDSWISS HOLDING PLC

A GROWING COMMUNITY

- c. The Company is hedging transactions either by transferring the Client trades under STP (Straight Through Processing) or manually hedging individual positions at the Company's discretion. In such cases, the Company's profits are originated exclusively by the difference in the spread offered to the Client by the Company and the spread the liquidity providers offer to the Company.

The Company's full disclosure of the basis of its dealing with the Client is also part of the Company's approach to managing potential conflicts of interest that may arise from this dealing capacity as set out in its Policy for managing Conflicts of Interest. The Company is trying to provide the Client with Best Execution as part of its policy of managing any potential conflicts that arise from this trading capacity that the Company deal with the Client.

## 5.1 Price

The Company's price for a given financial instrument is calculated by reference to the price of the relevant underlying instrument which the Company obtains from a third party Liquidity Provider. The Company updates its prices as frequently as the limitations of technology and communications links allow. The Company's prices can be found on the Company's trading platform(s). The Company will not quote any price outside the Company's operation times or outside specific CFD trading times as published on the Company's website, therefore no orders can be placed by the Client during that time. The Company reviews its third party external reference sources to ensure that the data obtained continues to remain competitive. Certain ex-ante and ex-post quality checks are conducted by the Company to ensure that prices obtained and subsequently passed on to clients remain competitive. Such checks include, but are not limited to:

- reviewing system settings/parameters
- comparing prices with reputable price sources
- ensuring symmetry of spread
- checking the speed of price updating

The main way in which the Company ensures that the Client receives the best Execution Price is to ensure that the price calculation is made by the Liquidity Provider(s)/Execution Venue(s) with reference to a range of external data sources and independent price providers. The Company reviews its Liquidity Provider(s)/Execution Venue(s) external reference sources at least once a year to ensure that correct and competitive pricing is

offered. The Company do not however guarantee that the Company's quoted prices will be at a price which is as good, or better, than one might have been available elsewhere. The financial instruments which are available may diverge in each of the above trading platform(s). Certain exchanges and digital exchanges may impose intraday price movement limits on trade, which may result in trading suspension of trading and/or stoppage of price feeds and/or a general trading halt and/or to the inability to place or close orders. This may be a result of the imposed intraday price movement limits or due to technical issues. Such limitations often apply, in particular, to the exchanges from which the Company source its prices for CFDs in Cryptocurrencies. By trading with the Company, the Client accept the risks associated with the above, including the risk of inability to place or close the Client's trading orders as a result of such trading suspensions or halts.

**When trading CFDs where the underlying asset is a Cryptocurrency, the Client must be aware that:**

- Cryptocurrencies falls in the scope of MiFID regulations.
- Cryptocurrencies are traded on non-regulated decentralized digital exchanges. This means that the price format on and price movements of the Cryptocurrencies depend solely on the internal rules of the particular digital exchange, which may be subject to change at any point in time and without notice.
- Such digital exchanges may introduce trading suspensions or take other actions that may result in suspension or cessation of trading on those exchanges or the price and market data feed becoming unavailable to the Company. The above factors could result in material adverse effect on the Client's open positions, including the loss of all of the Client's invested amounts.
- Cryptocurrencies are exposed to high intra-day price volatility, which may be substantially higher compared to financial instruments recognized under the MiFID. Therefore, by trading CFDs in Cryptocurrencies the Client accept a significantly higher risk of loss of the Client's invested amounts which may occur within a very short time frame as a result of sudden adverse price movements of the Cryptocurrencies.

**5.1.1 Clients trading CFDs:**

**BID/ASK Spread:** For any given FX and CFD, the Company will quote two prices as offered by the Liquidity Provider(s)/Execution Venue(s): the higher price (ASK) at which

# BDSWISS HOLDING PLC

A GROWING COMMUNITY

the Client can buy (go long) that FX/CFD position, and the lower price (BID) at which the Client can sell (go short) that FX/CFD position; collectively, the ASK and BID prices are referred to as the Company's price. The difference between the lower and the higher price of a given FX and CFD is the spread.

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.

The Company's price for a given FX/CFD is calculated by reference to the price of the relevant underlying asset, which the Company obtains by the Liquidity Provider(s)/ Execution Venue(s). The prices can be found on the Company's website (<https://eu.bdswiss.com/forex/more-information/forex-asset-list/>) or trading platform(s). Only prices which correspond to your selected account type (Basic or Black) will be applied. Basic Account is the default account and Black Account is only for clients that deposit more than USD 10,000 and on several assets there is no commission charged.

If the price reaches an order such as: "**Stop Loss**", "**Take Profit**", "**Buy Limit**", "**Buy Stop**", "**Sell Limit**" or "**Sell Stop**", these orders are instantly 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.

The Company receives price feeds from several reputable liquidity providers or price feed providers. Having multiple liquidity providers is important especially during times of high volatility or other abnormal market conditions in order to be able to offer competitive prices to clients. The Company receives its feed from the following liquidity and price feed providers:

- Broctagon Prime Ltd (regulated by CySEC with License number 320/17)
- EXT LTD (regulated by CySEC with Licence number 165/12)
- Invast Financial Services Pty Ltd (regulated by AFS with Licence number 438283)

## 5.2 Costs and Charges

When the Client opens a position in some types of financial instruments the Client may be required to pay commission, spread or financing fees. These amounts are disclosed on the Company's website.

- **Commissions:** Commissions may be charged either in the form of a percentage of the overall value of the trade or as fixed amounts.
- In most circumstances a fixed spread is applied by the Company on the quoted prices and no other charges or commissions are payable by clients. The spread is dynamic for certain financial instruments and may take into account factors such as liquidity and volatility conditions in the underlying markets.
- **Overnight Rollover (SWAP):** The method of calculation the overnight SWAP amount varies according to the type of underlying asset or financial instrument to which the CFD applies. A daily overnight rollover SWAP amount will apply to each open position if it is held overnight. The overnight rollover is charged or added daily at 22:00 GMT (21:00 GMT during DST) on all positions left open until that time. Additionally, the overnight SWAP amount is generally linked to interest rates related to each asset and in addition to an extra financing charge defined by the Company.
- **Negative Balance Protection:** The Company offer to all its clients Negative Balance Protection. This means that a Client will never lose more than the invested capital on his trading account(s). In the event that a negative balance occurs in the Client's trading account(s) due to Stop Out, (e.g. during volatile market conditions or market gaps), the Company will make an adjustment of the full negative amount, so that the Client will not suffer such losses.

Further details on the costs suffered by the Client can be found on the Company's website at <https://eu.bdswiss.com/forex/more-information/forex-asset-list/>.

## 5.3 Currency Conversion Rate

When you place Orders for CFD Margin Trades, the calculations are undertaken based on the currency of the relevant financial instrument. After that, the Company's Platform generates automatically the Currency Conversion Rate, which may not match the official currency conversion rates, and applies it to the client's Account Currency. When requested, the client may be provided with the Currency Conversion Rate.

## 5.4 Speed of Execution

The Company places a significant importance on the timely execution of Clients' orders and strives to offer high speed of execution within the limitations of technology and communication links. The flow of market-pricing data originates at the underlying exchange(s) or marketplace(s). Price data is then transferred to the Company's trading platform and then communicated to the Client. Streaming data-transfer speeds are typically measured in milliseconds from origin to the Client. The frequency with which the Client orders are being transacted and the frequency with which the tradable prices are distributed via the Company's trading platform(s)/terminal(s) varies with different financial instruments and market conditions. Furthermore, the technology used by the Client to communicate with the Company plays a crucial role. The use of a wireless connection or dial-up connection or any other form of unstable connection at the Client's end, may result in poor or interrupted connectivity or lack of signal strength, thereby causing delays in the transmission of data between the Client and the Company when using the Company's trading platform(s)/ terminal(s). As a result, a Client order might be placed at a delay and the order to be executed at better or worst prevailing market price offered by the Company via its platform(s)/terminal(s). In almost all circumstances, under normal market conditions and so long as the client has sufficient margin available on their account for the trade and so long as the trade size requested is equal to or under the maximum size permissible, the trade will be executed at the level requested. Execution speed and the opportunity for price improvement are critical to every trader and the Company repeatedly monitors these factors to ensure the Company maintain its high execution standards.

The Company seek to manage latency challenges as follows:

- Continuous assessment of current feed providers;
- Seeking new feed providers to minimize issues occurring from price latency or quality;
- Cooperating with multiple providers of high internet bandwidth;
- The Company applies a delay in the order execution of orders which is defined per asset and it is on average at 1.5 seconds. The maximum delay is 6 seconds.

## 5.5 Likelihood of Execution

By accepting this Policy, the Client acknowledges that the orders placed with the Company are not undertaken or executed on a regulated market or multi-lateral trading facility (MTF) but are executed on an Over-the-Counter ("OTC") basis through the

# BDSWISS HOLDING PLC

A GROWING COMMUNITY

Company's trading platform(s) and, accordingly, the Client may be exposed to greater risk. The Company may not be able to execute an order, or it may change the opening/closing price of an order in cases of technical failure of the trading platform(s) or the feed quotes received. When the Company transmits Client orders for execution to the Execution Venue, execution may sometimes be difficult. The Company relies on the Execution Venue(s) of the Liquidity Provider for prices and available liquidity, therefore execution of the Client Orders will depend on the availability of prices and available liquidity of said provider(s). Although the Company is using best efforts to accept/execute all Client orders, it reserves the right, at any time and at its sole discretion, to decline or refuse arrangement for execution of an order of any type as explained in the Client Agreement.

The Company strives to provide the best possible price to its Clients and seeks to provide Client orders with the fastest execution reasonably possible. However, it is impossible to guarantee the execution of any or all pending orders at the declared price. Market Order, Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit, Sell Stop on financial instruments offered by the Company, are executed at the declared price on the first current price touch.

It should be noted that during certain trading conditions or abnormal market conditions, it may not be possible to execute orders on a financial instrument at the declared price and thus the price at which a trade is executed at may vary significantly from the originally requested price. In this case the Company has the right to execute the Client order at the first available price. This may occur, for example, at the following cases:

- During market opening;
- During trading session start moments/opening gaps;
- During news times;
- During volatile markets where prices may move significantly up or down and away from declared prices;
- Where there is rapid price movement, if prices rise or fall in one trading session to such an extent that under the rules of the relevant exchange, trading is suspended or restricted;
- If there is insufficient liquidity for the execution of the specific volume at the declared price;
- A Force Majeure event (as defined in the Client Agreement) has occurred.

## 5.6 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. In order to improve speed and likelihood of execution, the Company carries out certain ex-ante and ex-post quality checks relating to, for example, symmetric slippage and number of trades subject to slippage. Even though the Company uses all reasonable efforts to execute all orders placed by the clients, it still has the right to decline an order of any type or execute the order at the first available market price.

## 5.7 Size of Orders

The actual minimum size of an order is different for each type of account and/or Instrument. Please refer to the Company's website for the value of minimum order size for each financial instrument and assets class.

### a. Clients trading CFDs:

The Company provides a minimum and a maximum trade size for every CFD it offers. Order sizes are reviewed by the Company frequently. The sizes differ depending on current market conditions affecting the underlying instrument as well as the Company's risk management of overall exposure levels and hedging capabilities on certain assets, as the case may be.

The Company reserves the right to place a cap on the number of transactions it enters into in relation to a financial instrument and/or limit on the total net position value for specific instruments subject to its risk management policy and in the case of high volatility or low liquidity assets. Consequentially, the Company reserves the right to decline an order.

The Company uses all reasonable efforts to execute orders at, or close to the specified order price. However, it is important to understand that the Company cannot guarantee the execution price of orders, that is, such prices are not guaranteed (unless explicitly stated). Due to price movements in the underlying financial instruments, it is possible that the quoted prices may move quickly and erratically. This is known as Gapping and can arise in periods of low liquidity and high volatility (such as, for example, after a profit warning by a corporate in whose shares the Client may be invested in via the CFD or immediately after the

# BDSWISS HOLDING PLC

A GROWING COMMUNITY

release of economic data). The following risks associated with volatile markets, especially at or near the open or close of the standard trading session can occur:

- Execution of the Client order at a price which is substantially different from the quoted Bid or Ask price or the last reported price at the time of placement by the Client of an order, as well as partial executions or execution of large orders in several tranches/transactions at different prices;
- Opening prices may differ substantially from the previous day's close;
- System capacity constraints applicable to exchanges, data vendors as well as to the Company;
- The Company is obligated to take necessary steps to keep an orderly market in any of the underlying financial instruments for which it offers CFDs in order to mitigate effects of slippage. The Company cannot be held liable for price slippage caused by factors outside its control.
  - i. Example: Client wishes to buy 1 Lot EURUSD @1.2300, as he enters the trade the market moves sharply, the next available price is 1.23003 to the Client for this trade. Slippage is 0.00003 against the Client.

The Company reserves the right to decline an order, in case the size of the order is large and cannot be filled.

The Company makes every effort to fill the order of the Client irrespective of the volume. However, if this is achieved, it may be at the first available price, different from the Client declared price, as the market liquidity may allow at the time of execution (See section 5.5. Likelihood of Execution).

## 5.8 Client's 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 shall arrange – to the extent possible – for the execution of the Client order in accordance with the Client's specific instruction. It is noted that this specific instruction may prevent the Company from taking the steps that it has designed and implemented in this Policy to obtain the best possible result for the execution of that particular order in respect of the elements covered by those instructions. Nevertheless, by executing the order based on the specific instructions provided by the Client, the Company shall satisfy its obligation to provide the Client with best execution.

## 5.9 Market Impact

Some factors, such as unusual market conditions, may affect rapidly the price of the underlying assets from which the Company's quoted price is derived and these factors may also influence other factors listed above. The Company will take all reasonable steps to obtain the best possible result for its Clients.

The Company does not consider the abovementioned list of execution factors to be exhaustive and the order in which the above factors are presented shall not be considered as made based on the priority of each factor.

## 5.10 Best Execution Criteria

The Company will determine the relative importance of the above Best Execution Factors by using its commercial judgement and experience in light of the information available on the market and taking into account the criteria described below:

- The characteristics of the Client, including the Client Categorization;
- The characteristics of the Client order;
- The characteristics of the financial instruments that are the subject of that order;
- The characteristics of the execution venues to which that order can be directed.

The best possible result for a retail Client will be determined in terms of the total consideration, representing the price of the financial instruments 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 (following the Client's specific instructions) which are considered the most important factors.

In circumstances where the Client provides the Company with a specific instruction including but not limited to:

- specifying the price of a CFD contract with the Company
- specifying the price at which a CFD contract is to be closed if the market moves against the Client

Then those instructions take precedence over other aspects of the Company's Policy if the Company has accepted these instructions. It is noted that a specific instruction may prevent the Company from taking the steps that it has designed and implemented in this

# BDSWISS HOLDING PLC

A GROWING COMMUNITY

Policy to obtain the best possible result for the execution of that particular order in respect of the elements covered by those instructions. Nevertheless, by executing the order based on the specific instructions provided by the Client, the Company shall satisfy its obligation to provide the Client with best execution.

## 6 Leverage and margin information

The product intervention measures ESMA has adopted under Article 40 of the Markets in Financial Instruments Regulation include leverage limits on the opening of a position by a retail client from 30:1 to 2:1, which vary according to the volatility of the asset. A margin close out rule on a per account basis standardised to the percentage of margin (at 50% of minimum required margin) at which we close out one or more retail client's open CFDs. For more information please visit our Leverage Policy.

## 7 Execution Venues

BDSwiss Holdings Plc, is committed to treating our clients honestly, transacting with the Client in a professional and transparent manner, and to act in the Client's best interests when buying or selling financial instruments on the Client's behalf through the Client's trading account. The Client is required to open and close a position of any particular financial instrument with the Company via its trading platform during the opening hours of the Company's Trading Platform.

The Company takes into consideration multiple factors such as the likelihood of execution, operations quality, market position, costs to the Company, swap costs, authorization/regulation and pricing when selecting Liquidity Providers for hedging clients' positions. In this respect, if the Client decides to open a position on the Company's platform with the Execution Venue, then that open position can only be closed on the Company's platform with that Execution Venue.

The Company will summarize and make available on its website, on an annual basis, **the top five execution venues** in terms of trading volumes. The Company is using third parties Liquidity Providers as mentioned above, in order to offer best execution to its Clients.

The terms and conditions and trading rules are established solely by the Execution Venue. The Client can only close an open position of any given financial instruments during the opening hours of the Company's Trading platform(s). The Client also has to close any open position with the Execution Venue.

# BDSWISS HOLDING PLC

A GROWING COMMUNITY

The Company follows an assessment process prior the selection of an execution venue and the establishment of a business relationship, taking into consideration both qualitative and quantitative criteria. In particular, the pricing and the costs in relation to the execution of the Client's orders and the overall impact to the Client is one of the major factors for the selection of an execution venue. Other factors are also taken into consideration, for instance, the speed of processing and likelihood of execution as well as the financial soundness and order execution policy of such venue.

When selecting an execution venue, the Company takes into account the following factors, sorted by importance:

Execution venue selection factor	Factor type	Relative importance
Investment instrument price achievable in the execution venue	Quantitative	High
Costs of executing and settling the order	Quantitative	High
Speed of order execution	Quantitative	High
Volume of the requested trade	Quantitative	High
Probability of order execution	Qualitative	High
Probability of order settlement	Qualitative	Medium
Investment instrument's liquidity	Qualitative/Quantitative	Medium
Trade settlement currency	Qualitative	Medium
Terms of trade settlement, clearing systems, interruption mechanisms, planned measures	Qualitative	Low
Type of order	Qualitative	Low

The company carries assessment and monitoring on a continuous basis of the financial institutions used as hedging counterparties/price feeders in order to ensure that the best possible result is provided to Clients. The Company should also assess on a regular basis whether the execution venues included in its order execution policy provide the best possible result for its client orders. A more frequent review may be appropriate if there is a material change (for example, if a significant new execution venue emerges). The Company should look beyond its existing arrangements at other execution venues it could potentially access. The objective of the review is to identify changes in execution arrangements and policy that could improve the quality of the execution service the firm provides to its clients.

## 8 Review and Monitoring

The Company shall review this Policy as well as its order execution arrangements at least on an annual basis. A review will also be carried out whenever a material change occurs that affects the ability of the Company to continue offering best execution result of Clients' orders on a consistent basis using the Execution Venue(s) defined in this Policy.

In addition, the Company will monitor and assess the effectiveness of the Policy and the relevant order execution arrangements on an on-going basis in order to identify and implement any appropriate improvements, and where appropriate, the Company reserves the right to correct any deficiencies in this Policy and make improvements to its execution arrangements.

The Company shall regularly, on a quarterly basis, evaluate whether the Order Execution Rules are effective and whether their application indeed guarantees best execution of orders for the Clients. Shortcomings (if any) are eliminated without undue delay. Execution venues and third parties with which the Company enters orders or to which the Company transmits orders for execution are evaluated for both quantitative (retrospective evaluation of the frequency of best price provision and other factors) and qualitative (negative references in the media, benchmarks, operational problems, quality of communication and settlement, experience with the back office, etc.) parameters as part of the evaluation process.

It shall be noted that the Company reserves the right to review and/or amend its Policy and arrangements whenever it deems appropriate and/or necessary and the Company shall inform its Clients as regards the amended version of its policy in due time.

## 9 Client Consent

This Policy forms part of the Client Agreement. Therefore, by entering into the "Client Agreement", the Client is also agreeing to the terms of this Policy, as presented in this document. Therefore, the Company considers that its Clients have given consent to this Policy as well as that they have given consent to the Company to receive and transmit an order for execution outside a regulated market or a Multilateral Trading Facility (MTF) or Organised Trading Facility (OTF). Please note that where the Client have been provided with a copy of this Policy other than in the English language, such Policy is provided to the Client for information purposes only.

# BDSWISS HOLDING PLC

A GROWING COMMUNITY

The English version of this Policy is the version that is binding on the Company at all times.

CFDs are not eligible for sale in certain jurisdictions or countries. This Policy is not directed to any jurisdiction or country which is included in the Company's Banned Jurisdictions as this is defined in the Agreement. The Policy does not constitute an offer, invitation or solicitation to buy or sell CFDs.

For any questions regarding this Policy, please contact at a first instance the Customer Support Department through the Contact Us page or via Live Chat.

## **10 Specific Requirements under several jurisdictions**

In several jurisdictions is required to apply local Regulations, and where the Client is a permanent resident, or a citizen of the jurisdiction concerned, the Company should offer additional protection mechanisms or introduce certain restrictions on the Client trading parameters. Here below it is mentioned such additional protection mechanisms that we currently offer and the restrictions that we apply.

### (1) France

For permanent residents or citizens of France, we are required by the French Regulations to offer a fixed guaranteed stop-loss protection mechanism (the "Guaranteed Stop Loss"). The Guaranteed Stop Loss is a Stop Loss order which is linked automatically to every order that the Client opens, whether it is a market order or a pending order. The Guaranteed Stop Loss will equal to the initial Margin amount required by the Client upon placing an order. Thus, the maximum potential loss per Client position, including any overnight rollover swaps, will be strictly limited to the initial Margin amount at the time of placing the order. Additionally, leverage ratios that we offer will be restricted to a maximum of 1:30 and the leverage ratio options that we offer to you may differ from those available to the permanent residents or citizens of other jurisdictions. To eliminate any doubt, the leverage ratios we offer shall continue to be subject, in all other respects, to the Client Agreement, our Leverage and Margin Policy and the CySEC Regulations. For the up-to-date information on the leverage ratios that we offer please refer to our website. In case of occurrence of a Force Majeure Event (as defined in the Client Agreement), we reserve the right to reduce the leverage ratios available to our Customers. The Client should be aware that in such cases the used Margin of the

# BDSWISS HOLDING PLC

A GROWING COMMUNITY

position may be updated to correspond to the reduced leverage ratio, however, the Guaranteed Stop-Loss attached to the position will remain unaffected and shall be equal to the initial Margin amount that was required at the time of opening the relevant position. Whilst we shall act in accordance with our obligations under the Regulations always in the execution of Clients orders, the Client should be aware that in the case of Price Slippage or Market Gapping (as defined in the Client Agreement) occurring, order may be executed at a price materially different to the price indicated in the Electronic Trading Platform at the time of placing of the order. In such case, the Guaranteed-Stop Loss will equal the initial Margin amount that corresponds to the actual price at which order was executed. Permanent residents and citizens of France will still be able to set ordinary Stop Loss and/or Take Profit orders, as described in this Policy. The Client should be aware that even though such Stop Loss and/or Take Profit orders are not guaranteed, in the event of any Price Slippage affecting Client voluntary Stop Loss order, losses will in any event be strictly limited to the Guaranteed Stop-Loss amount as described above.

## (2) Poland

For permanent residents or citizens of Poland, leverage ratios offered will be restricted to a maximum of 1:30 and the leverage ratio options offered may vary from those available to the permanent residents or citizens of other jurisdictions. To eliminate any doubt, the leverage ratios offered will continue to be subject, in all other respects, to the Client Agreement, our Leverage and Margin Policy and the CySEC Regulations. For the up-to-date information on the leverage ratios that we offer to Clients please refer to our website.

## (3) Malta

For permanent residents or citizens of Malta, leverage ratios offered shall be restricted to a maximum of:

- 1:30 - if we categorized you as a Retail Client; and
- 1:100 - if we categorized you as a Professional Client.

To eliminate any doubt, the leverage ratios offered will continue to be subject, in all other respects, to the Client Agreement, our Leverage and Margin Policy and the CySEC Regulations. For the up-to-date information on the leverage ratios that we offer to Clients please refer to our website.

# BDSWISS HOLDING PLC

A GROWING COMMUNITY

## (4) Spain

For permanent residents or citizens of Spain, based on the latest requirements of the Spanish National Securities Market Commission (“CNMV”) for enhancing the protection of retail investors in the territory of Spain, trading in CFDs with a leverage ratio greater than 1:10, we are required:

a) Specifically, to inform Clients that CFDs are complex products and difficult to understand and that due to their complexity and the risk involved, the purchase of these products by retail investors is not suitable/appropriate.

b) To inform Clients that CFDs are leveraged products and that due to leverage, losses may be greater than the amount originally invested to purchase the product.

c) To inform Clients about the amount which will lose if they close their position immediately after entering into any CFDs transaction.

d) To inform Clients to sign on the text where the above warnings appear along with a typed sentence that proves that Clients are aware that any CFDs which they are about to purchase are complex and that CNMV believes that they are not convenient for retail investors.

e) To inform Clients that when companies are advertising CFDs, must always contain a warning which mentions the difficulty of understanding such products and a disclosure of the fact that CNMV believes they are not appropriate for retail investors due to their complexity and risk.

The mentioned warning should be obtained prior to the first two trades in each of CFDs and forms part of this Agreement. In cases where we are under an obligation to warn Clients that a product is not suitable for them, the written sentence must also state “This product is complex and has been determined as unsuitable for me”. In the case in which, in addition to the above warning we are under an obligation to advise Clients that, due to lack of information in assessing whether or not the investment product or service is appropriate/suitable for them, we are required to provide Clients with the following warning: “This is a complex product and due to the lack of information provided, it could not be determined as being convenient for me”. Our compliance with this requirement is without prejudice to our right to refuse to provide Clients with any services or products which we deem to be inappropriate or unsuitable for them. We are under an obligation to

# BDSWISS HOLDING PLC

A GROWING COMMUNITY

keep records of the above written statements and of all steps taken to achieve compliance with our obligations as stated above. The Client hereby acknowledges and accepts that we keep such records. The Client further acknowledges and accepts that in the case in which we do not take all steps necessary for achieving compliance with the above, we shall not be able to provide or continue to provide the services in respect of the above-mentioned instruments and investment products.

## (5) Germany

For permanent residents or citizens of Germany, we are required by the German Regulations to make sure that we are marketing, distributing or selling CFDs without an additional payments obligation. Retail clients may only be offered CFD trading accounts without an additional payments obligation. The Company ensure that offers guaranteed Negative Balance Protection to the clients as part of its Terms and Conditions. This means that a client will never lose more than the invested capital on his trading account (s). In the event that a negative balance occurs in the Client 's trading account(s) due to Stop Out, (e.g. during volatile market conditions or market gaps), the Company will make an adjustment of the full negative amount, so that the Client will not suffer such losses and thus no additional payment obligations applies to retail clients.