

BEST EXECUTION POLICY

Version 3.0

1. INTRODUCTION

1.1. Liteforex (Europe) Limited (“the Company”) is registered as a Cyprus Investment Firm under the number HE230122 and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under license number 093/08.

1.2. This Best Execution Policy (“the Policy”) is issued pursuant to, and reflects compliance with the Markets in Financial Instruments Directive 2014/65/EU (MiFID II) and its transposition into Cypriot Law, the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law of 2017 (Law 87(I)/2017).

Under the above mentioned legislation, the Company is required to take all sufficient steps to act in the best interest of the Clients when receiving and transmitting orders for execution and to obtain the best possible result for its Clients when executing Client orders, taking into account a range of factors (“Best Execution”).

1.3. The Policy is provided alongside with the Company’s Terms and Conditions and contains further details on our services and activities, an overview on how trades and orders are executed and an explanation of how the different factors can affect the execution approach.

1.4. Where Client makes reasonable and proportionate requests for information about the policies or arrangements and how they are reviewed, the Company shall answer clearly and within a reasonable time.

1.5. Upon acceptance of a client order and when there is no specific client instruction regarding the execution methods, the Company will endeavor to execute that order in accordance with the Best Execution Policy.

1.6. This Policy is available to clients upon request and is also made available on our official website at <https://www.liteforex.eu/company/documents/>. The Company reserves the right to amend or supplement this Policy at any time.

2. SCOPE OF APPLICATION

2.1. The Policy applies to Retail and Professional Clients only, excluding Clients classified as Eligible Counterparties.

2.2. The products offered by the Company fall under the class of Financial Instruments of Over-the-Counter (“OTC”) derivatives on an underlying financial instrument; more specifically the Company

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executes Client orders in relation to one or more financial instruments in Contracts for Difference ("CFDs") on foreign exchange, commodities, spot metals and indices.

2.3. It is up to the Company's sole discretion to decide which types of Financial Instruments to make available.

2.4 The trading conditions of the above products are available on the Company's official website at <https://www.liteforex.eu/trading/>.

3. BEST EXECUTION FACTORS

3.1. When executing Client orders, the Company acts as a principal and not as agent.

3.2. The Company shall take all sufficient steps to obtain, when executing orders, the best possible result for the Clients taking into account price, cost, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to order execution.

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

- a. The characteristics of the Client, including its categorization as retail or professional.
- b. The characteristics of the Client order.
- c. The characteristics of financial instruments that are the subject of that order.
- d. The characteristics of the execution venue to which that order is directed.

3.3.1. **Price - Highest importance**

The Company offers two types of Trading Accounts:

- ECN account
- Classic account

For Classic account the prices quoted are based on the Company's spread attached to each Financial Instrument. The ECN account has lower prices compared to Classic account, but a Commission is also being charged.

For each relevant underlying financial instrument, the Company will quote two prices: the ASK price at which the Client can buy (open a long position) the CFD and the BID price at which client can sell (open a short position) the CFD.

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The difference between the ASK price and the BID price of a given CFD called the Spread. The orders Buy Limit, Buy Stop and Stop Loss, Take Profit for opened long positions are executed at ASK price.

The orders Sell Limit, Sell Stop and Stop Loss, Take Profit for opened short positions are executed at BID price.

The Company ensures that the Client will receive the best price for a given CFD that is calculated with the reference to the price of the relevant underlying asset, which the Company obtains from third party external reference sources - liquidity providers.

The prices for each financial instrument are shown on the Company's electronic trading platform and are displayed on the Company's website <https://www.liteforex.eu/trading/trading-instruments/>.

The Company updates its prices as frequently as the limitations of technology and communication links allow.

3.3.2. **Cost - Highest importance**

For opening a position in CFDs the Client may be required to pay commission, spread, mark-up or financing fee if applicable, the amount of which is disclosed on the Company's website <https://www.liteforex.eu/trading/trading-instruments/>.

In the case of financing fees, the value of open positions in some types of Financial Instruments is either increased or reduced by a daily financing fee ("Swap") until the open position is being closed. Financing fees are based on prevailing market interest rates, which may vary over time.

Commissions are charged on ECN account as a fixed amount for a given CFD.

Additional mark-up is included in spread on Classic accounts only and is displayed on the Company's website <https://www.liteforex.eu/trading/trading-instruments/>.

For all types of CFDs that the Company offers on specific servers, the commission and financing fees are not incorporated into the Company's quoted price and are instead deducted from the client's available balance.

3.3.3. **Speed of Execution - High importance**

As the speed of execution falls under the sole responsibility of the Company, the Company places high importance when executing Client orders and strives to offer the highest possible speed of execution for all of its Orders within the limitations of technology and communications links.

As the Client places orders through the Company's Electronic Trading Platform, the speed of execution can be affected by factors which may include the failure of hardware and software (e.g. Internet connectivity issues, server downtimes etc.). This may result that the Client's order is either not executed in accordance with Client's expectations or it is not executed at all. The Company does not accept any liability in the case of such a failure.

3.3.4. **Likelihood of Execution - Medium importance**

The Company acts as a principal and not as an agent on the Client's behalf.

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The Company relies on third-party Liquidity Providers for pricing, hence the execution of Client orders shall depend on the availability of services of the liquidity providers. In some instances, it may not be possible to arrange an Order for execution during abnormal market conditions. This can occur, but is not limited to, the following examples: overnight, during news times, the opening of trading sessions, volatile markets (where prices may move significantly up or down and away from declared prices), where there is a rapid price movement, where there is insufficient liquidity for the execution of the specific volume at the declared price or a force majeure event has occurred.

The Company does not accept any orders outside of the market hours of the relevant underlying financial instrument that are disclosed on the Company's website <https://www.liteforex.eu/trading/trading-instruments/>.

3.3.5. Likelihood of Settlement - Medium importance

The Company shall proceed to a settlement of all transactions upon execution of such transactions. The Company strives to provide its Clients with the fastest execution in the best available prices. Nonetheless, the volatility in the market may affect the price, speed and volume. Therefore trading during volatile conditions where important news and data releases are made is incredibly risky and therefore the best execution criteria might not apply. Therefore, the execution pricing will always be provided at the first available price.

3.3.6. Size of order - Medium importance

The actual minimum size of an order is 0.01 lots. A lot is a unit measuring the transaction amount and it is different for each type of financial instrument.

The value of a minimum size of an order and each lot for a given CFD type is displayed on the Company's website <https://www.liteforex.eu/trading/trading-instruments/>.

The actual maximum volume of the single transaction is 100 lots.

The Company reserves the right to decline an order as explained in the Terms and Conditions.

3.3.7. Nature of order - Medium importance

3.3.7.1. The particular type of order can affect the execution of the Client's order. The following types of orders can be placed:

- **Market order:** the Client places a market order which is an order instantly executed against a price that the Company has provided. The Client may attach to a Market Order a Stop Loss and/or Take Profit. Stop Loss is an order to limit Client's loss when the price moves against the Client, whereas Take Profit is an order to take profit if and when the Client's target profit is reached.
- **Pending order:** the Client places pending order, which is an order to be executed at a later time at the price specified by the Client. The Company's trading facility monitors the pending order and when the price provided by the Company reaches the price specified by the Client,

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the order will be executed at that price. The following types of pending orders are available:

- **Buy Limit** which is the placing of an order to buy a Financial Instrument at or below a specified price;
- **Buy Stop** which is the placing of an order to buy a Financial Instrument at a price above the one currently provided, and it is triggered when the market price touches or goes through the buy stop price;
- **Sell Limit** which is the placing of an order to sell a Financial Instrument at a specified price or better;
- **Sell Stop** which is the placing of an order to sell a Financial Instrument when it reaches a certain price.

3.3.7.2. The Client may modify an order before it is being executed. The Client cannot change or remove a Stop Loss, Take Profit and Pending Orders if the price has reached the level for order execution.

3.3.8. **Market Impact** - *Medium importance*

Some factors may affect rapidly the price of the underlying instruments from which the Company's quoted price is derived and may also affect the rest of the factors herein. The Company will take all sufficient steps to obtain the best possible result for its Clients.

3.4. For retail Clients, the best possible result ("Best Execution") shall be determined in terms of the total consideration, representing the price of the Financial Instrument and the costs related to execution.

3.5. When the Client provide specific instructions on executing an order, this 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 these orders in respect of the elements covered by those instructions.

3.6. The Company does not consider the above list exhaustive and the order in which the above factors are presented shall not be taken as priority factor. Nevertheless, whenever there is a specific instruction from the Client the Company shall make sure that the Client's order shall be executed following the specific instruction.

3.7. The Client may provide the Company with instructions or orders in writing or electronic means, unless the Company informs the Client that the instructions can only be given in a particular way.

3.8. The Client should acknowledge that the Internet and other electronic communications may not be secure, reliable or timely; therefore any instructions sent by the Client may be intercepted, copied, adapted or imitated by third parties.

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3.9. In the Client requests the Company to cancel given instructions, the Company shall only be able to do so if it has not yet acted on those instructions. Instructions may only be withdrawn or amended by the Client with the Company's consent.

4. EXECUTION PRACTICES

4.1. Slippage may occur when trading Financial Instruments. This is the situation when at the time that an order is presented for execution, the specific price shown to the Client may not be available; therefore the order will be executed close to or a number of pips away from the Client's requested price. So, slippage is the difference between the expected price of an order, and the price the order is actually executed at. If the execution price is better than the price requested by the Client, this is referred to as positive slippage. If the executed price is worse than the price requested by the Client, this is referred to as negative slippage. Please be advised that Slippage is a normal element when trading Financial Instruments. Slippage is more often occurs during periods of illiquidity or higher volatility (for example due to announcements, economic events, market openings, and other factors) making an order at a specific price impossible to execute. In other words, your orders may not be executed at the declared prices. Slippage may appear with all types of accounts the Company offers. It is noted that Slippage can also occur during Stop Loss, Take Profit, and other types of orders. The Company does not guarantee the execution of Client's pending orders at the price specified. The Company will take sufficient steps to execute the order at the next best available price from the price the Client has specified under the pending order.

5. EXECUTION VENUES

5.1. During the process of the selection, appointment and periodic review of the execution venues, the Company follows internal Counterparty Assessment and Reassessment policy and takes into account including but not limited to:

- 5.1.1. Highest importance
- 5.1.2. Cost - Highest importance
- 5.1.3. Speed of Execution - High importance
- 5.1.4. Likelihood of Execution - Medium importance
- 5.1.5. Likelihood of Settlement - Medium importance
- 5.1.6. Size of order - Medium importance
- 5.1.7. Nature of order - Medium importance
- 5.1.8. Market Impact - Medium importance

5.2. The Company will regularly assess the execution venues available in respect of any products that we trade with to identify those that will enable the Company. On a consistent basis, to obtain the best possible result when executing orders.

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5.3. Where the Client provides the Company with specific instructions as to the execution of an Order, the Company shall execute the Order in accordance with that specific instruction and will proceed in taking all sufficient steps to obtain the best possible result. It should be noted that specific instructions may prevent the Company from following this Policy.

Where the Client's instruction relates to only part of the Order, the Company will continue to apply its Best Execution Policy to those aspects of the Order not covered by the specific instruction.

5.4. EXECUTION VENUES LIST

1. IS Prime Ltd
2. IS Prime Hong Kong
3. CFH Clearing Ltd
4. JFD Brokers Ltd

The aforementioned venues are used for orders of all types of clients in CFDs on currency pairs, indices, commodities, cryptocurrencies.

6. EXECUTION OF ORDERS

6.1. The Company shall satisfy the following conditions when carrying out Client orders:

- Ensures that orders executed on behalf of Clients are promptly and accurately recorded and allocated;
- Carries out otherwise comparable Client orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the Client require otherwise;
- Informs a retail Client about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.

6.2. The transactions entered in Financial Instruments with the Company are executed outside of a Trading Venue (Regulated Market, Multilateral Trading Facility and Organised Trading Facility). Therefore, if the counterparty of Client's trades face force majeure, it could be difficult or unable to close such positions.

6.3. The Client's agreement to this Policy shall constitute the Client's prior express consent for the Company to execute orders outside a Trading Venue.

7. OPERATING HOURS

7.1. The Company's operating hours are as follows:

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- Round-the-clock: from Monday 00.00.01 A.M. Cyprus Time (GMT+2) through Friday 00.00.00 P.M. Cyprus Time (GMT +2).
- Non-working hours: from Saturday 00.00.01 A.M. Cyprus Time (GMT+2) through Sunday 00.00.00 P.M. Cyprus Time (GMT +2) and also on national bank holidays. Holidays are announced through the internal mail of the trading terminal supplied by the Company.

8. REVIEW AND MONITORING

8.1. The Company will monitor the effectiveness of its best execution arrangements and best execution policy, in order to ensure its compliance with the regulatory requirements on Best Execution.

The Company will assess whether the execution venues/executing brokers included in the Order execution policy provide the best possible result for you or whether we need to make changes to our execution arrangements.

8.2. As part of the monitoring process, the Company will consider the following:

- Reconciliation of trades: as the Company executes Client's trades, it is the responsibility of the Company to ensure that these orders are executed in line with this Policy. The Company monitors all best execution factors via numerous internal controls and processes.
- Price: The Company has established sound arrangements, controls and procedures in relation to price feed monitoring by cross checking the prices offered to its Clients with the prices offered by the feed providers and reliable market data sources. Any price deviations are further investigated.
- Sample testing in order to determine whether the Company has correctly applied this Best Execution Policy.
- Monitoring any complaints related to the quality of execution in order to ensure that any deficiencies are improved.
- Reports to the senior management on any insufficiency in the execution quality and arrangements.

8.3 As a part of monitoring procedure the Company evaluates the quality of the execution practices to identify the top five execution venues in terms of trading volumes where the Company executed client orders in the preceding year. Information is available on the Company's website under the Regulatory Documents section: <https://www.liteforex.eu/company/documents/>.

8.4. The Client can always find the latest published version of this Policy on the Company's website under the Regulatory Documents section: <https://www.liteforex.eu/company/documents/>.

The Client may request further details about the Company's Best Execution Policy by contacting the Company via e-mail: support@liteforex.eu.

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8.5. The Company shall review this Policy and its Order Execution Arrangements on annual basis and whenever there is a material change that could impact parameters of best execution, such as: change of execution venue, change of costs (trading commission, mark-up-down), change in best execution policy, change in list of instruments, etc. During the review of this Policy and our Order Execution Arrangements, we endeavor to ensure its effectiveness, to ensure that we continue to comply with our regulatory obligations and that intended best execution outcomes can be successfully achieved on an ongoing basis. If at any time the Company identifies any deficiencies, it shall take appropriate remedial action and, where necessary, it shall amend this Policy to give effect to the action we have carried out. Amendments to this Policy shall be effective immediately

9. CLIENT CONSENT

9.1. By entering into a Client Agreement with the Company for the provision of Investment Services, the Client is consenting to an application of this Policy on him, and specifically the explicit consent to his orders being executed outside a regulated market or Multilateral Trading Facility (MTF) or Organised Trading Facility (OTF), which is the case for OTC instruments.