



ORDER EXECUTION POLICY STP/ECN

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Introduction

IronFX Financial Services Limited (the “Company”), whose registered office is at 17, Gr. Xenopoulou, 3106 Limassol, Cyprus, is authorised and regulated by Cyprus Securities and Exchange Commission under licence number 125/10.

Following the implementation of the Markets in Financial Instruments Directive (MiFID) as well as the Investment Services and Activities and Regulated Markets Law of 2007 (Law 144(I)/2007), the Company has established its Straight Through Processing (STP) / Electronic Communication Network (ECN) Order Execution Policy (the “Policy”). The Company is required to set up this Policy and to take all reasonable steps to obtain the best possible results for its clients, either when executing client orders or receiving and transmitting orders for execution in relation to financial instruments. The Policy sets out a general overview on how orders are executed, and the factors as stated below, that can affect the execution of a financial instrument.

The Company applies the Policy upon acceptance of an order and also when a client gives no specific instruction on the execution method. Nevertheless, when the client gives a specific instruction on an order, the Company will execute the order following such instruction. If the Company receives a specific instruction on an order, this may prevent the Company from implementing the Policy to obtain the best possible result for the execution of the order.

Scope

The Policy shall apply whenever the Company executes orders on behalf of its clients via the STP/ECN model. Every order which the Company may take is accepted and executed on the basis that the Company is acting on its own account as principal and not as an agent for the client. The Company does not guarantee that when executing a transaction the client’s price will be more favourable than one which might be available elsewhere.

Execution criteria and relevant factors

The Company is required to take a number of different factors into consideration when executing an order for the client. The factors that the Company will consider are listed below:

- **Price**

The Company will provide its own tradable prices which are derived from its liquidity providers. The main way in which the Company will ensure that the client receives the best execution will be to ensure that the calculation of the bid / ask spread is made with reference and compared to a range of underlying price providers and data sources. The Company reviews its independent price providers at least once a year to ensure that correct and competitive pricing is offered.

- **Costs**

When the Client opens a position in some types of financial instruments a commission or a financing fee will apply. The details of these costs are available in the Contracts Specifications on the Company's website.

- **Size of order**

All orders are placed in lot sizes. A lot is a unit measuring the transaction amount and it is different per each financial instrument. Details of the lot sizes are available in the Contracts Specifications on the Company's website.

If the client wishes to execute a large size order, in some cases the price may become less favourable considering the liquidity in the market. The Company reserves the right not to accept a client's order, in case the size of the order is large and cannot be filled by the Company.

- **Speed**

Obviously, prices change over time. The frequency with which they do varies with different financial instruments and market conditions. Considering that the tradable prices which are distributed via the Company's trading platform, 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. 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.

- **Nature of the order**

The particular characterising of an order can affect the execution of the client's order. Below, the Company describes the different kinds of orders that a client can place:

Market Order

This is an order to buy or sell at the price available at a given time. The order will usually be filled at the price the client sees on the Company's trading platform screen, which are derived from the liquidity provider(s) using the IronFX bridge technology. Occasionally, if the market has moved while the client is placing his order, the price may differ. The client may also place a Stop Loss to limit his loss or a Take Profit to limit his profit.

Pending Order

This is an order to buy or sell a financial instrument in the future at the best available price once a certain price is reached. There are four types of pending orders available in the Company's trading platform: Buy Limit, Buy Stop, Sell Limit and Sell Stop. Clients may also attach a Stop Loss and/or Take Profit on pending orders.

Trailing Order

This feature allows the client to place a stop loss order to an open position and works in the client terminal, which automatically updates to lock in profit while the market moves in the client's favour. Trailing Stop works in the client terminal, not in the server (like Stop Loss or Take Profit). This is why it will not work, unlike the above orders, if the terminal is off.

- **Likelihood of execution**

Due to the levels of volatility affecting both price and volume, the Company seeks to provide client orders with the fastest execution reasonably possible. All clients' orders except pending

orders are executed at the available current market prices. Client's pending orders are executed by the Company at the requested price. However, under certain market conditions (i.e. due to limited volume in the market), orders may not be filled at the exact price requested but instead at the best available market price offered by the Company derived from its liquidity providers. This may occur during news announcements, during periods of volatile market conditions, on opening gaps (trading session starts), or on possible gaps where the underline instrument has been suspended or restricted on a particular market.

▪ **Market Impact**

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

Best Execution Criteria

The Company will take into account the following best execution criteria for determining the relative importance of the execution factors:

- the characteristics of the client;
- 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 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.

Effect of other factors on the execution of an order

In the case of any communication or technical failure, as well as any incorrect reflection on the quotes feed, the Company reserves the right not to execute an order or change the opening and/or closing price of a particular order.

In case where the Company shall transmits the client's order to the Liquidity Provider(s) for execution the order may be executed against the Liquidity Provider(s) or executed within the ECN of the Liquidity Provider(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 will execute the order in accordance with that specific instruction.

Nevertheless, if the client provides a specific instruction to carry out an order, then by executing that order the Company will be complying with the Company's duty to provide the

client with best execution. This may result in being unable to follow the Company's order execution policy for that particular order.

Execution venue

Execution venues are the entities to which the orders are placed or to which the Company transmits orders for execution. The Company is connected to various liquidity providers who forward their bids/asks prices to the Company.

The Company will enter into transactions with the client as principal (counterparty) and not as an agent; even though the Company may transmit the client's order to the liquidity providers for execution, due to risk parameters (i.e. clients with high volume, big equity, etc.), the Company will still be the contractually counterparty to the client. Therefore, the Company will act as the sole Execution Venue for clients' orders.

The client acknowledges that all transactions entered in any particular financial instrument with the Company are executed outside a regulated market or a multi-lateral trading facility (MTF) and the client is exposed to a greater risk of a possible default of the counterparty (i.e. the Company).

Review and Monitoring

The Company will monitor the effectiveness of the Policy and relevant order execution arrangements on an on-going basis in order to identify and implement any appropriate enhancements. In addition, the Company will regularly review (at least annually) the Policy and the relevant order execution arrangements in an attempt of examining whether they enable the Company to continuously provide the best execution for its clients.

From time to time it may be necessary to make changes to the Policy. It should be noted that the Company will not notify clients separately of changes, other than substantial material changes to the Policy, and clients should therefore refer from time to time to the website of the Company at www.IronFX.com for the most up to date version of the Policy.

Client Consent

When establishing a business relationship with the client, the Company is required to obtain the client's prior consent to this Policy. In addition, the Company is required to obtain the client's prior consent before executing client orders or receiving and transmitting orders for execution outside a regulated market or a multi-lateral trading facility (MTF). The client is informed that the Company always acts as principal (counterparty) and is the sole execution venue, which is not a regulated market or a multi-lateral trading facility (MTF).

The Company may obtain the above consents in the form of a general agreement. The Company will treat clients who have either received the Policy or agreed to receive the Policy electronically or via the internet and have accepted the Trading Terms and Conditions of the Company, as clients who have given consent to the Policy as well as given consent to the Company to execute or receive and transmit an order for execution outside a regulated market or an MTF.

Definitions

Execution venue - means a regulated market, an MTF, a systematic internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.

MiFID - means the Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments and any implementing directives and regulations.

Multilateral trading facility (MTF) - means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments - in the system and in accordance with non-discretionary rules - in a way that results in a contract in accordance with the provisions of Title II of MiFID.

Regulated market - means a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its nondiscretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of MiFID.

Systematic internaliser - means an investment firm which, on an organised, frequent and systematic basis, deals on own account by executing client orders outside a regulated market or an MTF.

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