



## Order Execution Policy

# ORDER EXECUTION POLICY

## 1. Introduction

Trading Point of Financial Instruments UK Limited, trading under the name "Trading.com", is a UK Investment Firm (registration number 09436004), regulated by the Financial Conduct Authority ("FCA") under license number 705428 (hereinafter "the Company", "we", "us" and "our"). The Company's registered office is at Finsbury House, 23 Finsbury Circus London EC2M 7EA. The purpose of this document ("Order Execution Policy") is to provide our clients with information about our order execution policy. This document must be read in conjunction with our Client Agreement Terms and Conditions of Business.

### Your Consent

***We are required to obtain your consent before entering a relationship with you. By entering into our Client Agreement/ Terms & Conditions of Business, you consent and acknowledge that the transactions in financial instruments entered with the Company are not conducted on a recognised exchange, but instead on our trading platform and, therefore, you may be exposed to greater risks than when conducting transactions on a regulated exchange. The Company may not execute an order, or we may change the opening or closing price of an executed order in specific cases including but not limited to instance of a technical failure of the trading platform. The client agreement terms and conditions of business and trading conditions are established solely by the counterparty, which is, at all times, the Company. You are then only allowed to close an open position in any given financial instrument during our platform's working hours, and you can only close any such positions with the Company as your sole counterparty.***

The Company is required to establish and implement an order execution policy and to provide clients with a copy of the execution arrangements that the Company has to comply with our duty to give our clients best execution.

In our dealings with you, we have a duty to act honestly, fairly and professionally, taking into account your best interest. In relation to order execution, The Company is required to take all reasonable steps to obtain the best possible result when executing client orders or transmitting orders to other entities to execute.

### Potential Conflicts of Interest

A potential conflict of interest is that the Company executes all of its clients' orders with its sister company Trading Point of Financial Instruments Ltd (TPFI Ltd). Under this execution model, there is a direct correlation between the profit/loss made by the client and profit/loss made by TPFI Ltd. TPFI Ltd runs a market making desk and it hedges its exposures on a net book basis and is the sole execution venue for the Company.

In order to ensure that the above potential conflict of interest is not detrimental to the quality of execution offered by the Company, the Company has established procedures and controls in order to effectively monitor the quality of execution offered by TPFI Ltd. Please refer to Section 12 of this Policy for the procedures established in this respect.

The Company does not engage in any direct or indirect trading for its own account or for our own benefit and therefore our sole priority is the trading interest of our clients.

### Execution Venue

The Company's single execution venue is provided by our sister company TPFI Ltd. The Company has ultimate responsibility to ensure it is able to obtain on a consistent basis the best possible result for the execution of its clients' orders and to provide oversight over the activities undertaken by TPFI Ltd on its behalf. TPFI Ltd executes trades in accordance with the Company's Order Execution Policy.

TPFI Ltd is authorised and regulated by the Cyprus Securities and Exchange Commission under the license number 120/10.

If you believe that your order has not been executed in line with this policy, then you should contact the Company at the earliest opportunity at [support.uk@trading.com](mailto:support.uk@trading.com).

## 2. Scope and Services

The Policy applies to retail and professional clients. This Policy does not apply to eligible counterparties.

This Policy applies when executing transactions on clients' behalf relating to the Financial Instruments provided by the Company. The Financial Instruments provided by the Company are derivatives of underlying financial instruments and include:

- Rolling Spot FX;
- CFD on Commodities
- CFD on Equity Indices
- CFD on Single Stocks

All these products are leveraged products and as such carry a high degree of risk. They are not appropriate for everyone. You should not trade with us, unless you understand the nature of the transaction you are entering into and the extent of your potential loss from a trade. You must satisfy yourself that it is suitable for you in the light of your circumstances, financial resources and investment objectives. If you are in any doubt, you should seek independent advice. You trade entirely at your own risk.

## 3. Execution of Client Orders

The Company offers execution only trading to its clients by acting as a principal broker and our sister company TPFI Ltd executes all the Company's client orders on our behalf. The Company does not execute client orders through any other execution venue or counterparty. The Company requires TPFI Ltd, through an arm's length service agreement, to implement processes and procedures to evidence that it will deliver best execution in accordance with this Policy and regulatory requirements.

## 4. Company's Approach to Best Execution

In order to meet our best execution obligation to our clients, the Company takes into account the following criteria for determining the relative importance of the execution factors:

- the characteristics of the client including the categorisation of the client as retail or professional;
- the characteristics of the clients' order; and
- the characteristics of financial instruments that are the subject of that order

The Company shall take all reasonable steps to obtain the best possible result for both its retail and professional clients taking into account the following factors when executing Clients orders against the Company's quoted prices:

### a) Price and Overall Consideration of Costs – Highest Importance

The main way in which the Company will ensure that you obtain best execution is by ensuring that the calculation of our CFD and forex bid/ask prices reflect the market price for the underlying reference product to which your transaction relates. The Company obtains its prices from TPFI Ltd which in turn sources a number of quotes between top tier liquidity providers.

Our bid/ask prices will generally not be the same as the cash price for the underlying asset. In relation to some financial instruments, at the time at which you give us an order there may be no functioning or no open market or exchange on which the reference product is traded. In such cases, the Company will determine a fair underlying price based on a number of factors, for example price movements on associated markets and other market influences, including information about TPFI Ltd clients' own orders.

Our charges may be incorporated as a mark-up or mark-down (the difference between the price at which the Company takes a principal position and the transaction execution price with you). We may alternatively charge a commission or a combination of commission and mark-up or mark-down, which will be made clear to the client

when placing orders with the Company. Our charges are not taken into account in determining best execution prices.

#### Bid-Ask Spread

- i. **Bid – Ask Spread:** For any given Financial Instrument, the Company will quote two prices: the higher price (ASK) at which the client can buy (go long) that Financial Instrument, and the lower price (BID) at which the client can sell (go short) that Financial Instrument. The difference between the lower and the higher price of a given Financial Instrument is the spread. Please refer to [www.trading.com/spreads](http://www.trading.com/spreads) for more information.
- ii. **Pending Orders:** 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.
- iii. **Price:** The price for a given Financial Instrument is calculated by reference to the price of the relevant underlying financial instrument, which the Company obtains from TPFi Ltd, which in turn obtains it from external reference sources. The Company will not quote any price outside the Company's operations time (see Execution Venue above) therefore no orders can be placed by the client during that time.

#### **b) Speed – Highest Importance**

Due to the levels of volatility affecting both price and volume, we seek to provide client orders with the fastest execution reasonably possible, taking into account any conditions relevant to the client order, although delays may occur.

#### **c) Likelihood of Execution – Medium importance**

Given the nature of the Company's execution arrangements, the likelihood of execution is a negligible factor during times of orderly trading. However, in cases of market turmoil, likelihood of execution might become a factor that could impact the cost of execution by causing a widening of spreads. In such cases, The Company will aim to strike the best balance between the execution of the client order and the cost of execution.

#### **d) Size of Order – Low importance**

We may place limits on maximum order sizes from time to time, and we reserve the right to decline an order as per our Client Agreement Terms & Conditions of Business. We will make every effort to fill orders irrespective of the volumes. This however, may be achieved at the best available price as per the available market liquidity at the time of execution.

### **5. Ranking of Execution Factors**

The relative ranking of the different execution factors will be dependent upon, for example, the nature of the Financial Instrument traded, the liquidity of the relevant market and the time of the trade. The execution factors will be ranked for products offered by the Company as follows:

- a) Price and overall consideration of costs – Highest importance
- b) Speed of execution – Highest importance
- c) Size of order Low importance

#### **Rolling Spot FX**

TPFi Ltd sources a number of quotes aggregated between top tier liquidity providers (and other reputable liquidity providers who aggregate prices received from top tier banks) to construct the pricing of the Company's Rolling Spot FX currency pairs. As such, the price that the Company offers at any given time is considered to be our 'best' and will be automatically updated on a rolling basis to reflect the best price available at the time of trade for the size of your order.

**CFD on Commodities**

The price of CFD on Commodities is a proprietary price derived by prime liquidity providers of TPFI Ltd and will generally track that of the relevant underlying exchange traded market.

**CFD on Indices**

CFD on Index prices are TPFI Ltd's prime liquidity providers' proprietary prices, which are derived from the relevant underlying Index price, taking into account the cost of carry and liquidity.

**CFD on Single Stocks**

The pricing of CFD on Single Stocks prices are TPFI Ltd's liquidity providers proprietary prices which derived from the relevant underlying Single Stock price, taking into account the cost of carry and liquidity.

**6. Execution Venue**

Execution Venues are the entities with which the orders are placed or to which the Company transmits orders for execution. For the purposes of orders for the Financial Instrument provided by the Company, the Company acts as a principal with the execution venue being our sister company TPFI Ltd.

**Opening Hours**

Operating hours: The Company's operation hours are as follows:

- a) Round - the - clock: from 22.00.01 UK Time (GMT) Sunday through 22.00.00 UK Time (GMT) Friday.
- b) Non-working periods: from 22.00.01 UK Time (GMT) Friday through 22.00.00 UK Time (GMT) Sunday. Holidays will be announced through the internal mail of the trading terminal supplied by the Company.

Off-exchange transactions: The client acknowledges that the transactions entered in Financial Instruments with the Company are not undertaken on a regulated market or a Multilateral Trading Facility, rather they are undertaken through the Company's trading platform and, accordingly, they may expose the client to greater risks than regulated exchange transactions. Therefore, the Company may not execute an order, or it may change the opening (closing) price of an order in case of any technical failure of the trading platform or quote feeds in order to reflect the prevailing market price at the opening (closing) of the said order. Open position in any given Financial Instruments can only be closed during the opening hours of the Company's trading platform.

***Your agreement to this Policy shall constitute your prior express consent for us to execute your orders outside a Trading Venue.***

**Execution Model**

The Company acts as a principal with the execution venue being our sister company TPFI Ltd.

Please refer to the below figure outlining the execution process of our client orders.

**7. Specific Instruction**

Clients will only be able to trade using the pre-determined set of orders set out in Section 8 of this Policy. In this respect, clients will not be able to specify any other aspects of their order.

## 8. Type of Orders

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

- 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, whereas Take Profit is an order to limit client’s 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. The Company will monitor the pending order and when the price reaches the price specified by the client, the order will be executed at that price. The following types of pending orders are available:
  - ‘Buy Limit’ (an order to purchase a Financial Instrument at or below a specified price),
  - ‘Buy Stop’ (an order to buy a Financial Instrument, which is entered at a price above the current offering price; it is triggered when the market price touches or goes through the buy stop price),
  - ‘Sell Limit’ (an order to sell a Financial Instrument at a specified price or better), and
  - ‘Sell Stop’ (an order to sell a Financial Instrument when it reaches a certain price).
  - You may attach to any ‘Pending Order’ a ‘Stop Loss’ and/or ‘Take Profit’.
- A client may hold up to 200 positions simultaneously (considered as summary of “Market” and “Pending Orders”). This requirement applies to the total number of positions held at any given time in all of your trading accounts held with the Company.

The client may modify an order before it is executed. The client has no right to change or remove Stop Loss, Take Profit and Pending Orders if the price has reached the level of the order execution.

## 9. Miscellaneous

### Cost – Highest Importance

For opening a position in some types of Financial Instruments the client may be required to pay commission or financing fees, if applicable, the amount of which is disclosed in the Spreads and Conditions on the Company’s website.

- a) **Commissions/Spread:** Commissions may be charged either in the form of a percentage of the overall value of the trade or as fixed amount. Please refer to <https://www.trading.com/spreads> for more information.
- b) **Financing Fee:** In the case of financing fees, the value of opened positions in some types of Financial Instruments is increased or reduced by a daily financing fee “swap” throughout the life of the contract. Financing fees are based on prevailing market interest rates, which may vary over time. Details of daily financing fees applied are available under Spreads and Conditions section on the Company’s website. <https://www.trading.com/uk/spreads>

***All types of Financial Instruments offered by the Company, the commission and financing fees are not incorporated into the Company’s quoted price and are instead charged explicitly to the Client account.***

### Symmetric Slippage

Orders such as Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit, Sell Stop (market order) on Financial Instrument contracts are executed at the specified price by the client on the first current price touch. But under certain trading conditions it may be impossible to execute orders (Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit, Sell Stop) on any Financial Instrument contract at the specified price. In this case the Company will execute the order at the first available price. This may occur, for example, in the following cases:

- a) At the start of a Trading Session,

- b) During highly volatile markets where prices may move significantly up or down and away from specified price due to news announcements and market events
- c) Where there is a rapid price movement, if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange, trading is suspended or restricted,
- d) If there is insufficient liquidity for the execution of the specified volume at the specified price.

The Company strives to provide the best possible price to its clients, and makes every effort and necessary arrangements to do so; however it may be impossible to guarantee the execution of any or all of the pending orders at the specified price.

The Company order execution policy ensures that whenever slippage applies on an order this will be symmetric (i.e. may either improve or worsen execution price of the order with an equal probability and impact). The Company uses in-house tools to monitor slippages on a frequent basis to ensure symmetry and fairness of slippage.

The Company shall proceed to a settlement of all transactions upon execution of such transactions.

## 10. Aggregation and Split

All orders received are individually executed on a back-to-back basis with our counterparty, TPFI Ltd.

## 11. Quality of Execution Obtainable at Times of Market Stress

As indicated earlier in this policy, the Company will, at all times, take all reasonable steps to achieve best execution for our clients, including during times of market stress. However, sudden losses in market liquidity or at times of market disorder or the impact of political or economic decisions, particularly when they are unforeseeable, can have a severe impact on the quality of execution or even the ability to execute orders itself. This may make it difficult for the Company to deliver on a client's traditional expectation of the quality of execution that can be expected in normal market conditions. However, the Company will continue, during those difficult times, to strive to achieve the best execution we can for our clients and this may include the aggregation of client orders in order to act in the best interests of all clients concerned.

## Fiduciary Duty

Our commitment to provide you with best execution does not mean that we owe you a fiduciary responsibilities in respect of order execution over and above the specific regulatory obligations placed upon us or as may be other contracted between us.

## 12. Monitoring and Review of the Execution Policy

The Company will monitor on a regular basis the effectiveness of this Policy and, in particular, its execution arrangements to identify, and where required, correct any deficiencies.

In addition, the Company will review the Policy and its execution arrangements at least annually or when material changes occur. The Company will inform its clients via email and/or through the company's website about any material changes to its Execution Policy or order execution arrangements.

## Review of the execution quality of TPFI Ltd

The Company will conduct independent monitoring of the quality of execution provided by its counterparty, including:

- The review of TPFI Ltd's in-house data monitoring its own execution against the criteria set in its best execution policy;
- The evaluation of the regular and systematic reviews by TPFI Ltd of the execution venues it utilizes to meet its own best execution obligations;

- The periodic review of the quality of TPFI Ltd execution measured against that of other comparable venues.

TPFI Ltd uses automated tools to execute client orders and in this respect the Company is dependent on TPFI Ltd best execution arrangements. TPFI Ltd is receiving its prices from various top tier financial institutions and aggregates those prices in order to provide to its clients the best available price from the pool of its liquidity providers.

TPFI Ltd has established controls and procedures in order to perform various quality checks prior to selecting a financial institution with which it will work with for obtaining liquidity. Particularly, a three stages assessment needs to be followed and if potential financial institutions fail any stage of the assessment TPFI Ltd does not proceed with the establishment of a business relationship with that particular financial institution.

In addition to this, TPFI Ltd has developed highly sophisticated in-house tools which allow TPFI Ltd's front-office to monitor its execution arrangements on a real-time basis and receive automated alerts if any execution factor may negatively affect the company's efforts for achieving best execution. It should be noted that this automated process means that TPFI Ltd personnel has neither the control over the selection of the best available price from the pool of the liquidity providers nor can manually intervene in order to alter any prices streamed to the trading platform.

***By trading with us, you shall be taken as having agreed to the contents of this Policy.***