

## ORDER EXECUTION POLICY

### Introduction

1. Formula Investment House Ltd., operating under the brand name 'iFOREX', a company registered and existing under the laws of the British Virgin Islands, licensed and supervised by the British Virgin Islands' Financial Services Commission under license no. SIBA/I/13/1060.
2. This notice provide clients and potential clients with appropriate information on the Company's Order Execution Policy (hereinafter the "**Policy**").
3. This Policy forms an integral part of the Company's Client Agreement ("**Client Agreement**"). Therefore, by entering into an agreement with the Company, the client also agrees to the terms of this Policy which should be read in conjunction with the Client Agreement. In any conflict between the Policy and the terms of the Client Agreement, the terms of the Client Agreement shall prevail.

**Further to this, the Client also agrees to the fact that the Company's financial products are offered on an over-the-counter basis and not through a regulated market or a Multilateral Trading Facility (MTF) and that the Company acts as a principal to the client's trades. This means that the client must open and close every trade with the Company and cannot close an open trade with a third party.**

**The Company is therefore the sole execution venue for trades executed by it for the client.**

4. The Client should further be aware that the Company holds a negative balance protections policy which guarantees that in any event the Client will not lose more than its deposit amount.

### Scope of This Policy

This Policy applies to all sorts of clients when executing transactions with a client for the Contracts for Difference ("**CFDs**") offered by the Company.

The Company is always the counterparty (or principal) to every Transactions.

### Types of Orders

Market Order (trade request) – an order to open or close a CFD Transaction at the price currently indicated in the platform. The Company shall endeavor to fill that order as soon as reasonably practicable after the order is accepted and in accordance with best execution obligations.

Limit Order (future orders) – an order to open or close a CFD Transaction at a price that may be available in the future. The Company shall only fill the client's order when that particular level has been reached, subject to this best execution policy.

### Best Execution Factors

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

- a) Price;
- b) Transaction costs (i.e. the spread as explained hereunder) and risks relevant to execution (primarily in regards to points (c) and (d) below);
- c) Speed of execution;
- d) Likelihood of execution and settlement;

- e) Size and nature of the order;
- f) Likely market impact;
- g) Nature of the market for the financial instrument; and
- h) Any other consideration deemed relevant to the execution of an order.

In order to determine the relative importance of the Execution Factors, the Company will take into account the factors set out at Best Execution Criteria section below. The most important of these factors are discussed below, before setting out how these are applied and prioritized in relation to different circumstances, such as client classification.

## a) Prices:

For any given Financial Instrument, the Company will quote two prices: the higher price (ASK) at which the Customer can buy (go long) that CFD, and the lower price (BID) at which client can sell (go short) that CFD. 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 CFD is the spread plus a markup (if applicable). 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 prices for any Financial Instrument are calculated by reference to the price of the relevant underlying asset which is obtained from independent market data providers. Price feeds are monitored by the Company against other price quotes received from other independent market data providers in order to ensure the accuracy and consistency of the data, to provide a competitive and fair reflection of the market price to clients and avoid the possibility of arbitrage. Such price may differ from the price provided by such market data providers due to the Company's minimum spread requirements, interest adjustments, connection speed or other relevant factors.

The Company's prices, reflecting the minimum spreads that can be granted to its clients, can be found on the Company's website. The Company updates its prices as frequently as the limitations of technology and communications links allow. The Company reviews its third party external reference sources from time to time to ensure that the data obtained continues to remain competitive. Market Orders can be placed and executed only within the trading hours per each Financial Instrument, as detailed in the Trading Conditions. Limit Orders can be placed, changed or removed outside the trading hours per each Financial Instrument, however, such Limit Orders shall only be executed during the above trading hours.

## b) Costs:

The Company utilizes a spread pricing model. The minimum spread offered for each Financial Instrument is detailed on the Company's website. The spread is dynamic (i.e. floating) and may vary depending on, with no limitations, market conditions, client's profile, liquidity and market volatility.

Overnight financing - open Positions that are held open over-night are subject to daily interest. In such cases, the client's transaction or equity are credited or debited with interest adjustments calculated on the basis of the relevant inter-bank interest rates (including a mark-up spread) and the relevant periods.

Rollovers - certain Financial Instruments' open positions (e.g. commodity and index CFDs) are automatically rolled over upon reaching the relevant Instrument's rollover date. Upon effectuating such rollover, the Position's open Profit & Loss (P/L) will express the price difference between the expired and new contract prices, as well as include an additional mark-up spread.

For further details please see the [Company's Trading Conditions](#) available on the Company's website.

## c) Speed of Execution:

The Company acts as principal on the client's behalf. Therefore, the Company is the sole execution venue for the execution of the Client's orders for the financial instruments offered by the Company. The Company places a significant importance when executing client's orders and strives to offer high speed of execution within the limitations of technology and communications links.

**d) Likelihood of Execution and Settlement:**

- (i) Market Orders (trade requests) are executed at the price that is in effect on the Company's Trading Platform (client side) at the exact time of execution, provided that such price is within a predetermined tolerance level from the underlying price indicated in the Company's server and irrespective if the underlying price is above or below the price indicated in the Trading Platform (What You See Is What You Get, or WYSIWYG). In the event that the price indicated in the trading platform (client side) exceeds the above tolerance level, for example, due to movements in the underlying assets between the time a client placed its order and the time it is received and executed, high markets volatility and/or communication latency, the Order will be executed at the price indicated in the Company's server which shall be different from the price indicated in the Trading Platform (Market Price), on a symmetrical basis. In the event of a substantial difference between the price indicated in the Trading Platform (client side) and the price indicated in the Company's servers, the Order shall be rejected.
- (ii) Limit Orders (future orders) are executed at the market price indicated at the Company's server which may be different than the price indicated in the Order ("Slippage"). Slippage may occur in the event where the price indicated in the order is not available in the server, for example, due to high volatility and/or gaps in the market prices. In such event, the order will be executed at the first available price, irrespective of the direction of the slippage, either to the client's favor or not, in a symmetrical and transparent manner (Symmetrical Slippage).

It is important to note that Slippage does not affect the Negative Balance Protection and therefore the Client will never lose more than the amount invested (including any profit, if gained), even if a slippage occurs. In addition, transactions in some Financial Instruments that are not traded on a 24 hours basis, may experience a market gap on a daily basis and are therefore more susceptible to slippage.

- (iii) Usually when price reaches an order such as Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit or Sell Stop, these orders are executed as requested. However, under certain trading conditions, for example, and with no limitations, at times of rapid price changes and/or at the opening of trading sessions, 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.

**e) Size and Nature:**

In General, the Company does not take into consideration the size of a client's order in acceptance, scheduling or prioritization of execution. However, order execution is subject to size considerations, including a minimum deal size, maximum deal size and maximum net exposure for the Instrument. Minimum deal size and maximum exposure limitations per each product can be found under Product Details in the Trading Conditions on the Company's website.

The Company does not execute partial trades.

**f) Market Impact:**

Some factors may rapidly affect the price of the underlying instruments/products from which the Company's quoted price is derived and may also affect other factors listed herein. The Company will take all reasonable steps to obtain the best possible result for its clients\*.

\*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.

Warning: any specific instructions from a client may prevent the Company from taking the steps that it has designed and implemented to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

## **Best Execution Criteria**

The Company is the sole execution venue for the execution of the clients' orders owing to the fact that the Company acts as principal and not as agent on the clients' behalf.

The Company determined the relative importance of the above execution factors on the basis of its commercial judgment and experience and in the light of information available on the market. When executing a client's order, the Company will take into account the following criteria for determining the relative importance of the execution factors, however not all of these criteria will be relevant in every case.

- a) the characteristics of the client;
- b) the characteristics of the client's order;
- c) the characteristics of the financial Instruments that are the subject of that order.

Where the Company executes an order on behalf of a client, the best possible result must be determined in terms of the total consideration, representing the price of the Financial Instrument and the costs related to execution, which must 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.

In view of the above, the Company assigns the following importance level for the above Best Execution Factors:

Factor	Importance
Price	High
Cost	High
Speed of Execution	High
Likelihood of Execution and Settlement	High
Size and Nature	Low

## **Application to Underlying Assets**

For the various underlying assets provided by the Company the Company sources prices from independent market data providers (to ensure appropriate price discovery and comparison), these data feeds provided by market data providers are prioritized in terms of previous experience in terms of robust, accurate and continuous service, which the Company continuously monitors (as described below).

## **Execution of Client Orders**

The Company shall satisfy the following conditions when carrying out client orders:

- a) ensures that orders executed on behalf of clients are promptly and accurately recorded and allocated;
- b) 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;
- c) Informs a client about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.

## **Specific Instructions**

Where a client gives the Company specific instructions, including specifying the opening or closing price of a transaction (for example, limit orders), the Company will execute that order in accordance with such instruction, provided that the requested price is available.

Such action will be deemed to be best execution, superseding all other aspects of this Policy. To the extent that specific instructions do not cover every aspect of the order (for example, in market orders), the Company will apply this Policy to those parts or aspects of the order not covered by the client's instructions.

## **Aggregation**

The Company does not aggregate one client's trade(s) with that of any other clients during execution.

## **Monitoring and Review**

The Company regularly monitors compliance and effectiveness of the Policy for relevant order execution arrangements to assess whether it enables it to continuously provide the best possible result for our clients, focusing mainly on monitoring price, cost and speed. Specifically, the Company carries out monitoring in the following manner:

- a) Real-time monitoring of the price feeds to ensure fairness, accuracy and continuity of quotes; and to take corrective measures, where appropriate; and
- b) T+1 reports indicating the execution price and server price for each transactions.

In accordance with the frequencies set out above the Company monitors best execution in the following way:

- a) The Company sources data from independent market data providers to ensure adequate price discovery and comparison;
- b) The data feeds/sources are monitored continuously by the Company in relation to the asset classes and instruments offered to clients by the Company, this monitoring includes price movement. In order to achieve this monitoring the Company carries out sample reviews on instrument prices and developed a set of alerts which constantly monitors the prices quality and availability;
- c) The alerts used by the Company as part of its monitoring program, include (as noted above) price movements. Where a price movement occurs outside of a pre-defined parameter this is analyzed in order to understand why such movement has occurred. For example, whether the movement is related to market volatility or event driven news.

Monitoring and investigations are carried out by the Company together with other Group entities at individual financial instrument level, before being sent to the Company and its clients, and material anomalies are escalated.

## **Amendments**



From time to time the Company will amend the Policy to take into account changes in law, regulation, and market structure or business model and will notify the clients in advance of any material change in the Policy, as per the provisions of the Client Agreement.