



EXECUTION POLICY

Updated on

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Execution Policy

1. Introduction

1.1 **PriorFX LTD** (hereafter the “Company”) is an Investment Firm authorized and regulated by the Cyprus Securities and Exchange Commission (hereafter the “CySEC”) under the License number 221/13. The Company is incorporated and registered under the laws of the Republic of Cyprus under the certificate registration number HE 321360. The head offices of the Company are located at 196 Arch. Makarios III Ave., Ariel Corner, 3030 Limassol, Cyprus.

1.2 Following the implementation of the Markets in Financial Instruments Directive (MiFID) in the European Union and in accordance with the Investment Services and Activities and Regulated Markets Law of 2007 (Law 144(I)/2007) in Cyprus, the Company is required to provide its Clients and potential Clients with its Order Execution Policy (hereinafter the “*Policy*”).

1.3 Under the above legislation, the Company is required to take all reasonable steps to obtain the best possible result (or “*best execution*”) on behalf of its Clients either when executing Client Orders or receiving and transmitting Orders for execution. These rules require firms to put in place an execution policy which sets out how it will obtain best execution for its Clients and to provide appropriate information to its Clients on its Order execution policy.

1.4 This Policy forms part of our agreement. Therefore, by entering into an agreement with the Company, you are also agreeing to the terms of our Financial Instruments Order execution policy, as set out in this document.

2. Provision of services

The Investment Services to be provided by the Company to the Client are:

- The Reception and Transmission of Orders in relation to one or more Financial Instruments.

The Ancillary Services to be provided by the Company to the Client are:

- Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction
- Foreign exchange services where these are connected to the provision of investment services.

In relation to:

- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash.
- Financial Contracts for Differences.

The Company lists on its website the Transactions that the Client can conclude with the Company and the Financial Instruments that the Client can buy or sell. The Company reserves the right to amend the Transactions and the Financial Instruments concerned without prior notice.

Please note:

The Services provided by the Company do not include the provision of Investment Advice.

3. Definitions

3.1 For the purposes of this policy, the following words and expressions shall have the

meaning set out next to them:

- a. “**Financial Instruments**“, when used hereinafter, unless the context requires otherwise, shall mean Foreign Exchange and Financial Contracts for Difference.
- b. “**Order**“, when used hereinafter, unless the context requires otherwise, shall mean an instruction to buy or sell a Financial Instrument which is accepted by the Company for transmission to a third party.
- c. “**Execution Venue**“, when used hereinafter, unless the context requires otherwise, shall mean a market maker, or other liquidity provider or entity that performs a similar function in a third country to the function performed by any of the foregoing.
- d. “**Execution Factors**“, when used hereinafter, unless the context requires otherwise, shall mean those factors listed in paragraph 3 of this Policy.
- e. “**Execution Criteria**“, when used hereinafter, unless the context requires otherwise, shall mean those factors listed in paragraph 5 of this Policy.
- f. “**Multilateral Trading Facility (“MTF”)**“, when used hereinafter, unless the context requires otherwise, shall mean a multilateral system, operated by an investment firm or a market operator, which brings together multiple third party buying and selling interest in Financial Instruments and in a way that results in a contract in accordance with MiFID.

4. Scope and Services

4.1 This Policy applies to retail and professional Clients. Therefore, if the Company classifies the Client as an eligible counterparty, this Policy does not apply to the respective Client.

4.2 This Policy applies when executing transactions with Clients for the Financial Instruments provided by the Company. The Financial Instruments provided by the Company are derivatives of an underlying Financial Instrument, and it is up to the Company’s discretion to decide which types of Financial Instruments to make available and to publish the prices at which these can be traded.

4.3 The Client acknowledges that the transactions entered into with the Company in Foreign Exchange and Financial Contracts for Difference are undertaken through the Electronic Trading Platform of the Company. The Orders will be executed on an ‘over the counter’ basis rather than on a regulated market or a Multilateral Trading Facility. Such Orders are automatically routed to an Execution Venue which the Company has assessed to provide for the best execution.

4.4 The Client is given the option to place with the Company the following Orders for execution in the following ways:

- a. 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.

Market Order: this is an order to either buy or sell at the ‘ask’ or ‘bid’ price (respectively) as it appears in the quotes flow at the time the client presents the order for execution.

b. 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 provided by the Company 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, Buy Stop, Sell Limit and Sell Stop. The Client may attach to any Pending Order a Stop Loss and/or Take Profit.

Pending Order: this is an order to buy or sell once the market reaches the ‘stop price’. Once the market reaches the ‘stop price’ the ‘stop order’ is triggered and treated as a ‘market order’*. For CFDs on FX, spot metals, equities, indices and futures, ‘stop orders’ should be placed a minimum number of pips away from the current market price in order for these to be valid. Stop Orders placed within the current bid-ask spread will be automatically removed.

3.5 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.

5. Execution Elements

Prices: PriorFX receives price feeds from some of the world’s leading liquidity providers. Having multiple liquidity providers is important especially during abnormal market conditions, such as times of extreme volatility. Under these conditions and even if a certain number of liquidity providers decide to widen the spreads or stop quoting prices at all, the Company is still able to provide clients with competitive prices which for MetraTrader 4 include PriorFX’s mark-up. The remaining liquidity providers shall continue competing to provide PriorFX the best ‘bid’ and ‘ask’ prices.

Re-quoting: this is the practice of providing a secondary quote to the client after an ‘instant order’ has been submitted; the client must agree to this quote before the order is executed. PriorFX will re-quote ‘instant orders’ if the requested price originally specified by the client is not available. The secondary quote provided to the client is the next available price received by PriorFX from its third party liquidity providers. PriorFX does not re-quote ‘pending orders’.

Slippage: at the time that an order is presented for execution, the specific price requested by 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. If the execution price is better than the price requested by the client this is referred to as ‘positive slippage’. In contrast, if the execution 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 market practice and a regular feature of the foreign exchange and stock markets under conditions such as illiquidity and volatility due to news announcements, economic events and market openings. PriorFX’s automated execution software does not operate based on any individual parameters related to the execution of orders through any specific client accounts.

Partial fills: this is the practice of executing an order in parts if there is not enough liquidity in the market at the time in order to fill-in the full order at a specific price. Partial fills may be executed at different prices.

Commission: clients shall be charged commission when trading CFDs on forex and metals through MT4. Further information is available online at: <http://priorfx.com/>.

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Risk Warning. Please note that trading in forex and other leveraged products may involve a significant level of risk and is not suitable for all investors. Before undertaking any such transactions you should ensure that you fully understand the risks involved and seek independent advice if necessary.

Mark-up: clients shall be charged a mark-up on spread when trading CFDs on forex, metals, oil, equities, indices and futures through MT4. Further information is available online at: <http://priorfx.com/>.

6. Order Type Execution

Instant Order(s)

Instant Order: this is an order to either buy or sell at the ‘ask’ or ‘bid’ price (respectively) as it appears in the quotes flow at the time the client presents the order for execution.

Pending Order(s)

Stop Orders: this is an order to buy or sell once the market reaches the ‘stop price’. Once the market reaches the ‘stop price’ the ‘stop order’ is triggered and treated as a ‘market order’*. If the ‘stop order’ is not triggered it shall remain in the system until a later date subject to the conditions described in the ‘Good ‘til Cancelled’ section. For CFDs on FX, spot metals, equities, indices and futures, ‘stop orders’ should be placed a minimum number of pips away from the current market price in order for these to be valid. Stop Orders placed within the current bid-ask spread will be automatically removed.

Stop Loss: this is an order to minimise losses. Once the market reaches the ‘stop loss price’ the order is triggered and treated as a ‘market order’. If the ‘stop loss’ is not triggered it shall remain in the system until a later date. For CFDs on FX, spot metals, equities, indices and futures, ‘stop loss’ orders should be placed a minimum number of pips away from the current market price in order for these to be valid. ‘Stop Loss’ orders placed within the current bid-ask spread will be automatically removed.

Limit Orders: this is an order to buy or sell once the market reaches the ‘limit price’. Once the market reaches the ‘limit price’ the ‘limit order’ is triggered and executed at the ‘limit price’ or better. If the ‘limit order’ is not triggered it shall remain in the system until a later date subject to the conditions described in the ‘Good ‘til Cancelled’ section. For CFDs on FX, spot metals, equities, indices and futures, ‘limit orders’ should be placed a minimum number of pips away from the current market price in order for these to be valid. Limit Orders placed within the current bid-ask spread will be automatically removed.

Take Profit: this is an order to secure profits. Once the market reaches the ‘take profit price’ the order is triggered and treated as a ‘limit order’. If the ‘take profit’ is not triggered it shall remain in the system until a later date. For CFDs on FX, spot metals, equities, indices and futures, ‘take profit’ orders should be placed a minimum number of pips away from the current market price in order for these to be valid. ‘Take Profit’ orders placed within the current bid-ask spread will be automatically removed.

Market Order: this is an order to buy or sell at the current market price that is available. The system automatically aggregates the volume received from third party liquidity providers and executes the ‘market order’ at VWAP (‘Volume-Weighted Average Price’) that is the average and best available price at the time of the execution. Once the ‘market order’ is triggered it shall be subject to the conditions described in the ‘Good ‘til Cancelled’ section.

Good ‘til Cancelled (‘GTC’) (= Expiry): this is an execution setting that the client may apply to ‘pending orders’. The order may remain ‘live’ and pending for execution until such time as the order is triggered and treated as a market order or cancelled by the client.

Pending Order Modification/Cancellation: the client may modify/ cancel a 'pending order' if the market did not reach the level of the price specified by the client.

7. Best Execution Factors

7.1 The Company shall take all reasonable steps to obtain the best possible result for its Clients taking into account the following factors when executing Clients Orders against the Company's quoted prices:

A. Price:

a. **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; collectively they are referred to as the Company's price. The difference between the lower and the higher price of a given Financial Instrument is the spread.

b. **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.

c. **Company's price:** The Company's price for a given Financial Instrument is calculated by reference to the price of the relevant underlying Financial Instrument, which the Company obtains from third party external reference sources. The Company's prices are constructed with reference to the given 'Spreads and Conditions' policy, which 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 used third party external reference sources at least once a year, to ensure that the data obtained continue to be competitive. The Company will not quote any price outside Company's operations time (see Execution Venue below) therefore no Orders can be placed by the Client during that time.

B. Costs: 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' policy section on the Company's website.

a. **Commissions:** Commissions may be charged either in the form of a percentage of the overall value of the trade or as fixed amount.

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 in the Company's website. For all types of Financial Instruments that the Company offers, the commission and financing fees are not incorporated into the Company's quoted price and are instead charged explicitly to the Client account.

c. **Currency Conversion:** The Company may provide a currency conversion quote from the Client's base currency to the currency of the relevant Financial Instrument. This will not reflect and actual conversion of currency in the Client's account, and serves the purpose of calculating consideration in the base currency only.

C. Speed of Execution: The Client acknowledges that the transactions entered into with the Company in Foreign Exchange and Financial Contracts for Difference are undertaken through the Electronic Trading Platform of the Company. The Orders will be executed on an ‘*over the counter*’ basis rather than on a regulated market or a Multilateral Trading Facility. Such Orders are automatically routed to an Execution Venue which the company has assessed to be the best execution. 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.

If the Client undertakes transactions on an electronic system, like the Company’s Electronic Trading Platform, he/she will be exposed to risks associated with the system including the failure of hardware and software (Internet/Servers). The result of any system failure may be that the Client’s Order is either not executed according to the Client’s instructions or it is not executed at all. The Company does not accept any liability in the case of such a failure. The use of 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 causing delays in the transmission of data between the Client and the Company when using the Company’s Electronic Trading Platform. This delay may result in sending to the Company out of date “*Market Orders*”.

In this case the Company will update the price and execute the Order at the market price available. The Client may request the Company to execute upon receipt instructions conveyed by telephone, facsimile, e-mail or any other written or oral means of communication that each of the present and future account holders, attorneys and duly authorized representatives shall give individually to the Company, even if these instructions are not followed by a confirmation in writing. The Company does not accept any liability in case of misunderstanding, error in the identification of the person giving the instruction or other errors on its part related to such method of communication and which may involve losses or other inconveniences for the Client. The Company reserves the right not to execute instructions transmitted by telephone or fax. Telephone conversations may be recorded, and you will accept such recordings as conclusive and binding evidence of the instructions.

D. Likelihood of Execution: The Client acknowledges that the transactions entered into with the Company in Foreign Exchange and Financial Contracts for Difference are undertaken through the Electronic Trading Platform of the Company. The Orders will be executed on an ‘*over the counter*’ basis rather than on a regulated market or a Multilateral Trading Facility. Such Orders are automatically routed to an Execution Venue which the company has assessed to be the best execution. 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.

The Company seeks to execute all Orders placed by its Clients.

E. Orders: The Client requests a quotation at the price that is stated on the Company’s Electronic Trading Platform. However, due to the high volatility of the market, prices may change before a Client can execute Orders at their determined price. The Company at this point, has the right to offer the Client a new price. The Client can either accept the new price and execute the Order, or refuse the new price, cancelling the Order transaction completely.

Orders can only be placed, executed, modified or closed within the trading time and shall

remain effective through to the next trading session. The Client's Order shall be valid according to the type and time of the given Order. If the time of validity of the Order is not specified, it shall be valid indefinitely.

Order status is always shown on the Company's Electronic Trading Platform and can be accessed via the Client's online trading terminal. Should access to the Company's Electronic Trading Platform not be possible, Clients may contact the Company by telephone and request the status of any of their pending Orders.

Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit, Sell Stop Orders on Financial Instrument contracts are executed at the declared by the Client price 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, and Sell Stop) on any Financial Instrument contract at the declared price. In this case the Company has the right to execute the Order at the first available price. This may occur, for example, at the following cases:

- a. Trading Session start moments;
- b. During news times;
- c. During volatile markets where prices may move significantly up or down and away from declared price;
- d. Where there is 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;
- e. If there is insufficient liquidity for the execution of the specific volume at the declared 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 declared price.

The minimum level for placing Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit and Sell Stop Orders is between 1 to 5 times the spread for a given Financial Instrument.

F. Likelihood of Settlement: The Company shall proceed to a settlement of all transactions upon execution of such transactions.

G. Size of Order: The 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. Please refer to the Spreads and Conditions section on the Company's website for the value of each lot for a given Financial Instrument type. The Company reserves the right to decline an Order as explained in the terms and conditions entered with the Client. 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 a best available price, different from declared price, as the market liquidity may allow at the time of execution. (See above, *Likelihood of Execution*)

H. Market Impact: Some factors may affect rapidly the price of the underlying Financial Instruments from which the quoted Company price for its Financial Instruments is derived. These factors may influence some of the factors listed above. The Company will take all reasonable steps to obtain the best possible result for its Clients.

7.2 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.

8. Best Execution Criteria

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

- a. the characteristics of the Client including the categorization of the Client 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 venues to which that Order can be directed.

8.2 For retail Clients, the best possible result shall be determined in terms of the total consideration, representing the price of the Financial Instrument 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.

8.3 Where there is more than one available Execution Venue for the execution of an Order, the commissions and the costs of the Company for transmitting the Order on each of the eligible Execution Venues shall be taken into account when assessing and comparing the results for the Client that would be achieved by executing the Order on each of the eligible Execution Venues.

8.4 The Company undertakes not to structure or charge its commissions in such a way as to discriminate unfairly between Execution Venues.

9. Execution Venues

9.1 Execution Venues are the entities with which the Client's Orders are placed or to which the Company transmits Orders for execution.

9.2 The Client acknowledges that the transactions entered into with the Company in Foreign Exchange and Financial Contracts for Difference are undertaken through the Electronic Trading Platform of the Company. The Orders will be executed on an '*over the counter*' basis rather than on a regulated market or a Multilateral Trading Facility. Such Orders are automatically routed to an Execution Venue which the company has assessed to be the best execution. 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.

9.3 The Company regularly assesses the Execution Venues available in respect of any products that the Company provides to its Clients to identify those that will enable the Company, on a consistent basis, to obtain the best possible result when transmitting Orders

for execution.

9.4 Where there is more than one available Execution Venue for the execution of an Order, the commissions and the costs of the Company for transmitting the Order on each of the eligible Execution Venues shall be taken into account when assessing and comparing the results for the Client that would be achieved by executing the Order on each of the eligible Execution Venues.

9.5 The Company places significant reliance to the above Execution Venue based on the above mentioned factors and their relevant importance. It is the Company's policy to maintain such internal procedures and principles in Order to act for the best interest of its Clients and provide them the best possible result (or "*best execution*") when dealing with them.

9.6 The Client acknowledges that the transactions entered in Financial Instruments with the Company are not undertaken on a recognized exchange, rather they are undertaken through the Company's Electronic 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 Company's Electronic Trading Platform or quote feeds.

9.7 While the Company strives to execute all Orders placed by its Clients, it reserves the right to decline an Order of any type or execute the Order at the first available market price. In case of technical failure of the trading platform or quote feeds, the Company may not transmit the Order for execution or it may change the opening/closing price of an Order. Under certain market conditions such as a fast moving market or low liquidity, the Company reserves the right to modify the spread of the transactions. In certain circumstances such as unusual market conditions, fundamental market announcements (news) or the size and nature of the Client's Order, it may be wholly or partly manually priced and/or an Order may be manually transmitted for execution, and then have an impact on the price at which the Order is executed.

9.8 Clients are required to close open positions in regard to any given Financial Instrument during the operating hours of the Company's Electronic Trading Platform.

9.9 The operating hours of the Company's Electronic Trading Platform are as follows:

- a. **Working periods:** round – the – clock from 00.00.01 A.M. Cyprus Time (GMT +2) Monday through 00.00.00 P.M. Cyprus Time (GMT +2) Friday.
- b. **Non-working periods:** from 00.00.01 A.M. Cyprus Time (GMT +2) Saturday through 00.00.00 P.M. Cyprus Time (GMT +2) Sunday.
- c. **Holidays:** Holidays will be announced through the internal mail of the trading terminal supplied by the Company.

10. Monitoring and Review

10.1 The Company will monitor on a regular basis the effectiveness of this Policy and, in particular, the execution quality of the procedures explained in the Policy and, where appropriate, reserves the right to correct any deficiencies.

10.2 In addition, Company will review the Policy at least annually. A review will also be carried out whenever a material change occurs that affects the ability of the Company to continue to the best possible result for the execution of its Client Orders on a consistent basis using the venues included in this Policy.

10.3 The Company will inform its Clients of any material change to this Policy by posting an updated version of this Policy on its Website(s).

11. Client Consent

11.1 When establishing a business relation with the Client, the Company is required to obtain the Client's prior consent to this Policy. The Company is also required to obtain the Client's prior express consent before it executes or transmits its Order for execution outside a regulated market or an MTF (Multilateral Trading Facility). The Company may obtain the above consents in the form of a general agreement.

11.2 The Company reserves the right to review and/or amend its Policy and arrangements, at its sole discretion, whenever it deems fit or appropriate.

11.3 Our Order Execution Policy is part of our Terms and Conditions of Business, which is a contractually binding agreement between the Company and its Clients, and is incorporated therein by reference. It shall be applicable to all transactions among the Company and its Clients, to the extent that it does not impose and/or does not seek to impose any obligations on us which we would not otherwise have, but for the Cyprus Investment Services and Activities and Regulated Markets Law of 2007 (Law 144(I)/2007).

12. FAQ

12.1 Questions regarding the Policy should be addressed, in the first instance, to the Customer Support Department.

Customer Support Email: support@priorfx.com