# SUMMARY OF BEST INTEREST AND ORDER EXECUTION POLICY FOR CFDs

Indication Investments Limited

CYSEC License number 164/12

Version 3.0.

## 1. Introduction

1.1. This Summary Best Interest and Order Execution Policy ("the Policy") is provided to you (our Client or prospective Client) in accordance with the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 87(I)/2017, as subsequently amended from time to time ("the Law"). Pursuant to the Law, Indication Investments Ltd ("the Company") is required to take all reasonable steps to act in the best interest of its Clients when receiving and transmitting Client Orders and to achieve the best execution results when executing Client Orders and to comply, in particular, with the principles set out in the Law when providing investment services.

By opening a trading account (Client Account) with the Company, the Client agrees/consents to the fact that his Orders will be executed outside Regulated Market (e.g. Licensed European Stock Exchange) or a Multilateral Trading Facility (MTF) (e.g. European Financial Trading System).

The Company executes client Orders only on Contracts for Differences ("CFDs") on stocks, commodities, indices, currency pairs (FOREX), metals and cryptocurrencies.

## 2. Scope

2.1. This Policy applies to both Retail and Professional Clients (as defined in the Company's Client Categorization Policy found at https://libertex.com/docs/en/client-categorization-policy.pdf). If the Company classifies a Client as an Eligible Counterparty, this Policy does not apply to such a Client.

2.2. This Policy applies when receiving and transmitting Client Orders or executing Orders for the Client for all the types of CFDs offered by the Company.

## 3. Best Execution Factors

3.1. The Company shall take all reasonable steps to obtain the best possible results for its Clients when receiving, transmitting and executing Client Orders and obtain the best possible results for Clients taking into account the following factors when dealing with Clients' Orders: price, costs, speed, likelihood of execution and settlement, size, market impact or any other consideration relevant to the execution of the order. We do not consider the above list exhaustive and the order in which the above factors are presented shall not be taken as priority factor.

a) **Price:** For any given CFD, the Company will quote one price at which the Client can buy (go long) or sell (go short) that CFD.

The Company's price for a given CFD is calculated by reference of the Bid and Ask prices of the relevant underlying asset, which the Company obtains from third party external reference sources (i.e. price feeders). The Company's prices can be found on the Company's website and / or trading platform. 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. The Company will not quote any price outside the Company's operations time (see Execution Venues below) therefore no orders can be placed by the Client during that time.

**If the price reaches an Order set by you such as:** Stop Loss/Limit Loss, Take Profit/Limit Profit, these Orders are instantly executed. However, under certain trading conditions it may be impossible to execute Orders (Stop Loss/Limit Loss, Take Profit/Limit Profit) at the Client's requested price. In this case, the Company has the right to execute the Order at the first available price. This may occur, for example, at times of rapid price fluctuations, 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, or this may occur at the opening of trading sessions. The minimum level for placing Stop Loss/Limit Loss, Take Profit/Limit Profit, for a given CFD, is specified on the Company's website.

b) **Costs:** For opening a position in some types of CFDs the Client may be required to pay commission or financing fees, the amount of which is disclosed on the Company's website.

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

Financing Fee: In the case of financing fees, the value of opened positions in some types of CFDs is increased or reduced by a daily financing fee "swap rate" throughout the life of the CFD (i.e. until the position is closed). Financing fees are based on prevailing market interest rates, which may vary over time. Details of daily financing fees applied are available on the Company's website.

The spreads for the list of financial instruments can be found on the Company's website and/or the Platforms.

c) **Speed of 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. For instance, in cases where Clients are using a wireless connection or a dial up connection or any other communication link that can cause a poor internet connection then this may cause unstable connectivity with the Company's trading Platforms resulting to the Client placing his Orders at a delay and hence the Orders to be executed at better or worst prevailing price offered by the Company.

It is clarified that when the Company receives and transmits a Client Order for execution to a third party (another Execution Venue) and does not execute the order towards the Client as principal to principal, then the execution will also depend on that third party.

d) **Likelihood of Execution:** In some cases, it may not be possible to arrange an Order for execution, for example but not limited, in the following cases: during news times, trading session start moments, during volatile markets where prices may move significantly up or down and away from declared prices, where there is rapid price movement, where there is insufficient liquidity for the execution of the specific volume at the declared price, a force majeure event has occurred.

In the event that the Company is unable to proceed with an Order with regard to price or size, or other reason, the Order will be either rejected or partially filled.

In addition, the Company is entitled, at any time and at its discretion, without giving any notice or explanation to the Client, to decline or refuse to transmit or arrange for the execution of any Order or Request or Instruction of the Client in circumstances explained under paragraph 9 of the Client Agreement. Without prejudice to paragraph 9.5 of the Client Agreement, the Company has the right to close at market prices and or limit the size of Client Open Positions and to refuse new Client Orders to establish new positions in any of the following cases:

i. The Company considers that there are abnormal trading conditions.
ii. The value of Client collateral falls below the minimum margin requirement.
iii. At any time equity (current balance including open positions) is equal to or less than a specified percentage of the margin (collateral) needed to keep the open position.
iv. In case of fraud or Abusive Trading of the Client.
v. The system of the Company rejects the Order due to trading limits imposed on the Account.

vi. When the Margin Level reaches the Stop Out Level (ratio of Equity to Margin in the Client Account), the Client positions will start closing automatically at market prices starting with the most losing Order

and the Company has the right to refuse a new Orders. Stop Out level is available on the Website and/or the Platform.

vii. When the Client fails to take a measure of paragraph 9.6 of the Client Agreement. (h) When the Client is holding a position Open on Future after the official expiry date.

In addition to the above, where the Company transmits orders for execution to another third party, the likelihood of execution depends on the availability of prices by such other third party.

e) **Likelihood of settlement:** The Financial Instruments (i.e. CFDs) offered by the Company do not involve the physical delivery of the Underlying asset, so there is no settlement as there would be for example if the Client had bought shares.

f) **Size of Order:** A lot is a unit measuring the transaction amount and it is different for each type of CFD. Please refer to the Company's website and/or Platform for the value of minimum size of an Order and each lot for a given CFD type. Please refer to the Company's website and/or Platform for the value of the maximum volume of the single transaction. The Company reserves the right to decline an Order due to its size as explained in the Client Agreement.

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.

**Market Impact:** Some factors may rapidly affect the price of the Underlying Asset 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.*

## 4. Execution Practices in CFDs

**Slippage:**

You are warned that Slippage may occur when trading in CFDs. This is the situation when at the time that an Order is presented for execution, the specific price showed 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 in CFDs. Slippage more often occurs during periods of illiquidity or higher volatility (for example due to news announcements, economic events and 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 declared prices.

It is noted that Slippage can occur also during Stop Loss/Limit Loss, Take Profit/Limit Profit and other types of Orders. We do not guarantee the execution of your Pending Orders at the price specified. However, we confirm that your Order will be executed at the next best available market price from the price you have specified under your pending Order.

## 5. Types of Order(s) available in CFDs trading

The particular characterizing of an Order may affect the execution of the Client's Order. Please see below the different types of Orders that a Client can be placed:

a) **Market Order(s):** market order is an order to buy or sell a CFD as promptly as possible at the prevailing market price. Execution of this Order results in opening a trade position. Stop Loss/Limit Loss and Take Profit/Limit Profit orders can be attached to a market order.

b) **Pending Order(s):**This is an Order to buy or sell a CFD in the future at the best available price once a certain price is reached. Pending Order is an Order that allows the user to buy or sell a CFD at a pre-defined price in the future. These Pending Orders are executed once the price reaches the requested level. However, it is noted that under certain trading conditions it may be impossible to execute these Orders at the Client's requested price. In this case, the Company has the right to execute the Order at the first available price. This may occur, for example, at times of rapid price fluctuations of 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, or there is lack of liquidity, or this may occur at the opening of trading sessions.

It is noted that Stop Loss/Limit Loss and Take Profit/Limit Profit may be attached to a Pending Order. Also, pending Orders are good till cancel.

c) **Take Profit/Limit Profit:** Take Profit/Limit Profit Order is intended for gaining the profit when the financial instrument (i.e. CFDs) price has reached a certain level. Execution of this Order results in complete closing of the whole position. The Order can be requested only together with an open market or a pending Order and it is also executed at stated prices.

This type of Order is set above the current price in case of long positions and below the opening price in case of short positions.

d) **Stop Loss/Limit Loss:** Stop Loss/Limit of Loss Order is used for minimizing of losses if the CFD price has started to move in an unprofitable direction. If the CFD price reaches the stop loss/limit loss level, the whole position will be closed automatically, thus eliminating the incurrence of additional losses. Such Orders are always connected to an open position or a pending Order. They can be requested only together with a market or a pending Order. This type of order, is always set below the current price price for long positions), and below the opening price for short positions

## 6. Best Execution Criteria

When executing client orders, the Company takes into account the following criteria for determining the relative importance of the Best Execution Factors referred in paragraph 3 above:

(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 the Financial Instruments that are the subject of that Order;

(d) The characteristics of the execution venue to which that Order is directed.

The Company determines the relative importance it assigns, in accordance with the abovementioned criteria, to the Best Execution Factors by using its commercial judgment and experience in light of the information available on the market and taking into account the remarks included in paragraph 3. For CFDs, the Company assigns the following importance level to the Best Execution Factors.

| Factor | Importance | Remarks |
|---|---|---|
| Price | High | We give strong emphasis on the quality and level of the price data that we receive from external sources in order to provide our clients with competitive price quotes. We do not however guarantee that our quoted prices will be at a price which is as good, or better, than one might have been available elsewhere. |
| Costs | High | We take all reasonable steps to keep the costs of your transactions as low and competitive, to the extent possible. |
| Speed of Execution | High | Execution speed and the opportunity for price improvement are critical to every trader and we repeatedly monitor these factors to ensure we maintain our high execution standards. |
| Likelihood of Execution | High | Even though we reserve the right to decline a Client order we aim to execute all Clients' orders, to the extent possible. |
| Likelihood of settlement | Medium | See relevant description in Best Execution Factors (point 3 above). |
| Size of order | Medium | See relevant description in Best Execution Factors (point 3 above). |
| Market Impact | Medium | See relevant description in Best Execution Factors (point 3 above). |

Where the Company executes an order on behalf of a Retail Client, the best possible result shall be determined in terms of the total consideration (unless the objective of the execution of the order dictates otherwise), representing the price of the CFD 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.

For the purposes of delivering best execution where there is more than one competing Execution Venues to execute an Order for a CFD, in order to assess and compare the results for the Client that would be achieved by executing the Order on each of the execution venues (see Paragraph 9 below) that is capable of executing that Order, the Company's own commissions and costs for executing the Order on each of the eligible Execution Venues shall be taken into account in that assessment. The Company shall not structure or charge their commissions in such a way as to discriminate unfairly between Execution Venues.

## 7. Client's Specific Instruction

7.1. Whenever there is a specific instruction from or on behalf of a Client relating to the Order or the specific aspect of the Order the Company shall arrange – to the extent possible – for the execution of the Client Order strictly in accordance with the specific instruction.

WARNING: It is noted that any specific instructions from a Client 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 those Orders in respect of the elements covered by those instructions. However, it shall be considered that the Company satisfies its obligation to take all reasonable steps to obtain the best possible result for the Client.

7.2. Trading rules for specific markets or market conditions may prevent the Company from following certain of the Client's instructions.

## 8. Execution on Client Orders

8.1. 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 interest of the client require otherwise

(c) informs a Retail Client about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.

## 9. Execution Venues

9.1. Execution Venues are the entities with which the Orders in Financial Instruments (i.e. "CFDs") are placed for final execution. An "Execution Venue" means a regulated market (e.g. stock exchange), a multilateral trading facility, a systematic internalizer or a market maker or another liquidity provider or an entity performing in a third country a function similar to any of the abovementioned.

The Company executes Client Orders in CFDs as a principal to principal towards the Client, i.e. the Company is the sole Execution Venue (as defined in Commission Directive 2006/73/EC implementing MiFID) for the execution of the Client's Order. Hence, Client Trading Accounts offered by the Company may fall under a Dealing Desk Execution Model. When the Company executes Client Orders as a principal to principal, it faces market maker risk.

There are instances however, where the Company may decide at its own discretion to place an order for execution to a third-party Execution Venue i.e. the Company is not the Execution Venue for the execution of the Client's Orders. The Company transmits Client Orders or arranges for their execution with a third party (ies) known as Straight Trough Processing (STP). Such arrangement can be made to manage the Company's risk and it shall not jeopardize the quality of execution of the Client's order while all abovementioned best execution criteria/factors shall be followed/applied.

The Company reserves the right to change its Execution Venues at its own discretion.

The Company evaluates and selects the third-party Execution Venues it collaborates with, based on a number of criteria such as (but not limited to) the following:

a) Regulatory status of the institution;
b) The ability to deal with large volume of orders;
c) the speed of execution;
d) the competitiveness of commission rates and spreads;
e) the reputation of the institution;
f) the ease of doing business;
g) the legal terms of the business relationship;
h) the financial status of the institution.

The Company selects to work with those third party venues that enable the Company to obtain on a consistent basis the best possible result for the execution of Client orders.

9.2. The Client acknowledges that the transactions entered in CFDs with the Company are not undertaken on a recognized exchange/regulated market, rather they are undertaken over the counter (OTC) and as such they may expose the Client to greater risks than regulated exchange transactions.

## 10. Execution Quality Statement

10.1. Under the applicable rules, the Company is obliged to present the top five execution venues used by the Company for executing Clients' orders. Information related to the Company's execution venues is available on the Company's website and can be found under the Execution Quality Documentation.

## 11. Client's Consent

10.1. 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 (i.e. this Policy forms part of the Client Agreement).

## 12. Amendment of the Policy and Additional Information

12.1. The Company reserves the right to review and/or amend its Policy and arrangements whenever it deems this appropriate according to the terms of the Client Agreement between the Client and the Company. It should be noted that the Company will not notify Client 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 https://libertex.com for the most up to date version of the Policy.

12.2. Should you require any further information and/or have any questions about this Policy please direct your request and/or questions to compliance@libertex.com.