



# **ORDER EXECUTION POLICY**

***IFC Investments Cyprus Ltd***

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## 1. INTRODUCTION

IFC Investments Cyprus Ltd Ltd (hereafter the “**Company**” and/or “**IFC Investments Cyprus**” and/or “**Capixal**”) is a limited liability Company incorporated in the Republic of Cyprus with registration number HE342390. The Company is authorized and regulated by the Cyprus Securities and Exchange Commission (hereafter the “**CySEC**”) to operate as a Cyprus Investment Firm under the license number 327/16. The Company operates under the trading name Capixal. The Company’s services are offered through its website [www.capixal.com](http://www.capixal.com).

## 2. LEGAL & REGULATORY REQUIREMENTS

The Company is operating under the provisions of the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in Financial Instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as the same may be in force from time to time and modified or amended from time to time (the “**MiFID II**”), which was transposed into Cypriot Law, the Investment Services and Activities and Regulated Markets Law of 2017 (the “**Law**”). The Order Execution Policy has been drafted considering the minimum content requirements set out in Article 66 of the Commission Delegated Regulation 2017/565.

Pursuant to the above legislation as well as any directives issued pursuant to it, the Company is required to take all sufficient steps to act in the best interest of the Client when receiving and transmitting orders for execution or when executing such orders. In this respect, the Order Execution Policy (the “**Policy**”) is provided to the Company’s clients or prospective clients for their consent before the provisions of any services.

## 3. SCOPE

When dealing with Clients, the Company has an obligation to act honestly, fairly, professionally and in the best interest of the client. The Company proceeded with the establishment and maintenance of its Order Execution Policy, in order to ensure compliance with the obligation to execute orders on terms most favorable to its clients and to achieve the best possible results for them.

The Policy outlines the procedure that shall be followed by the Company in executing trades and assure that it takes all sufficient steps to consistently obtain the best possible result for Clients. In addition, the Policy provides adequate information to the clients in relation to the factors that are taken into consideration when handling clients’ orders.

The Reception & Transmission is the relevant department to which the Policy mainly applies when offering the investment services of Reception and Transmission of order and Execution of orders on behalf of clients (the “**Investment Services**”).

The Client may communicate with the Company about further clarifications they may require in respect to the Company’s order execution arrangements. The Company shall revert with the response within a reasonable time.



#### 4. APPLICABILITY

The provisions of this Policy are applicable for both Retail and Professional (Elective and Per Se) clients, as defined in the Company’s Client Categorization Policy, who are provided with the Investment Services in relation to Contracts for Differences (“CFDs”). The provisions of the Order Execution Policy do not apply for Eligible Counterparty Clients.

It is noted though that in some instances the provisions of the Policy may not be applicable. Particularly, in case where the Company classified a client as an Eligible Counterparty, the requirements to take all sufficient steps and ensure compliance with the execution arrangements does not apply, for the provision of the Investment Services.

In addition to the above, when there is a specific instruction from the Client, either Retail or Professional, the Company shall execute the order following the specific instruction and without having to comply with the requirements and procedures set herein.

The terms of this Policy shall be read in conjunction with the Client Agreement (the “T&Cs”). The client must understand the relevant Policy so that it can make an informed decision as to whether to use, or continue using the Company’s services. Therefore, please ensure that you read and understand the content of the Policy prior trading with Capixal.

By opening a trading account with the Company, you agree and accept to the provisions and requirements set herein.

#### 5. INVESTMENT SERVICES IN CONTRACTS FOR DIFFERENCE (CFDS)

The Company offers its Investment Services through the following Trading Platforms:

- a. MetaTrader 4 (MT4);
- b. Web Trader; and
- c. Mobile App.

It is noted that the same terms apply when offering the Investment Services, irrespective of the Trading Platform through which orders are placed.

As previously mentioned, the Company’s Investment Services are offered in respect to CFDs on various underlying assets. The table below explains the Asset Classes available through the Company and provides examples of those underlying assets that are tradable in our Trading Platforms. The full list of all tradable instruments per asset class on the Trading Platforms.

Asset Class	Examples of Underlying Assets
Foreign Exchange	EUR/USD, EUR/CHF, USD/JPY, EUR/GBP, AUD/USD
Future on Commodities	Futures on Brent Oil, Crude Oil, Gold, Silver, Natural Gas, Wheat
Future on Indices	Futures on Dow Jones, FTSE 100, Nasdaq 100, Hang Seng, Nikkei 25
Indices	OMSX, Tadawul, TA35
Shares	Apple, Boeing, Airbus, Alibaba, HSBC, Morgan Stanley, Tesla



Virtual Currencies	Bitcoin, Ethereum, Litecoin, Ripple, Ethereum Classic, Siacoin
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As specified above, the Company is offering CFDs and is not acting as the client's counterparty (i.e. is not on the other side of the client's trade). In particular, the Company follows the below business model:

- The Company only executes orders on behalf of clients and does not act as the client's counterparty;
- The above business model can be described in the form of performing Straight Through Processing.

## 6. PLACEMENT AND CANCELLATION OF ORDERS AND TRADING HOURS

The Client may open and / or close positions during the trading hours of the market of the Underlying Asset of the CFDs and subject to the relevant Market being made available by the Company for trading and any trading limits as well as minimum or maximum trade sizes imposed in accordance with the Company's internal procedures. The Client will not be able to place Orders outside of the trading hours in which the relevant market is open for trading, unless the Company advises accordingly and based on the terms and conditions it may set in such cases. In case of an order is placed outside the trading hours this will be rejected automatically by the system.

The Company may restrict or suspend or cancel Client's ability to trade for the purposes of preventing a breach of the Applicable Laws and Regulations or the terms specified in the Client Agreement, where the Client does not have sufficient funds or margin for effecting the relevant transaction or where to allow the Client to proceed with a relevant trade would result in a breach of any trading limits which the Company may have imposed pursuant to the provisions of this Agreement.

The Company reserves the right to limit your account exposure when it reaches 30,000 units per asset. In this case you need to close your positions within 24 hours, otherwise the Company will close your positions on market conditions.

Please refer to the contract under the specification of each and every product which can be found on the trading platform. For example, on FX currency pairs 1 lot is equal to 100,000 units.

Any updates of positions that are opened during normal trading hours but are kept open beyond our indicated trading hours will be held until trading is resumed within our Trading Hours. It is crucial for our clients to understand that positions that are left open outside our trading hours might reopen with an extensive price gap when trading resumes and provided that the client has enough margin to keep such orders open, at any time.

The Client can place orders via the following means:

### A. Through the Trading Platforms and Mobile Applications

As mentioned in the Client Agreement, the Client may place orders via the Company's Trading Platforms and Mobile Applications. The Order is considered as having been accepted by the Company once shown in the Trading Platform and confirmed by the Client.



## **B. Orders placed By Phone**

In the event where the Client wishes to place transactions, but the Client is not able to access the Trading Platforms or Mobile Applications, the Client may contact the Reception & Transmission Department of the Company in order to assist them accordingly. It is clarified that the Client may contact the Dealing Room Department during working hours only. All telephone calls placed through the Reception & Transmission Department are recorded by the recording system operated by the Company.

In order for the Reception & Transmission Department to accept your order through phone, a verifications procedure is being followed aiming to avoid any fraud actions against the Client. It is emphasized that the Reception & Transmission Department may not accept the Client's orders in cases where all the relevant information is not readily available or if the Client does not provide confident answers.

## **7. TYPES OF ORDERS**

Given the nature of risk and volatility of financial markets, the Client may want to consider using different types of orders to limit risk and manage investment strategies. The Client is given the option to place the following types of execution orders through the Trading Platforms.

It is important for our clients to understand when placing an order the mechanics behind the execution.

- For a Sell position the order opens at the Underlying Asset's Bid price indicated in the Market Watch whereas the order closes at the Ask price of the Underlying Asset.
- For a Buy position the order will open with the Underlying Asset's Ask price indicated in the Market Watch whereas the order closes at the Bid price of the Underlying Asset.

### **7.1 Market Order**

A Market Order is the instruction of the client to the Company to execute a transaction at a certain price. Execution of this order results in opening of a trade position. Stop Loss and Take Profit orders, as presented below, can be added on a Market Order.

### **7.2 Pending Order**

A Pending Order is placed when the Client wishes to buy or sell a CFD at a pre-defined price in the future. This type of orders is used for opening of a trade position provided the future quotes reach the pre-defined level.

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.

All types of pending orders listed below might be executed with a different price rather the requested one.

There are four types of pending orders available in the Trading Platform:



- a. **Buy Limit** – buy provided the future "ASK" price is equal to the pre-defined value. The current price level is higher than the value of the placed order. Orders of this type are usually placed in anticipation of that the price of the CFD, having fallen to a certain level, will increase;
- b. **Buy Stop** – buy provided the future "ASK" price is equal to the pre-defined value. The current price level is lower than the value of the placed order. Orders of this type are usually placed in anticipation of that the price of the CFD, having reached a certain level, will keep on increasing;
- c. **Sell Limit** – sell provided the future "BID" price is equal to the pre-defined value. The current price level is lower than the value of the placed order. Orders of this type are usually placed in anticipation of that the price of the CFD, having increased to a certain level, will fall;
- d. **Sell Stop** – sell provided the future "BID" price is equal to the pre-defined value. The current price level is higher than the value of the placed order. Orders of this type are usually placed in anticipation of that the price of the CFD, having reached a certain level, will keep on falling.

As previously mentioned, the Market and Pending Orders may be modified before execution by entering either a Take Profit or Stop Loss as explained below:

### **7.3 Stop Loss**

It 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 for long positions), and below the opening price for short positions.

### **7.4 Take Profit**

It is an order intended for taking the profit when the CFD 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.

### **7.5 Pending Orders Out of the Trading Hours**

Clients can place pending orders for Underlying Assets within asset's trading hours. Outside the assets trading hours, our clients order/s will remain inactive until the trading activity of the asset is resumed. It is important to be noted that Pending Orders outside trading hours must respect the distance limit that is set for each instrument. The distance is applicable on the specification list of each asset.

## **8. SPECIFIC CLIENT INSTRUCTIONS ON ORDERS**

In circumstances where the Client provides the Company with a specific instruction as to how to execute an order and the Company has accepted this instruction, then the Company will execute the order in accordance with that specific instruction.



In this respect, the acceptance of a specific instruction may prevent the Company from taking all sufficient steps in order to obtain the best possible result for its Client and consequently apply the requirements set in the Policy.

**WARNING:** Specific instructions 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 sufficient steps to obtain the best possible result for the Client.

## **9. BEST EXECUTION CRITERIA, FACTORS AND PROCESS**

### **9.1 Best Execution Criteria**

When executing client orders, the Company takes into consideration the following criteria for determining the relative importance of the execution factors, analyzed in detail below:

- The characteristics of the client, including his/her categorization as Retail, Professional or Eligible Counterparty;
- The characteristics of the client order;
- The characteristics of the Financial Instruments that are the subject of that order;
- The characteristics of the execution venues to which that order can be directed.

Capixal shall also provide the Client, within a reasonable time, should you request, documented evidence which demonstrates clearly that we have executed your Orders in accordance with the Policy and information about our order execution arrangements.

### **9.2 Best Execution Factors**

The order execution process is designed to provide our clients with the best overall result for executed orders rather than the best result in respect of each trade. Unless you give us specific execution instructions, we will use our discretion to determine the execution factors we should take into account with a view to achieving the best possible result for you.

We will seek to tailor the factors that we consider in order to provide best execution for orders, drawing on our investment expertise. The Company shall take all sufficient steps to achieve Best Execution for clients when receiving and transmitting orders for execution taking into account the following execution factors:

1. Price;
2. Costs;
3. Speed of execution;
4. Likelihood of execution;
5. Likelihood Settlement;
6. Size;
7. Nature of the order: please refer to Section "Type of Orders";
8. Market impact;
9. Any other consideration relevant to the execution of the order.





Where the Company executes an order on behalf of a Retail Client, the best possible result is determined in terms of the total consideration, representing the price of the financial instrument and the costs relating to execution, which shall include spreads, overnight fees etc.

The relative importance assigned to each of the aforesaid execution factors as well as general information is presented in the below table:

Factor	Importance Level	General Information
<b>Price</b>	<b>High</b>	<p>It represents the market price at which the client’s order will be executed. A strong emphasis is given on the quality and level of the price data that is received 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.</p> <p>The price will vary according to factors such as market liquidity, market rules regarding quotations, bids and offers, etc.</p>
<b>Costs</b>	<b>High</b>	<p>We take all reasonable steps to keep the costs of the transactions as low and competitive, to the extent possible.</p> <p>The full list of costs and charges relevant to clients’ transactions and their calculation methodology is available in the Key Information Documents as well as the trading area available in the Trading Platform.</p>
<b>Speed of Execution</b>	<b>High</b>	<p>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.</p>
<b>Likelihood of Execution</b>	<b>High</b>	<p>Even though we reserve the right to decline a Client order we aim to execute all Clients’ orders, to the extent possible.</p>
<b>Likelihood of Settlement</b>	<b>Medium</b>	<p>All transactions are settled in cash upon execution of the transaction.</p>
<b>Size of order</b>	<b>Low</b>	<p>With Capixal every CFD has a minimum and a maximum trade size. These sizes vary from asset to asset. The size is determined by the market conditions of each underlying asset as well our own risk management procedures.</p> <p>At Capixal we reserve the right to place a cap on the number of transactions and lots a client can trade for a specific underlying asset.</p>
<b>Market Impact</b>	<b>Medium</b>	<p>Please refer to point 9.3f below.</p>



### 9.3 Information about Order Execution Factors

The Company may offer different types of Trading Accounts from time to time. In this respect, the initial minimum deposit, the spreads, costs, size if any etc. may differ according to each type of Trading Account. Further information regarding the type of Trading Accounts offered can be found on the Company's website.

#### a. Price and Source of Prices

The Company will provide its own tradable prices which are derived from independent price providers and are available in the Trading Platform.

The Company's prices for all asset classes, are derived as per the below table:

Asset Class	Source of the CFD Underlying Asset Price
Foreign Exchange (FX)	Price feed from feed providers <sup>1</sup>
Futures	Price feed from feed providers
Indices	Price feed from feed providers
Shares	Price feed from feed providers
Virtual Currencies	Price feed from feed providers

Capixal is receiving prices from liquidity providers such as CTRL Investments Ltd and Mkhonto Financial Services (PTY) Ltd which are regulated investments firms by the competent authorities of Australia and South Africa respectively. It is considered important to have at least two (2) Liquidity Providers so in case of high volatility and extreme market conditions to be able to provide competitive prices to our clients and the best execution of them.

The Company receives price feeds from multiple reputable liquidity providers so as to moderate high volatility or abnormal market conditions that may affect price competition. The provider is continuously updating its prices; therefore the last updated prices are displayed on Company's Trading Platform.

The independent price providers are reviewed by the Company at least once a year, in order to ensure that correct and competitive pricing is offered. Also, the Company reviews on an annual basis the Price feed providers in order to assess their suitability for the purpose of this Policy.

In case where there is no regulated market from which a price can be sourced, the Company ensures that the source price is extracted from global investment banks and other major price feed providers.

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<sup>1</sup>



### **Off Market price/spike**

When an unlike event occurs such as an off-market price entering our systems due to technical issues or misquotation, should the client open a position during that period the Company reserves the right to cancel the position by closing it at the current market price offered by our platforms, and of course reversing any Profits/Losses might have accumulated during that period. In the case the client took any advantage or disadvantage such as the above and the position was closed by either a Stop Loss or Take Profit or it was liquidated because of the off-market price, then again the Company will reverse the Profit/Loss and re-open your position as its initial opening price.

### **b. Costs and Charges**

Before initiating trading in CFDs, you should familiarize yourself with all associated costs and charges, as presented herein. For more information on the costs and charges please refer to our website at the links shown below. The total costs consider one-off, ongoing and incidental costs.

- i. **Spread:** The Company provides a two-way pricing principle which consists with the Bid and Ask price. The spread is the difference between the buying (ASK) and selling price (BID) of a CFD applied for trading. No commissions are paid.

The BID price represents the lower price which the client may sell the products mentioned above whereas the ASK price represents the lowest price at which the client may purchase the products. It is noted that the Spread includes our cost for the services to be provided to the clients for trading.

Our spreads are set at our absolute discretion and any changes are effective immediately. A variable spread means that the spread will vary throughout the day, depending on market volatility, available liquidity and Underlying Asset. The variable spread have a minimum value set by the Company, meaning that the Spread can reach a certain low value as pre-determined by us and can fluctuate accordingly by the market conditions.

Please be informed that the Company reserves the right to alter the spread, in order to reflect periods of actual or potential increased market volatility in the prices of the underlying financial instruments or other market volatility caused by political or economic events. The actual spread are always available in the Trading Platform.

All the spreads are variable and are charged automatically once the position is open. In any case, the Client shall be kept informed of the trading conditions and Spreads that apply, through the Company's website.

The minimum variable spread are published in our website, for both Retail and Professional Clients. The methodology used for the calculation of the Company's spread is calculated as ***Contract Size \* Lots \* Minimum Spread Charge.***

- ii. **Overnight swaps:** A daily overnight swap charge will apply to all open positions that remain open every day at 21:00 UTC time. The Company calculates its swaps using the formula: ***(Lot Size)\*(#***



*of Days the position/s are Open)\*(Swap Charge of the Asset)*. More information in regards to the Overnight Swap charges can be found on our website: [www.capixal.com](http://www.capixal.com).

**Wednesday Exception Rule:** The charge for positions being held over Wednesday and swapped to Thursday is different than other days and includes the charge over weekend. Please note that on the CFDs market, when a position is held open overnight from Wednesday to Thursday, the overnight swap is tripled. This is because for a position opened on Wednesday, the value date is Friday. When a position is kept open overnight from Wednesday to Thursday, the value date will be moved forward 3 days, to Monday, skipping over Saturday and Sunday. Therefore, the overnight swap is tripled since the Client has to be charged swap charges for 3 days instead of just one.

- iii. **Currency Conversion:** Any cash, realized profit and losses, adjustments, fees and charges that are denominated in a currency other than the base currency of your account, will be converted to the base currency of your account and a currency conversion fee will be charged to your account.

Should at any time, the Company decides to charge additional fees such as Client Account maintenance fees, it shall provide Clients prior notice of at least fifteen (15) business days and such fees will be disclosed at the Company's website and communicated to clients in advance.

#### **c. 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 Trading Platform for the minimum and maximum trade size of an Order and each lot size for a given CFD type. The Company reserves the right to decline an Order due to its size.

The Company shall add a minimum and a maximum trade size, depending on the Underlying Asset the Client engages with. The trade sizes are constantly reviewed by the Company, by taking into account the relevant market conditions that relate to the specific instrument and the overall exposures. 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. The Company further reserves the right to place a cap on the number of transactions it enters into, or even decline an order, depending on the specific instruments.

#### **d. Speed of Execution and Latency**

Considering the fact that prices may change over time depending on different Underlying Assets and market conditions, tradable prices which are distributed via the Company's Trading Platform used by the Client to communicate with the Company and other factors, all play a crucial role.

The Company understands that any delay may cause executions to be made at the next available price either in favour or against the Client. The factors affecting speed may include:

- Exchange or market based servers



- The Company's servers
- Internet connectivity both in the side of the Client and the Company
- Client computer hardware and software

The Company shall seek to mitigate the above by:

- Frequently assessing the current feed providers
- Cooperating with providers that acquire high internet bandwidth

As the Client places Orders through the Trading Platforms, the Client is exposed to risks associated with that, including the failure of hardware and software (e.g. Internet connectivity issues, server downtimes, etc.). This may result that your Order is either not executed in accordance with your expectations or it is not executed at all. The Company does not accept any liability in the case of such a failure.

The pricing of our tradable assets originates from the marketplace or the underlying exchange where the underlying assets trade. Price data is then transferred to our trading platform which accordingly is available to our clients. Generally, the transfer of data between the marketplace or the underlying exchange to our platform measures in milliseconds, which translates as latency to the client on average as 0.4 seconds and under extreme circumstances it may take longer.

Latency is the lapse or delay of time among a client's request and the system response. The latency may cause orders not to be executed with the current market price, instead the client has to place a new order based on the next available price shown in the Trading Platform. This may result in favor or against the client always depending on the shifts direction. Above and beyond the above latency problems other issues may be presented with the following variables that may affect the data stream:

- Servers of the Markets or Exchanges
- Company's Servers
- Company's Internet Connectivity
- Client's Internet Connectivity
- Client's Computer hardware and software.

We continually try to manage latency issues and challenges by:

- Assessing constantly our pricing feed from our feed providers
- Cooperating with feed providers with high internet bandwidth
- Continues assessment of current pricing.

#### **e. Likelihood of Execution and Settlement**

Due to the levels of volatility affecting the Underlying Asset's price, the Company aims to provide Client orders with the fastest execution reasonably possible. In some cases, it may not be possible to arrange an Order for execution, for example but not limited to, in cases such as: 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.

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:

- The Company considers that there are abnormal trading conditions.
- The value of Client collateral falls below the minimum margin requirement.
- 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.
- In case of fraud or Abusive Trading of the Client.
- The system of the Company rejects the Order due to trading limits imposed on the Account.
- 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.
- When the Client fails to take a measure of the terms set out in the Client Agreement.
- When the Client is holding a position Open on Future after the official expiry date.

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. All transactions are settled in cash upon execution of the transaction.

#### **f. Market Impact**

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

#### **9.4 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 markets under conditions such as illiquidity and volatility due to news announcements, economic events and market openings. The Company's automated execution software does not operate based on any individual parameters related to the execution of orders through any specific client accounts.

Slippage may appear in all types of accounts we offer and can occur also during Stop loss orders, Limit orders, and other types of Orders. The Company does not guarantee the execution of your Pending Orders



at the price specified. However, the Company confirms that your Order will be executed at the next best available market price from the price you have specified under your pending Order.

We work to execute orders at or close to the specified order price. However due to the nature of many underlying assets prices may change directions promptly and swiftly, thus making our prices change directions or levels fast too. This is known as gapping and can mainly be observe at times of low liquidity or high volatility. Consequently, it is important to note that we cannot guarantee the execution prices.

Risks associated with volatile markets, especially at or near the opening and closing hours of the standard trading hours.

- a. Opening prices may differ at a great extend from the previous day’s closure.
- b. Prices that are substantially dissimilar from the quoted BID or ASK price or the last reported price.
- c. System capacity constraints applicable to exchanges, data vendors as well as to Capixal.

**Example of Slippage:**

Assuming that you place on order on EURUSD at the price of 1.10125. On that date there is Federal Reserve announcement for the United States which has huge effect on the market price, with market volatility to be high. Due to this price movement the executed price might be different from the price that the client asked for. The difference between the executed price and the requested price is called slippage.

It is noted that positive and negative slippage may occur when opening a position. Negative slippage has negative effect for the client, while positive slippage has positive effect for the client.

Please refer to the table below which provides further details on the calculation of the slippage, considering the direction of the transaction for a EURUSD position:

Requested <i>Open Buy</i> Position	Executed <i>Higher</i> price	Slippage count	Effect	Executed <i>Lower</i> Price	Slippage Count	Effect
1.10125	1.10145	-0.00020	Negative Slippage	1.09935	0.00190	Positive Slippage
Requested <i>Open Sell</i> Position	Executed <i>Higher</i> price	Slippage count	Effect	Executed <i>Lower</i> Price	Slippage count	Effect
1.10125	1.10145	0.00020	Positive Slippage	1.09935	-0.00190	Negative Slippage
Requested <i>Close Buy</i> Position	Executed <i>Higher</i> price	Slippage count	Effect	Executed <i>Lower</i> Price	Slippage count	Effect
1.10125	1.10145	0.00020	Positive Slippage	1.09935	-0.00190	Negative Slippage
Requested <i>Close Sell</i> Position	Executed <i>Higher</i> price	Slippage count	Effect	Executed <i>Lower</i> Price	Slippage count	Effect



1.10125	1.10145	-0.00020	Negative Slippage	1.09935	0.00190	Positive Slippage
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## 10. ORDER HANDLING

The Company ensures that orders executed on behalf of its clients are promptly and accurately recorded and allocated. In addition, the Company when carrying out client orders shall carry 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. The Company shall inform the Retail Client about a material difficulty relevant to the proper carrying out of orders, upon becoming aware of the difficulty.

## 11. PRODUCT INTERVENTION MEASURES THAT AFFECT ORDER EXECUTION ARRANGEMENTS

### 11.1 Margin Close Out Rule

In accordance with the Announcements issued by the ESMA regarding the restriction on the marketing, distribution or sale of CFDs, the Company offers clients with margin close-out protection. It is clarified that the relevant protection relates with Retail clients. In particular, margin close-out protection means the closure of one or more of a Retail client's open CFDs when the sum of funds in the CFD trading account and the unrealized net profits of all open CFDs connected to that account falls to less than 50% of the total initial margin protection for all those open CFDs.

For Professional clients the margin close out rule is set to 15%.

### 11.2 Negative Balance Protection

Further to the requirements of Product Intervention Measures and taking into consideration that CFDs are leveraged products and therefore incur a high level of risk and may result in the loss of all the client's invested capital, the Company provides its clients with negative balance protection, on a per account basis.

The negative balance protection limits the maximum losses that a client could have. In this respect, the Company's clients can never lose more than the total sum invested for trading in CFDs.

The Company provides negative balance protection for Retail Clients only.





### 11.3 Leverage Limits

Pursuant to the Product Intervention Measures the leverage limits vary across the CFDs' Underlying Asset as well as the Client Categorization, as shown in the table below and also in our Website:

Underlying Asset/Asset Class	Examples	LEVERAGE LIMITS	
		Retail Client	Professional Client
<b>MAJOR CURRENCY PAIRS</b>  <i>US dollar, Euro, Japanese yen, Pound sterling, Canadian dollar or Swiss franc</i>	EURUSD, GBPUSD, USDJPY, AUDUSD, EURCHF, EURGBP, EURJPY, USDCAD	1:30	1:500
<b>NON-MAJOR CURRENCY PAIRS, GOLD, AND MAJOR INDICES</b>  <i>Financial Times Stock Exchange 100 (FTSE 100); Cotation Assistée en Continu 40 (CAC 40); Deutsche Bourse AG German Stock Index 30 (DAX30); Dow Jones Industrial Average (DJIA); Standard &amp; Poors 500 (S&amp;P 500); NASDAQ Composite Index (NASDAQ), NASDAQ 100 Index (NASDAQ 100); Nikkei Index (Nikkei 225); Standard &amp; Poors / Australian Securities Exchange 200 (ASX 200); EURO STOXX 50 Index (EURO STOXX 50) &amp; a currency pair composed of at least one currency that is not listed above</i>	AUDCAD, EURSGD, AUDJPY, CHFJPY, CHFJPY, EURPLN, USDDKK, USDZAR, XAUUSD, EURNOK	1:20	<b>**Important note:</b>  For non-major currency pairs the leverage can be up to 1:500.
			Gold and Silver and indices up to 1:125.
<b>COMMODITIES (other than gold and non-major equity indices)</b>	BRNT, CORN, COCOA, WHEAT	1:10	1:125
<b>SHARES</b>	AIG, AMAZON, Alibaba, BOEING, COKE, DISNEY, EBAY, GOPRO	1:5	1:10



<b>VIRTUAL CURRENCIES</b> <i>cryptocurrency</i>	Bitcoin, Ethereum, Litecoin, Dashcoin	1:2	1:2
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## 12.EXECUTION VENUES

An Execution Venue may include a regulated market (RM), a multilateral trading facility( MTF), an Organized Trading Facility (OTF), a Systematic Internalizer (SI) or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing. In other words, Execution Venues are the entities which the Company transmits order for execution.

For the purposes of the orders submitted to the Company, the Company does not act as the Client's Execution Venue. Hence, the Company does not execute Client Orders on an own account basis as a principal. The Company transmits the Client Orders or arranges for their execution with a third party. The Company does not execute clients' transaction on a Trading Venue (i.e. MTF or RM or OTF), instead the Company uses other regulated investment firms which act as the Execution Venues.

Therefore, the Client gives his/her explicit consent for his or her orders to be executed outside an RM, MTF or OTF, which will always be the case since the Company shall only use the following Execution Venues:

- i. **CTRL Investments Ltd, which is regulated by the Australian Securities & Investments Commission in Australia**
- ii. **Mkhonto Financial Services Pty which is regulated by the Financial Sector Conduct Authority in South Africa**

The sole entity responsible for the orders that our clients place within the Trading Platforms is the Company, even if the trades are transmitted to the execution venues.

By accepting this Policy, the clients acknowledge and agree that the orders placed with the Company are not undertaken on a recognized exchange or on a regulated market or an MTF or an OTF but are executed on an Over the Counter Basic (OTC) through the Company's Trading Platforms. In this respect, clients acknowledge that the transactions entered in CFDs with the Company are not undertaken on a recognized exchange, rather they are undertaken OTC and therefore should be aware that they may be exposed to greater risks (e.g. counterparty risk) such as the aforesaid execution venues' failure to execute the transactions. If the Client requires more information regarding the consequences of these means of execution, please contact us in one of the official contacting methods of the Company.

The Company before deciding which Execution Venues to use for client orders, it compares different Liquidity Providers and performs due diligence of them. Also, it evaluates and selects the aforesaid Execution Venues it collaborates with, based on a number of criteria which may include the following, among others:

- regulatory status of the institution, including the equivalency of the legislative requirements imposed by the competent authority of the country which the institution is regulated;



- the competitiveness of commission rates, spreads and other fees associated with the execution of clients' orders;
- the quality of execution obtained by the said institution, including available financial instruments;
- pricing frequency – how many ticks per second does the institution provide;
- the ability to deal with large volume of orders;
- the speed of execution;
- depth of liquidity – what is the liquidity provided by the institution;
- the ease of doing business in terms of technological support and reliability of the technology used;
- the financial soundness of the institution;
- the reputation of the institution;
- the legal terms of the business relationship;
- compliance with the conflicts of interest requirements.

In general, the Company places great significance on the choice of its Liquidity Providers as it strives to offer, on a consistent basis, best execution to its Clients. The Company places different relative importance on each of the criteria mentioned above by using its commercial judgment and experience in the light of the information available on the market. 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 Clients' orders. Extra emphasis is given to the following criteria: speed of execution, likelihood of execution and connectivity.

### **13.BEST EXECUTION MONITORING AND REVIEW**

Capixal has in place various procedures in order to monitor the its execution quality. We try to preserve the best available results for our clients. We constantly monitor our prices, spread, speed of execution and slippage against our competitors in order to provide our clients the best possible trading circumstances.

The Company randomly selects a sufficiently large sample of trades to ensure, with a high statistical confidence level, that it constantly obtains and will obtain the best possible results for the Clients. This is verified by selecting samples from different periods of time and for different asset classes.

Best execution is a process, which considers various factors, not an outcome. This means that, when the Company is executing an order for a Client, the Company must execute it in accordance with its Order Execution Policy. The Company does not guarantee that the exact price requested will be obtained in all circumstances and, in any event, the factors may lead to a different result in a particular transaction.

In order to improve speed and likelihood of execution the Company carries out certain ex-ante and ex-post quality checks. Such checks include, but not limited to, symmetric slippage checks, number or trades to slippage and comparing our average speed of execution with industry standards.

In addition to the above, it is noted that the order execution arrangements are reviewed, at least on annual basis, by the Company's Internal Audit and Compliance Functions, and in case there is room for



further improvement, the Company takes immediate actions for ensuring its compliance with the legislative requirements.

#### **14.ABUSIVE TRADING**

In the world of automated trading by streaming tradable prices, the misquotations and technical issues are likely to occur from time to time. Consequently, if a client takes advantage of such trading strategies by exploiting system misquotations and technical issues then Capixal will consider the client as of Abusive Behavior.

An abusive behavior can be characterized in the following categories:

1. Fraud/ Illegal actions;
2. Orders Placed based on manipulated prices as result of system errors or system malfunctions;
3. Arbitrage trading (Swap Arbitrage, Latency Arbitrage);
4. Scalping Trading (opening and closing orders for an arbitrarily short period of time);
5. Coordinated transactions by related clients in order to take advantage of system errors and delays on system updates;
6. Abuse of Negative Balance Protection by entering into Hedged positions between two accounts held by one trader or by other traders be essentially engaging in essence into risk-free trading.

If one or all of the above mentioned occurs, the Company has the right to close/open positions and cancel any Profits or Losses that were realized by the trader in respect to these positions. Also the Company reserves the right to take further measures against such clients as per the terms outlined in the Client Agreement, by:

1. Restricting access to the trading platform;
2. Restrict access to certain trading assets;
3. Restrict leverage trading in certain assets;
4. Terminate the Agreement.

#### **15.IMPORTANT DISCLOSURES**

It is essential to enable the public and clients to evaluate the Company's quality of execution practices and to identify the top five execution venues in terms of trading volume where the Company executed clients' orders in the preceding year.

Therefore, the Company summarizes and makes public, on an annual basis, for each class of financial instruments, the top five investment firms in terms of trading volumes where it transmitted or placed client orders for execution in the preceding year and information on the quality of execution obtained. The information published are in accordance with the requirements prescribed in the Commission Delegated Regulation (EU) 2017/576.

The Company's annual Execution Quality Summary Statement (the "EQSS") is published on its website under the "Legal" Section available at the bottom of the home page at the link [www.capixal.com](http://www.capixal.com). The



EQSS metrics are applicable for clients classified as Retail and Professional only, where applicable, and also includes a summary of the analysis and conclusions drawn from the monitoring of the quality of execution obtained on the execution venues where the clients' orders were executed in the previous year.

The obligation to publish the first EQSS was triggered following the implementation of MiFID II early in 2018; thus the first EQSS published by the Company relates to the reporting year 2018. Moreover, it is noted that the EQSS report shall be available in the website of the Company for a minimum period of two (2) years, following its publication.

## **16.RECORD KEEPING**

For the purposes of the Policy, the Company is required, under the Applicable Rules and Regulations, to maintain records of the transactions placed by the Client and that are available in the Trading Platform, including prices, costs, speed of execution etc., for a period of minimum five (5) years, and where requested from CySEC, for a period of seven (7) years.

## **17.REGULAR REVIEW OF THE POLICY**

The Company's Policy will be reviewed annually and whenever a material change occurs that affects its ability to continue to obtain the best possible result for the execution of client orders on a consistent basis using the venues specified above, whereas material change includes, *inter alia*, the following:

- i. updates in the legislation relevant to the Company's obligations to execute orders on terms most favorable to the client;
- ii. changes in the actual order execution arrangements of the Company;
- iii. changes to the relative importance assigned to each execution factor;
- iv. change in the execution venues used by the Company for the execution of clients' orders.

The Company shall assess whether the material changes has occurred and it will consider making changes to the relative importance of the best execution factors in meeting the overarching best execution requirement.

Any changes in the Order Execution Policy of the Company will be communicated in advanced, either through email or through the Trading Platform. The Client's consent to any updates in the Order Execution Policy is required in order for the Company to continue the provision of the Investment Services to the client.