



# **ORDER EXECUTION POLICY STP/ECN**

## ORDER EXECUTION POLICY STP/ECN

### 1. Definitions

**Eligible counterparties** – means CIFs, other IFs, credit institutions, insurance companies, UCITS and UCITS management companies, pension funds and their management companies, other financial institutions authorised by a Member State or regulated under the laws of Cyprus or under European Union law, national governments and their corresponding offices, including public bodies that deal with public debt at national level, central banks, the Central Bank and supranational organisations.

**Execution venue** - means a regulated market, an MTF, a systematic internaliser, 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.

**MiFID II** - Means the Markets in Financial Instruments Directive 2014/65/EU (“MiFID II”) as well as the regulations made thereunder.

**Multilateral trading facility (MTF)** - means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third party buying and selling interests in financial instruments - in the system and in accordance with non-discretionary rules - in a way that results in a contract in accordance with the provisions of Title II of MiFID.

**Professional client** – means a client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs. In order to be considered to be professional client, the client must comply with the criteria as per Second Appendix of the Law 87(I)/2017.

**Regulated market** - means a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its nondiscretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of MiFID II.

**Retail client** – means a client who is not a professional client.

**Systematic Internaliser** - means an investment firm which, on an organised, frequent and systematic basis, deals on own account by executing client orders outside a regulated market or an MTF.

**Pending Order** - pending order is the client's commitment to the brokerage company to buy or sell a security 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. There are four types of pending orders available in the terminal examples of which can be found in **Appendix** to this Policy:

- **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 security price, having fallen to a certain level, will increase;
- **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 security price, having reached a certain level, will keep on increasing;
- **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 security price, having increased to a certain level, will fall;
- **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 security price, having reached a certain level, will keep on falling.

**Stop Loss** -Stop Loss this order is used for minimizing of losses if the security price has started to move in an unprofitable direction. If the security price reaches this level, the position will be closed automatically. Such orders are always connected to an open position or a pending order. The brokerage company can place them only together with a market or a pending order. Terminal checks long positions with BID price for meeting of this order provisions (the order is always set below the current BID price), and it does with ASK price for short positions (the order is always set above the current ASK price).

To automate Stop Loss order following the price, one can use Trailing Stop.

**Take Profit** -Take Profit order is intended for gaining the profit when the security price has reached a certain level. Execution of this order results in closing of the position. It is always connected to an open position or a pending order. The order can be requested only together with a market or a pending order. Terminal checks long positions with BID price for meeting of this order provisions (the order is always set above the current BID price), and it does with ASK price for short positions (the order is always set below the current ASK price).

## 2. Introduction

Notesco Financial Services Limited (the “Company”), whose registered office is at 2, Iapetou street, Agios Athanasios, 4101, Limassol, Cyprus, is authorised and regulated by Cyprus Securities and Exchange Commission under license number 125/10.

## 3. Legal and Regulatory framework

Following the implementation of the Markets in Financial Instruments Directive 2014/65/EU and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID II) and its transposition to national law known as the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017), the Company has established its Straight Through Processing (STP) / Electronic Communication Network (ECN) Order Execution Policy (the “Policy”).

The Company is required to set up this Policy and to take **all sufficient steps** to obtain the best possible results for its clients (“best execution”) either when executing client orders or receiving and transmitting orders for execution in relation to financial instruments. The Policy sets out a general overview on how the Company will obtain the best possible result when executing Clients’ orders by taking into account the criteria and factors stated below.

The Company applies the Policy upon acceptance of an order and when a client gives no specific instruction on the execution method. Nevertheless, when the client gives a specific instruction on an order, the Company will execute the order following such instruction. If the Company receives a specific instruction on an order, this may prevent the Company from implementing the Policy to obtain the best possible result for the execution of the order.

## 4. Scope

The Policy shall apply whenever the Company executes orders on behalf of its clients via the STP/ECN model. The Company will always act as principal (counterparty) when executing client orders. Despite the fact that the Company takes all sufficient steps to obtain the best possible result for its clients, it does not guarantee that when executing a transaction, the client’s price will be more favourable than one, which might be available elsewhere.

The Policy applies to “retail” and “professional” clients only while “eligible counterparties” are in no need for protection by these rules.

## 5. Types of Financial Instruments

This Policy applies when the Company provides the investment services of reception and transmission of orders in relation to one or more financial instruments and/or when executing orders on behalf of retail and professional clients.

The financial instruments provided by the Company are Over the Counter (“OTC”) Financial Contracts for Differences (CFDs). In particular:

- a. Contracts for Difference (CFDs) on currency pairs,
- b. CFDs on spot metals,

- c. CFDs on spot indices,
- d. CFDs on spot commodities,
- e. CFDs on futures,
- f. CFDs on shares,

For more information on the contract specifications visit the Company's website at: <https://www.ironfx.eu/en/markets>.

### 6. Operating hours

The Company's operating hours are as follows:

- Round-the-clock from Monday 00:00:01 A.M. Cyprus Time (GMT +2) through Friday 00:00:00 P.M. Cyprus Time (GMT +2).
- Non-working periods: from Saturday 00:00:01 A.M. Cyprus Time (GMT +2) through Sunday 00:00:00 P.M. Cyprus Time (GMT +2) and on national bank holidays. Holidays are announced through the internal mail of the trading terminal supplied by the Company.

### 7. Types of Execution Orders:

The particular characterising of an order can affect the execution of the client's order. Please see below the different kinds of orders that a client can place:

#### 7.1 Market Order

This is an immediate order to buy or sell at the current price available at a given time. The order will usually be filled at the price the client sees on the Company's trading platform screen, however, Market Orders can be filled at a price different than the one requested, without Client's intervention (I.e. without Client receiving a requote) Occasionally this happens when the market has moved rapidly to a new level while the client was placing his order. This type of Order is also compatible with Stop Loss (Client attempting to limit his losses) and Take Profit (Client attempting to lock his profit).

#### 7.2 Pending Order

This is an order to buy or sell a financial instrument in the future at the best available price once a certain price is reached. There are four types of pending orders available in the Company's trading platform: *Buy Limit*, *Buy Stop*, *Sell Limit* and *Sell Stop*. Clients may also attach a Stop Loss and/or Take Profit on pending orders. The four types are further defined as follows:

- 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 security price, 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 security price, 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 security price, 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 security price, having reached a certain level, will keep on falling.

### 7.3 Trailing Order

This feature allows the client to place a stop loss order to an open position and works in the client’s terminal, which automatically updates to lock in profit while the market moves in the client’s favour. Trailing Stop works in the client’s terminal, not in the server (like Stop Loss or Take Profit) and this is the reason it will not work, unlike the above orders, if the terminal is off.

## 8. Best Execution factors

It is our regulatory obligation to take all sufficient steps to obtain, when executing orders, the best possible result for our clients taking into account the following factors or any other consideration relevant to the execution of the order:

- a. Price (Highest Importance)
- b. Costs and Charges (Highest Importance)
- c. Speed of Execution (Medium Importance)
- d. Likelihood of Execution (Medium Importance)
- e. Likelihood of Settlement (Low Importance)
- f. Size of Order (Low Importance)
- g. Market Impact (Low Importance)

For orders that are not wholly covered by your specific instructions, we shall determine the best possible result when executing Client Orders against the Company’s quoted prices by taking into consideration the execution factors and their relevant importance in the order presented below:

### a. Price – Highest Importance

*Bid-Ask Spread*: For any given financial instrument, we quote two prices: the higher price (Ask), at which the Client can buy (go long) a financial instrument, and the lower price

(Bid) at which the Client can sell (go short); collectively, referred to as the Firm's prices. The difference between the Bid and the Ask price of a given financial instrument is the spread.

*Pending Orders:* Orders such as 'Buy Limit', 'Buy Stop' and 'Stop Loss' / 'Take Profit' for open short positions are executed at the Ask price. Orders such as 'Sell Limit', 'Sell Stop' and 'Stop Loss' / 'Take Profit' for open long positions are executed at the Bid price.

The Company generates its own tradable prices from information sourced through independent price providers and banks that generally provide liquidity to the global market. The main way in which the Company will ensure that the client receives the best execution will be to ensure that the calculation of the bid / ask spread is made with reference to a range of underlying price providers and data sources. The Company updates its prices as frequently as the limitations of technology and communication links allow. We will not quote any price outside of our operational hours (see execution venues below). The Company reviews regularly or at least once a year its independent price providers to ensure that correct and competitive pricing is offered. For more information on the Company's prices, visit the Company's website at <https://www.ironfx.eu/en/markets..>

The Company offers different types of accounts where the pricing and its costs can differ depending on the account to be selected by the client. The main account types are listed below. For more details you can refer to <https://www.ironfx.eu/en/trading/account-types>

- Live Floating/Fixed spreads and Standard, Premium, VIP and Zero Fixed Account;
- STP/ECN Accounts, No Commission, Zero Spread and Absolute Zero Account

Regardless of account type please note that the Company always acts as the principal (counterparty) and is the sole execution venue, which is not a regulated market or a multi-lateral trading facility (MTF).

### **b. Costs and Charges – Highest Importance**

When the Client opens a position in some types of financial instruments, a commission or a financing fee will apply. The details of these costs are available in the Contracts Specifications on the Company's website. The Company takes steps to ensure that the client is informed of the costs, (i.e. the spread and commission rates) before the client elects to trade. The Company further ensures that there are not any unknown variables to the Client in place;

This table shows the different types of costs related to trading CFDs			
One-off entry or exit costs	Spread	Applicable to all instruments	A spread is the difference between the bid (buy) and the ask (sell) price on the specific instrument you trade. This cost is realised every time you open and close a trade.
	Commission	Applicable only to CFDs on futures and CFDs on shares	This is the commission you pay when you buy and sell an instrument.
	Currency conversion	Applicable to all instruments	This is the cost for converting realised profits and losses as well as any costs and charges that are denominated in a currency other than the base currency of your trading account.
Ongoing costs	Swap (Financing Fee)	Applicable to all instruments	This is a charge by the Company for the interest cost and associated costs incurred in relation to the overnight rollover of an open position. The swap cost can be positive or negative depending on the instrument to be traded.

For more information on the Company's costs and charges, visit the Company's website at: <https://www.ironfx.eu/en/trading/account-types>.

### c. Speed of Execution – Medium Importance

The Company strives to offer the highest possible speed of execution within the limitations of technology and communication links. Prices change over time and the frequency with which they do varies with different financial instruments and market conditions. The Company places significant importance when executing Client's orders to the speed of the execution of an order. Considering that the Company generates its own tradable prices, which are distributed via the Company's trading platform, the technology used by the client to communicate with the Company plays a crucial role. For instance, the use of a wireless connection or dial up connection or any other communication link that can cause a poor internet connection can cause unstable connectivity to the Company's trading platform resulting to the client placing his orders on old prices, where the Company might decline and provide him with a new quote (i.e. re-quoting).

If there is any failure of hardware and software (e.g. Internet connectivity issues, server downtimes, etc.), this may result that Client's order is either not executed in accordance with his expectations or it is not executed at all. The Company does not accept any liability in such a case of such a failure.

### d. Likelihood of execution – Medium Importance

The levels of volatility in the market affect both price and volume. The Company seeks to provide its clients with the fastest execution reasonably possible. Client's orders (Buy Limit, Buy Stop, Sell Limit, Sell Stop, Stop Loss and/or Take Profit) are executed by the Company at the requested price. However, under certain market conditions, orders may not be filled at the exact price requested but instead at the best available price. This may occur during news announcements, during periods of volatile market conditions, on opening gaps (when trading



session starts) or on possible gaps where the underlying instrument has been suspended or restricted on a particular market.

The Company strives to provide the best possible price to its clients and makes every effort and has all necessary arrangements in place to do so, but it cannot guarantee the execution of any of the pending orders at the requested price.

### **e. Likelihood of Settlement – Low Importance**

The Company proceeds with the settlement of a client's transaction subject to the successful execution of the respective transaction.

### **f. Size of order – Low Importance**

All orders are placed in lot sizes. A lot is a unit measuring the transaction amount and it is different per each financial instrument. Details of the lot sizes are available in the Contracts Specifications available on the Company's website

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.

### **g. Market Impact – Low Importance**

The Company's quoted prices which are derived from liquidity providers may be affected by various factors which could also affect the abovementioned parameters, criteria which are taken into consideration during the Company's process to ensure the best possible result for its clients. As stated above, the Company will at all times take all reasonable steps to ensure the best possible result for its clients.

The Company does not consider the above list of parameters to be exhaustive. The order in which they are presented however, indicates their relative importance in the best execution process without excluding the possibility of derogations from the above mentioned process in cases where the best interests of the client criterion justifies such derogations.

### **h. Best Execution Criteria**

The Company will generally take into account the following best execution criteria for determining the relative importance of the abovementioned execution factors:

- the characteristics of the client, including the categorisation of the client as retail or professional;
- 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.

*The best possible result will be determined in terms of the total consideration, represented by the price of the contract and the cost related to execution as the main factors. The other execution factors of speed, likelihood of execution size, nature or any other relevant consideration will, in most cases, be secondary to price and cost considerations, unless they would deliver the best possible result for the client in terms of total consideration.*

### **9. Effect of other factors on the execution of an order**

The Company reserves the right to modify the Company spread and the client may experience widened spreads and execution at the best available price under certain market conditions (for example, fundamental announcements, where there is a fast moving market or low liquidity).

Most trades will be automatically priced and executed by the Company's automated internal trading systems. However, depending on factors, for example, unusual market conditions or the size and nature of the client order a financial instrument may be manually priced and/or an order may be manually executed.

The above-mentioned factors mainly involve periods of high market volatility. For example, due to major news announcement, the Company may perform price checks on the clients' orders in order to provide to the clients the best possible price and to ensure that the executed price is aligned with the current market conditions. Therefore, an order may be manually executed.

In addition, periods of volatile market conditions may also occur around opening gaps, where the trading session of specific instrument(s) starts / resumes. The price difference between the last updated price and the current opening price of such an instrument may be significant enough, for the Company to manually execute Client's Orders and for the same reasons as were mentioned on the above paragraph.

During times of high demand manual pricing and/or execution may cause delays in processing an order which in turn can have an impact on the price and speed at which the order is executed. The Company is committed to providing the most competitive trading technology and is striving to minimize the risk of delays.

In the case of any communication or technical failure, as well as any incorrect reflection on the quotes feed, the Company reserves the right not to execute an order or change the opening and/or closing price of a particular order.

Incorrect reflection may inter alia arise where there are connectivity delays, and price feed errors and as a result may create a situation where there is price latency on the Electronic Systems such that there is a disparity between the Company quoted prices and current market prices for short periods. In addition, communication or technical failures may result in the quotation of off market prices on the quotes feed, such as price spikes and may be defined as incorrect reflection

### 10. Specific Instructions

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.

Nevertheless, if the client provides a specific instruction as to the execution of to carry out an order, then by executing that order the Company will be complying with its duty to provide the client with best execution. This may result in being unable to apply this Policy.

### 11. Execution venue

The Company will enter into all transactions with the client as principal (counterparty) and act as the sole execution venue for all client orders. The client is required to open and close a position of any particular financial instrument with the Company via its trading platform.

Where there is only one possible venue, best execution is achieved by execution on that venue. 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 execution policy but 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 certain circumstances this obligation will not apply, for example at a time of severe market turbulence, and/or internal or external system failure, where instead the ability to execute orders on a timely basis will become the primary factor.

**The client acknowledges that all transactions entered in any particular financial instrument with the Company are executed outside a regulated market or a multi-lateral trading facility (MTF) and the client is exposed to a greater risk of a possible default of the counterparty (i.e. the Company).**

### 12. Review and Monitoring

The Company will monitor the effectiveness of the Policy and relevant order execution arrangements on an on-going basis in order to identify and implement any appropriate enhancements. In addition, the Company will regularly review (at least annually) the Policy and the relevant order execution arrangements in an attempt of examining whether they enable the Company to continuously provide the best execution for its clients.

The Company takes into account a range of factors in deciding whether to execute a Client's Order. These include price, costs, speed together with any other consideration relevant to the execution of the order. In determining the relative importance of these factors the Company will take into account the client's status, together with the nature of the order, the characteristics of the financial instruments to which order relates and the characteristic of the execution venues.

There is an assessment process prior the selection of an execution venue, taking into account both qualitative and quantitative criteria. In particular, the pricing and the costs in relation to

the execution of the Client's orders and the overall impact to the Client is one of the main factors for the selection of an execution venue. Other factors are also taken into consideration, for instance, the speed of processing and likelihood of execution as well as the financial soundness and order execution policy of such venue.

The company also carries assessment and monitoring on a continuous basis of the financial institutions used as hedging liquidity/price providers in order to ensure that the best possible result is provided to Clients. The Company should also assess on a regular basis whether the execution venues included in its order execution policy provide the best possible result for its client orders. A more frequent review may be appropriate if there is a material change.

We set-out below a non-exhaustive list of what factors that constitute a Material Change:

- Change of Execution Venues;
- Any changes to the relative importance of execution criteria and relevant factors;
- Incorrect prices compared to the average market price;
- Significant increase in the daily number of requotes;
- Significant delay in the execution of orders.

Clients may refer to the Company's Execution Quality Statement and RTS 28 found here: <https://www.ironfx.eu/en/ironfx/legal-documents>, for further information on the Company's execution arrangements

From time to time it may be necessary to make changes to the Policy. It should be noted that the Company will not notify clients 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 [www.IronFX.eu](http://www.IronFX.eu) for the most up to date version of the Policy. Upon a request from a Client, the Company shall demonstrate that it has executed the Client's Order(s) in accordance with this Policy.

### **13. Customer Communication**

We shall notify you of any material changes to our Order Execution Arrangements or this Policy in a durable medium or by updating our website.

We shall also provide you, within a reasonable time, should you request, documented evidence which demonstrates clearly that we have executed your orders in accordance with this Policy and information about our Order Execution Arrangements.

### **14. Record Keeping**

For the purpose of this Policy, we shall maintain records of the prices for individual financial instruments shown on our Electronic Trading Platform, including details about costs, speed and likelihood of execution, for a minimum period of five (5) years and, where requested by the Commission, for a period of up to seven (7) years.

### 15. Client Consent

When establishing a business relationship with the client, the Company is required to obtain the client's prior consent to this Policy. In addition, the Company is required to obtain the client's prior consent before executing client's orders or receiving and transmitting orders for execution outside a regulated market or a multi-lateral trading facility (MTF). **The client is informed that the Company always acts as principal (counterparty) and is the sole execution venue, which is not a regulated market or a multi-lateral trading facility (MTF).**

The Company may obtain the above consents in the form of a general agreement. The Company will treat clients who have either received the Policy or agreed to receive the Policy electronically or via the internet and have accepted the Trading Terms and Conditions of the Company, as clients who have given their consent to the Policy as well as given consent to the Company to execute or receive and transmit an order for execution outside a regulated market or an MTF.

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## 16. Appendix

**Buy limit** is an order that can be placed with the broker to enter into a long position (that is, to buy) an asset when price fall to specific level or below.



**Buy stop** is an order that can be placed with the broker to enter long when price rallies up to a specified level or above.



**Sell Limit** order is an order that can be placed at the broker to sell an asset when the price rallies up to or beyond a specified level from the current price.



**Sell Stop** is an order to sell an asset when the price drops down to a specified level from the current price.

