XSpot®

ORDER EXECUTION POLICY

X Spot Markets (EU) Ltd.

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1. Introduction

XSpot Markets (EU), having its business premises at 68 Spyrou Kyprianou, Kato Polemidia 4154, Limassol, Cyprus (the "Company") is authorized and regulated by the Cyprus Securities and Exchange Commission ("CySEC") under License 235/14.

2. Legal and Regulatory Framework

The Order Execution Policy (the 'Policy') is issued pursuant to, and in compliance with the requirements of:

1.	Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended from time to time ("MiFID II");
2.	the Law 87(I)/2017 regarding the provision of investment services, the exercise of investment activities and the operation of regulated markets and other related matters, as amended from time to time (the "Law");
3.	the Investment Services and Activities and Regulated Markets Law No 144(I)/2007 to the extent it remains applicable after coming into force of MiFID II;
4.	the Commission Delegated Regulation (EU) 2017/565, supplementing Directive 2014/65/EU of the European Parliament and of the Council regarding organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive;
5.	the Commission Delegated Regulation (EU) 2017/576, supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution;
6.	Section 9 of the Questions and Answers of the European Securities and Markets Authority ("ESMA") as amended from time to time, with respect to the provision of CFDs and other speculative products to retail investors;
7.	Section 1 of the Questions and Answers of the European Securities and Markets Authority ("ESMA") as amended from time to time, on investor protection topics.

For this Policy, any of the above legislation, regulation or guidelines will be referred to as 'Regulation(s)'.

3. Scope

Taking into consideration the abovementioned Regulations, the Company is obliged to take all sufficient steps to obtain the best possible results (or "best execution") on behalf of its clients, either when executing clients' orders or receiving and transmitting orders for execution. These Regulations also require the Company to establish an Order Execution Policy to allow it to obtain, for its client orders, the best possible result for its clients.

The Policy sets out the execution procedures for the financial instruments offered by the Company. Clients must therefore ensure that they have read, understood and consent to the contents of this Policy before trading with the Company.

This Policy applies to both retail and professional clients (as defined in the Company's Client Categorization Policy), but it does not apply to clients who have been classified as Eligible Counterparties.

4. Policy

This policy is implemented by the company's dealing department and reviewed by the "four eyes" committee on an annual basis or whenever a material change occurs that impacts the Company's ability to continue offering best execution of its clients' orders using the Company's execution venues.

The purpose of this policy is to ensure the execution of clients' orders on terms most favourable to the clients, taking into consideration the clients' ability, needs, and trading policies where applicable and possible. Clients may consider using different types of orders, depending on their chosen trading strategy(s). A list of order types available can be found on this website.

The policy outlines the process that the Company follows in executing trades and assures taking all sufficient steps to consistently obtain the best possible result for clients through its order execution policy. It is noted however that when executing an order following a specific client instruction, the Company will execute the order in line with those instructions and will consider that it has discharged its best execution obligations.

5. Execution Criteria and Execution Factors

When executing orders or receiving and transmitting orders for execution, the Company should at any time take all sufficient steps to obtain the best possible result for its clients, by considering the following Execution Factors:

1.	Price	the market price at which the order is executed;
2.	Costs	any additional charges that may be incurred in executing the order in a way over and above the Company's normal charges;
3.	Speed	the timeframe at which the order is executed;
4.	Likelihood of Execution	the best price is of little use if the Company cannot execute at it;
5.	Size and Nature of the Order	size, nature or any other factor relevant to the execution of the order - the way that the Company executes an unusual order may differ from the way it executes a standard order.

The above execution factors are applicable when there are no specific instructions from the client regarding the execution of the order, and when the Company has the ability (choice) to divert the order to more than one execution venue(s).

If the company uses only one execution venue, the dealing department should be able to demonstrate, with supporting documents, why that venue was engaged.

Moreover, when the Company executes an order on behalf of a retail client, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs related to execution, which shall include all expenses incurred by the Client which are directly related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. To summarize, when executing orders on behalf of retail clients, the dealing department is obligated to place the highest emphasis on the lowest (total) price from the client's perspective.

In all other cases, the dealing department is obligated to assess the situation accordingly and execute the order by placing the appropriate emphasis on the execution factors most relevant to the client. In assessing the situation, the dealing department is obligated to consider the following:

- the characteristics of the client; for example, whether the client employees a trading strategy that favours speed, or any other client specific factor,
- the characteristics of the client order; i.e. the type of order the client wishes to execute,
- the characteristics of the financial instruments that are the subject of that order,
- the characteristics of the execution venue(s) to which that order can be directed.

In situations where the dealing department cannot clearly establish beyond doubt the client's preferences, clients are advised that their orders will be executed by considering the following execution factors (by order of importance); Price, Costs, Speed, Likelihood of Execution, Size and Nature of the Order.

Execution costs suffered by clients constitute clients' assets, and, as such, the dealing department has a fiduciary responsibility to act towards the best possible outcome from the clients' perspective.

The dealing department is obligated to document and archive its choice of execution criteria and venue(s), and the Compliance department should have full and unrestricted access to these documents. The Company, when requested by a client or CySEC, is obligated to present these documents.

Warnings

- Where there is a specific instruction from the client, the Company shall execute the order following the specific instruction. When there is no specific client instruction regarding the execution method, the Company shall execute an order in accordance with this Policy.
- For all orders not placed by Retail Clients, Best Execution does not necessarily translate to lowest total consideration, but, rather, best possible outcome for the client.
- You consent and acknowledge that CFDs are traded outside regulated trading venues (i.e. Over the Counter – OTC) and have therefore inherent counterparty risks. The Client may request additional information about the consequences of this means of execution (i.e. OTC) by contacting the Company at [xxx].
- Clients should be aware that checks regarding the appropriateness or suitability (where applicable) of a specific investment product or service could result in delays in the execution of orders regarding financial instruments. The Company cannot be held liable for any such delays resulting from the duties stipulated and governed by these provisions, except in the case of fraud or gross negligence on the part of the Company.
- In some occasions, orders executed on online trading system may get executed at wrong prices. The Company has the right to review the Client's order's details in terms of price, time, volume and the validity of execution type whether they are in the form "Pending" or "Market" orders through the online trading system, and in case of any discrepancies, the Company - without prior notice- will take the proper actions to correct the details of the given orders where and when possible. The Client acknowledges and accepts that seeing an order executed at a certain price on the system does not mean it was executed correctly and that the executed price may not be altered later if a mistake is detected.

Warning: The client should be aware about the following characteristics of execution factors:

1.	Pricing	The Company will provide its own tradable prices, derived from independent price providers. The Company ensures that the client receives best execution by checking that the price provision to the client is made with reference and compared to a range of underlying prices providers and data sources. The financial instruments available for trading with the Company are non-deliverable transactions giving an opportunity to make profit on changes in currency rates, commodity, CFD derivatives prices, called the underlying instrument. Derivative securities / Markets can be highly volatile. The prices of the security and the underlying instrument and CFD derivatives may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Client or the Company. As a result, it is worth noting that under certain market conditions it may be impossible for a Client's order to be executed at declared prices. This may occur, inter alia, for example during the market opening, during news time, during volatile markets where prices may move significantly up or down and away from declared price and 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. In such cases, the Company has the right to execute the order at the first available price. The prices that the Company quotes will be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, and commercial and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the relevant market place.
2.	Costs	Whenever a Client opens a position in a financial instrument a commission and, or, a storage fee will apply. A full list of applicable charges can be found on this website.
3.	Size of Order	All orders are placed (quoted) in monetary terms. The client can place his or her order if he or she has enough balance in his or hers trading account. If the client wishes to execute a large size order, in some cases the price may become less favourable. Note: that the Company does not execute any trades above normal market size.
4.	Speed	Prices in Financial Markets are Volatile. Price Volatility is different for each financial instrument, depending on current and prevalent Market Conditions. Considering that tradeable prices are distributed via the Company's trading platform(s), the technology utilized by the client is of crucial importance. 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(s) / terminals. The result for the client is to place his or her order at a delay and the order to be executed at a better or worse prevailing market price from the one that the client choose to act upon.

5.	Likelihood of Execution and Settlement	Due to the levels of volatility affecting the underlying instrument's price, the Company seeks to provide client orders with the fastest execution reasonably possible. In almost all circumstances, under normal market conditions and if the Client has sufficient margin available on their account for the trade, the trade will be executed at the level requested. In certain circumstances (e.g. speed of internet communications and market volatility), where the quoted price is no longer representative of the 'underlying market' price, then the Client's trade will be executed at the best price available at that time, irrespective of whether the market movement is in a beneficial or detrimental direction, in accordance with the present Policy. Slippage can occur at any time but is most likely to occur during periods of high volatility, overnight and at market open. The likelihood of execution of Clients orders depends on the availability of prices of third-party liquidity providers. In some cases, it may not be possible to arrange an order for execution during abnormal market conditions, for example but not limited to the following cases: overnight, 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. If the Company is unable to proceed with an order with regard to price or size or other reason, the order will not be executed. 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 in the Client Agreement. The Company does not accept any orders outside the market hours of the relevant underlying financial instrument, and futures are traded in accordance with the trading hours of the exchange on which the underlying financial instrument is traded. The Financial Instruments offered by the Company are CFDs which do not involve the delivery of the underlying asset. CFD trading can only be settled in cash. The Company shall proceed with the settlement of all transactions upon the execution and/or time of expiration of the specific transaction. At times of low or zero liquidity, or a halt or suspension of trading on the markets or Exchange on which the underlying product is traded, we reserve the right not to execute your order. In order to improve speed and likelihood of execution, the Company carries out certain ex-ante and ex-post quality checks relating to, for example, symmetric slippage, number of trades subject to slippage and comparison of the Company's average speed of execution with industry standards.

6. Negative Balance Protection

When the Company executes an order on behalf of a retail client it is obligated to provide protection for negative balances (NBP). Negative balances can occur in volatile markets where the price of a traded asset deteriorates rapidly and the technology in place fails to prevent the client's account from becoming negative (going into debt). This can occur either by the lack of a margin call or failure of the margin mechanism to work due to the fast movement of the market. This situation can be particularly harmful for retail investors, as they cannot tolerate losing more than the total sum they have invested for trading. By having in place NBP, the maximum potential losses that a retail investor can have are limited to the funds in the retail client CFD trading account with the Company. NBP means that the Company is obligated to compensate retail clients in cases where their account balance becomes negative.

The Company currently operates under the Straight Through Processing (STP) model and is forbidden to internalize clients' orders and to be exposed to market risk. As such, the dealing department, when executing orders on behalf of retail clients, is obligated to divert them to execution venues with which the Company has in place suitable contractual arrangements that account for NBP. These arrangements must be in writing, stipulated in the agreement between the Company and the execution venue or in an addendum or annex and signed by both parties. Specifically, when diverting retail clients' orders to an execution venue, the dealing department must ensure that the contractual agreement between the Company and the execution venue states the following:

- The execution venue assumes the responsibility for the market risk associated with each trading position of the clients of X SPOT Markets (EU) Ltd.
- The execution venue assumes responsibility to cover any negative balances that may appear in the trading accounts of the retail clients of X SPOT Markets (EU) Ltd. on a per account basis.

7. Margin Close-Out Rules (MCO)

When offering CFDs to retail investors, the Company provides retail investors with the margin close-out protection. Margin close-out protection means the closure of one or more of a client's open CFDs when the sum of funds in the CFD trading account and the unrealised 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.

The Margin Level indicates how close your account is to a margin call. A margin call, also known as a margin stop, is a protective measure that helps traders to manage their risk and prevent additional losses. Margin calls happen when there aren't sufficient funds to cover the margin requirement.

At XSpot, a margin call occurs when your margin level falls below 100%. Margin close out for all accounts occurs when the margin level falls below 50% of the total initial margin requirements for all open CFDs, on an account level basis.

The margin level is calculated by dividing your equity by the required margin and multiplying by 100.

In cases where clients have one open CFD position in their trading account and the margin level has fallen below the 50% of the initial margin requirement, then the position will automatically be closed to protect the trading account from suffering further losses.

In cases where clients have more than one open CFD position in their trading account and the margin level has fallen below the 50% of the total initial margin amount for all those open CFDs, then our system will automatically close the position with the higher loss in your trading account. Following the closing of the first position, it will recalculate the remaining open CFD positions to check if the value of the account is below the 50% of the total initial margin. If the value is below, our system will continue closing the position with the higher loss. This procedure will be repeated until our system is satisfied that the margin level is above the 50% of the total initial margin amount for all open CFDs. This is how XSpot helps you to manage your risk.

To avoid being closed out of your position by a margin close-out, you'll need to ensure your margin level remains above 50% of the initial margin requirements for all open CFDs by depositing more funds.

Limiting losses is one of the most important aspects of trading and many traders choose to use stop loss orders (hyperlink to stop loss) as a protective measure. On the other hand, some traders decide to manage their risk manually by monitoring their open transactions.

Your margin level is the deposit required to maintain each open trade on your account. To open and maintain your trade, you must have sufficient trading resource to cover the margin requirement at all time.

Free margin represents the amount of capital you have remaining to place new trades or cover any negative price moves in your open trades.

The margin stop is a protective measure, particularly for traders who do not use stop loss orders.

8. Execution Venues

"Execution Venues" are the locations (with or without a physical presence) such as regulated markets, multilateral trading facilities, organized trading facilities, systematic internalizes, market makers, liquidity providers or any other entity that performs a similar function in a third country to the functions performed by any of the foregoing. For transmitting orders for execution, the Company acts as an agent on behalf of the Client.

Criteria that are considered when selecting an execution venue include reputation, assessment of counterparty risk, product availability, level and quality of service, overall execution costs, and whether the execution venue provides NBP for the Company's retail clients.

A list of the Execution Venues and intermediaries (third party brokers) used by the Company for the execution of client orders in respect to each class of financial instruments can be found below:

- MAYBANK KIM ENG SECURITIES (LONDON) LTD – a Company with its registered office at 1st Floor PNB House, 77 Queen Victoria Street, London EC4V 4AY, United Kingdom with registration number 2377538

- X-Trade Brokers DM S.A (XTB) – a Company with its registered office at Ogrodowa 58, 00-876 Warsaw, Poland with registration number 217580.

The Company shall monitor the quality of execution received from its Liquidity Provider and shall regularly assess the market landscape to determine whether or not there are alternative venues that it could use in order to consistently get the best results for its clients.

When executing client orders the Company is prohibited from receiving any remuneration, discount, or non-monetary benefit from routing client orders to a particular execution venue.

9. Clients Consent to this Policy

This policy is accessible by all clients via the company's website; XSpot Markets (EU) will assume, unless told otherwise, that by using our services clients have consented to having their orders handled by us in accordance with the arrangements summarized in this policy.

10. Data Publication

The Company is obligated to summarize and make public on an annual basis and before the 30th of April following the end of the period to which the report relates, for each class of financial instruments, the top five execution venues in terms of trading volumes where it executed client orders in the preceding year and information on the quality of execution obtained.

The publication shall include the following information:

a) class of financial instruments;
b) venue name and identifier;
c) volume of client orders executed on that execution venue expressed as a percentage of total executed volume;
d) number of client orders executed on that execution venue expressed as a percentage of total executed orders;
e) percentage of the executed orders that were passive and aggressive orders;
f) percentage of orders referred to in point (d) that were directed orders;
g) confirmation of whether it has executed an average of less than one trade per business day in the previous year in that class of financial instruments.

The Company shall publish for each class of financial instruments, a summary of the analysis and conclusions it draws from its monitoring of the quality of execution obtained on the execution venues where it executed all client orders in the previous year. The information shall include:

a) an explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;
b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;
c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;
d) an explanation of the factors that led to a change in the list of execution venues listed in the Company's execution policy, if such a change occurred;
e) an explanation of how order execution differs according to client categorisation;
f) an explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client;
g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575;
h) where applicable, an explanation of how the Company has used output of a consolidated tape provider established under Article 65 of MiFID II.

The above-mentioned information shall be published on the Company's website, in a machine-readable electronic format, available for downloading by the public.