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Execution Policy and Order Handling

Tradestone Ltd

89, Vasileos Georgiou A' street, Office 101,
Potamos Germasogeias 4048, Limassol, Cyprus

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Contents

| | |
|--|---|
| 1. Introduction | 4 |
| 1.1 Scope of Policy | 4 |
| 1.2 Specific Instructions | 4 |
| 2. Execution Elements and Order Types..... | 4 |
| 3. Trading Instruments | 5 |
| 4. Execution Criteria and Factors..... | 6 |
| 5. Execution Venues | 8 |
| 5.1 Our Prices and where we source these from | 8 |
| 6. Client Consent | 9 |
| 7. Quality of Execution - Information available on our website..... | 9 |
| 8. Regular Monitoring and Review of Our Order Execution Policy | 9 |
| 9. Complaints Handling | 9 |



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1. Introduction

Tradestone Ltd (hereinafter the “**Company**” or “**we**” or “**us**”) is a Cyprus Investment Firm (hereinafter the “**CIF**”), which is authorized and regulated by the Cyprus Securities and Exchange Commission (hereinafter the ‘**CySEC**’) with License No. 331/17.

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 (hereinafter the “Markets in Financial Instruments Directive (2014/65/EU)” or “MiFID II”), which was transposed into Cypriot Law by the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017).

Under the above legislation and other supplementary regulations, the Company is required to take all sufficient steps and obtain the best possible result when executing Client orders, taking into consideration the execution factors (hereinafter the “**Best Execution**”).

1.1 Scope of Policy

This Policy sets out our approach for carrying out orders from origination to execution, as well as the execution venue(s) used by the Company. Furthermore, the policy provides details on how the different factors influence our approach towards obtaining the best possible result when executing client orders.

The main objective of this policy is to support our Clients to understand how the Company executes Clients orders for them to make an informed choice on whether to use Company’s services.

This disclosure statement forms part of our terms of business. Therefore, by agreeing to the terms of the applicable Client Agreement, the Client is also providing consent to the terms of our Execution Policy and Order Handling, (hereinafter the “Policy”) as summarized in this document.

This Policy applies to both Retail and Professional Clients (as defined in the Company’s Client Classification Policy). If the Company classifies a Client as an Eligible Counterparty, this Policy does not apply to such a Client.

In case you have been categorised as an Eligible Counterparty, although this policy does not apply to you, in our relationship with you, we will act honestly, fairly and professionally and communicate in a way which is fair, clear and not misleading, taking into account the nature of you as a Client and of our business.

1.2 Specific Instructions

In cases where a Client give us specific instructions regarding order execution or transmission, the Company shall execute the orders in accordance to the given instructions. Clients must be aware that the provision of specific instructions may prevent the Company from implementing its policy in obtaining the best possible result for the execution or transmission of an order.

2. Execution Elements and Order Types

Trading Platform used by the Company is the MetaTrader 5 (MT5) provided by third party technology software Company “Metaquotes”.

Market execution means the order is executed depending on the depth of the market. Under Market Execution there are no re-quotes, and the order is executed at the best available price in the market.

Slippage is the difference between the requested and prevailing market rate, which can be either in favor or against the Client. The difference can occur when the requested rate is no longer available due to a rapidly moving market. The Company does not manually intervene in any way.



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Market order means an order for a trade to be executed at the best available price. A market order is subject to slippage.

Pending order is an order to buy or sell a financial instrument at a pre-defined rate. Once the market reaches the pre-defined rate, then the pending order is triggered, and a market order is executed at the next best available rate.

- a. A buy limit order requires the pre-defined rate to be lower than the current market rate, while a sell limit order requires the pre-defined rate to be higher than the current market rate.
- b. A buy stop order requires the pre-defined rate to be higher than the current market rate, while a sell stop order requires the pre-defined rate to be lower than the current market rate.

Stop loss is a request to close an open market order when the market is moving against the order. Once the market reaches the pre-defined stop loss rate, then the market order is closing at the next best available rate.

Take Profit is a request to close an open trade when the market is moving in favor of the order. Once the market reaches the pre-defined take profit rate, then the market order is closing at the next best available rate.

Stop out is occurred when the margin level (%) drops at or below 50% for all accounts, Then, the system will automatically start closing some or all the open market orders, starting from the least profitable.

Price gap shall mean the following:

- a. The first Bid of the current trading session is higher than the last Ask of the previous session, or
- b. The first Ask of the current trading session is lower than the last Bid of the previous session.

Requote is occurred when the price requested by a Client is not available for execution of an order and the Company requotes the current available price to the Client for execution. The Company does not requote orders.

Negative balance protection is provided to all retail accounts held by the Company. In case the client balance goes negative after all positions close, the Company will cover the negative balance and will not request from Clients to cover the required amount.

Leverage offered by the Company complies with the provisions of the European Securities and Markets Authority (ESMA) Decisions under Article 40 of Regulation (EU) No 600/2014, for retail client and as per below:

- 1:30 for Major Currency instruments
- 1:20 for Non-Major Currency instruments, Gold and Major Indices
- 1:10 for Commodities other than Gold and Non-Major Indices
- 1:5 for Individual Shares
- 1:2 for Cryptocurrencies

3. Trading Instruments

This Policy is applicable to the financial instruments and their trading conditions as publicly available on the Company's website and can be traded through the Company's trading platforms. The offered financial instruments are Contracts for Difference (CFDs) where there is no physical exchange of the assets, central clearing of the transactions and they are traded 'over-the-counter' ('OTC').



Best Execution applies when the Company executes a client order in financial instruments and products including CFDs on

- Currencies
- Metals and Energies
- Equities
- Indices

CFDs are speculative products which are traded with leverage and are not appropriate for all investors. By investing in CFDs, you assume a high level of risk which can result in the loss of all of your invested capital. Thus, you should never invest more than what you are willing to lose. Trading CFDs requires constant monitoring and may not be appropriate for persons who cannot devote time in this respect. If you do not have enough knowledge and experience to trade, we suggest you seek independent advice before you invest. If you do not understand the risks after consulting an independent financial advisor, then you should refrain from trading at all.

4. Execution Criteria and Factors

Best Execution is determined based on the total amount paid by the client, including the price of the order and all expenses incurred which are related to the execution of the order, such as other execution venue fees and any fees paid to third parties for the execution of the order.

We execute each order you place with us in Financial Instruments provided by us, by always being your counterparty. The instruments we provide for trading are all cash settled unless explicitly stated otherwise.

The following execution criteria are taken into consideration:

- a) the characteristics of the client’s profile, including their classification as retail or professional,
- b) the characteristics of the client’s order including the price and volume,
- c) the characteristics of the financial instrument that is subject of that order,
- d) the Company instrument being dealt in and the liquidity of the underlying market (e.g. for trades outside the normal trading size), and
- e) speed and likelihood of execution.

The below execution factors are taken into consideration when executing client orders and according to their importance. Therefore, the best possible result is determined based on all below factors and charges.

| Factor | Explanation | Importance |
|--------|---|------------|
| Price | The Company receives price feeds from multiple liquidity providers. Price discovery is highly important especially during abnormal market conditions and times of extreme volatility. We ensure to have multiple price feeds available in order to be able to provide the best available bid and ask rates to our Clients. The difference between our Bid and Ask price is commonly referred to as our “Spread”. We aim to ensure our Spreads contribute towards delivering competitive Bid and Ask prices. | High |



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| <p>Costs</p> | <p>Overnight Rollovers (Swaps) are charged when market orders are kept overnight. The Company charges a fee only on weekdays while it is triple on Wednesdays.</p> <p>The Company also applies commissions on selected Contracts for Differences (CFD) instruments that can be found on our website. There is no third-party settlement or clearing fees as the Company is the sole execution venue.</p> <p>Spreads also form a part of costs faced by traders. The spreads provided by the company are dynamic and are mainly affected by the volatility of the underlying market of the financial instrument. Those are monitored in real time and compared to other independent price providers for any material deviation.</p> | <p>High</p> |
| <p>Speed of Execution</p> | <p>The Speed of Execution is of high importance and can be particularly important in fast moving markets. For this we maintain high speed connections through multiple servers to decrease the latency and our execution is fully automated to provide seamless order execution.</p> <p>The Latency negatively affects the speed of execution. It is the time needed for a client's request to receive a response from the Company's trading servers. As such, the Company closely monitors its latency and strive to investigate any unreasonable delays.</p> <p>Moreover, amongst others, the speed can be affected by the underlying financial instrument's volatility, available sizes for trading at the requested price, response of the Liquidity Provider (if applicable) and the then underlying market conditions (crisis, extreme volatility etc.)</p> <p>The Company strives to achieve the best possible speed of execution considering the accompanying circumstances.</p> <p>To note that any internet connectivity issues, hardware failure, wireless disconnections, or lack of signals at the clients' end causing delays of "transmitting the order to the Company" are the sole responsibility of the client.</p> | <p>High</p> |
| <p>Likelihood of execution and settlement</p> | <p>The likelihood of execution is of critical importance, as the price of execution depends on the Company's ability to execute the order. The Company strives to execute in whole all orders placed by clients but reserves the right to decline or partly fill in any order or to execute the order at the first available market price without providing justification to the client.</p> <p>The Company proceeds instantly with the settlement of all client order upon their successful execution. CFDs offered by the Company do not involve the physical delivery of the underlying asset, so they are not settled physically instead they are cash settled.</p> | <p>Medium - LOW</p> |
| <p>Size, nature, and any other considerations</p> | <p>The Company strives to fill in and execute in whole all orders placed by clients irrespective of their sizes while reserving the right to decline any order as explained within its Clients Agreement/ Terms and Conditions. However, large sizes orders might get executed at the best available price for that respective order size rather than the client's specific requested price.</p> | <p>Low</p> |

All prices received from liquidity providers are going through automated checks to determine whether those prices are acceptable in relation to current market conditions (i.e., under normal non-hectic price movements). In case price falls outside of predetermined parameters setting high threshold, these quotes are being filtered to avoid passing erroneous pricing to clients; once this anomaly is investigated further to a trigger/alert compared to underlying market conditions, then price is passed normally to clients (if it is deemed correct) or filtered out if it was proven incorrect due to a technical error. The fact that the company is aggregating prices incoming from numerous liquidity providers lowers substantially the probability of erroneous quotes being transmitted to clients which always ensure best execution.

In addition, the company has real time systems in place under its Best Execution tools to monitor live price streaming between the quotes receiving by the company's clients and other independent quotes streamed



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from other liquidity providers. Whenever there is a material deviation, an alert is triggered, and the relevant quote/price of the relevant financial instrument is further investigated to understand if it had any impact on clients to proceed with the necessary rectifications.

In some cases, the Company may be providing a secondary quote to the Client after an order has been submitted and the Client must agree to this re-quote before the order is executed. The Company shall provide re-quotes if the requested price of the Client is not available at the specific time of execution. The secondary quote provided to the Client is the next available price received by the Company from its liquidity providers. It is noted, that re-quotes are not applicable for accounts or currency pairs with Market Execution or for Pending Orders.

Market Impact: Some factors may rapidly affect the price of the underlying instruments/products from which the Company’s quoted price is derived and may also affect other factors listed herein. As stated above, the Company will at all times take all reasonable steps to obtain the best possible result for its Clients.

The Company does not consider the above list exhaustive and the order in which the above factors are presented shall not be taken as priority factor. Nevertheless, whenever there is a specific instruction from the Client, the Company shall make sure that the Client’s order shall be executed following the specific instruction.

5. Execution Venues

The Company acts as a principal and not as an agent on the client’s behalf for all trades in the financial instruments provided by the Company and, therefore, is the sole venue for execution of the clients’ orders. Agreeing to this Policy the Client consents to the fact that all orders are not executed on a Trading Venue (Regulated Market, Multilateral Trading Facility or Organised Trading Facility), instead and as abovementioned they are executed by the Company as the sole principal execution venue for all Client Orders.

The Company does not have counterparty risk arising from failure of another execution venue, as it does not transfer its execution obligations to any other execution venue and retains the responsibility of delivering best execution to its clients. The Company maintains relationships with other Execution Venues where it hedges its market risk arising from clients’ transactions. The Company evaluates and selects the Execution Venues it cooperates with based on a set of specific criteria by using its commercial judgement and experience in the light of the information publicly available in the market.

5.1 Our Prices and where we source these from

Our CFD prices are proprietary prices, which are derived from the prevailing (“published”) market prices of the underlying financial instruments in the relevant markets in which the underlying instruments may be traded in, or from other applicable third – party data vendor sources. We take all sufficient steps to source the best possible prices for our clients. Our prices are therefore usually sourced as follows:

| Asset Class | Source of the underlying CFD price |
|-------------------------|---|
| Foreign Exchange (“FX”) | Based on price feeds from global investment banks and other liquidity providers |
| CFDs in Indices | Based on price feeds from global investment banks and other liquidity providers |
| CFDs on Commodities | Based on price feeds from global investment banks and other liquidity providers |
| CFDs in Stocks | Based on price feeds from global investment banks and other liquidity providers |



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6. Client Consent

By entering into a Client Agreement with the Company for the provision of Investment Services, the Client is consenting to an application of this Policy on the business relationship between the Company and the Client (i.e. this Policy forms part of the Client Agreement found at www.fbs.eu.)

It is noted that the Company does not execute orders to Trading Venues (i.e. Regulated Market, Multilateral Trading Facility, or an Organised Trading Facility). The Company will obtain the Client's consent prior to execute trades in a Trading Venue and will update this Policy.

7. Quality of Execution - Information available on our website

In accordance with the Commission Delegated Regulations (EU) 2017/575 and (EU) 2017/576, the Company publishes on its website information in relation to execution venues (on an annual basis) through the Execution Quality Summary Statement (EQSS) report and quality of execution (on a quarterly basis) through the Quality of Execution of Transactions report. You can find the relevant reports on the Company's website in the Legal Documents section: [found here](#) under the heading "Annual Reports".

8. Regular Monitoring and Review of Our Order Execution Policy

The Company monitors the implementation and effectiveness of its Execution Policy with regards to the procedures followed and all factors that may affect its Best Execution. The Company reserves the right to correct any limitations and proceed to improvements.

The Company will review and evaluate its Policy at least annually and when a relevant material change occurs. In case of changes to the Policy, the Company shall notify all Clients within a reasonable amount of time.

The latest documents published by the Company can be found on the website at: <https://fbs.eu/en/about/documents>

9. Complaints Handling

The Company analyses, on an on-going basis any complaints data, to ensure that they identify and address any recurring or systemic problems, and potential legal and operational risks.

A complaint can be submitted to the Company through the clients account or by email to: complaints@fbs.eu. The complaint will be initially handled by an employee of the Compliance Department whereby the employee receiving the complaint will take the necessary actions so that the complaint is properly addressed. Further, the events leading to the complaint will be examined and assessed immediately.

Upon completion of the investigation, the Company will inform the complainant in writing, using a simple language which is clearly understood, about the results of the investigation and the actions taken to satisfy the complainant's demand(s) without any unnecessary delay.

If the complainant is not satisfied with the Company's final decision, then may check with the office of the Financial Ombudsman of the Republic of Cyprus and seek mediation for possible compensation. For further information on how we handle complaints please visit our Complaints Handling Policy found in our website.