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# Execution Policy and Order Handling

## **Tradestone Ltd**

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Potamos Germasogeias 4048, Limassol, Cyprus

Document Owner: *Tradestone Ltd*



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## 2. Introduction

Tradestone Ltd (hereinafter the “**Company**” or “**we**” or “**us**”) is 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, 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**”).

### 2.1 Scope of Policy

This Policy sets out our approach for carrying out orders from origination to execution and the execution venue used by the Company. Further, the policy provides further 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 Order Execution Policy and Order Handling, (hereinafter the “Policy”) as summarized in this document.

### 2.2 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.



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# 3. Execution Elements and Order Types

**Trading Platforms** used by the Company is the MetaTrader 4 (MT4), the MetaTrader 5 (MT5) provided by third party technology software Company “Metaquotes”. In addition, the Company offers the use of its Own FBS TRADING PLATFORM to its clients.

**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.

**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, except of Crypto accounts which is at or below 80%. 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.



# 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 Company instrument being dealt in and the liquidity of the underlying market (e.g. for trades outside the normal trading size), and
- d) 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
<b>Price</b>	The Company receives price feeds from some 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
<b>Costs</b>	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. The Company also applies commissions on selected 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. 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.	High
<b>Speed of Execution</b>	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. 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. Moreover, amongst others, the speed can be affected by the underlying financial instrument's volatility, available sizes for trading at the	High



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	<p>requested price, response of the Liquidity Provider (if applicable) and the then underlying market conditions (crisis, extreme volatility...)</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>	
<b>Likelihood of execution and settlement</b>	<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.</p>	Medium - LOW
<b>Size, nature and any other considerations</b>	<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>	Low

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 new BEST EXECUTION tools to monitor live price streaming between the quotes receiving by the company's clients and other independent quotes streamed 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.



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## 5. Execution Venues

The Company acts as a principal and not as an agent on the client's behalf. Client orders are not executed on a Trading Venue (Regulated Market, Multilateral Trading Facility or on an 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 transfer its execution obligations to any other execution venue and retains the responsibility of delivering best execution to its clients.

### 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



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## 6. 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) and quality of execution (on a quarterly basis). You can find the relevant reports on the Company's website in the Legal Documents section: [found here](#) under the heading "Annual Reports".



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# 7. 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>



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## 8. 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](mailto:complaints@fbs.eu). The complaint will be initially handled by an employee of the Back Office and Account Opening 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 founded in our website.



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