FIBO Markets Limited

(ex FIBO Group Holdings Limited)

Order execution Policy

Version History:

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1.0	December 2014
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1. Introduction

FIBO Markets Limited (ex FIBO Group Holdings Limited) (hereafter the "Company" or "FIBO") is a limited liability Company incorporated in the Republic of Cyprus with registration number HE242381. The Company is authorized and regulated by the Cyprus Securities and Exchange Commission (hereafter the "CySEC") to operate as a Cyprus Investment Firm (hereafter the "CIF") under the license number 118/10. The Company provides investment and ancillary services, dealing on own account and Portfolio Management, for which has been granted with an authorisation (relevant authorisation details can be found within the CySEC's website here) on the transferable securities, such as on the transferable securities, such as equity shares and exchange traded funds (hereafter the "ETFs").

In accordance with the Investment Services and Activities and Regulated Markets Law of 2017 (as amended from time to time), transposing 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 (hereafter the "MiFID II") into national legal framework in the Republic of Cyprus, CIFs must take all sufficient steps to obtain, when executing orders, the best possible result for their clients taking into account price, costs, speed, likelihood of execution, size, nature or any other consideration relevant to the execution of the order. Nevertheless, whenever there is a specific instruction from the client, the CIFs shall execute the order following the specific instruction.

Under the above legislation, the Company is required to take all sufficient steps to act in the best interest of the Client when receiving and transmitting orders for execution and to take all reasonable steps to obtain the best possible result (or "best execution") for its Clients either when executing client orders or receiving and transmitting orders for execution. In addition, these rules require investment firms to put in place a relevant Policy and to provide appropriate information to their Clients on the Order Execution and Best Interest Policy.

2. Scope of Policy

The Policy applies to retail and professional Clients. So, if we classify you as an Eligible Counterparty, this policy does not apply to you.

29 Agias Zonis, 1st Floor, 3027, Limassol, Cyprus
Tel: +357 25 030 930 · email: service@fibomarkets.com

This Policy applies when receiving and transmitting and executing orders for transactions for you for the financial instruments of Contract for Differences (CFDs) which also means NDFs. CFDs are derivatives with an underlying instrument, and it is up to the Company's discretion to decide which types of CFDs to make available to its Clients and to publish the prices at which these can be traded.

The Client is trading on the outcome of the price of a financial instrument (i.e. a metal or currency). The trading does not happen in a regulated market. Therefore, the Client may be trading only with the Company as a counterparty (whereby Company will be acting as a principal). If the Client decides to open a position in a CFD with the Company, then that open position can only be closed with the Company.

You may communicate with the Company about further clarifications may be required in respect of the Company's order execution arrangements. The Company shall revert with a response within a reasonable time.

3. Important Information for Execution of Orders

The Client is given the option to place with the Company the following orders for transmission and execution in the following ways:

a. The Client places a "market order" which is an order executed against a price that the Company has provided (when the Company is acting as an agent the price may be based on a price obtained by a third market maker but although it may be based on such a price it is not necessarily identical) (in both instances whether the Company is acting as agent or principal to be called "FIBO's quoted price"). The Client may attach to a market order a Stop Loss and/or Take Profit.

b. The Client places a "pending order", which is an order to be executed at a later time at the price that the Client specifies. The Company will monitor the pending order and when the price provided by FIBO reaches the price specified by the Client, the order will be executed at that price (see (d) below for exceptions) The following types of pending orders are available:

29 Agias Zonis, 1st Floor, 3027, Limassol, Cyprus
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Buy Limit, Buy Stop, Sell Limit and Sell Stop.

c. The Client does not always have the right to change or remove Stop Loss, Take Profit and Pending Orders. For example, but not limited to this situation, if the market price moves close to the values of Take Profit order or Stop Loss order, or the opening price of a deferred order within a distance of 2 points, no modification or removal of such orders is allowed.

d. If the market opens with a gap or a gap occurs during the day (this generally happens after weekends or holidays, upon release of significant macroeconomic data, economic or political news, or in the event of Force-Majeure events), orders are executed as follows:

CFDs on other underlying instruments

- Take Profit (T/P) orders are executed at first market prices;
- Limit orders are executed at first market prices;
- Stop Loss (S/L) orders are executed at first market prices;
- Buy Stop and Sell Stop orders for the opening position are executed at first market prices.

CFDs on currencies

- Take Profit (T/P) orders are executed at first market prices;
- Stop Loss (S/L) orders are executed at first market prices;
- Stop Loss (S/L) orders set for lock positions, are executed at first market prices;
- Limit orders are executed at first market prices;
- Buy Stop and Sell Stop orders for position opening are executed at first market prices.

The Company uses MetaTrader 4 software, which has certain restrictions regarding the Orders, alterations and removals of Orders. For example, but not limited to these situations, the minimum distance for which it is possible to place pending orders or place T/P and S/L orders is equal to the spread per instrument. The minimum distance for S/L orders may be increased up to 10 spreads 10 minutes before closure of trades and 10 minutes before the release of significant figures of macroeconomic statistics and important political or economic news. Thirty minutes before closure of trades, the level for S/L orders is increased to 25 spreads. This rule applies also to the

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opening of market and pending Orders with a pre-determined S/L value, falling within the range of 10 (25) spreads.

The MetaTrader 4 software does not allow one to separately modify T/P and S/L values. The MetaTrader 4 program does not allow one to separately change stop loss and take profit orders. Hence any attempt to modify take profit, if there is a pre-determined stop loss order, and if it (the stop loss) is within the range of 10 spreads, will be blocked automatically.
Clients will always be informed where the transaction has been executed as part of its post-trade notification process. Additionally, the Company is required to publish annually information about the top 5 execution venues used, alongside with a summary of the analysis of the quality of execution obtained.

3. Best Execution Factors

The Company shall take all sufficient steps to obtain the best possible results for its Clients taking into account the following factors when executing Clients orders against FIBO' quoted prices. The relative importance assigned to each of the aforesaid execution factors is as follows:

a. Price — High Importance:

For any given CFD, the Company will quote two prices: the higher price (ASK) at which the Client can buy (go long) that CFD, and the lower price (BID) at which the Client can sell (go short) that CFD; collectively they are referred to as FIBO' quoted prices. The difference between the lower and the higher price of a given CFD is the spread. Such orders as Buy Limit, Buy Stop and Stop Loss, Take profit for opened short position are executed at ASK price. Such orders as Sell Limit, Sell Stop and Stop Loss, Take profit for opened long position are executed at BID price. FIBO' s quoted price for a given CFD is calculated by reference to the price of the relevant underlying instrument, which the Company obtains from third party external reference sources. Company's prices can be found under Contract Specification on the Company's website at www.fibomarkets.com. The Company updates its prices as frequently as the limitations of technology and communications links allow. The Company reviews its used third-party external reference sources at least once a day (constantly during trading session, not at least once a day), to ensure that the data obtained continue to be competitive. The Company will not quote any price outside Company's operations

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time (see execution venue below) therefore no orders can be placed by the Client during that time.

If the price touches an order such as: Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit, Sell Stop these orders are executed at once. But under certain trading conditions it may be impossible to execute orders (Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit, Sell Stop) at the declared Clients price. In this case the Company has the right to execute the order at the first available price on the market. This may occur, for example, at times of rapid price movement 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, or this may occur at the trading session start moments.

The minimum level for placing Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit and Sell Stop orders, for a given CFD, is specified under Contract Specifications on the Company's website www.fibomarkets.com.

b. Costs — High Importance:

For opening a position in some types of CFDs the Client may be required to pay commission or financing fees, the amount of which is disclosed on the Company's website commissions may be charged either in the form of a percentage of the overall value of the trade or as fixed amount. In the case of financing fees, the value of opened positions in some types of CFDs is increased or reduced by a daily financing fee "swap rate" throughout the life of the contract. Financing fees are based on prevailing market interest rates, which may vary over time. Details of daily financing fees applied are available under Contract Specification under the Company's website at www.fibomarkets.com.

For all types of CFDs that the Company offers, the commission and financing fees are not incorporated into FIBO' quoted price and are instead charged explicitly to the Client account.

c. Speed of Execution — Medium Importance:

When the Company acts as a principal, it places a significant importance when executing Client's orders and strives to offer high speed of execution within the limitations of technology and communications links at all times.

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When the Client undertakes transactions on an electronic system, he will be exposed to risks associated with the system including the failure of hardware and software (Internet / Servers). The result of any system failure may be that his order is either not executed according to his instructions or it is not executed at all. The Company does not accept any liability in the case of such a failure.

d. <u>Likelihood of Execution — Medium Importance:</u>

As it is explained in the Execution Venue section of this Policy, the Company in some cases may act as principal whereby it will be Execution Venue for the execution of the Client's orders for the financial instrument of CFDs. In other cases, the Company may act as agent whereby some other Financial Institution (to be disclosed to the Client) will be Execution Venue, in which case execution may be more difficult. In addition, the Company whether it acts as a principal or agent, it reserves the right to decline an order of any type or to offer the Client a new price for "market order". In this case, Client can either accept or refuse the new price. If the Company is acting as an agent, likelihood of execution depends on the availability of prices of other market makers/financial institutions.

e. <u>Likelihood of settlement — Low Importance:</u>

The Company shall proceed to a settlement of all transaction upon execution of such transactions whether it is acting as agent or principal. Nonetheless, the volatility in the market may affect the price, speed and volume. Thus, trading during volatile conditions where important news and data releases are made is incredibly risky and therefore the best execution criteria might not apply.

f. <u>Size of order — Low Importance:</u>

The minimum size of an order is 0.01 lots (one tenth of a lot). A lot is a unit measuring the transaction amount and it is different for each type of CFD. Please refer to the Company's website's link for the value of each lot for a given CFD type.

It is noted that the Company may limit the maximum volume of the single transaction to 500 standard lots. In addition, the Company reserves the right to decline an order as explained in the agreement entered with the Client.

g. <u>Market Impact — Low Importance:</u>

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Some factors may affect rapidly the price of the underlying instruments from which the FIBO's quoted price is derived and may also affect the rest of the factors herein. The Company will take all reasonable steps to obtain the best possible result for its Clients. At the moment an order is presented for execution the specific price requested by the client may not be available; therefore, the order will be executed close to or a number of pips away from the client's requested price in order to match the current market price. If the execution price is better than the price requested by the client this is referred to as positive slippage. If the execution price is worse than the price requested by the client this is referred to as negative slippage. Please be advised that slippage is a normal market practice and a regular feature of the foreign exchange under abnormal market conditions such as extremely low liquidity or high volatility due to economic events, news or market openings. The Company's automated execution software does not operate based on any individual parameters related to the execution of orders through any specific client accounts. Abnormal market conditions could also result in an event where a certain number of liquidity providers widens their spreads extremely large or stops quoting prices completely: The Company does its best to choose competitive liquidity providers with low spreads even in these conditions and is specifically able to switch the liquidity to other liquidity providers in case if current liquidity provider with highest priority stops quoting prices.

The best possible result will be determined in terms of the total consideration, representing the price of the financial instrument and the cost related to execution, which include all expenses incurred by the client which are directly relating 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. The other execution factors of speed, likelihood of execution size, nature or any other relevant consideration will, in most case, be secondary to price and cost considerations, unless they would deliver the best possible result for the client in terms of total consideration.

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. A client should clearly understand any specific instructions from the client may prevent the Company from taking the steps it has designed and implemented in its execution policy to obtain the best possible result for the execution of those orders in respect of

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the elements covered by those instructions.

4. Best Execution Criteria

FIBO will determine the relative importance of the above Best Execution Factors by using its commercial judgment and experience in the light of the information available on the market and taking into account the criteria described below:

a. The characteristics of the Client including the categorization of the Client as retail or professional;
b. The characteristics of the Client order;
c. The characteristics of financial instruments that are the subject of that order;
d. The characteristics of the execution venues to which that order can be directed.

For retail/professional Clients, 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.

The Company stands ready to provide its clients, upon request and within a reasonable timeframe, clear and documented evidence which demonstrate that their orders have been executed in accordance with this Policy.

5. Execution Venues

Execution Venues are the entities with which the orders are placed or to which the Company transmits orders for execution.

For the purposes of orders for the Financial Instrument provided by the Company, FIBO acts as Principal and not as Agent on the Client's behalf at all times; although the Company may transmit the Clients orders for execution to third party liquidity providers through its Electronic

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Communication Platform, contractually the Company is the sole counterparty to your trades and any execution of orders is done in the FIBO name, therefore the Company is the sole Execution Venue for the execution of the Client's orders.

The trade desk is available for trading 24 hours a day: from 22:00 Saturday to 22:00 Friday Central European Time (CET), except the 25th of December, the 1st of January. Other holidays will be announced on the Company's website or through the internal mail of the Electronic Trading System at least 5 working days before.

The Client acknowledges that the transactions entered in CFDs with the Company are not undertaken on a recognized exchange, rather they are undertaken over the counter (OTC) and as such they may expose the Client to greater risks than regulated exchange transactions. Therefore, the Company may not execute an order, or it may change the opening (closing) price of an order in case of any technical failure of the trading platform or quote feeds.

In determining which counterparties to engage and used for the execution of clients' orders, the Company compared different market participants and performed due diligence on them. Also, the Company evaluates and selects its Execution Venues, based on a number of criteria which may include, inter alia, the following:

- Regulatory status;
- Reputation of the execution venue;
- Best execution criteria;
- Commercial terms;
- Ability to conform with this Policy such as to ensure that all sufficient steps have been taken to achieve best execution of clients' orders; and
- Other relevant considerations such as clearing schemes, circuit breaks and scheduled actions.

The aforesaid factors used to select an Execution Venue for execution are consistent with the controls used by the Company to demonstrate that best execution has been achieved in a consistent basis when reviewing the adequacy of its Policy and corresponding arrangements.

6. Liquidity providers selection and review

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The Company acts as a principal (sole execution venue) for their clients' orders, taking market risk from clients' transactions, however, hedging strategy includes hedging positions with clients on a back-to-back basis with other execution venues: it means that the Company does not take any market risk as a result of its hedged clients' transactions and the other execution venues selected by the firm for its hedging activity are used to determine the execution price for the firm's clients' orders.

These execution venues are chosen by the Company, based on the wide range of criteria which includes, but isn't limited to, the following:

a) Order execution policy of the execution venue in question, its static or dynamic status
b) Instruments traded on the venue
c) The latency of the order execution
d) Types of orders at the venue
e) Clarity, consistency and transparency of the venue rules
f) Importance of fill size in terms of fill or kill orders as long as they are presented in the section d)
g) The cost of trading
h) Prices of the venue, average spread and difference from benchmark prices by independent 3rd party price providers
i) The above criteria in abnormal market conditions if possible.

7. Monitor and Review

The Company will monitor on a regular basis the effectiveness of this Policy and, in particular, the execution quality of the procedures explained in the Policy in order to deliver the best possible result for the client, and, where appropriate, the Company reserves the right to correct any deficiencies in this Policy and make improvements to its execution arrangements.

In addition, the Company will review the Policy with the liquidity providers that it has contract with at least annually. A review will also be carried out whenever a material change (a significant event that could impact parameters as best execution such as price, cost, speed or any other considerable parameters relevant to the execution of an order) occurs that affects the ability of the Company to

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continue to the best possible result for the execution of its Client orders on a consistent basis using the venues included in this Policy. The Company will notify its affected Clients on any changes in its Policy.

The review process includes:

- Monitoring the quality of execution of client orders, including past history.
- Monitoring the technology being used for execution of client orders.
- Management of potential conflicts of interest.
- Due diligence of company liquidity providers (perceived creditworthiness, reputation and financial stability as an example).
- Quality of service and support, where applicable.
- Clearance and settlement capabilities, where applicable.
- Various factors such as promptness of execution, whether service provider is subject to MiFiD II regulation, whether service provider is affected to large political risk given Brexit as an example, whether service provider is located in G20 country etc.

Since the Company is the single execution venue it should be verified it provides the best possible result for its clients which is at least as good as the results it could reasonably expect from using other venues. Since the Company hedges positions with clients on a back-to-back basis with other execution venues the selection of the firm's hedging venues is a major factor impacting the delivery of best execution, so the execution of these execution venues should be monitored on the regular basis.

The monitoring process includes:

- Prices monitoring.
- Competitiveness of commission rates and spreads.
- Quality of execution monitoring
- Complaints monitoring.
- Other factors relevant such as promptness of execution.

Best execution monitoring/transparency is being provided through metrics available under RTS 27 reporting published on the Company website as well and order execution statistics published on

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Company website in the relevant sections to prevent asymmetric price slippage or/and to display the results of such reporting to any party interested. RTS 27 reports are updated on the quarterly basis and order execution statistics are updated on the monthly basis.

8. Record Keeping

For the purposes of the Policy, the Company is required, under the applicable rules and regulations, to maintain records of the transactions placed by its and that are available in the trading platform, including prices, costs, speed of execution etc., for a period of minimum five (5) years, and were requested from CySEC, for a period of seven (7) years.

9. Client Order Handling

(a) Aggregation

The Company will not carry out a client order or a transaction for own account in aggregation with another client order unless the following conditions are met:

(a) it is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated;

(b) it is disclosed to each client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order;

(c) an Order Allocation Policy is established and effectively implemented, providing for the fair allocation of aggregated orders and transactions, including how the volume and price of orders determines allocations and the treatment of partial executions.

By agreeing to the provisions of our Terms and Conditions and thereby consent to this Policy, you acknowledge that aggregation and split may result in the client obtaining a less favourable price than if the client's orders had been executed separately or together, as applicable.

(b) Allocation

The Company's Policy specifies, *inter alia*, how the volume and price of orders determines allocations and the treatment of partial executions. The prevailing principle is that the Company must not unfairly discriminate clients when allocating orders executed on an aggregated basis. Generally, the aggregated

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orders executed first, in full or in part, will be allocated first to the clients who first placed the orders included into such aggregated orders.

10. Client Consent

When establishing a business relation with the Client, the Company is required to obtain the Client's prior consent to this Policy. The Company is also required to obtain the Client's prior express consent before it executes or transmits its order for execution outside a regulated market or an MTF (Multilateral Trading Facility).

The Company may obtain the above consents in the form of an agreement. This Policy forms part of our Customer Agreement. Therefore, by entering into a specific Customer Agreement with the Company for the provision of Investment and Ancillary services, you are also agreeing to the terms of our Policy to Act in the Best Interest of the Client.

Any changes in the Order Execution Policy of the Company will be communicated in advanced, either through email or through the Trading Platform. The clients' consent to any updates in this Policy is required in order for the Company to continue the provision of investment and ancillary services.

11. Conclusion

Appropriate information is provided to the clients on the content of the execution policy as well as in relation to the factors that are taken into consideration by the management when handling clients' orders. The prior consent of the clients is obtained regarding the documented order execution policy to be followed and any material changes may take place from time to time. Additionally, a clear and prominent warning is disclosed to the Company's clients (within the Terms and Conditions) that any specific instruction from a client may prevent the Company from taking the steps that is has designed and implemented in its execution policy for obtaining the best possible result for the execution of those orders in respect to the elements covered by those instructions.

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