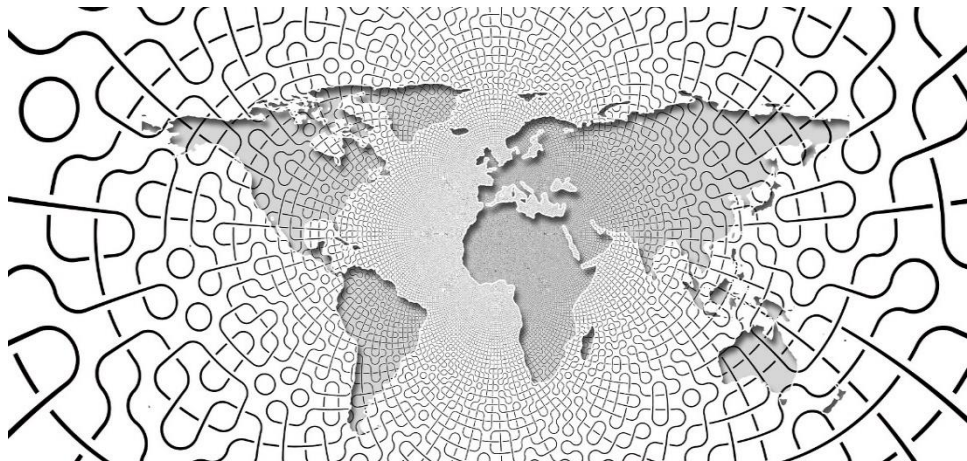


# ORDER EXECUTION POLICY



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**NAGA MARKETS LTD**

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## 1 | INTRODUCTION

This Order Execution Policy (the “Policy”) defines the principles that apply to NAGA Markets Ltd (“NAGA”) in accordance to the Markets in Financial Instruments Directive (“MiFID II”). MiFID II’s best execution requirements are an important component of investor protection standards, designed to promote both market efficiency generally and the best possible execution results for investors individually. MiFID II’s best execution regime requires investment firms to take all sufficient steps to obtain the best possible result for their clients taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to order execution.

The purpose of this Policy is to define the key arrangements employed by NAGA for complying with the overarching best execution requirement and how those steps enable NAGA to obtain the best possible result for the execution of its client orders.

NAGA will act honestly, fairly, professionally and in accordance with the best interests of its clients.

**This Order Execution Policy forms part of NAGA’s Terms of Business. By entering into NAGA’s Terms of Business, clients consent to NAGA’s Order Execution Policy. If there is any inconsistency between this Policy and NAGA’s Terms of Business, this Policy shall prevail.**

## 2 | SCOPE AND APPLICATION

NAGA shall comply with its obligation to act in accordance with the best interests of its clients who are legitimately relying on NAGA for the execution of client orders or receipt and transmission of client orders to third parties.

This Policy shall govern any orders placed with NAGA in respect of the financial instruments offered. The types of instruments available on NAGA’s platform are Contracts for Differences (“CFDs”) where the underlying assets are Foreign Exchange, Equities, Commodities, Indices, Exchange Traded Funds, Cryptocurrencies and Interest Rates.

**All transactions entered in CFDs with the Company are executed outside a regulated market or a multilateral trading facility (MTF) and the client is exposed to a greater risk of possible default of the Company, being the counterparty.**

This Policy shall apply to NAGA’s obligations in respect to its Retail and Professional Clients as categorized in accordance with MiFID II client category rules. Generally, NAGA treats both Retail and Professional clients equally in terms and scope of best execution. The best execution obligation shall not apply when dealing with Eligible Counterparties.

Where there is a specific instruction from the client, NAGA shall execute the order following the specific instruction and compliance with that specific instruction will be treated as satisfaction of the best execution obligation. It is important for the client to note that specific instructions may prevent NAGA from taking the necessary steps it has established in this Policy to obtain the best possible outcome for the execution of those orders in respect of the elements covered by those instructions.

### 3 | BEST EXECUTION FACTORS AND CRITERIA

NAGA shall take all reasonable steps when executing orders to obtain the best possible results for its clients, taking into account the following execution factors:

- Price
- Costs
- Speed
- Likelihood of execution and settlement
- Size
- Nature
- Any other consideration relevant to the execution of an order.

In the absence of specific instructions from its clients, NAGA shall exercise its own judgment, skill and experience considering available market information when determining the factors that it needs to take into account for the purpose of providing best execution to its clients. NAGA considers that for all its clients the best possible result will be determined in terms of the total consideration, representing the price of the CFD and the costs related to its execution, however, it will also take into account how each of the other execution factors are affected, for example speed. In determining the importance given to the other execution factors NAGA shall exercise its discretion in assessing the following execution criteria that are required to be taken into account in order to provide its clients with the best possible result:

- Characteristics of the client
- Characteristics of the client's order
- Characteristics of the relevant financial instrument
- Characteristics of the execution venues to which the order can be directed

The relative importance of these criteria will be assessed in line with NAGA's commercial experience and with reference to market conditions, including the need for timely execution, availability of price movement, the liquidity of the market, the size of the client order and the potential impact on total consideration.

NAGA's determination of the relative importance of the execution factors may differ for Professional clients, including for example where the likelihood of execution and size of the order may take precedence over price.

## 4 | PRICE, COSTS AND ORDER HANDLING

NAGA derives its bid/ask prices for the instruments it offers from its execution venues (see paragraph 5 below).

NAGA executes all orders at market price received by the execution venue at the time of execution. Orders are routed to such venues taking into account the availability of instruments, the quality of execution, the costs as well as the quality of the feed.

In situations of high volume and volatility, NAGA shall check if the prices given to the clients are valid. Where a client receives an invalid price, NAGA informs such client regarding the wrong execution and the trades are adjusted accordingly by either reopening or cancelling such affected trades, accordingly.

The costs incurred by the clients involve the following:

- Spread: Difference between Buy and Sell
- Commission: Where applicable (i.e. CFDs on Equities)
- Swaps: The fee for transferring positions from one day to the next
- Conversion rates: Where the instrument's base currency is different that the account currency

A detailed list on NAGA's fees, charges and trading hours can be found here: <https://naga.com/trading/hours-and-fees>

## 5 | EXECUTION VENUES

NAGA selects execution venues which enable it to deliver best execution results to its clients on a continuous basis. NAGA shall take into account the following factors:

- Effect of its own fees and commissions on the total consideration to the client. NAGA shall be free to set its fees or commissions at the level it chooses, provided that no venue is unfairly discriminated against;
- Whether the execution venue will undertake by contract to comply with best execution requirements;
- Whether the execution venue can demonstrate that it delivers a high level of execution quality for the kind of orders that NAGA is likely to place with or transmit to it.

NAGA shall monitor and review the effectiveness of its execution venues, including the execution quality actually delivered, and shall not continue to rely on an execution venue if its monitoring or review indicated that such execution venue is not enabling NAGA to obtain the best possible result for the execution of its client orders.

Additional factors for selecting execution venues include soundness, reputation, service levels and supervision by competent authorities.

Where NAGA deals on own account as the main or only execution venue for its client orders, NAGA shall be able to demonstrate how it derives its prices and ensure the quality of execution delivers the best possible result for its clients on a consistent basis that is at least as good as could be achieved on other execution venues. In order to do so, NAGA shall use independent price sources or liquidity providers to derive its benchmark prices and be able to demonstrate how it selects, blends and monitors its price sources.

NAGA's list of approved execution venues can be seen below:

Execution Venue	Licence	CFD Asset Class
NAGA Markets Ltd	CySEC – 204/13	Forex Cryptocurrencies Cash Indices Future Indices Cash Commodities Future Commodities Equities ETFs
LMAX Broker Ltd	FCA - 783200	Forex Cryptocurrencies Cash Indices Cash Commodities
TradeTech Alpha Ltd	FCA - 6077305	Forex Equities ETFs Cash Indices Cash Commodities
XTB Ltd	CySEC – 169/12	Future Indices Future Commodities Equities ETFs
Broctagon Prime Ltd	CySEC – 320/17	Cryptocurrencies

## 6 | QUALITY OF EXECUTION

NAGA shall publish Quality of Execution Reports on a quarterly basis that includes details about how its clients' orders have been handled and where they were executed. The latest version can be found here: [https://files.nagamarkets.eu/Execution\\_Quality\\_Summary\\_Statement.pdf](https://files.nagamarkets.eu/Execution_Quality_Summary_Statement.pdf)

In its efforts to effectively implement best execution, NAGA systematically monitors the quality of execution of its client orders. In so doing, NAGA shall evaluate the settings and parameters used to ensure that its technology and software is not used in a way that negatively affects the quality of execution of its client orders, discriminates certain clients, or treats client orders unfairly:

- Ensure that all order types are subject to this Policy and client order handling arrangements, including stop loss orders, take profit orders, other limit orders, or in cases of trades being executed in order to close a position due to the client's account falling below the required margin level (e.g. automatic margin close out). Automatic margin close-out trades shall still be treated as orders executed on behalf of a client and shall therefore be subject to best execution obligations.
- Systematically compare prices provided by its execution venues against external price sources or other venues to ensure that there are no significant or systematic deviations in the pricing provided to its clients.
- Review statistics related to the frequency of rejections and requotes, as well as the symmetry of any observed slippages (positive or negative). This monitoring should be supplemented by sample checks that include a reasonable proportion of orders, both in terms of numbers and values, and ensure that all relevant types of clients and orders are represented.
- Monitor statistics around speed of execution (order execution timeframes, i.e. average percentage of orders being executed within certain timeframes both in numbers and in values). Any tolerances or thresholds used to monitor execution performance systematically against benchmark prices or other statistics (such as execution speed or costs) shall be set at meaningful levels to ensure poor executions are captured.
- Monitor any complaints related to the quality of execution in order to ensure that any deficiencies are improved. The absence of client complaints shall not mean that best execution can be assumed.

## 7 | CONFLICTS OF INTEREST

NAGA shall take all reasonable steps to identify and to prevent or manage conflicts of interest between itself, including its managers, employees and tied agents, or any persons directly or indirectly linked to it by control, and its clients, or between one client and another,

that arise in the course of providing any investment and ancillary services, or combinations thereof.

NAGA acts as the counterparty to every transaction. As NAGA may act as the buyer when the client sells and the seller when the client buys, NAGA's interests may be in conflict with its clients. NAGA may rely on various third party sources to determine the prices and spreads at which it offers to trade with its clients and/or as a hedging counterparty to selectively hedge some client orders. NAGA may also make its own price and may also act as the market maker for its client orders. While NAGA may hedge some client orders, other client orders may not be hedged, and NAGA may take the risk of holding the position opposite the client. NAGA shall not execute any hedging strategy in such a way that it benefits with asymmetric price slippage. Where NAGA elects not to cover its own trading exposure, the client should be aware that NAGA may make more profit if the market goes against the client. Although NAGA strives to systematically check the fairness of the price it proposes to its clients, such prices may not be the best prices available and NAGA may offer different prices to different clients.

With respect to the execution venues used to execute orders, NAGA has no close links, conflicts of interests or common ownerships.

NAGA shall not receive remuneration, discount or non-monetary benefit for routing client orders to liquidity providers or execution venues which would infringe the requirements on conflicts of interest or inducements.

## 8 | EXECUTION RISKS

NAGA is the counterparty to every transaction. NAGA may choose to hedge transactions with a liquidity provider or may choose to take the other side of the trade. NAGA determines its hedging strategy taking into consideration its risk management framework. In its efforts to provide its clients with the best possible trading experience, NAGA shall warn its clients, irrespective of their previous trading experience, to be as well informed about the execution risks involved with trading at NAGA. Important risks include:

- **Internet trading:** When trading via the internet, the client faces the risk of failure of hardware, software, internet connection which may result in communication failures, distortions or delays. NAGA does not control signal power, its reception or routing via the internet, nor the configuration of its clients' equipment or reliability of its connection.
- **Slippage:** Most commonly, slippage occurs during fundamental news events or periods of high volatility or limited liquidity, causing orders to be subject to slippage. NAGA strives to provide its clients with the best execution available.



- **Latency:** Technical issues with the client's internet connection or lack of available liquidity for the instrument that the client is attempting to trade, are two common factors that cause delays in execution. It is advisable that clients have a working and reliable internet connection.
- **Mobile trading platforms:** The use of the mobile trading technology may cause a series of risks including the duplication of order instructions, latency in the prices provided, and other issues that are a result of mobile connectivity. Prices displayed on the mobile platform are solely an indication of the executable rates and may not reflect the actual executed price of the order.
- **Liquidity:** Available liquidity is dependent on the overall market conditions, specifically based upon the underlying reference market for the instrument. Some instruments will have greater depth of liquidity than others. Trading instruments with less depth of liquidity may impact the prices at which NAGA offers to trade with its clients, may lead to the inability to execute the trade due to lack of market activity, differences in the prices quoted and final execution received, and delay in execution. Clients are therefore advised to consider their overall trading strategy, size of the transaction, market conditions, and order type before placing a trade.
- **Diminishing Margin:** Where a remaining margin be insufficient to maintain any open positions, the account may sustain a margin call, closing out any open positions in the account. Therefore, if insufficient available margin exists and spreads widen for any period of time, it may eventually result in a margin call on all positions.

## 9 | CLIENT COMMUNICATIONS AND REQUESTS

NAGA shall notify its clients of any material changes to its order execution arrangements or this Policy in a durable medium or by updating its website.

Clients may make reasonable and proportionate requests for information about NAGA's policies and arrangements and how these are being reviewed, including information on how the client order has been executed in accordance with this Policy. NAGA shall strive to answer such requests clearly and within a reasonable time.

## 10 | MONITORING AND REVIEW

NAGA shall review this Policy and its order execution arrangements at least annually, and whenever there is a material change that could impact parameters of best execution. NAGA shall endeavour to ensure the effectiveness of such arrangements, and the continuation of compliance with its regulatory obligations that best execution results can be successfully achieved on a consistent basis. If at any time NAGA identifies any deficiencies, it shall take

appropriate remedial action and where necessary, shall amend this Policy and its arrangements to give effect to the action carried out. Amendments to this Policy shall take immediate effect.