



# Monecor (Europe) Limited Order Execution Policy

September 2019

## 1. EXECUTIVE SUMMARY

This document sets out the approach taken by Monecor (Europe) Limited, trading under the brand ETX Capital in ensuring that the best possible outcome is obtained for its clients on a consistent basis when executing client orders and transmitting orders to third parties (i.e. other brokers) for execution. This document aims to set out those arrangements and to ensure compliance with legislative requirements and the departmental and general procedures.

## 2. LEGAL FRAMEWORK

In accordance with the Investment Services and Activities and Regulated Markets Law of 2007, Cyprus Investment Firms (CIF) must take all reasonable 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.

In addition, CIFs must establish and implement an order execution policy to allow the CIF to obtain, for its clients' orders, the best possible result.

## 3. WHAT IS BEST EXECUTION?

Monecor (Europe) Limited is committed to ensuring that our clients are treated fairly and receive the best possible price when executing a trade, whatever the product. Best execution refers to our responsibility to take all sufficient steps to achieve the best possible result on a consistent basis when executing orders on our clients' behalf.

In practice there are a variety of factors that could be considered in order to achieve best execution. This document forms part of our terms of business. Therefore, by agreeing to our Terms and Conditions, you are agreeing to our Order Execution Policy. Execution Factors Monecor (Europe) Limited is obliged to seek the best possible result for its client in relation to each trade requested. The best possible result however may vary depending on the situation, and this may not always equate to obtaining the best price or the lowest cost. Monecor (Europe) Limited is therefore required to consider and assess the relative importance of the relevant 'execution factors' in respect of each class of financial instrument in which it trades.

**Price** – This is the price at which a transaction is executed. Where the price has varied across the transaction the blended average price should be considered.

**Cost** - This includes explicit external costs such as exchange or clearing fees, as well as implicit costs such as spreads and slippage. This should be restricted to costs borne by the client and should not include the Firm's internal costs relating to trading.

**Speed** - This refers to the amount of time that elapses between the trade order and the successful execution of that trade. **Likelihood of execution and settlement** - This refers to Firm's estimation of the probability that the trade order will be successfully completed either in whole or in part.

**Size** - For large orders or illiquid instruments only a partial fill may be received and this may vary between venues. Where the whole trade order is unlikely to be filled, the size of the potential fill will increase in importance.

**The nature or other relevant considerations of the order** - This is a broad category that covers any other factor not listed in the regulations that firms may wish to prioritize in order to achieve the best result for its clients. Examples of this may be the need to reduce the market impact of the trade. Where the client has attached instructions to the order these should also be taken into consideration.

Not all of these criteria are relevant in each case or relevant to our business model. For example, Monecor (Europe) Limited is the sole execution venue for trade executed by it for its clients.

## 4. EXECUTION CRITERIA

In order to determine the relative importance of these factors, Monecor (Europe) Limited will take into account:

- the characteristics of the client (that is, whether the order is for a retail or professional client);
- the characteristics of the client order;
- characteristics of the financial instruments involved; and
- characteristics of the execution venues being considered.

When executing an order, the best possible result is determined by the total consideration (that is, the price of the investment and any associated costs, such as execution venue fees, clearing and settlement fees, and other third-party fees) for the order.

## 5. THE EXECUTION PROCESS

In terms of the relative importance attached to the execution factors, Monecor (Europe) Limited has a general view and process which it adapts based on the particular characteristics (i.e. the execution criteria) of each trade. Where the Monecor (Europe) Limited is dealing with retail clients, Monecor (Europe) Limited prioritizes price and cost together in order to achieve the best financial result for the client in terms of total consideration for the trade, this includes our own costs, to the extent that they are passed on to the client, which means that in most cases we are obliged to select the execution method, venue or broker that minimizes the costs passed on to the client. The exception to this would be where the selection of a more expensive method of execution leads to a demonstrably better outcome in terms of total consideration for the trade due to an improved price being received.

The other execution factors however, including speed, size and likelihood of execution can and should still be considered, where relevant, and particularly where price and costs are distributed in a narrow range between the available execution options. It may also be necessary in extreme circumstances to prioritize the speed and probability of execution, for example in situations where the imminent failure of a counterparty may cause the total loss of the client's investment. In this situation delaying the transaction to prioritize achieving a better price/cost for the trade is not justifiable as it is likely to lead to worse overall financial outcome for the client.

In relation to professional clients and/or eligible counterparties, the first execution factor to consider is the probability of execution. The priority here will be to assess which execution venues are capable of executing the order on the required terms. In normal market conditions however, this is a relatively straightforward exercise that will produce.

### **RTS 27 – Quality of Execution**

RTS 27 is intended to enable the public and investors to evaluate the quality of a firm's execution practices by requiring publication of valuable information about how and where the firm has executed client orders. It is important that these reports allow for a robust comparison between different firms and also to enable comparison of performance over time. Therefore, ESMA considers it suitable for firms to keep each report available in the public domain for a minimum period of two years. The format of the disclosure should be made in line with Articles 3 to 8 of RTS 27, and in the format specified in Tables 1 to 9 of the Annex to that document. These reports must be produced quarterly, based on calendar quarters, with the report to be published no later than 3 months after the quarter end date. Information is published in a machine-readable format and will be made available for

members of the public via our website. Clients will be able to download in Excel format which will enable searching, sorting and analyzing of the data. The reports will remain in the public domain for a period of at least 2 years. Details of our data can be found on the website.

## **Execution Venues – RTS 28**

As a CFD provider, that deals on its own account and provides liquidity to other market participants, Monecor (Europe) Limited meet the definition of “other liquidity provider” meaning that Monecor (Europe) Limited an execution venue for the purposes of your trading.

## 6. BEST EXECUTION OF OTC PRODUCTS

Monecor (Europe) Limited will check the fairness of the price proposed to the client when executing orders or taking decisions to deal in OTC products. To ensure the fairness of price, firms we will use an aggregated price or gather market data from various sources in the estimation of the price of the product and, where possible, compare with similar or comparable products. Other Considerations affecting the choice and method of Execution There may be circumstances where the method of execution will vary due to:

- The size of the trade;
- Market Volatility;
- Liquidity;
- Market conditions e.g. interruption in the trading of a major exchange or market turbulence due to the failure of counterparty;
- Trading on hard to access markets; and/or
- Counterparty exposure.

## 7. SPECIFIC INSTRUCTIONS

In circumstances where the client provides the Company with a specific instruction as to how to execute an order and the Company has accepted this instruction, then the Company will execute the order in accordance with that specific instruction.

Nevertheless, if the client provides a specific instruction to carry out an order, then by executing that order the Company will be complying with the Company's duty to provide

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the client with best execution. This may result in being unable to follow the Company's order execution policy for that particular order.

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CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. **75.6% of retail investor accounts lose money when trading spread bets and CFDs with this provider.** You should consider whether you understand how CFDs work, and whether you can afford to take the high risk of losing your money.