

BEST EXECUTION POLICY

Purpose

The purpose of this Policy is to establish effective arrangements for obtaining, when AGM Markets Limited, (hereinafter the “Company”) is executing clients’ orders, the best possible result for its Reception and Transmission, Portfolio Management and Dealing On own Account clients. The Policy applies to retail and professional Customers.

Legal Framework

Following the implementation of the Markets in Financial Instruments Directive (MiFID) II in the European Union and its transposition in Cyprus with Law L. 87(I) of 2017 and Regulation (EU) No 600- 2014 on markets in financial instruments and amending Regulation (EU) No 648-2012 (MiFIR), the Company is required to provide its clients and potential Customers with its Best Execution Policy in order to act in the best interest of the client (hereinafter the “Best Execution Policy”) 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.

Policy

Dealing Room, Portfolio Management and Dealing On Own account are the relevant departments to which the order execution policy mainly applies. Senior Management reviews the policy on an annual basis or / and whenever a material change occurs that impacts the Company’s ability to continue offering best execution of its clients’ orders using the Company’s trading platform.

The Company proceeded to the establishment and maintenance of an Order Execution Policy, to ensure compliance with the obligation to execute orders on terms most favourable to the clients and to achieve the best possible results for its clients, taking into consideration its clients’ ability, needs and trading policies, where applicable and possible.

The policy outlines the process that the Company follows in executing trades or transmitting orders for execution to a third party and assure taking all reasonable steps to consistently obtain the best

possible result for clients through its order execution policy. It is noted however that when executing an order following a specific client instruction, the Company will execute the order in line with those instructions and will consider that it has discharged its best execution obligations.

The Company operates as the counterparty to every customer's trade, so if a customer chooses to deal with the Company to open position in a market, the position can only be closed by dealing again with the Company.

Execution of transaction

Execution of transaction can be done by one of the following:

1. A customer requires completing a trade immediately against a price that the Company has provided using an interactive trading platform, either online or over the telephone through one of the Company's dealers. Execution by these methods is called, '**market order**'. Market orders are executed on BID/ASK prices offered by the Company. In particular, an order to buy is executed at the current market Ask Price and an Order to sell is executed at the current market Bid Price.

When executing orders through the Trading Platform the Company provides the customer with continuously updating and streaming prices for each financial instrument, together with an immediate trade capability: if a customer sees a price on the screen and the trade amount in which he/she wants to trade is greater than the minimum trade amount, then the trade will under normal circumstances be executed at that price; the customer will, however, be advised immediately of a trade rejection where the market has moved or the customer has insufficient margin. In the circumstances described above the Company provides execution at the quoted price where best execution will not apply.

2. Execution at a desired and specified price at a later time. By these methods, we can characterize 4 types of orders

Entry Stop, Entry Limit, Stop or Limit orders and Trailing Stop

Entry Stop and Entry Limit Orders (referred to as ‘Entry Orders’) are aimed at opening a position when a certain price is reached. These orders will be executed if the market value of an instrument reaches a predefined level.

Entry Limit orders aim at opening positions in the future, when the market price has either moved DOWN for a Buy order or UP for a Sell order.

Entry Stop orders aim at opening positions in the future, when the market price has either moved UP for a Buy order or DOWN for a Sell order.

Stop or Limit, unlike Entry Stop and Entry Limit orders, conventional Stop and Limit orders are aimed at closing existing positions when a certain price is reached. Stops and Limits can also be set for existing Entry Orders. This means that whenever an Entry Order is executed, the resulting open position will have a preset Stop/Limit order.

Trailing Stop works as follows: If the market price moves UP for a Buy position/DOWN for a Sell position, then the Trailing Stop moves with the market price, following it at the pre-set distance. If the market price moves DOWN for a Buy position/UP for a Sell position, then the Trailing Stop remains fixed and, if the market price reaches the Trailing Stop price, the order will be executed.

3. **Take Profit** - Take profit is an instruction that may be attached to an already open position to close a position at a specified price (namely, the take profit price) to secure profits. Once the market reaches the take profit price the order is triggered and treated as a limit order; filled at declared or better price. If the take profit is not triggered it shall remain in the system until a later date or amended/modified by the Client.

In this case the Company will monitor the order and if market price for the relevant financial instrument, as given by the Company's pricing sources, rises or falls to the price specified in the order it will be executed. Best execution may apply in these circumstances.

In the circumstances described, the trade becomes effective as soon as it has been confirmed to the customer; at the same time the Company will also confirm the price. For the avoidance of doubt, once a market order or any 'future' order has been executed at agreed price and approved market levels it cannot be cancelled without the agreement of the Company's trading desk.

Market Execution Orders

Market order is the intention to either buy or sell at the current market price, subject to the liquidity available. In the event there is not enough liquidity at the top of the book to fill a Client's market order, the system will automatically aggregate the volume received from third party liquidity/ price provider(s) and execute the market order at the 'Volume-Weighted Average Price' ('VWAP'), subject to the liquidity available at the time of the execution. Market execution orders are size specific but not price specific.

Execution Factors

The Company, when managing client's orders takes into account various execution factors, provided that there are no specific instructions from the client to the Company about the way of execution of the orders. The execution factors which relate Dealing Room, Dealing on Own Account and Portfolio Management Departments include:

- **Price**

Price is the most the important factor for ensuring best execution. The Company's price is calculated by reference to the price of the underlying, which is obtained from third party external reference sources. The Company monitors the sources of reference pricing on a daily basis, to ensure that the data obtained are accurate and competitive.

- a) **Bid-Ask Spread:** For any given financial instrument, we quote two prices: the higher price (Ask), at which Client can buy (go long) a financial instrument, and the lower price (Bid) at which the Client can sell (go short). The different between the Bid and Ask price of a given financial instrument is the spread which includes AGM Market's mark-up for MetaTrader 4.
- b) **Pending Orders:** Orders such as "Buy Limit", "Buy Stop" and "Stop Loss" / "Take Profit" for open short positions are executed at the Ask price. Orders such as "Sell Limit", "Sell Stop" and "Stop loss" / "Take Profit" for open long positions are executed at the Bid price.

- **Speed of execution**

Speed and likelihood of execution has a significant importance when executing Client orders. We keep high speed connections through servers hosted around Europe. However, the use of any unstable connection from Client's side, such as wireless or dial-up may have a poor result and interrupted connectivity which this may cause delays in the transmission of data between the Client and AGM Markets.

- **Likelihood of execution**

For the different financial instruments AGM Markets offers AGM Markets relies on third-party LP for prices and available. However, the execution of Client's orders depends on if there are available prices and liquidity when these orders are received by the Company. This availability may vary during abnormal markets conditions such as the following:

1. During market opening times
2. During times of market news
3. During times of volatility

- **Costs**

The prices on which Clients are trading include a mark-up; this means that the spreads on offer by the Firm comprise of the raw spreads received from liquidity/ price provider(s) and any mark-up, where applicable and swaps.

Spreads may vary during moments of high volatility or when the global financial markets are not active. When clients try opening trades during such moments in the market, specific spreads for that time will be shown.

Swap is calculated via the overnight interest rate differential between the two currencies pending on long/short open positions. Any position held open overnight from Wednesday to Thursday, Swap is charged at a triple rate. Please note that calculations take place at 23:59 GMT will be shown on client account statements by the next trading day.

- Size of the order

The minimum size of an order is 0.01 lots. AGM Markets may put limits on maximum order sizes from time to time. We also reserve the right to decline an order as per our Terms & Conditions.

AGM Markets operates from 22:00:01 GMT Sunday through to 21:59:00 GMT Friday. Non-working periods are from 21:59:00 and 22:02:00 every business days.

Margin and Leverage

Following the formal adoption of measures on CFDs by The European Securities and Markets Authority (ESMA), all retail clients that demonstrate the appropriate knowledge and experience during the registration process shall have the following maximum leverage settings on their account:

- 30:1 for major currency pairs;
- 20:1 for non-major currency pairs, gold and major indices;
- 10:1 for commodities other than gold and non-major equity indices;
- 5:1 for individual equities and other reference values;
- 2:1 for cryptocurrencies;

AGM Markets Ltd, at Margin Level of less than 120% , has the discretion to begin closing positions starting from most the unprofitable one. The Company, at Margin Level of less than 100% , is automatically closing positions at market price.

Specific leverage restrictions may apply on certain CFDs and/or platforms and/or jurisdictions as indicated on our website. The Company may, in its sole discretion, amend the margin requirements, on a case by case basis, on all or any transaction(s) of the Client, by providing the Client, where

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reasonable, with notice.

Negative Balance Protection

The Company offers negative balance protection in the event that a negative balance occurs in the clients' trading accounts due to stop out and/or extremely volatile market conditions will make a relevant adjustment to cover the full negative amount. This means that clients will never lose more than the amounts you invested with us

Client Leverage Options

The Company has the right and may at its own discretion decrease the leverage offered to a specific client taking into consideration the particular client trading experience and knowledge. Lower than the default leverage mentioned above will be offered to clients upon request.

Further to the above, the client who wish to obtain lower level of leverage, should send an email to leverage@agmmarkets.com requesting to be allowed to decrease leverage beyond the levels set in the aforesaid paragraph up to the maximum levels stated above.

Execution Venues

The full list of the execution venues where Clients' orders are placed for execution contains:

- AAA Trade Ltd
- AGM Markets Limited

Financial Instruments

Details of the financial instruments which are available to the clients:

- Forex CFDs
- Commodities CFDs
- CFDs on Cryptocurrencies
- Other CFDs (Metals, Index and Shares)

The details of these financial instruments are available to the clients through the Company's website or upon their request.

Pricing

The Company's price is calculated by reference to the price of the underlying, which is obtained from third party external reference sources. The Company monitors the sources of reference pricing on a daily basis, to ensure that the data obtained are accurate and competitive. At an initial stage, the Company's trading platform is integrated with the following price provider:

- AAA Trade Ltd

The Liquidity Provider is continuously updating its prices, therefore last updated prices are displayed on Company's trading platform.

All three departments, Dealing Room, Portfolio Management and Dealing on own Account, on a consistent basis closely review and examine the best possible factors for the clients in order to ensure the best possible result is achieved.

Trading Mechanism

The Trading Mechanism sets out the mechanisms for trading purposes. The purpose of this paragraph is to provide all details in relation to trading mechanisms, such as margin requirements, margin call, stop out, trading with the Financial Instruments available for trading by the Company.

Margin Requirements

The Company maintains Margin requirements, paid on all positions. For the client to place a trade on margin, the client must proceed in paying to the Company the margin requirement due. Additionally the client must maintain the relevant amount of margin requirement on all open positions. The Company retains the right to close the client's open positions and the account in general, in the case where the client did not maintain the margin requirement on the open positions.

The requirements are calculated with the use of margin rates. The client may have one uniformed margin rate or stepped margin rates related to the current exposure of the client. Additional details of the margin requirements per financial instrument can be found in the Company's website.

Margin Call

Margin calls would be received by email, SMS or popup, whichever is applicable, as will be disclosed in Company's website, based on which platform is used by the clients, and on the amount of deposits. In relation to the amount of deposit, the Company shall send margin call notification by email in case the total deposits of the client are below a specified

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threshold and an additional SMS notification in case they exceed the aforesaid threshold.

The margin level and the utilization in percentage shall be available online and updated in real time according to the profit and loss of any open position in client's account.

Stop out and closing positions

The Company has the right to close all 'Open positions', in the situation where the client's funds drops below the percentage of the margin in use, as this will be determined by the Company and notified to the customers through Company's website. For the closing of the positions, the prices of the Company's trading platform would be used. Additionally the Company may subsequent cancel all orders on the client's account.

If the client's equity becomes negative for any reason, the Company may in its absolute discretion cover the negative balance from its own funds without exercising its right of closing any positions held by the client.

Provision of Credit (Margin) or Loan Facilities

The Company, may in its sole discretion receive instructions form the client to effect a transaction (a Margin Transaction), in respect of which no funds or insufficient funds required to settle the Margin Transaction is standing to the client account, provided that the following conditions are satisfied:

1. The clients have deposited the necessary funds into their account, but funds did not arrive yet in Clients Bank Account. The copy of the wire transfer shall be submitted to the Company in order for the Margin Transaction to be executed.
2. The credit is given for a maximum period of *5 days granted for existing clients in case of inadequacy of funds.*
3. The credit is given for a maximum amount to be determined by Risk Management Committee.
4. Specific instructions have been received by the client.

If the Company does not wish to accept instructions in respect to the Margin Transaction, it may reject such instructions without notice. If the Company wishes to accept such instructions, it will notify the client of its acceptance of such instructions.

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Pricing and Trading amount

For each financial instrument on offer, the Company set a maximum trade amount. Where a trade placed by a client, exceeds the maximum trade amount, the request will be referred to one of the Company's dealers. The dealer may either accept the trade or provide the client with an amended quote for the trade.

In the situation where a customer has placed multiple orders with the Company, under the same price, that exceeds the set maximum trade amount, the Company is not in a position to guarantee execution of all trade using an identical price. The execution price will depend on the liquidity of the underlying asset.

The prices on which Clients are trading include a mark-up; this means that the spreads on offer by the Firm comprise of the raw spreads received from liquidity/ price provider(s) and any mark-up, where applicable. Any currency conversion calculations are provided by the Firm to the Client in the currency in which the trading account is denominated and the currency of the relevant CFD, using the cross spot rate.

Prices outside normal market hours

For certain financial instruments, as these are disclosed in Company's website, such as precious metals, indices, shares CFDs the Company may quote a price outside normal market hours. In such circumstance, the Company's prices are constructed by the dealers using reference to one or more related alternative underlying assets trading at that time that would be adjusted in response to supply and demand from clients. The above implies a greater degree of discretion in the construction of prices, when outside the normal hours. On a general term, the spread is generally wider and the available trade smaller when outside the normal hours.

Dealing with entry orders

Entry orders are requests from clients to execute a trade at some later time on a predetermined price, provided that the price offered by the Company falls or rises to reach the specified order price.

In the case that such an order is executed, this would be made at the specified order price. The

above is not guaranteed.

Triggering of orders outside normal market hours

It is important to note the following:

- No 'entry orders' will be monitored or executed outside the Company's trading hours for the relevant financial instrument. The price at which the order may be executed on resumption of the Company's trading hours may be substantially different to the specified order price.
- If the underlying asset has traded through the specified order price of an order outside the Company's trading hours and subsequently recovers before the next resumption of the Company's trading hours then the order will not be triggered, unless it has been agreed otherwise with the customer.
- Where the Company quotes prices for a financial instrument outside normal market hours of the underlying asset, orders will be triggered by the Company's price even though the market for the underlying asset is closed.

Best Execution Monitoring and Review

We have procedures and process in order to analyse the quality of execution and also to monitor best execution. We measure and monitor the competitiveness of our prices and also speed of execution in order to achieve the best possible result for our Clients.

AGM Market's compliance and internal audit teams perform independent reviews of the processes on a regular basis and at least annually in order to provide assurance as to the effectiveness of our quality of execution. The Back Office Department with the cooperation of Dealing Room is the responsible Department for the update of the Best Execution Policy.

Where and if necessary, both teams provide recommendations for improvements which are then implemented in order for AGM Markets to keep the quality of execution to the highest standards.

Conclusion

Appropriate information is provided to the client on the content of the execution policy. The

prior consent of the clients is obtained regarding the documented order execution policy to be followed.

In addition, a clear and prominent warning is disclosed to the Company's clients (within the Client Agreement) that any specific instruction from a client may prevent the Company from taking the steps that it 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. Adequate information is provided to the clients through this policy in relation to the factors that are taken into consideration by the management when handling clients' orders. Also, the policy is reviewed periodically by the Company and the clients are informed accordingly in relation to any material changes.

