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# **ORDER EXECUTION POLICY**

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## **HOCH CAPITAL LTD**

*Regulated by the Cyprus Securities and Exchange  
Commission*

*License Number: 198/13*

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## **1. INTRODUCTION**

Hoch Capital Ltd (“Hoch Capital”, the “Company”, “we” or “us”) operating under the trading name “ITRADER.com” is a Cypriot Investment Firm (“CIF”) authorised and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under the License Number: 198/13.

For your benefit and protection, please ensure you take a sufficient time to read this Policy and any other additional documentation and information available to you via the Company’s website, prior to opening an account and/or carrying out any activity with us. You should contact us for any further clarification or seek independent professional advice (if necessary).

## **2. LEGAL AND REGULATORY REQUIREMENTS**

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 (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 (L.87(I)/2017).

Under the above legislation, the Company is required to take all sufficient steps to obtain the best possible result when executing orders, taking into account a range of factors. This is referred to as providing clients with “best execution”.

## **3. SCOPE**

Following the implementation of the MiFID II and in accordance with the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017), the Company shall provide its clients with its Order Execution Policy (hereinafter the “Policy”). This Policy sets out our approach for carrying out Orders from origination to execution, the venue used and an explanation of how the different factors influence the execution approach, so that the best possible result can be achieved when executing clients’ Orders.

Moreover, the Policy constitutes part of the Terms and Conditions of Business (hereinafter “Agreement”) and shall govern the relationship of any client with the Company, including orders placed with the Company in respect of the Financial Instruments (hereinafter “products”) offered. It is designed to be read with all the rest of the documents forming the Agreement. Thus, agreeing with the Terms and Conditions of Business means that you are also agreeing to the provisions of the Policy. In case there is any inconsistency between the Policy and the Agreement, the Policy prevails. The words and expressions have the meanings given to them in the Agreement, unless separately defined in the current document.

This policy does not replace the Client Agreement which you are required to read carefully before entering into any trading. Any changes to this Policy will be communicated to clients in advance.

Upon accepting a client order and when there is no specific client instruction regarding the execution method, the Company will execute an order in accordance with this Policy.

The Policy applies to “Retail clients”, “Professional clients” and “Eligible Counterparties”.

We will provide you with live streaming prices, also called “Quotes” for the various financial instruments through our trading platforms as received from third- party liquidity providers (“LP’s”).

#### **4. OUR COMMITMENT**

The Company is responsible for acting honestly, fairly, professionally and in their best interests when dealing with clients.

With regards to the execution of orders, the Company is required to take all sufficient steps to acquire the best possible result when transmitting orders to its Liquidity Providers for execution. The Company comprehends the “best possible result” as being the one that delivers the finest possible overall price for clients (including costs) within the shortest possible execution timeframe.

#### **5. TYPES OF FINANCIAL INSTRUMENTS**

This Policy applies when executing orders of clients on Financial Instruments offered by the Company. It is up to the Company’s discretion to decide the types of Financial Instruments to be made available and to publish the prices at which these can be traded.

The Company’s products fall under the class of Financial Instruments of Over-the-Counter (“OTC”) derivatives on an underlying financial instrument, and more specifically the offering of Contracts for Difference (CFDs) on:

- Foreign Exchange
- Indices
- Commodities
- Stocks
- Cryptocurrencies

CFDs relate to underlying asset classes and financial instruments, explained below:

<b><u>Asset Class</u></b>	<b><u>Examples of financial instruments in the specific asset class</u></b>
Forex	EUR/USD, GBP/USD, USD/JPY
Indices	DOW 30, NASDAQ 100, SP 500, CAC 40
Commodities	XAUUSD (Gold), Natural Gas, Platinum, R.B.O.B Gasoline
Stocks	Apple, Amazon, Citigroup, McDonald's
European Stocks	Telecom Italia, Vodafone, LVMH, Allianz
Cryptocurrencies	BTC/USD, LTC/EUR, ETC/USD

## 6. SERVICES IN CFDs

The Company offers trading services through the MetaTrader 4 platform.

### Market Order versus Pending Order

Clients are given the option to place the following types of executions orders with the Company:

**Market Order:** This is an order to buy or sell at the current market price that is available. The system may automatically aggregate the volume received from Company's LPs and executes the "market order" at VWAP (Volume-Weighted Average Price), that is the average and best available price at the time of the execution.

**Instant Order:** This is an order to either buy or sell at a specific "ask" or "bid" price (respectively) as it appears in the quotes flow at the time the client submits/ places the order for execution. If at the time of the receiving the order in our system the market price has changed then a requote price will be offered to the client, which the client may accept or reject.

**Pending Order:** This is an order to be executed not right away and at the price specified by the client. The Company's trading facility monitors the limit order and when the price provided by the Company reaches the price specified by the Client, the order will be executed at the requested limit price or better. The following types of Pending Orders are available:

- **Stop Order:** this is an order to buy or sell once the price reaches a pre-set stop level (the "stop price"). Once this order is triggered it is treated as a "market order". If the "stop order" is not triggered it shall remain in the system until a later date, subject to the conditions described in the "Good till Cancelled" section. "Stop orders" placed within the current bid-ask spread will be invalid and automatically removed, therefore "stop order" must be placed a minimum number of pips away from the available market price at the time of placing the order so that there are valid.
- **Limit Orders:** this is an order to buy or sell once the price of an instrument reaches a pre-set level (the "limit price"). It is used to enter trades at a pre-set level, rather than at the available market price at the time. Once the market reaches the "limit price", the "limit order" is triggered and executed at the requested limit price or better.
- **Good till Date (GTD):** this is an execution setting that applies to "pending orders" traded through MT4. Clients may choose a specific date in the future until which the order shall remain "live" and pending for execution. If the order is not triggered during the pre-set timeframe, it will be deleted by the system. Please note that GTD may become redundant in cases where a CFD on futures reaches its maturity/ expiry date and the date specifies is after the maturity date.
- **Good till Cancelled (GTC) (=Expiry):** this is an execution setting that clients may apply to "pending orders". The order shall remain "live" and pending for execution until it is triggered or cancelled by the client. Please note that GTC may become redundant in cases where a CFD on futures reaches its maturity/ expiry date.
- **Pending order Modification/ Cancellation:** the client may modify/cancel a "pending order" if the market doesn't reach the price previously specified by the client for as long as the order remains in the system. Stop Loss or Take Profit attached to a "pending order" may be removed

by the platform upon the pending order being triggered/filled, in such instances the client is responsible for managing the open positions accordingly.

- **Stop Loss:** this is a “stop order” to control and minimise losses. It is used to close an open position when the price of the instrument has moved contrary to the expected direction, reaching a re-set level.
- **Take Profit:** this is “limit order” to secure profits. It is used to close an open position when the price of the instrument has moved in the expected direction, reaching a pre-set target level.

**Pending Order Execution:** the client accepts that under certain trading conditions (including but not limited to situations of high market volatility or illiquidity and market gaps) it may not be possible for us to execute pending orders at the declared price. Under such positions, we reserve the right to execute the order or modify the opening and/or closing price to provide the next best price. In such instance, whereby a pending order and its respective SL/TP are triggered simultaneously, the position will be opened at the current market price and the attached SL/TP will be removed. The client is then responsible for managing their open position accordingly.

**Pending Order Deletion:** The Company reserves the right to delete any “pending orders” from the system not triggered within a period of one (1) month from the date the order was entered into the system.

### ***Buy Stop***

Stop buy orders are useful when the Client believes e.g. with the help of technical or fundamental analysis that if the market reaches a certain level price which is above the current levels then it will go further up.

With this type of order, the Client places a stop buy on EURUSD at 1.4000 (currently say trading at 1.3800). Once the market hits 1.4000 the order is activated, and the Client goes long EURUSD.

The Client will profit if the market price for EURUSD continues to go up.

### ***Sell Stop***

Stop sell orders are useful when the Client believes e.g. with the help of technical or fundamental analysis that if the market reaches a certain level price which is below the current levels then it will go further down. With this type of order, the investor places a stop sell on EURUSD at 1.3300 (currently say trading at 1.3500). Once the market hits 1.3300 the order is activated, and the investor goes short EURUSD.

The Client will profit if the market price for EURUSD continues to go down.

### ***Example***

Suppose you want to sell 1 Lot of EURUSD and you are worried that if the price falls a few more dollars that it will trigger the beginning of a much larger decline. Assume EURUSD is currently trading at 1.3850. You place a Sell Stop Order at 1.3800 on EURUSD. Suppose EURUSD then proceeds to trade down to 1.3800. At that time, your order would become a Market Order to sell and your order would be filled at the market price.

### ***Buy Limit***

Limit buy orders are useful when the Client believes e.g. with the help of technical or fundamental analysis that if the market reaches a certain level price which is below the current levels then it will turn to go up.

With this type of order, the investor places a limit buy on EURUSD at 1.3500 (currently say trading at 1.3600). Once the market hits 1.3500 the order is activated, and the Client goes long EURUSD.

The Client will profit if the market price for EURUSD goes back up again.

### ***Example***

Suppose you want to Buy 1 Lot of EURUSD, and it is currently trading at 1.3700. You would like to buy the EURUSD if the price drops to 1.3600 or less, as you feel the EURUSD current price of 1.3700 is slightly overvalued.

You place a Buy Limit Order at 1.3600 on 1 Lot of EURUSD. Now suppose the price trades down to 1.3600 then your order would then be bought at the market price.

### ***Sell Limit***

Limit sell orders are useful when the Client believes e.g. with the help of technical or fundamental analysis that if the market reaches a certain level price which is above the current levels then it will turn to go down.

With this type of order, the Client places a limit sell on EURUSD at 1.3800 (currently say trading at 1.3750). Once the market hits 1.3800 the order is activated, and the investor goes short EURUSD.

The Client will profit if the market price for EURUSD goes back down again.

### ***Example***

Suppose you want to sell 1 Lot of EURUSD, and it is currently trading at 1.3800. You would like to sell the EURUSD and take your profits if the EURUSD price reaches 1.3850, as you feel the EURUSD price is not going to go much higher than 1.3850.

You place a Sell Limit Order at 1.3850 on EURUSD. Now suppose the price trades up to 1.3850 then your order would then be sold at the market price.

The client may use a 'Stop Loss' and/or a 'Take Profit' with their Pending Order.

## **Maximum number of open positions**

Any client may, concurrently, hold or place **unlimited** number of orders, i.e. Market Orders and Pending Orders.

## **Modification of an order:**

The Client may modify an order prior to its execution. The Client cannot change or remove a 'Stop Loss', 'Take Profit' and 'Pending Orders' if the price has reached the level for order execution.

## 7. EXECUTION VENUE

Execution Venues are the entities with which the orders are placed for execution or to which the Company itself transmits orders for execution. The Execution Venue(s) used by the Company are only regulated, such as OBR Investments Ltd.

### **Liquidity Provider as the Execution Venue:**

For the purposes of client orders in Financial Instruments provided by the Company, the Liquidity Provider is always the counterparty (or 'principal') to all of your trades. The Liquidity Provider is the sole Execution Venue for the execution of the client's orders. Should the client decide to open a position in a Financial Instrument with the Company, then that open position may only be closed with the said Liquidity Provider.

### **Operating hours**

The Company's operating hours are as follows:

Round - the - clock: from Monday 00.00.01 A.M. Cyprus Time (GMT +2) through Friday 00.00.00 P.M. Cyprus Time (GMT +2).

Non-working hours: from Saturday 00.00.01 A.M. Cyprus Time (GMT +2) through Sunday 00.00.00 P.M. Cyprus Time (GMT +2) and also on national bank holidays. Holidays are announced through the internal mail of the trading terminal supplied by the Company.

## 8. MARGIN AND LEVERAGE

For margin calculation purposes, the leverage level used will be the lower between the Account and symbol traded. This applies to all our trading platforms.

Any changes made to your leverage and Account that is already traded can immediately affect your open positions and may result in a stop-out.

MetaTrader 4 (Instant and Market Execution): at Margin Level of less than 100% the Company have the discretion to begin closing positions starting from the most unprofitable one. At Margin Level of less than 50% for Retail clients and less than 15% for Professional clients, we will automatically close positions at the current market price starting from the most unprofitable once.

## 9. NEGATIVE BALANCE PROTECTION

The Company offers negative balance protection for all clients; this means that client's losses cannot exceed the client's amount invested.

## 10. EXECUTION OF ORDERS

### **Execution of orders**

The Company executes each order you place in Financial Instruments it provides, through the Liquidity Provider which acts as your counterparty. For the execution of orders, the Company acts

as an agent on your behalf and not as a principal. Please note that the Instruments provided are, unless otherwise agreed, cash settled rather than physically settled.

### **Source of Prices**

The Company provides a two-way price which consists of the bid and ask price. The Bid price represents the lower price which the client may sell the products mentioned above whereas the Ask price represents the lowest price at which you may purchase the products. The difference between the Bid and Ask Price is known as Spread. It is noted that the Spread includes our cost for the services to be provided to the clients.

Our Spreads are variable, i.e. floating. Standard spreads are published on our website and may differ depending on the product. Floating Spread means that spread varies during the day due to the market volatility or liquidity. The Company has the right to alter the spreads in order to reflect the market conditions and other political or economic events. In case of amendments in the Spreads the clients will be notified accordingly, in a reasonable time.

Our prices for all asset classes, e.g. CFDs on Forex, Indices, Cryptocurrencies or Shares are derived from our execution venue(s).

### **Execution of orders outside a Trading Venue**

The transactions entered in Financial Instruments with the Company are not executed on a Trading Venue (Regulated market, Multilateral Trading Facility and Organized Trading Facility), rather they are executed by the Liquidity Provider, through its trading platform, which is NOT a Trading Venue, and as such may expose the Client to greater risks than those of a Trading Venue. Therefore, the Liquidity Provider may not execute an order or the order may be executed on a price different than the one requested by the client in case of a technical failure of the trading platform or of quote feeds or the market volatility. By accepting this Policy, client gives his consent to execute his/her orders outside of a Trading Venue.

### **Rules and procedures**

The rules and procedures governing access and use of the trading platforms are established, maintained and may be amended solely by the Company and the Liquidity Provider. The client is obliged to close an open position of any given Financial Instruments during the opening hours of the Company's trading platform. The client is also obliged to close any open position with the same counterparty with whom it was originally entered into, i.e. the Liquidity Provider with the Company acting as an agent in the order execution procedure. All relevant rules and procedures are described in the Agreement.

### **Specific client instructions on Orders**

In case a client gives the Company, specific instructions relating to the execution of their Orders, the Company abiding by these instructions may be prevented from following the qualitative and quantitative factors affecting the determination of the best possible result for clients as these are set out in detail below. These factors are considered with the intention of providing clients with the best possible result (or "Best Execution"). Nevertheless, in the cases where there is a specific instruction from a client to place an Order, the Company shall execute the Order according to the said instruction. Under such circumstances, the present Policy shall not apply.

### **Monitoring procedures of the execution venue**

The Company in order to fulfil the requirements of its Order Execution Policy implemented

procedures and processes which evidence that the Company's execution venue(s) will deliver the best possible result to its clients. It is further noted that the Company has established monitoring procedures for examining the quality of order(s) execution obtained on clients' behalf to ensure effectiveness of this Policy.

## **11. BEST EXECUTION PROCEDURE AND CRITERIA CONSIDERED**

The Company will take into account the best execution criteria for determining the relative importance of the execution factors:

- The characteristics of the client, including the categorisation of the client;
- The characteristics of the client order;
- The characteristics of the financial instruments that are the subject of that order;
- The characteristics of the execution venue to which that order will be directed.

The best possible result will be determined in terms of the total consideration, representing the price of the contract and the cost related to execution. 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.

## **12. BEST EXECUTION FACTORS**

The Company shall take all necessary steps to achieve Best Execution for clients when receiving and transmitting orders for execution taking into account the following factors:

1. Price
2. Costs
3. Speed of execution
4. Likelihood of execution
5. Settlement
6. Size
7. Market impact
8. Any other consideration relevant to the execution of the order.

The abovementioned factors are further described below in detail:

### **Price:**

The Company quotes a two – way price for each CFD offered.

This two-way price consists of a Bid (lower price which is the price at which a client may "Sell" the CFD) and an Ask (the higher price which is the price at which a client may "Buy" the CFD).

The difference between Bid and Ask price is commonly referred to as "Spread". More information on spreads can be found on the Company's website.

**Mark-up:** Client may be charged a mark-up on spread when trading CFD's on forex, metals, energies, equities, indices and futures through MT4. Further information is available on our Website.

### Going Long, Going Short

- Trading the long side in practice means that one has used a Buy instruction as their opening CFD trade. "Going long" means opening a Buy CFD position to profit from an underlying asset's potential price increase. One can buy at Ask Price. A Buy order means that one predicts an increase in the asset's price and that he/she will subsequently use a Sell order to close their position.
- Trading short side implies that one has opened their CFD trade using a Sell order. "Going short" refers to opening a Sell CFD position to profit from an underlying asset's potential price decrease. One will Sell at the Bid Price. A Sell order implies that one predicts an asset price to decrease and that he/she will subsequently use a Buy order to close their position.
- Bid-Ask Spread: For any given financial instrument, we quote two prices: the higher price (Ask), at which the client can buy (go long) a financial instrument, and the lower, price (Bid) at which the client can sell (go short); collectively, referred to as the Company's prices. The differences between Bid and Ask price of a given financial instrument is the spread, which includes Hoch Capital (the Company) mark-up for MetaTrader 4.
- 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.
- Our price for given financial instrument is calculated by referencing the price of the relevant underlying asset, which is obtained from third-party liquidity and data providers. We update our prices as frequently as the limitations of technology and communication links allow. We will quote any price outside of our operational hours.

The Company reviews its external reference sources from time to time to make sure that the data obtained continually remains competitive.

Any price outside the Company's operations time, will not be quoted by the Company, thus no orders are to be placed by the clients during that time.

If the price reaches an order such as: Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit or Sell Stop, these orders are immediately executed.

However, under specific trading conditions it might not be possible to execute orders (Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit or Sell Stop) at the requested price.

Under such circumstances, the Company has the right to execute the order at the first price available. For instance, this might be the case at times of rapid price fluctuations if the price increases or decreases in one trading session to such a magnitude that, under the rules of the relevant exchange, trading is suspended or restricted, or this could occur at the opening of trading sessions.

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 your Agreement.

**Costs:**

The value of opened positions for some types of CFDs is increased or reduced by a “swap rate” on a daily basis, throughout the course of the contract (i.e. closing of position). The swap rates are based on prevailing market interest rates, which can vary over time. Details regarding swap rates can be found on the Company’s website under the section “Documentation” in the “Contract Specifications”.

For all types of CFDs offered, the swap rates are not included into the Company’s quoted price and are instead charged directly to the client account.

**Speed of Execution:**

The Company places a great value on reception and transmission of client’s orders for execution and aims to offer the highest speed of execution within the restraints of technology and communications means.

For example, when clients use a wireless connection or any other communication link that can generate weak internet connection, unstable connectivity may be caused affecting the Company’s trading platform and thus resulting to clients placing orders at a delay and in turn the orders to be executed at better or worst prevailing prices.

**Likelihood of Execution**

In certain cases, it might be impossible to place an order for execution.

This may include, but are not limited to the following cases:

- During news times
- Trading session start moments
- Volatile markets where prices may move significantly up or down and away from declared prices,
- During rapid price movement,
- During insufficient liquidity for the execution of the specific volume at the declared price
- During a force majeure event

In cases where the Company or the Liquidity Provider are unable to proceed with reception and transmission of client’s orders or execution of orders respectively with respect to price or size or any other reason, the order will not be executed.

Moreover, the Company is entitled, at any time and at its discretion, without prior notice or explanation to the client, to decline or refuse to transmit or arrange for the execution of any order or request or instruction of the client, under circumstances included in the Agreement / Policy.

**Likelihood of settlement:**

The Products offered by the Company do not include the delivery of the underlying asset, therefore, there is no settlement as there would be for instance if the client had purchased shares instead.

**Size of order:**

The actual minimum size of an order is different for each type of account. A lot is a unit measuring the transaction amount and it differs for each type of CFD. Please refer to the Company’s website for further information on the value of minimum size of an order and each lot for a given CFD type.

The Company reserves the right to decline an order as explained in the agreement entered with the client. Please refer to the Company's website for the value of the maximum volume of the single transaction.

**Market Impact:**

The Company will take all sufficient steps to obtain the best possible result for its clients even in the cases where certain factors may affect the underlying instrument's price from which the quoted price of the Company is derived, or other factors listed in the Policy.

It should be noted that the Company does not consider the above list as exhaustive and the order in which the factors stated above are presented shall not represent their importance.

### **13. MONITORING, REVIEW & RECORD KEEPING**

**Monitoring and Review of the Policy**

As per the requirements of the Markets in Financial Instruments Directive (2014/65/EU) the Company is responsible to monitor the effectiveness of the order execution arrangements and the Policy to identify and, where appropriate, correct any deficiencies. In particular, the Company on a regular and on-going basis assesses whether its execution venue i.e. Liquidity Provider, provides for the best possible result for the client and assesses whether it needs to make changes to its execution arrangements. In case the Company identifies any deficiencies, it should take the appropriate remedial measures and amend, where necessary, the Policy in order to grant effect to the measures it has implemented.

The Company reserves the right to review and/or amend this Policy and arrangements whenever it deems appropriate and/or at least annually. The Company shall inform its Clients as regards the amended version of its policy, mainly but not exclusively, through an email.

Clients always have access to the most recent version of the Policy on the Company's website under the "Documentation" section.

Moreover, the Company, within a reasonable time and upon any client's request, will provide documented evidence which demonstrates clearly that the execution of orders was in accordance with this Policy. Further to the aforesaid, the Company on an annual basis shall publish for each class of financial instruments, the top five execution venues (as applicable) where they executed client orders in the preceding year and to take account of that information and information published by execution venues on execution quality in their policies on best execution.

**Record – Keeping**

The Company keeps records of all steps followed to achieve compliance with the above-mentioned obligations in order to evidence the continuous monitoring of best execution and demonstrate compliance with the relevant obligations to any Competent Authority.