Swissquote

FOREX AND CFD EXECUTION POLICY

This Forex and CFD Execution Policy (the "**Policy**") describes how Swissquote Bank Ltd (the "**Bank**") executes transactions on foreign exchange ("**Forex**") instruments and contracts for difference ("**CFDs**", and together with Forex instruments, the "**Instruments**").

Capitalized terms not otherwise defined in this document have the meaning ascribed to them in the Special Terms and Conditions for Forex and CFDs (the "**Special Terms and Conditions**").

1. SCOPE

1.1. This Policy applies in relation to transactions on Instruments entered into within the framework of the Special Terms and Conditions, or as otherwise agreed upon in writing between the Bank and the client (the "**Client**").

2. BANK AS COUNTERPARTY, NO BEST EXECUTION

2.1. **The Bank executes all Transactions as the Client's counterparty and not as a broker or agent.** As the Client's counterparty, the Bank acts in its own interest and has no duty to protect the Client from losses.

2.2. The Bank has implemented rules and procedures, including this Policy, which have been designed to ensure that Orders are treated fairly. However, as stated in the Special Terms and Conditions and in the Forex and CFDs Risk Disclosure Statement, **the Bank is not bound by a duty of "best execution" or similar requirement in relation to any Order or Transaction. Accordingly, the Bank is under no obligation to seek the best possible outcome when carrying out Orders or Transactions**.

3. ORDER SUBMISSION

3.1. The Client may submit Orders through various channels as indicated by the Bank, which include the Platforms, as well as by contacting the Trading Desk by phone, if indicated on the Bank's website or on the Platforms.

3.2. Orders must be submitted in accordance with the terms of any agreement entered into between the Bank and the Client. In addition, where the Client submits orders through a Platform, the Client is subject to the terms and conditions of such Platform. The Bank is entitled to reject any Order if the Bank considers that such Order has not been submitted validly pursuant to any agreement entered into between the Bank and the Client or the terms and conditions of the relevant Platform, if applicable.

3.3. The Bank may make available various types of Orders, including Orders that can remain outstanding until certain conditions are met ("**Resting Orders**"). The available types of Orders are indicated on the Bank's website, in the Platforms, or in the relevant terms and conditions, user guides or manuals of such Platforms.

4. ORDER PROCESSING AND DECISION TO ENTER INTO A TRANSACTION

4.1. **Even if the Client has submitted an Order in compliance with any agreement entered into between the Client and the Bank** and, if applicable, in accordance with the terms and conditions that apply to the relevant Platform, **the Bank determines in its sole discretion whether it agrees to enter into a Transaction with the Client.** To determine whether or not to enter into a Transaction, the Bank takes into account a number of parameters, which include:

- whether the Transaction would be compatible with applicable laws and regulations and the Bank's internal rules and risk policies;
- the market and liquidity conditions, as well as the likely effect of the Transaction on the market;
- whether or not and, if yes, to what extent, the Bank intends to hedge its exposure towards the Client, including whether to hedge the Bank's exposure immediately or only after some time, and whether to enter into a transaction that mirrors the Transaction (i.e. a back-to-back trade) or use a hedging strategy that otherwise mitigates the risk of the Transaction.

4.2. As a general rule, the Bank processes Orders (including Resting Orders) for purchase (or sale) of the same Instrument on the same Platform sequentially, i.e. the Bank will consider each Order based on the time of reception of the Order and determine if it can enter into a Transaction.

5. LIQUIDITY SOURCING

5.1. As noted in Section 4.1, an important factor that the Bank considers when processing an Order is how and to what extent the Bank should, or is able to, hedge the risk that the Bank would be exposed to in relation to the relevant Transaction. To hedge its risk, the Bank relies on third party intermediaries, counterparties and venues ("**Liquidity Providers**") with or through which the Bank can enter into trades that are aimed at hedging the risk of the Transactions (the "**Hedging Trades**"). The Bank seeks to have access to a pool of Liquidity Providers that are able to enter into Hedging Trades, so that the Bank has the ability to hedge Transactions in the manner the Bank considers appropriate. **The Bank selects and trades with Liquidity Providers in its sole discretion.** As a general rule, however, the Bank seeks to maintain relationships with several Liquidity Providers for each (or each type of) Instrument. The Bank may however rely on different strategies to hedge trades on certain Instruments. **In certain circumstances, the Bank may enter into Hedging Trades with a single Liquidity Provider.**

5.2. **The Client is never the counterparty of Liquidity Providers** and only trades with the Bank. The Client is not entitled to receive any information regarding Hedging Trades (including whether the Bank has indeed entered into such Hedging Trades).

6. PRICE FORMATION

6.1. Since the Bank is the Client's counterparty, the prices at which Transactions are entered into are determined by the Bank. To set such prices, the Bank will assess various factors such as the market situation, available liquidity to the Bank to hedge itself and the risk inventory of the Bank. The result of the Bank's internal analysis is a core bid and ask spread for the relevant Instrument (the "**Core Spread**"). As a general policy, the Bank seeks to maintain a Core Spread that is (i) as competitive as possible and (ii) compatible with the Bank's approach to risk management. The Bank defines the Core Spread in its sole discretion and the Client is not entitled to any information regarding the Core Spread.

6.2. Once the Bank has identified the Core Spread, the Bank applies a mark-up to define the price at which it may agree to enter into Transactions. The Bank may apply different mark-ups to different categories of clients. To define the relevant categories of clients, the Bank may take into account (a) whether the relevant clients are private, professional or institutional clients, (b) the volume of Instruments that the clients trade or expect to trade, (c) the total assets held by the clients with the Bank, and (d) the trading activity of the clients (including whether the clients' trades have a low or higher impact on the market of the Instruments).

7. BINDING EFFECT, AMENDMENTS AND AVAILABILITY

7.1. When submitting an Order, the Client acknowledges and agrees that the Bank is entitled to process such Order in accordance with this Policy.

7.2. The Bank may amend this Policy at any time and without notice. The Client is responsible for reviewing this Policy, which is made available on the Bank's website, before submitting any Order.