

# Order Execution Policy

Iqoption Ltd. (hereinafter the “Company”) is required to establish and provide its Clients and potential Clients an Order Execution Policy (hereinafter called the “Policy”) and take all reasonable steps to obtain the best possible result (or “best execution”) on behalf of Clients.

This Policy forms part of the Company’s Terms&Conditions

By opening an IQOption trading account you acknowledge that the Financial Instruments offered by the Company are traded over the counter (OTC) and therefore consent to the fact that your orders will be executed outside a Regulated Exchange or Multilateral Trading Facility.

Where this Policy refers to Financial Instruments, it shall be taken to mean all the Company’s products (as these are listed below) collectively.

## **Scope of Application**

The Company provides the services of reception, transmission and execution of Clients’ orders in relation to the following Financial Instruments:

- Digital Option Contracts in stocks, commodities, indices and currency pairs;
- Contracts for Differences (CFDs) in stocks, stock options, commodities, ETFs and currency pairs.

It is up to the Company’s sole discretion to decide which types of Financial Instruments to make available.

It is understood that trades are placed with the Company via the online trading platform only and that the Company does not facilitate telephone orders or face-to-face trading i.e. all trading activity is 100% automated. The Company automatically records all orders and allocates them in sequential order ensuring their fair and prompt execution.

The Company publishes, through its Trading Platform, the live streaming prices at which the Financial Instruments offered can be traded, as these are received from execution venue.

All information relating to executed trades are immediately available on your platform, and your profit and loss for an associated closed trade is reflected in the balance of your trading account.

This Policy ensures compliance with the Company’s obligation to execute orders on terms most favourable to Clients.

## **Best Execution Factors & Criteria**

When receiving and transmitting Clients’ orders for execution to third parties, the Company takes into account the following “Execution Factors”, in order to obtain the best possible result for its Clients:



- Price
- Costs
- Speed and likelihood of execution and settlement
- Size and nature
- Market conditions and variations
- Any other consideration relevant to the execution of the order.

Price and costs will ordinarily be of high relative importance in obtaining best possible results.

However, in some circumstances, reference to the “Execution Criteria” may appropriately determine that Execution Factors have greater importance in achieving the best possible result for the Client. The Company shall determine the relative importance of the Execution Factors by taking into account the characteristics of the following Execution Criteria:

- The Client, including the categorisation of the Client
- The Client’s order
- The Financial Instruments that are the subject of that order, and
- The Execution Venues to which that order can be directed.

For retail clients, the best possible result shall be determined in terms of the total consideration, representing the price of the Financial Instrument and the costs related to execution, which shall include all expenses incurred by the Client which are directly related to the execution of the order and any other fees paid to third parties involved in the execution of the order.

### **Clients Trading in Digital Option Contracts**

**Price:** The Company will quote one price at which the Client can open an order. Prices for any given option are calculated by reference to the BID and ASK prices of the relevant underlying financial instrument and can be found on the Company’s trading platform.

Prices will be obtained from reputable third-party price feeders and provided by the Company’s Execution Venue (please see below). Prices are updated frequently as the limitations of technology and communication links allow.

The Company ensures that the Client will receive the best price by guaranteeing that the calculation of the quoted prices is made with reference and compared to a range of underlying price providers and data sources. The Company additionally ensures to monitor its Execution Venue(s) on an ongoing basis and review their performance at least annually to confirm that relevant and competitive pricing is offered.

Please note that despite taking reasonable steps to obtaining best possible results for Clients, the Company is unable to guarantee, when executing orders, that the prices offered will be more favourable than prices that might be available elsewhere.

Under certain trading conditions, the Client should note that it may be impossible to execute an Order at their requested price. In such cases the Company reserves the right to execute the Order at the first available price. Such instances may occur during times of high market volatility and price fluctuations e.g. when the price of an asset rises or falls in one trading session to such an extent that, under the rules of the relevant exchange, trading is suspended or restricted. The available prices provided by the Execution Venue are calculated as  $(ASK+BID)/2$  i.e. the average between the BID and ASK prices.



**Costs:** No commissions or financing fees are charged by the Company for Digital Option Contracts trading.

The Company reserves the right to, at any time, apply such charges in the future with prior notice to the Client. Such notice may be sent personally to the Client and/or posted on the Company's website here [General Fees](#). Should the Company at any period of time decide not to charge any costs, it shall not be construed as a waiver of its rights to apply them in the future.

**Speed of Execution:** The Company does not execute the Client orders as a principal to principal against the Client, i.e. the Company is not the Execution Venue for the execution of the Client's Order. The Company arranges for the execution of Client orders with the Execution Venue (see below).

The Company strives to offer a high speed of execution however, in certain circumstances, for example low internet speed or market volatility, the quoted price may no longer be representative of the underlying market price and may result in the Client placing his/her Order at a delay, this may result in orders being executed at a better or worse prevailing price offered by the Company.

**Likelihood of Execution:** The Company arranges for the execution of Client orders with the Execution Venue, as such, execution may at times be difficult. The likelihood of execution depends on the availability of the prices of the Execution Venue(s). In some instances, it may not be possible to arrange an Order for execution during abnormal market conditions. This can occur, but is not limited to, the following examples: overnight, during news times, the opening of trading sessions, volatile markets (where prices may move significantly up or down and away from declared prices), where there is rapid price movement, where there is insufficient liquidity for the execution of the specific volume at the declared price or a force majeure event has occurred.

In the event that the Company is unable to proceed with an Order in relation to price or size or any reason, the Order will be executed at the first available price or not executed at all. In addition, please note, that the Company is entitled, at any time and at its discretion, without giving any notice or explanation to the Client, to decline or refuse to transmit or arrange for the execution of any Order or request of the Client in circumstances explained in the Terms & Conditions.

The Company does not accept any orders outside of the market hours of the relevant underlying financial instrument.

**Likelihood of Settlement:** The Company shall proceed to the settlement of all transactions upon execution of such transactions. The Options offered by the Company do not involve the delivery of the underlying asset, so they are not settled physically as there would be for example if the Client had bought Shares. All Options are cash settled.

The Company shall proceed with the settlement of all transactions upon the execution and/or time of expiration of the specific transaction.

**Size of Order:** All orders are placed in monetary values. The Client is able to place an order as long as they have enough balance in their IQOption trading account. The minimum size of an Order may be different for each type of Option, please refer to the Company's trading platform for the value of the minimum size of an Order in each Option, as well as the value of the maximum size of a single Order.



If the Client wishes to execute a large Order, in some cases the price may become less favourable. The Company reserves the right to decline an Order in case the size of the Order is large and cannot be filled by the Company.

**Market Impact:** Some factors may rapidly affect the price of the underlying instrument/product from which the Company's quoted price is derived and may also affect other factors listed herein. The Company will take all reasonable steps to obtain the best possible result for its Clients.

The Company does not consider the above list exhaustive and the order in which the above factors are presented shall not be taken as priority factor.

**Different Types of Options:** The Company offers the following types of Options on its platform:

- **Digital:** Options with multiple strike prices
- **Binary:** Options with one strike price (current market price)

Further information can be found on the Company's trading platform.

**Types of Orders:** The Client may give instruction to execute or initiate a trade with the Company by way of a **Market Order** (trade request) whereby the Client gives instructions to immediately buy or sell at the best available price.

### **Clients Trading in CFDs**

**Price:** The price for a given contract is calculated by reference to the price of the relevant underlying financial instrument. For any given CFD, the Company will quote two prices: the higher price (ASK) at which the Client can buy (go long) that CFD, and the lower price (BID) at which the Client can sell (go short) that CFD. Collectively, the ASK and BID prices are referred to as the Company's prices and can be found on the Company's trading platform.

The difference between the lower and the higher price of a given CFD is the spread.

Prices will be obtained from reputable third-party price feeders and provided by the Company's Execution Venue (please see below). Prices are updated frequently as the limitations of technology and communication links allow.

The Company ensures that the Client will receive the best price by guaranteeing that the calculation of the quoted prices is made with reference and compared to a range of underlying price providers and data sources. The Company additionally ensures to monitor its Execution Venue(s) on an ongoing basis and review their performance at least annually to confirm that relevant and competitive pricing is offered.

Please note that despite taking reasonable steps to obtaining best possible results for Clients, the Company is unable to guarantee, when executing orders, that the prices offered will be more favourable than prices that might be available elsewhere.

Under certain trading conditions, the Client should note that it may be impossible to execute an Order at their requested price. In such cases the Company reserves the right to execute the Order at the first available price. Such instances may occur during times of high market volatility and price fluctuations e.g. when the



price of an asset rises or falls in one trading session to such an extent that, under the rules of the relevant exchange, trading is suspended or restricted.

**Costs:** In most circumstances, a spread is applied and no other charges or commissions are currently payable by Clients. The spread is dynamic for certain Financial Instruments, and may take into account factors such as liquidity in external markets for the underlying financial instrument and competitor pricing.

In certain circumstances (such as increased volatility or illiquidity in relation to the underlying market concerned) the Company reserves the right to alter the spreads offered.

The Company reserves the right to, at any time, apply such charges in the future with prior notice to the Client. Such notice may be sent personally to the Client and/or posted on the Company's website here [General Fees](#). Should the Company at any period of time decide not to charge any costs, it shall not be construed as a waiver of its rights to apply them in the future.

**Speed of Execution:** The Company does not execute the Client orders in CFDs as a principal to principal against the Client, i.e. the Company is not the Execution Venue for the execution of the Client's Order. The Company arranges for the execution of Client orders with the Execution Venue (see below).

The Company strives to offer a high speed of execution however, in certain circumstances, for example low internet speed or market volatility, the quoted price may no longer be representative of the underlying market price and may result in the Client placing his/her Order at a delay, this may result in orders being executed at a better or worse prevailing price offered by the Company.

**Likelihood of Execution:** The Company arranges for the execution of Client orders with the Execution Venue, as such, execution may at times be difficult. The likelihood of execution depends on the availability of the prices of the Execution Venue(s). In some instances, it may not be possible to arrange an Order for execution during abnormal market conditions. This can occur, but is not limited to, the following examples: overnight, during news times, the opening of trading sessions, volatile markets (where prices may move significantly up or down and away from declared prices), where there is rapid price movement, where there is insufficient liquidity for the execution of the specific volume at the declared price or a force majeure event has occurred.

In the event that the Company is unable to proceed with an Order in relation to price or size or any reason, the Order will be executed at the first available price or not executed at all. In addition, please note, that the Company is entitled, at any time and at its discretion, without giving any notice or explanation to the Client, to decline or refuse to transmit or arrange for the execution of any Order or request of the Client in circumstances explained in the Terms & Conditions.

The Company does not accept any orders outside of the market hours of the relevant underlying financial instrument.

**Likelihood of Settlement:** The Company shall proceed to the settlement of all transactions upon execution of such transactions. The CFDs offered by the Company do not involve the delivery of the underlying asset, so they are not settled physically as there would be for example if the Client had bought Shares. All CFDs are cash settled.

The Company shall proceed with the settlement of all transactions upon the execution and/or time of expiration of the specific transaction.



**Size of Order:** All orders are placed in monetary values. The Client is able to place an order as long as they have enough balance in their IQ Option trading account. The minimum size of an Order may be different for each type of CFD, please refer to the Company's trading platform for the value of the minimum size of an Order in each CFD, as well as the value of the maximum size of a single Order.

If the Client wishes to execute a large Order, in some cases the price may become less favourable. The Company reserves the right to decline an Order in case the size of the Order is large and cannot be filled by the Company.

**Market Impact:** Some factors may rapidly affect the price of the underlying instrument/product from which the Company's quoted price is derived and may also affect other factors listed herein. The Company will take all reasonable steps to obtain the best possible result for its Clients.

The Company does not consider the above list exhaustive and the order in which the above factors are presented shall not be taken as priority factor.

**Different Types of CFDs:** The Company offers the following types of CFDs on its platform:

- **“Classic” Options:** CFDs in stock options. Please note that the term “Classic” is a term used by the Company.
- **Forex:** CFDs in currency pairs (FX)
- **CFD Stocks**
- **“Crypto”:** CFDs in Cryptocurrencies

**Types of Orders:** The Client may give instruction to execute or initiate a trade with the Company by way of:

- **Market Order:** whereby the Client gives instructions to immediately buy or sell at the best available price.

### **Execution Practices in CFDs**

**Slippage:** You are warned that Slippage may occur when trading in CFDs. Slippage is the difference between the expected price of an Order, and the price the Order is actually executed at. In some situations, at the time an Order is presented for execution, the specific price shown to the Client may not be available; therefore, the Order will be executed close to or a number of pips away from the Client's requested price.

Slippage can occur at times of low liquidity or high volatility (e.g. after economic events or news announcements) and is a normal element of trading in CFDs.

**Leverage (Multiplier):** The use of the multiplier tool in CFD trading enables the client to trade in the markets and increase proportionally the returns of his/her invested amount, in relation to the returns in the market. However, the maximum loss a client can incur from a trade is limited to his/her original investment amount, meaning the remaining amount of his/her equity is secured. The Company applies a maximum multiplier of 1:1000 for all clients by default, in line with relevant legislation.

**E.g. for long positions.** A trader decides to invest **€1,000 (Investment Amount)** on the upwards movement of EUR/USD. He/she also chooses to use a multiplier of **50** for this trade. After one day, the trader decides to close the position. At that moment, the price of EUR/USD moved from **1.153250 (opening price)** to **1.158000 (closing price)** or otherwise **0.41188%**. The **realised profit** for the client will be **€205.94** or



otherwise 20.594%. To better understand the calculations, the invested capital increased by the percentage move in the market multiplied by the multiplier ( $0.41188\% \times 50 = 20.594\%$ )

**(Closing Price / Opening Price -1) x Multiplier x Investment Amount = Profit/Loss**

**i.e.  $(1.158000 / 1.153250 -1) \times 50 \times 1000 = 205.93973553$  or €205.94**

**for short positions:**

**i.e.  $(1 - \text{closing price} / \text{opening price}) \times \text{Multiplier} \times \text{Investment Amount} = \text{Profit/Loss}$**

Without the use of the multiplier tool the trader's profit would have been 4.1187947106 or €4.12

In the opposite scenario, if the market had moved against his/her position, the **realised losses** would have been larger with the use of the multiplier compared to a position opened without the use of it. To demonstrate with the same example, if the market had moved **1%** down from the **opening price of 1.153250**, because of the use of the multiplier tool, the invested capital will decrease by **50%** ( $1\% \times 50$ )

**i.e.  $1\% \times 50 \times 1000 = €500$**

Without the use of the multiplier tool the trader's losses would have been €10

If the trader had used a lower multiplier both the profit and loss amount in the examples above, would have been smaller as well.

**E.g.** Using a multiplier of 20, the realised profit in the first example would be  $(1.158000 / 1.153250 -1) \times 20 \times 1000 = 82.374$  or €82.40 and  $1\% \times 20 \times €1,000 = €200$  for the second example.

As it will be explained more in Maintenance Margin section the trader will never lose more than the investment amount of a position.

**Warning: Trading CFDs carries a high level of risk since the multiplier tool (leverage) can work both in your advantage and disadvantage. As a result, it may not be suitable for all investors because you may lose all your invested capital.**

**Maintenance Margin:** The Maintenance Margin is the minimum amount of equity in a position required to maintain the open position. Should this amount fall below 5% of the initial investment, the Company will automatically close the position.

**E.g.** Using the data from the previous example with €1,000 investment in EURUSD and using a multiplier of 50, the maintenance margin is calculated as  $5\% \times €1,000 = €50$ . Therefore, the **maximum loss** the trader can occur, before their position is closed by the Company is **95%** or €950 (If the trader has not already closed the position themselves).

The price when the position will be closed by the Company, and only if the trader hasn't decided to already close the position, is **1.131338**. At this price, the remaining amount of the investment will have reached the maintenance margin.

To better understand the calculations the **return in the market** when 95% of the investment amount will be lost is **1.9%** on the downside since the position is long the EURUSD



**maximum Loss / multiplier = return in market**

**i.e. 95% / 50 = 1.9%\***

For an opening price of **1.153250**, a 1.9% decline will cause the price to move to **1.131338**

**Opening Price x (1 – return in market) = price when position will be closed**

**i.e. 1.153250 x (1-1.9%) = 1.131338**

**\*** In majority of situations position will be automatically closed as soon as it declines by 95%. It can happen that the position will closed in a range between 95% and 100%, such situations can occur at times of low liquidity or high volatility (e.g. after economic events or news announcements) and is a normal element of trading in CFDs.

**In case of 100% loss calculations will be like this:**

**maximum Loss / multiplier = return in market**

**i.e. 100%/50 = 2%**

For an opening price of **1.153250**, a 2% decline will cause the price to move to **1.130185**

**Opening Price x (1 - return in market) = price when position will be closed**

**i.e. 1.153250 x (1-2%) = 1.130185**





The Company assigns the following importance level to the Best Execution Factors:

<b>Best Execution Factor</b>	<b>Level of Importance</b>
Price	High
Costs	High
Speed of Execution	High
Likelihood of Execution	High
Likelihood of Settlement	Medium
Size of Order	Medium
Market Impact	Medium

### **Execution Venues**

For the purposes of the provisions relating to best execution “Execution Venue” shall mean regulated market, market makers, liquidity providers or any other entity that facilitates trading of Financial Instruments. For the purpose of transmitting orders for execution, the Company acts as an agent on behalf of the Client. A list of intermediaries (third party brokers) used by the Company for the execution of client orders in respect to each class of Financial Instruments can be found below:

The Company reserves the right to use Execution Venues where it is deemed appropriate in accordance with the execution policy and may add or remove Execution Venues from the list.

The client acknowledges that the transactions entered in Financial Instruments with the Company are not undertaken on a recognised exchange.

### **Specific Client Instructions**

Where the client provides the Company with specific instructions as to the execution of an Order, the Company shall execute the Order in accordance with that specific instruction, and will proceed in taking all reasonable steps to obtain the best possible result. It should be noted that specific instructions may prevent the Company from following this Policy.

Where the client’s instruction relates to only part of the Order, the Company will continue to apply its Order Execution Policy to those aspects of the Order not covered by the specific instruction.

### **Trading Hours**

Details of the opening times in relation to particular Financial Instruments are available through the Trading Platform.

### **Reception and Transmission of Orders**

Subject to any specific instructions from the Client (as per above paragraph), the Company may transmit an order it receives from the Client to an associated entity, such as a third-party broker, for execution. In doing



so, the Company shall act in the Client's best interests and will comply with 'Best Execution Factors and Criteria' above.

The Company will review periodically its choice of third party brokers to ensure that the third-party broker has execution arrangements and execution policy that enable the Company to comply with all its best execution requirements. A complete list of third party brokers can be provided to the client, upon request.

### **Monitor and Review**

The Company will monitor on a regular basis the effectiveness of this Policy and the execution quality of the procedures explained in this Policy, making any changes where appropriate and ensuring its compliance with all applicable regulatory requirements.

As part of the monitoring process, the Company will consider the following:

- **Execution Venue:** The Company ensures the ongoing review of its execution venue in order to demonstrate, among other factors, that the venue is a solvent company with sufficient business capital adequacy. Review of the execution venues performance is made at least annually.
- **Reconciliation of trades:** As the Company receipts and transmits order to its execution venue, it is the responsibility of the Company to ensure that these orders are executed in line with this Policy. The Company monitors all best execution factors via numerous internal controls and processes.
- **Price:** The Company has established sound arrangements, controls and procedures in relation to price feed monitoring by cross checking the priced offered to its Clients with the prices offered by the feed providers and reliant market data sources. Any price deviations are further investigated.

In addition, the Company will review this Policy at least once a year and will notify its clients of any material changes (including changes to the selected Execution Venues and third-party brokers). Upon request, the Company will demonstrate to its clients that it has executed their orders in accordance with its Order Execution Policy.

### **Client Consent**

When establishing a business relation with the client, the Company is required to obtain the client's prior consent to this policy.

The client shall be deemed to have provided such consent to the Order Execution Policy, as in force from time to time, by accepting the Agreement or by effecting a transaction following the receipt of the notice of any amendment of the Order Execution Policy.