

# ORDER EXECUTION POLICY

---

May 2023

Version 2

# Table of Content

---

1. INTRODUCTION .....	3
2. SCOPE .....	3
3. PLACEMENT AND CANCELATION OF ORDERS AND TRADING HOURS .....	4
4. BEST EXECUTION FACTORS AND CRITERIA .....	4
5. EXECUTION VENUES .....	6
5.1 APPROVED EXECUTION VENUES .....	6
5.2 DERIVATIVES' TRADING VENUES .....	6
6. SELECTING AN EXECUTION VENUE .....	7
7. SPECIFIC CLIENT INTRODUCTIONS .....	7
8. RECEPTION AND TRANSMISSION OF ORDERS .....	8
9. CLIENT ORDER HANDLING .....	8
10. ORDER AGGREGATION .....	8
11. ORDER MANAGEMENT .....	9
12. SLIPPAGE .....	9
13. PRODUCT INTERVENTION MEASURES THAT AFFECT ORDER EXECUTION ARRANGEMENTS .....	10
14. MONITOR AND REVIEW .....	11
15. CLIENT CONSENT .....	11
16. PUBLICATION OBLIGATIONS .....	12
17. REQUEST TO DEMONSTRATE BEST EXECUTION .....	12
18. ADDITIONAL INFORMATION REGARDING THE POLICY .....	12
19. NOTIFICATION FOR CHANGES IN THE POLICY .....	13
20. ANNEX I: RELATIVE IMPORTANCE OF BEST EXECUTION FACTORS .....	13

## 1. INTRODUCTION

---

Following the instructions by The Republican State Institution “Agency for Regulation and Development of the Financial Market of The Republic of Kazakhstan, ECG Brokers (the “Company”) is required to establish an Order Execution Policy (the “Policy”) and take all reasonable steps to obtain the best possible result (“Best Execution”) on behalf of its clients.

The Policy describes the way that the Company will achieve the best possible results for its clients by taking into consideration the provisions of the Financial Market of The Republic of Kazakhstan and onward amendments including information that must be provided to clients and potential clients in relation to the execution criteria and factors considered when trying to obtain best possible results on a consistent basis.

## 2. SCOPE

---

The Policy applies to both retail and professional clients, when providing the investment services of:

- a) Reception and transmission of orders.

In relation to:

- a) Transferable securities,
- b) Money-market instruments, and
- c) Financial contracts for differences (“CFDs”).

Moreover, the Policy is limited when the Company receives specific client instructions, as provided in section 8 of this Policy.

### 3. PLACEMENT AND CANCELLATION OF ORDERS AND TRADING HOURS

---

- i. Sell Limit – sell provided the future "bid" price is equal to the pre-defined value. The current price level is lower than the value of the placed order. Orders of this type are usually placed in anticipation of that the price of the CFD, having increased to a certain level, will fall,
- ii. Sell Stop – sell provided the future "bid" price is equal to the pre-defined value. The current price level is higher than the value of the placed order. Orders of this type are usually placed in anticipation of that the price of the CFD, having reached a certain level, will keep on falling.
  - a. Stop loss – used for minimizing losses if the CFD price has started to move in an unprofitable direction. If the CFD price reaches the stop loss/limit loss level, the whole position will be closed automatically, thus eliminating the incurrance of additional losses. Such Orders are always connected to an open position or a pending Order. They can be requested only together with a market or a pending order. This type of order is always set below the current price for long positions), and below the opening price for short positions,
  - b. Take profit – an order intended for taking the profit when the CFD price has reached a certain level. Execution of this order results in complete closing of the whole position. The order can be requested only together with an open market or a pending order and it is also executed at stated prices. This type of order is set above the current price in case of long positions and below the opening price in case of short positions.

### 4. BEST EXECUTION FACTORS & CRITERIA

---

When receiving and transmitting clients' orders to third parties ("receiving firms") for execution or when executing clients' orders, the Company takes into account multiple Execution Factors, in order to obtain the best possible result for its clients, such as:

- Price,
- Likelihood of execution and settlement,
- Size of order,
- Costs (direct or indirect),

- Speed of execution,
- Nature of the order,
- Any other considerations relevant to the execution of an order (e.g., prevailing market conditions).

The Company determines the relative importance of the aforementioned Execution Factors by taking into account the characteristics of the following Execution Criteria:

- The client, including the categorization of the client as retail or professional,
- 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.

The process by which the Company performs this assessment depends on the specifics of each case. The Company's execution obligations will be discharged in a manner that considers the different circumstances associated with the execution of the order as they relate to the financial instruments involved.

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 other Execution Factors have greater importance in achieving the best possible result for the client.

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, including Execution Venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. The relative importance of the execution factors considered by the Company to obtain the best possible result for its clients are depicted in Annex 1 of the Policy.

## 5. EXECUTION VENUES

---

“Execution Venues” are the locations (with or without a physical presence) such as Regulated Markets, Multilateral Trading Facilities, Organized Trading Facilities, Systematic Internalisers, Market Makers, Liquidity Providers or any other entity that facilitates trading of Financial Instruments.

For the purpose of execution of client orders, the Company acts as an agent on behalf of the Client. A list of the Execution Venues and 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:

### 5.1 Approved Execution Venues:

The factors relevant to the Company for selecting Execution Venues include the following:

- Soundness of intermediary,
- Reputation, financial strength and stability,
- Access to primary and/or secondary markets,
- Ongoing reliability,
- Overall costs of a trade including commissions, mark-ups, markdowns or spreads,
- Electronic connectivity, and
- Willingness to execute difficult transactions.

In addition, the following conditions must be met before Execution Venues can be approved:

- Licensed, as required, to execute the type of transaction, and
- Supervision by national authorities.

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

### 5.2 Derivatives' Trading Venues:

All transactions in CFDs are undertaken over the counter (OTC) and NOT on a regulated exchange. As a result, such transactions may expose the Client to greater risks than transactions executed on regulated markets.

## 6. SELECTING AN EXECUTION VENUE

---

Subject to proper consideration of the Execution Criteria and Execution Factors referred to above, where there is more than one competing Execution Venue to execute an order for a financial instrument, the Company shall assess and compare the results for the client that would be achieved by executing the order on each of the Execution Venues.

The Company will transmit orders to those execution venues that it deems sufficient to provide the best possible result based on comparable venue information. Subject to any specific instructions, in meeting the best execution obligation to take all sufficient steps to obtain on a consistent basis the best possible result for the execution, the Company considers the following execution venues as appropriate:

- Regulated Markets (“RM”),
- Multilateral Trading Facilities (“MTF”),
- Organized Trading Facilities (“OTF”),
- Systematic Internalisers (“SI”),
- An entity which performs a similar function in a third country to the functions performed by any of the foregoing outside the EEA which are regulated according to their local rules.

## 7. SPECIFIC CLIENT INTRODUCTIONS

---

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

When the Company executes an order following specific instructions from the client, it should be treated as having satisfied its best execution obligations only in respect of the part or aspect of the order to which the client instructions relate. The fact that the client has given specific instructions which cover one part or aspect of the order should not be treated as releasing the Company from its best execution obligations in respect of any other parts or aspects of the client order that are not covered by such instructions.

The Company will not induce a client to instruct it to execute an order in a particular way, by expressly indicating or implicitly suggesting the content of the instruction to the client.

## 8. RECEPTION AND TRANSMISSIONS OF ORDERS

---

Subject to any specific instructions from the client (as per paragraph 6), the Company will 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 section 5 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.

The obligation to provide best execution applies to all types of financial instruments captured. Therefore, the Company will require from third-party brokers to demonstrate that they are providing with best execution on a consistent basis in line with the Policy.

## 9. CLIENT ORDER HANDLING

---

All client orders will be executed promptly and accurately recorded and allocated. The Company will inform retail clients about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.

Where comparable orders are received, they will be processed sequentially, unless a specific client seeks to be treated otherwise. The Company will disclose any inducements and fees related to the use of execution venues to clients.

## 10. ORDER AGGREGATION

---

To carry out a client order in aggregation with either another client order or in aggregation with a transaction for the Company's own account, the Company will ensure the following requirements are met:

- a) The client has been made aware that aggregation may, in some cases, result in obtaining a less favourable price than if the order were executed separately,
- b) The Company, in its sole discretion and under prevailing market conditions, does reasonably believe that such action is likely to be within the client's best interests and the Company is able to demonstrate this,



- c) The decision to aggregate and, if necessary, reallocate will be made in accordance with any client instructions, having regard to price and volume and allocated accordingly,
- d) In the case where the Company is given a proportionate or pro-rated allocation, it will be able to demonstrate that it could not otherwise have executed the order on such favourable terms or at all, without its own participation.

Where the Company aggregates an order with one or more other client orders and the aggregated order is partially executed, it shall allocate the related trades in accordance with its order allocation policy.

## 11. ORDER MANAGEMENT

---

The Company ensures that, at all times, client orders are handled equitably and to client's best advantage. Client orders are executed in a prompt and equitable manner, taking into account the nature of the order. Other similar orders may be processed or executed sequentially in parity with the time of receipt and may be aggregated or pro-rated accordingly, unless the characteristics of the order or prevailing market conditions make this impracticable or the client, require otherwise. The Company undertakes to manage all client orders in accordance with the following principles:

- Order execution shall be prompt, fair and expeditious and processed sequentially,
- Aggregation of comparable orders shall be undertaken to the client's best interests,
- Allocation or reallocation shall be equitable and seek to protect from client detriment.

## 12. SLIPPAGE

---

At the time an order is presented for execution, the specific price requested by the client may not be available and therefore the order will be executed close to or a number of pips away from the client's requested price. If the execution price is better than the price requested by the client this is referred to as 'positive slippage'. In contrast, if the execution price is worse than the price requested by the client this is referred to as 'negative slippage'. Slippage is a regular feature of the markets under conditions such as illiquidity and volatility.

### 13. PRODUCT INTERVENTION MEASURES THAT AFFECT ORDER EXECUTION ARRANGEMENTS

---

Pursuant to the provisions of The Republican State Institution “Agency for Regulation and Development of the Financial Market of The Republic of Kazakhstan, when distributing/selling CFDs to retail clients the Company shall ensure that:

a) The leverage limits on the opening of a position by a retail client will vary from 30:1 to 2:1, according to the volatility of the underlying as follows:

- 0:1 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.

For professional clients the maximum leverage limits, irrespective of the underlying, is set at 50:1.

b) Negative balance protection is provided on a per account basis, to ensure that a retail client can never lose more than the total sum invested. The client will have no residual loss or obligation to provide additional funds beyond those in his account.

Negative balance protection is NOT provided to professional clients.

c) Provision of margin close-out, when the retail client’s funds fall to 50% of the margin needed to maintain their open positions on their CFD account.

For Professional clients, the margin close-out rule is set to 90%, however, in order to exceed 75% approval must be received by the CEO and the Risk Manager.

## 14. MONITOR AND REVIEW

---

The Company will monitor on a regular basis and the effectiveness of this Policy and the execution quality of the procedures explained in this Policy, making any changes where appropriate.

The Company will also be able to demonstrate to clients, at their request, that we have executed their orders in accordance with this Policy.

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). Upon request, the Company will demonstrate to its clients that it has executed their orders in accordance with its Order Execution Policy.

Since the transactions are executed outside of the trading venue (i.e., OTC), the Company will monitor and check the fairness of the price by collecting market data used in the estimation of the price of such products, and in cases that is possible, compare with comparable or similar products. The determination of the relevancy of any similar products or markets will be solely at the Company's discretion, when assessing and monitoring the fairness of price and may choose different markets for different products or circumstances.

## 15. 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 Company is also required to obtain the Client's prior express consent before it transmits its order for execution outside a trading venue.

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

## 16. PUBLICATION OBLIGATIONS

---

The Company will summarize and make public on an annual basis, for each class of financial instruments, the top five execution venues in terms of trading volumes where they execute orders in the preceding year and information on the quantity of execution obtained. The publication must be in line with the provisions of the The Republican State Institution “Agency for Regulation and Development of the Financial Market of The Republic of Kazakhstan and includes among others:

- a) Information on the class of financial instrument,
- b) Venue name and identifier, and
- c) Volume of client orders executed on that execution venue expressed as a percentage of total executed volume.

## 17. REQUEST TO DEMONSTRATE BEST EXECUTION

---

Upon reasonable request from a client, and provided that the order was subject to the requirements of this Policy, the Company will demonstrate to the client that it has been executed its order in accordance with this Policy.

In the absence of evidence, the records of the Company will constitute conclusive evidence to the actions taken by the Company to obtain best execution on behalf of its clients. The Company keeps records in relation to the best execution requirements, including records of its trading activities and versions of this Policy, for a period of five years.

## 18. ADDITIONAL INFORMATION REGARDING THE POLICY

---

In case that a retail client requests additional information about the Policy, and the request is reasonable and proportionate, the Company will consider honouring such a request, especially where such information is requested to enable the client to make a properly informed decision about whether to utilize (or continue utilizing) the services of the Company.

## 19. NOTIFICATION FOR CHANGES IN THE POLICY

The Company will notify its clients of any amendments of the Policy. A change is considered as material when its disclosure/publication is necessary to enable the client to make a properly informed decision about whether to continue utilizing the services to the Company.

Specifically, the Company will consider the materiality of any amendment it makes to the relative importance of the execution factors or the execution venues that it places significant reliance in meeting the comprehensive best execution requirement.

## 20. ANNEX 1: RELATIVE IMPORTANCE OF BEST EXECUTION FACTORS

### Complex Instruments

Retail Clients		Professional Clients	
Execution factors*	Importance	Execution factors*	Importance
Price	1	Price	1
Likelihood of execution and settlement	1	Likelihood of execution and settlement	4
Size of order	5	Size of order	5
Costs	3	Costs	3
Speed of execution	2	Speed of execution	2
Nature of Order	6	Nature of order	6
Any other consideration relavent to the execution	7	Any other consideration relevant to the execution	7

*\*1 is the most important factor and 7 the least important one.*