

FXNET LIMITED

Regulated by the Cyprus Securities & Exchange Commission

Execution Quality Summary Statement

Execution of Orders on CFDs during 2021

January 2022

The Website of NessFx is owned and operated by FXNET Limited; a Cypriot Investment Firm, authorized and regulated by CySEC under license No. 182.12

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1. Introduction

- 1.1 The Website of NessFx is owned and operated by FXNET LIMITED.
- 1.2 FXNET LTD (hereinafter, the "Company") is an Investment Firm incorporated and registered under the laws of the Republic of Cyprus, with registration number HE300624. The Company is authorized and regulated by the Cyprus Securities and Exchange Commission (hereafter the "CySEC") under the license number 182/12.
- 1.3 This is the Execution Quality Summary Statement (hereinafter, the "Statement") of the Company, with the application of the Investment Services and Activities and Regulated Markets Law of 2017, pursuant to the requirement of disclosure of such information under Regulation EU 2017/576 supplementing MiFID II. MiFID II is the European Parliament and Council's Directive 2014/65/EC.
- 1.4 The Company is required to inform all its Retail and Professional Clients about all sufficient steps taken to obtain the best possible result for its Clients ("best execution") either when executing Client orders or receiving orders for execution in relation to financial instruments. This Statement is a summary of those sufficient steps taken by the Company in addition to those referred in the *Order Execution Policy* of the Company, as well as analysis and conclusions derived by the monitoring undertaken with respect to Clients orders' execution on the execution venues utilized by the Company within 2021.
- 1.5 This Statement provides information on the Order Execution Policy. If you have any questions about this Statement or the Order Execution Policy, please contact us at backoffice@nessfx.com.

2. Application

- 2.1 This Policy applies to Retail and Professional Clients of the Company.
- 2.2 In the case of Retail Clients, in applying the best execution in the normal course of business, we determine the best possible result in terms of total consideration. Total consideration is the price of the financial instrument concerned and the costs payable by the retail Client as a result of execution. These costs include all expenses incurred that are directly related to the execution of the order (such as execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order). These costs do not include our own commission, spread or margin. We may take the other execution factors into account where they are instrumental in delivering the best possible result (in terms of total consideration) for the retail Client.
- 2.3 In the case of Professional Clients, in applying the overarching principle in the normal course of business, price merits a high relative importance. In considering price, we also consider the steps that we may reasonably take to minimize the market impact of execution. The application of the best execution is subject to prevailing market conditions and our understanding of the professional Client's preferences. Therefore, there may be circumstances in which we conclude that other execution factors are as important, or more important, than price in applying the best execution.
- 2.4 The application of the best execution is neither a guarantee that the best price will be obtained nor a guarantee that the transaction will be executed in full.

3. Relative Importance of Execution Factors During 2021

3.1 For the assessment of execution of Clients' Orders, the Company takes into consideration the following factors:

a. Price

For specific Financial Instruments the Company will quote two prices: the higher price (ASK) at which the Client can buy (go long) that Financial Instruments, and the lower price (BID) at which the Client can sell (go short) it. Collectively, the ASK and BID prices are referred to as the Company's price. The difference between the lower and the higher price of a given Financial Instrument is the Spread. Orders such as Buy Limit, Buy Stop and Stop Loss, Take Profit for open Short Position are executed at ASK price. Such orders as Sell Limit, Sell Stop and Stop Loss, Take Profit for opened Long Position are executed at BID price. The Company's price for a given CFD is calculated by reference to the price of the relevant Financial Instrument, which the Company obtains from third party external reference sources plus, the Company's mark-up and/or Spread.

The Company acting in the Client's best interest, obtains from such third-party external reference sources, the best price for all Underlying Assets other than Virtual Currencies and the average aggregated price plus mark-up and/or Spread for Virtual Currencies. The Company's prices can be found on the Company's Website and/or the Platform. The Company updates its prices as frequently as the limitations of technology and communication links allow. The Company reviews its third-party external reference sources from time to time to ensure that the data obtained continues to remain competitive. The Company will not quote any price outside the market's operations time therefore no orders can be placed by the Client 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 certain trading conditions it may be impossible to execute orders (Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limited or Sell Stop) at the Client's requested price. In this case, the Company has the right to execute the order at the first available price. This may occur, for example, at times of rapid price fluctuations if the price rises or falls in one trading session to such an extent that, under the rules of the relevant exchange, trading is suspended or restricted, or this may 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 Financial Instruments, is specified on the Platform.

b. Cost

For opening a position in some types of Financial Instruments, the Client may be required to pay commission or financing fees, the amount of which is disclosed on the Company's Website and/or the Platform. Commissions may be charged either in the form of a percentage of the overall value of the trader or as fixed amounts. In the case of financing fees, the value of opened positions in some types of Financial Instruments is increased or reduced by a daily financing fee "swap rate" throughout the life of the contract. Financing fees are based on prevailing market interest rates, which may vary over time. Details of daily financing fees applied are available on the Company's Website and/or the Platform. The final transaction costs charged to the Client can be found on the Company's Website and/or the Platform.

The Spreads for the list of Financial Instruments can be found on the Company's Website and/or the Platform.

It is also noted that Client Trading Account may be charged with additional fees such as inactivity fee, found [here](#).

Should the Company at any period of time decide not to charge such costs, it shall not be construed as a waiver of its rights to apply them in the future, with prior notice to the Client.

c. Speed of Execution

The Company places a significant importance on the speed of execution when executing Client's Orders and strives to offer high speed of execution within the limitations of technology and communication links.

It is clarified that when the Company receives and transmits a Client Order for execution to a third party (another Execution Venue) and does not execute the order towards the Client as principal to principal, execution will also depend on that third party.

d. Likelihood of Execution

The likelihood of execution depends on the availability of prices of other market/makers/financial institutions. In some case it may not be possible to arrange an order for execution, for example but not limited in the following cases: during news times, trading session start moments, during 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 of a specific Financial Instrument at the declared price, or if a Force Majeure Event has occurred. In the event that the Company is unable to proceed with an order with regard to price or size or other reason, the order will not be executed. In addition, 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 or Instruction of the Client in circumstances explained in the Client Agreement. In addition, when the Company transmits orders for execution to another third party, the likelihood of execution depends on the availability of prices by such other third party.

e. Likelihood of Settlement

The CFDs offered by the Company do not involve the delivery of the Underlying Asset, so there is no settlement as there would be for example if the Client had bought securities.

f. Size of Order

The actual minimum size of an order may be different for each type of Client Trading Account. A Lot is a unit measuring the transaction amount and it is difference for each type of Financial Instrument. Please refer to the Platform for 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 Client Agreement entered with the Client. Please refer to the Platform for the value of the maximum volume of a single Transaction

g. Market Impact

Some factors may rapidly affect the price of the underlying instruments/products 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. Nevertheless, whenever there is a specific instruction from the Client, the Company shall make sure that the Client's order shall be executed following the specific instruction.

3.2 You may refer to the [Order Execution Policy](#) (Best Execution) of the Company for further details on the above.

4. Execution Venues Used by the Company

4.1 The Company during 2021 cooperated and routed orders to the execution venue(s) listed below:

No	Name of the Execution Venue	Country of Origin	Commencement date of routing orders for execution	End Date in the event of termination
1.	Swissquote	Switzerland	04/05/2017	25/06/2021
2.	Velocity	United Kingdom	07/12/2017	N/A
3.	FXNET LIMITED*	Republic of Cyprus	10/07/2019	N/A

*FXNET LIMITED has been included in the list as an Execution Venue as it follows a hybrid model (STP and Market Maker).

4.2 In selecting an execution venue for the execution of a transaction, the Company takes into account the following in respect of the venue concerned:

- a. price
- b. cost of execution
- c. liquidity available for the financial instruments concerned
- d. speed of execution
- e. reliability of the venue
- f. continuity of trading
- g. creditworthiness – good standing of the venue
- h. quality of any related clearing and settlement facilities, and
- i. such other factors as we consider relevant to the application of the overarching principle.

4.3 The Company under no circumstances discriminates unfairly between execution venues.

4.4 The Company during the year under review, evaluated the pricing of various execution venues and it considers that the pricing provided through the utilized execution venues throughout 2021 as competitive and in accordance with the best interest of its clients.

5. Conflicts of Interest

5.1 The Company does not maintain any such close links with its execution venues.

5.2 The Company implements and has in place sufficient measures to mitigate such conflicts. For additional information please refer to the “Conflicts of Interest Policy” disclosed in the Company’s website ([here](#)).

6. Payments or non-monetary benefits between the Company and its Execution Venues

6.1 The Company adds a mark-up on the spread of the underlying CFD as received from its execution venues prior to offer it to its Clients.

6.2 The quoted price includes any spread and/or margin above the price at which the Company may be able to transact in the market. We may take into account a number of factors in quoting a price, including the following:

- the risk that the Company assumes under the transaction
- operational costs

- counterparty, capital, and funding related costs
 - fees and costs that arise during the execution and lifetime of the transaction
 - the level of service provided to the Client
 - other factors specific to the Client, and
 - any pre-agreed fee/spread charges.
- 6.3 The relative contribution of each of these factors may vary from transaction to transaction. It is the responsibility of the Client to determine whether or not to accept the quoted all-in price.

7. Ongoing Monitoring

- 7.1 The Company monitors the arrangements described in this Statement in order to identify any deficiencies and to assess whether we need to make any changes. This monitoring includes the monitoring of the performance of connected parties and other third parties to whom we may engage in the future to transmit Client orders to.
- 7.2 The Company monitors on an ongoing basis its execution arrangements by checking the orders executed and evaluates them taking into consideration the below:
- Price updates
 - Latency (speed of execution – time from reception to execution)
 - Market depth of its venues with respect to all CFDs offered
 - Price freezing or halts
 - Spreads widening
 - Any possibility of wrongly matched orders
 - Technology – connectivity of platforms with the execution venues
 - Comparison of pricing (for the quotes provided pre-execution and the price obtained post execution) with independent price data providers.
 - Slippage monitoring (where occurs to be balanced and reasonably justified)
- 7.3 The Company's Reception and Transmission Department is monitoring the above in coordination with the IT Department and reports to the Senior Management of the Company at least on a weekly basis.
- 7.4 Finally, the above monitoring procedure is under the review of the Control functions of the Company, namely the Compliance and Internal Audit functions which report directly to the Board of Directors of the Company their findings and recommendations on an annual basis at least.