

# Order Execution Policy

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## Overview

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HYCM Ltd. ("HYCM", "The Company", "The firm", "we" or "us"), is authorised and regulated by the Cayman Islands Monetary Authority with license number 1442313..

Contracts for Difference (CFDs) are complex products and may be difficult for the majority of retail investors to understand the risks involved.

The Financial Instruments provided by HYCM are CFDs. It is HYCM's sole discretion to decide which types of Financial Instruments to make available and to publish to its platforms the prices at which these can be traded by its clients. These prices, available through its trading platform, via the provision of live streaming prices received from third party liquidity providers.

HYCM is always the counterparty (or principal) to every trade by offering these products directly to you; therefore, if the Client decides to open a Transaction with the HYCM, then that position can only be closed with the HYCM.

### Execution Model

We deal with you as *riskless principal*. We are therefore your only "execution venue". In dealing with us, you transact directly with us and not on any exchange or other external market or venue. Any Trades with us are non-transferable. If you create an Open Position with us you must close it with us.

### Consent

By entering into an Agreement with HYCM for the provision of our services, the Client agrees to the terms of this Best Execution Policy therefore we consider that the client is consenting to the application of this policy on him. In addition, a clear and prominent warning is disclosed to HYCM's clients (within the Customer Agreement) that any specific instruction from a client may prevent us from taking the steps that is has designed and implemented in its execution policy for obtaining the best possible result for the execution of those orders in respect to the elements covered by those instructions.

### Specific Instructions

In circumstances where the client provides HYCM with a specific instruction as to how to execute an order and HYCM has accepted this instruction, then HYCM will execute the order in accordance with that specific instruction. It is noted that specific instructions may prevent HYCM from taking the steps that it has designed and implemented in this Policy to obtain the best possible result for the execution of that particular order in respect of the elements covered by those instructions

### Execution Venue

Execution Venues are the entities to which the orders are placed or to which the Company transmits orders for execution. The Company is the sole Execution Venue for the execution of Clients' Orders. Acting as *riskless principal*, upon receipt of an order, HYCM opens an exactly identical order on its name with its hedging counterparty, per order received or accumulatively. (i.e. enters into back to back trades). HYCM is allowed to suspend and or close a client's account with or without pre-notice in its sole discretion (or due to risk management)

The Client acknowledges and consents that the transactions entered in Financial Instruments with Company's Execution Venue (trading platform) are considered to be over the counter (OTC) and as such they may expose the Client to greater risks than regulated exchange transactions.

### Losses

If losses occur at the initial outset of speculative activity, it is possible that higher risks may have to be taken in order to recover the initial capital outlay. Higher risks could ultimately translate to higher losses. The probability of such a large price movement is lower than the probability of a smaller price movement, however. The more often trades with a reduced chance of profiting are entered into, the smaller the total probability of being profitable becomes. You have to pay to HYCM all losses sustained as well as all other amounts payable under the Customer Agreement such as interest. Or storage fees If clients decide to engage in CFD or spot forex trading, they must accept this degree of risk.

### Appropriateness

Subject to our obligation to assess the appropriateness of the Trading Platform for your circumstances, any decision whether or not to open an account, and whether or not you understand the risks is yours.

### Seeking Expert Advice

Please note that further risks exist but are not listed here due to the impossibility of covering every conceivable risk. You should in any case seek expert advice before commencing trading with us.

### Underlying Instruments

Price fluctuations of the underlying CFD instruments may be so significant within short time intervals that clients may be unable to have time to deposit additional funds for the purpose of posting a margin call and the CFD Transaction will have to be forcibly liquidated. Additionally, a client's risk of loss cannot be limited by stop-loss orders as HYCM is only obliged to execute this type of order at the "next available" price of the underlying CFD.

## **Historic price performance movement does not guarantee future price performance**

The historical movement of prices does not give a reliable indication of the movement of prices in the future. Past performance is no indication of future performance and you should understand that market trends can vary significantly over time.

## **Not a Long-term investment**

Open Transactions attract fees that are charged to the clients either determined as a fixed fee or calculated as a percentage mark-up. These costs also increase the threshold beyond which clients may make a profit from their original investment. Therefore, CFD products are not suitable as a long-term investment.

## **Requotes**

In fast-moving markets normally after an 'instant order' has been submitted; the client must agree to this quote before the order is executed. A secondary quote or a requote is provided to the client after an 'instant order' has been submitted and the market price has moved, these features allow clients the opportunity to decide whether they are willing to accept the new price.

## **Slippage**

At times of high volatility or dependent on the volume of your trade/s, your trades will then be executed at the next best price subject to possible slippage. Stop / Limit orders may also be affected by this. 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'. Please be advised that 'slippage' is a normal market practise and a regular feature of CFD trading.

## **Limit Orders:**

This is an order to buy or sell once the market reaches the 'limit price'. Once the market reaches the 'limit price' the order is triggered and executed at the 'limit price' or better.

## **Take Profit:**

This is an order to secure profits. Once the market reaches the 'take profit price', the order is triggered and treated as a 'limit order'. If the 'take profit' is not triggered it shall remain in the system until a later date.

## **Pending Order Modification/Cancellation:**

An order can be modified by the client if the market did not reach the price level specified by the client and the order was not cancelled in the meantime.

## **Stop Loss Order**

An Order to close out or, as the case may be, to open a position if the market price reaches a specified price, which may represent a loss or a profit on the relevant Transaction.

## **Trailing Stop**

A Stop Loss Order which is always attached to an open position and which automatically moves once profit in points becomes equal to or higher than the specified level for that Trailing Stop and which will continue to move automatically with each subsequent price movement only if that price movement is profitable. For the avoidance of doubt, as Trailing Stop works only in the client terminal, not in the server like a Stop Loss Order, it will not work when the Terminal is not connected, and may not work as intended during extreme volatility of underlying prices.

## **Dividend**

A dividend adjustment is applicable if an ex-dividend date occurs for an underlying security with respect to which you have an open CFD. If you have any open long positions, a dividend adjustment will be credited to the Account subject to a service charge of 10% (ten per cent). If you have an open short position, the dividend adjustment will be debited in full from the Account. The dividend adjustment will be made gross, with no adjustment for tax. The responsibility for any tax payable with respect to any such payment is yours.

## **Corporate actions**

If the stock underlying an open position in CFD is subject to any other corporate action (for example; bonus issue, reclassification, subdivision, consolidation, free distribution, scrip or rights issue or similar event) we may upon providing notice to you, close out any such open CFD positions. In addition, where a takeover offer is made or a change in the composition of the offering of the CFD is required in respect of a company in whose shares you hold an open CFD we may upon Notice to you close out any such open CFD positions. The price at which we close out any such position will be at such price as we establish in good faith in our absolute discretion. Where a company for whose shares you hold an open CFD becomes subject to an insolvency or analogous event or trading in its shares is suspended for any reason, we will endeavour to reach agreement with you on a closing date and a closing price for the relevant Transaction. In the absence of any such

agreement, then that Transaction shall remain open until such time as the shares of the company in question resume trading or the company becomes insolvent or is otherwise dissolved. In each such case, in the absence of agreement between us, we shall establish the closing level date and price for any open Transaction acting in good faith.

## Best execution

All Transactions are entered into by the Client at his/her sole responsibility, risk and expense and subject to the terms and conditions set out in the client. In any transaction for or with a client, HYCM shall use reasonable diligence to ascertain the best outcome for the client in which to buy and/or sell so that the resultant price to the client is as favourable as possible under prevailing market conditions. Among the factors that will be considered in determining whether HYCM has used reasonable diligence are:

- the prevailing market conditions (e.g., price, volatility, and relative liquidity);
- the size and type of transaction;
- accessibility of the quotation; and
- the terms and conditions of the order (i.e. the speed in which the transaction has been communicated to HYCM)

### i. Price

The prices shown on the Trading Platform and at which customers can enter into Transactions are the prices derived from the sources referred to in Clause. These prices will not be identical to those quoted by or available from any individual information provider or other data source.

### ii. Cost

Transaction costs are an important factor, which not only influence the profit or loss of every single transaction but also reduce the overall likelihood of achieving profitability. These costs include the initial spread, commissions where applicable, currency conversion costs, and rollover costs.

### Spread

HYCM offers Fixed, Variable and Raw Spread accounts.

Fixed Spread tends to remain unchanged. The spread you are offered is the spread you pay. However, HYCM reserves the right to alter fixed spreads to higher fixed spread value in order to reflect the market volatility in the specific market and in accordance to products' liquidity conditions.

A variable or floating spread is a constantly changing value between the ask and bid prices. Variable Spreads are widened due to market

conditions, liquidity and market volatility and is applicable to certain products.

Raw Spreads allows you to see the underlying spreads offered by our liquidity provider(s).

## Commission

For all types of CFDs that the Company offers, the commission is not incorporated into the Company's quoted price and is instead charged explicitly to the Client account.

For opening positions in some financial instruments, a commission or a financing fee might be applied either in the form of a percentage of the overall value of the trade or as fixed amount.

## Rollover Costs/Overnight Financing Fees

Positions which are to be held overnight or over the weekend which are not Fixed Expiry contracts incur a financing charge/fee. The overnight finance fee is not incorporated into the Company's quoted price and is instead charged explicitly to the Client account.

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" (overnight interest rate) throughout the life of the contract. Financing fees are based on prevailing market interest rates, which may vary over time.

The time of day we use to define the start of a new trading day is 21:00 London time (22:00 GMT in winter, 21:00 GMT in summer). If a position that is opened before this time is still open at this time, then it will be considered to have been 'rolled over' to the new day, (also known as 'held overnight') and therefore be subject to any relevant finance fees. A three day rollover fee is applied to all CFD's on Fridays, all Spot Forex and Bullion on Wednesdays, with the exception of USDCAD (US Dollar vs Canadian Dollar), USDRUB (US Dollar vs Russian Rouble) and USDTRY (US Dollar vs Turkish Lira), or any other spot currency pair with T+1 settlement period that may be offered by HYCM in the future, where a three day rollover fee is applied on Thursdays.

Details of daily financing fees applied are available in the Contracts specifications in the Company's website and/or Trading Platform. The Company updates its prices as frequently as the limitations of technology and communications links allow.

## Currency Conversion Cost

Any currency conversion calculations are provided by HYCM to the Client in the currency in which the trading account is denominated and the currency of the relevant CFD, using the “live” rate from our Trading Platform.

**iii. Information**

HYCM continually processes the price information from the various information providers and feeds the information into the Trading Platform after validating and authenticating it and adjusting the prices to provide spreads which HYCM considers appropriate in light of market conditions and other circumstances.

**iv. Speed of Execution and Latency**

Speeds are typically measured in milliseconds from origin to you. The Company places a significant importance when executing Client’s Orders and strives to offer high speed of execution within the limitations of technology and communication links.

Obviously, prices change over time. The frequency with which they do varies with different financial instruments and market conditions (eg market volatility, liquidity). Considering that the tradable prices which are distributed via HYCM’s trading platform/terminal, technology used by the client to communicate with HYCM plays a crucial role.

For instance, the use of a wireless connection or clients’ software and hardware as well as clients’ internet connectivity and speed or any other communication link to the server that can cause a poor internet connection can cause unstable connectivity to HYCM’s trading platform/terminal. The result for the client is to experience slippage and place his orders at a delay (latency) and the order to be executed at better or worst prevailing market price (price gap) offered by HYCM via its platform

For some Transactions, spreads may change frequently. In any event, HYCM has the right to vary its spreads at any time in its absolute discretion without notice.

As a condition of the entry into each Transaction for the Account, the Client must provide and maintain in the Account sufficient margin as determined by HYCM in its sole discretion from time to time. It is also the Client’s responsibility to ensure that each Transaction in the Account is fully margined at all times. If the client fails to provide any margin, deposit or other sum due in respect of any transaction, HYCM does not

guarantee that any Transaction or Transactions can be entered into at any given price or at all.

**v. Likelihood of execution**

While the Internet and the World Wide Web are generally reliable, technical problems or other conditions may from time to time delay or prevent the Client from accessing the Trading Platform and executing trades.

Liquidity can affect order execution. When customers place a high volume of orders, order imbalances and backlogs can occur, requiring more time to execute orders. This is because of delays caused by the number and size of orders processed the speed at which current quotations or last-sale information is provided and system capacity constraints.

At times of high volatility or dependent on the volume of your trade/s, your trades will then be executed at the next best price subject to possible slippage. Stop / Limit orders may also be affected by this.

**vi. Likelihood of Settlement**

HYCM shall proceed with the settlement of all transactions upon the execution and/or time of expiration of the specific transaction. All Company’s Products (Forex and CFDs) do not involve the delivery of the underlying asset as if for example had bought shares but rather are settled in cash.

**vii. Size**

HYCMs offer for clients to enter into Transactions is subject to size considerations. If offered, client trades may be executed at the ‘market price’ as opposed to the price seen on the screen at the time of request. At times of high volatility or dependent on the volume of trade/s, Transactions will then be executed at the next best price subject to possible slippage. Stop / Limit orders may also be affected by this. Transactions, which the Client may offer to place, are subject to maximum limits established in HYCM’s absolute discretion.

**Potential Risks**

**I. OTCs**

Over The Counter (“OTC”), products are not executed on a formal exchange. Therefore, an officially established price does not exist. HYCM sets prices, at which the client can trade and an enter into at its own discretion. These trades can only be closed at the prices quoted by HYCM

**II. CFDs**

There are certain jurisdictions where the sale, promotion, and distribution of certain

speculative derivative contracts such as CFDs offered are restricted. These supervisory actions are as a result of findings noted how sovereign regulators had experienced a surge in the number of complaints in relation to these financial instruments.

**III. Quoting**

In the event that no price is available to us for any security on which we generally quote a CFD price, whether because such security is not quoted on the market on which it is listed or for any other reason, we will not generally quote a price for a CFD on such security. In such event, we shall not be liable for any losses arising from any delay or loss caused to you by the price unavailability

**IV. Margin**

Margined trades can lead to a total loss of the capital allocated for trading. The risks of these transactions can only be controlled to a certain degree (by hedging) or limited with respect to the amount at stake by making use of Stop Loss Orders.

**V. Gearing/Leverage**

The “gearing” or “leverage” available in CFD and spot forex Transactions trading (i.e. the funds HYCM requires you to provide when a position is opened compared to the notional size of trade you can enter into) means that a small margin deposit can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the size of any loss or profit which can work against you as well as for you.

**VI. Knowledge and Experience**

Clients may be exposing themselves to risks that fall outside their knowledge and experience and/or they may not have the knowledge or experience to properly assess and/or control by way of mitigating the consequences.

**VII. Transaction Costs**

Transaction costs are an important factor, which not only influence the profit or loss of

every single transaction but also reduce the overall likelihood of achieving profitability. These costs include the initial spread, funding costs, and rollover costs.

**VIII. Spreads**

HYCM normally quotes bid prices (at which the Client can offer to sell) and offer prices (at which the Client can offer to buy) for each Transaction. These prices will not be identical to those quoted by or available from any individual information provider or other data source.

**IX. Rollover Fees**

If positions are held overnight or over a weekend, a considerable risk results from the fact that the price of the underlying can change considerably between the time when markets close and the time when they reopen. It is not possible to enter into closing or hedging transactions during the period in which the market is closed. Positions which are to be held overnight or over the weekend which are not Fixed Expiry contracts incur a financing charge.

**Monitoring and Reviewing the Order Execution Policy**

HYCM aims to deliver the best possible result for the client, and, where appropriate, HYCM reserves the right to correct any deficiencies of our order execution policy. We will review our order execution arrangements and policy regularly and whenever a material change occurs that affects our ability to continue to obtain the best possible result for our clients. We will notify you of any material changes to our execution arrangements or our order execution policy by posting updates on [www.hycm.com](http://www.hycm.com)

**Other Information**

The trading conditions including trading hours for particular products are available at HYCM’s website.

HYCM only provides the Client with access to its Trading Platform(s). We do not have any fiduciary duty or act in any other capacity.