

CXM Trading

Best Execution Policy 2024

Effective Date: July 12, 2024

CXM Trading (hereinafter as "CXM" or "the Firm") provides mainly automated execution-only services to retail and professional clients ("client") in the following instruments:

- Cryptos
- Energy
- Forex
- Indices
- Metals
- Stocks

CXM clients rely on the Firm to offer the best execution to all its clients. CXM executes clients' orders on the BBBO principle, where the clients enjoy Best Bid and Best Offer pricing offered by our credited Liquidity Providers. The system is set to automatically select the best available price and show it to the clients on our online platform. CXM considers 'price', 'cost' and 'speed' as highly important execution factors.

Trading platform

CXM customers can trade using the following trading platform ("platform"):

- MetaTrader 4 PC
- MetaTrader 4 Mobile
- MetaTrader Web

CXM is also offering FIX API trading to the qualifying clients who can connect and trade directly from the bridge, enjoying minimal latencies and unthrottled price refresh rates.

Trading is subject to trading hours' restrictions and are provided per instrument on the platform.

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Execution Venues

The Firm also operates as an agent whereby client transactions are received and transmitted to other reputable liquidity providers.

Price

CXM provides two-way pricing quoted live across all its products to clients, which can be accessed on CXM's platform. CXM aims to provide clients with fast, reliable and uninterrupted prices.

To avoid over-reliance on any single provider, CXM receives raw price data for all trading instruments from its Liquidity Providers ("LPs") and Data Providers such as banks, multilateral trading facilities (MTFs), executing brokers, etc. Each LP is carefully on-boarded, and due diligence is performed by the Liquidity and Compliance departments to ensure that the LP can offer the best and most reliable possible prices to CXM's clients. LPs and all data sources are reviewed on an ongoing basis by the Liquidity department.

The raw pricing data is fed into CXM's pricing engines, which have the purpose of delivering the platform a smooth and consistent flow of quotes to the client in accordance with the target and average spreads disclosed on CXM's website.

In the rare circumstances a client is unable to execute trades on the Firm's system (e.g. due to internet connectivity issues), CXM allows clients to submit instructions via e-mail or LiveChat. When running client instructions over electronic messaging, CXM aims to quote the price as if the client is trading through the trading platform subject to any delays due to the manual process of trading over chat/e-mail. CXM confirms the execution of client trades immediately after the client indicates the desired action. If a trade is confirmed by chat, the client may request a confirmation of the execution in writing.

Costs

Spreads, commissions and swaps are the critical components of the expenses CXM's clients can incur and CXM always aims to ensure that these are reasonably competitive as compared to other operators in the Forex and CFD markets (e.g. Spreads are continuously monitored by CXM's Liquidity department). The costs the client will incur in executing an order with CXM will be related to the spread and commissions. Spreads are dynamic and are dependent on several factors including market liquidity and volatility. Clients are encouraged to fully understand the associated costs prior to transacting with CXM.

Speed, size and likelihood of execution**TRADE WITHOUT LIMITS**

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CXM's clients receive immediate execution capability, meaning that, if a client sees a price on the screen, in most cases the trade is executed at the displayed price.

CXM's LPs are ready to absorb trade requests up to the maximum trade size set for each trading instrument. Maximum trade size is available in the contract specifications of each instrument in each trading platform.

CXM determines the maximum size of trade available to clients for each instrument. Regardless of the type of the order, CXM executes any order at VWAP (Volume-Weighted-Average Price) should the size of an order exceed the tradable size at the time of the execution. Depending on the tradable size, CXM's clients may experience that their orders may be executed at a less favorable price.

However, under all circumstances, CXM pays due regard to 'slippage' and passes on positive slippage to clients in case the market moves in favor of them. In fact, historically since company's inception, CXM clients were able to see more positive slippage than negative.

Best execution monitoring

CXM is continuously monitoring its 'prices' relative to the market through internal monitoring measures and third-party vendor solutions. Prices are monitored around execution time within set thresholds against market price and the underlying instrument.

Where the underlying instruments are traded over the counter (OTC), such as Forex and Metals, the critical factor is the spread. CXM monitors the spread to ensure it sources the most competitive price available. The following parameters are taken into consideration for low, normal and high volatility trading periods latency of price feed, the frequency of price updates, and complete representation of top of the book of orders.

Requotes

A requote is a notification displayed on the screen of the trading terminal that the price requested is no longer available and displays a new price. This notification lasts for **3 seconds** and if it is rejected or no action is taken, the trade itself is canceled.

No order aggregation

CXM's general practice is not to aggregate any client orders with other client orders or any transactions for its account.

Client protection

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Despite ensuring that CXM's clients receive the best execution, CXM has implemented further measures to ensure that its clients are always protected. CXM also provides that its systems automatically offer default protections to its clients.

Stop Loss Orders

Clients have the option to trade "stop loss" and "trailing stop loss" orders. This allows clients to autonomously set the level at which they will sell out to limit losses. If the instrument price reaches this level, the position will be closed automatically. Such orders are always connected to an open position or a pending order.

Negative Balance Protection

CXM offers all retail clients negative balance protection. This means that clients will never lose more than their invested capital. For further information, kindly review CXM's Negative Balance Protection Policy.

Toxic Trading

To ensure that the Firm can source best available pricing and liquidity from the Liquidity Providers, CXM continuously monitors its executions to protect its liquidity providers from "toxic flow". Toxic flow can be described as the intentional manipulation of orders by a client or a group of clients and/or trading accounts with the purpose to profit not from the market opportunities, but from the liquidity providers' execution procedures or by exploiting software technical limitations.

Common Types of trading patterns that can be considered toxic include but are not limited to:

- 1) ***Latency Arbitrage*** – Trading designed to use software to capture price deviations and/or quote delays within price feeds (external or not).
- 2) ***Herd Trading*** – Trading designed to use multiple venues to take advantage of available liquidity at off-market prices.
- 3) ***News Trading*** – Sending multiple or larger-than-usual trades within an imminent news announcement to arbitrage the frequency with which prices are being updated.
- 4) ***Swap Arbitrage*** – Disproportionately large trading behavior in swap-positive instruments intended to profit from the account's rollover.
- 5) ***Rebate Arbitrage*** – Better known as "churning"; any excessive trading behavior (e.g. frequent buying and selling) that does little to meet investment objectives but which generates large commissions.
- 6) ***Negative Balance Arbitrage*** – Trading intended to profit asymmetrically during times of increased market volatility. Excessive leverage usage or position sizes before news events

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or session closures with the intent of going “boom or bust” can be labeled as negative balance protection arbitrage.

- 7) **Leverage Abuse** – Trading intended to circumvent the firm’s leverage policies and controls and executing excessive positions during periods of high volatility.

In cases where CXM becomes aware of toxic trading patterns, the Firm reserves the right to alter the execution settings for detected accounts which can significantly affect the execution time and price at its sole discretion without any prior notice should the market or liquidity changes require.

Abusive Behavior

However, If CXM suspects or has reason to believe that a client (or clients) abused or attempted to abuse the terms of the Firm’s policies by acting in bad faith, the Company reserves the right, at its sole discretion, to deny, withhold, withdraw or terminate the Negative Balance Protection and, if necessary:

- to withhold, cancel and charge any costs it deems, from that client's account(s),
- to terminate that client's access to services provided by the Company and/or terminate the contract between the Company and the client for the provision of services,
- to block that client's Account(s) and to arrange for the transfer of any unused balance, less the offer amount, as well as any profits which the Company deems to have been gained via Abusive Behavior, to the client. Where Abusive Behavior includes but is not limited to:

Example: Acting in bad faith can be described as the intentional execution of orders with the purpose to profit by exploiting the firm’s terms of execution or through software limitations. Executing large positions before a session break with the intent of profiting asymmetrically at market open is considered acting in bad faith.

Automatic Stop Out

CXM sets minimum margin requirements that result in automatic Stop Out levels to protect clients from losses. If during an open trade, the net worth of the account reaches the “margin level” equal to 50% of the required margins, positions will be closed in order of the largest losing trade until the net equity of the account reached the required margins.

Conflicts of interest disclosure

With regards to its clients, CXM offers the best execution to both retail and professional clients and its automatic execution flow does not differentiate or treat client orders differently. The

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variation may apply depending on the client Risk appetite when compared to another. For example, professional clients may choose to take more Risk or higher leverage as compared to retail clients.

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