DUKASCOPY Swiss Banking Group

Annex to the Marketplace Trading Conditions

V. 30.09.2021

Best Execution Policy

In the frame of general applicable regulation and referring in particular to compliance with FINMA Circular 2018/1 - Organised trading facilities, Duties of operators of organised trading facilities (OTFs) in its Article 28, Dukascopy Bank, as a bilateral organised trading facility operator must ensure the execution of its clients' orders at the price valid when the order is received or at better price.

In order to fulfil this concept to be designated as a form of best execution (further Best Execution) and to protect mutual interests, the Bank and Client agree on the following:

Independently on whether client waives or not the right to Best Execution in accordance with Article 28 of Circular 2018/1, the Bank makes an order execution acting as a principal, it applies all its professional knowledge and experience and takes all reasonable steps or measures to achieve the best execution possible which takes into consideration multiple criteria, such as: fairness of the price, speed and likelihood of execution, order size, type of trading order, existing liquidity and volatility of the instrument at the moment of execution, theoretical or practical ability of the Bank to hedge fully or partially exposure arising from execution of clients order and other factors, the Bank acts in a good faith at its own discretion.

In order to increase transparency, information and to facilitate the transmission of clients trading instructions, the Bank lists below all type of orders with their explicit formulas, meaning and compliance with Best Execution.

Every time when the client submits by any mean of communication an order to the Bank, the latter will consider this order as an explicit instruction in the way it is defined according to this appendix.

This applies to any case of use by the client of any API, trading interface, its components and covers all possible ways of trading order submission from the client to the Bank.

1. Multi Currency Accounts (MCA)

MCA trading orders to buy (open) financial instrument and sell (close) financial instrument are specific case of market orders. Taking into consideration applicable commissions and relatively low maximum size of investment, these orders are executed at the price valid when the order is received by the Bank or at a better price for the client in compliance with Circular 2018/1 requirements.

2. JForex/MT4/FIX API trading accounts

For clients using JForex/MT4/FIX API trading accounts there are two types of prices – indicative streaming price, which can be finally valid for execution or not, and execution price, which is confirmed by the Bank as valid. Indicative prices have limited validity resulting from a short life span of prices (as they are frequently updated) on OTC markets. Validity of the indicative prices can be verified only after receiving of the order. This validation cannot be done retrospectively. The valid price can be determined only in the execution process and may differ from indicative price at the moment of receiving the order.

To control the order execution in a fast-changing market environment, clients have the choice between the following types of orders proposed by the Bank:

2.1. Market Order – is an order to buy or sell a financial instrument at current market price. A market order generally is executed at or near the current bid (for a sell order) or ask (for a buy order) price, taking in the account the size of order and available liquidity. Depending on the market conditions, currently available liquidity, volatility and number of orders pretending to be executed at the same bid or ask prices, the order execution price may differ from current indicative prices. This impact may be significant especially in case of important news release and other breaking events. To increase a probability of execution, a market order can be executed both at better or worse price than the indicative price when order is received. When the client submits a Market order it means that for him is more important to get an execution than a precise price, because not conditional Market order has the highest probability of execution.

By submitting each and every Market order, the client expressly waives the right to best execution according to FINMA Circular 2018/1 Article 28 for the submitted order.

The above-mentioned waiver concerns all types of Market orders, including Market if Touch order and Market orders with or without set Slippage control value. Slippage control function determines maximum deviation of execution price from the indicative price which client has seen in the moment of order submission. As well the valid execution price may differ from the indicative price at the moment when the order is received by the Bank. Using Slippage control function, the client fully controls the deviation of execution price from indicative price at the moment of order submission by the client (but not receiving by the Bank) and therefore, formally it does not coincide with the formula described in the FINMA Circular 2018/1 Article 28.

2.2 Limit Order – is a pending order to buy or sell a financial instrument at a predetermined price (the limit price) or better. Once the indicative market price reaches the limit price, the order is triggered for execution. The limit price set by client for this type of order is considered to be a clear instruction matching with the terms of Circular 2018/1 Article 28 and therefore, the execution price may differ from the valid price at the moment when the order is received. Having in mind the strict limitation on the execution price of a Limit order, there is also no guarantee that the order will be filled (completely or partially) when triggered. Limit orders may be triggered but rejected. This may especially be the case when the indicative market price quickly bounces back from the limit price but the price is not confirmed as valid for execution or the liquidity is not sufficient. When the client submits to the Bank a Limit order, it means that for him is more important to limit possible price deviation than an execution probability.

The above-mentioned concerns all type of Limit orders including Entry Buy Limit, Entry Sell Limit, Take Profit, Place Bid and Place Offer.

2.3. Stop Order- is a pending order to buy or sell a financial instrument at current market price when the indicative market price reaches the stop price level set in the order by client. Similarly, to Market orders, Stop order will be executed at or near the current indicative bid (for a sell order) or ask (for a buy order) price, taking in account the size of order and available liquidity. Depending on the market conditions, currently available liquidity, volatility and number of orders pretending to be executed at the same prices, the order execution price may differ from current indicative price. This impact may be significant especially in case of important news release and other breaking events. To increase a probability of execution, Stop order can be executed both at better or worse price than the indicative price when order is triggered/received. Vast majority of Stop orders used by clients to prevent further losses from the open position. When the client submits a Stop order it means that for him it is more important to get execution than an absence of deviation of execution price from indicative price.

By submitting each and every Stop order, the client expressly waives the right to best execution according to FINMA Circular 2018/1 Article 28 for the submitted order.

The above-mentioned waiver concerns all type of Stop orders including Entry Buy Stop, Entry Sell Stop, Stop Loss, Entry Buy Stop Limit, Entry Sell Stop Limit, Trailing Stop.