

taurex

Best Execution Policy v1.0

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1. INTRODUCTION

Taurex is a registered trading name of Zenfinex Global Limited, a company incorporated in the Seychelles under Company No. 8428731-1 and regulated and licensed by the Financial Services Authority under License No. SD092 (hereinafter “Taurex”, “Zenfinex”, or “the Company”). Its registered office is located at F20 Eden Plaza, Eden Island, Seychelles and operates in accordance with the Securities Act, 2007 and the Securities Regulations (hereinafter referred to as the “Applicable Law and Regulations”).

Usage of this Best Execution Policy must be in conjunction with the Company’s Compliance Manual and other Company policies and procedures currently in effect and as amended from time to time and which are available to the Client upon request.

This Best Execution Policy must not be reproduced or provided to third parties without prior reference to the Compliance Officer and their subsequent approval.

1.1. Sponsor

This Policy is approved and sponsored by the Company’s Executive Management and will be reviewed annually by the Company’s Compliance Officer and updated if required. Any queries and/or suggestions for change to the Policy should be addressed to the Company’s Compliance Officer.

Ongoing monitoring of the Company’s adherence to the policy will occur via the monitoring from the line management of the operations of the brokerage department and the frequent and systematic testing to be performed as the first line of defence of the policy. The second line of defence will be maintained by the Compliance Officer. The second line of defence should be adequately equipped to challenge the conclusions reached by execution desks in order to mitigate the potential for conflicts of interest that may result from front-office staff providing the sole scrutiny of their own performance.

1.2. The Company’s regulated status

The Company is currently authorised and regulated by the FSA under License Number SD092 as a Securities Dealer Licensee. The company is registered in Seychelles under company number: 8428731-1. Henceforth, by agreeing to the terms of this Policy you will also be acknowledging to agree with the terms and conditions of the Company.

1.3. The Company's products and services

The Company provides Internet based services, including (i)brokerage, (ii)software, and (iii)ancillary services at <http://www.tradetaurex.com/> (the Company's website) and operates online trading platforms for trading in financial instruments (hereinafter referred as the "Trading Platform"). Information regarding the full range of products that the Company offers can be found on the Company's website. Further information about the Company can be found on the FSA's website.

The Company's core business is providing liquidity to institutional (small funds and FX retail brokers) and individual clients in FX, Contracts for Difference, and similar instruments on an execution-only basis. Clients' trades will be executed through our Trading Platform, MetaTrader.

1.4. The Company's Best Execution Policy

The Company is required to provide its Clients and potential Clients with a summary of its Best Execution Policy. Under the Applicable Law and Regulations, the Company is required to take all reasonable steps to obtain the best possible result (hereinafter referred as the "Best Execution") on behalf of its Clients, taking into account the execution factors, either when executing Client orders, or receiving and transmitting orders for execution. Although the Company will take sufficient steps to achieve the best overall trading result for you, the policy cannot guarantee that when placing an instruction to execute, that the price will always be better than one which is, or which might have been available elsewhere.

Senior management and the Compliance department are responsible for ensuring that robust business practices are operating in all Clients' trading activities to deliver Best Execution on a consistent basis and for promoting a culture that proactively identifies and manages conflicts of interest.

The Company aims to provide all market participants with access to (where possible) tradable prices on a non-discriminatory basis. However, the diversity in those markets and instruments, and the kind of orders that you may place, mean that different factors will have to be taken into account in relation to any particular transaction.

1.4.1. The overarching best execution requirement

When executing orders, the Company must take all sufficient steps to obtain the best possible result for its clients, considering the execution factors. There is, however, an exemption to this requirement where a client gives a specific instruction about an order.

Execution factors

The execution factors are:

- Price;
- Costs;
- Speed;
- Likelihood of execution and settlement;
- Size;
- Nature; and
- Any other consideration relevant to the execution of an order.

If the Company is executing an order for a Client, best execution should usually be determined in terms of price and costs i.e., total consideration.

Industry standards expect the Company's Best Execution Policy should do one of the following:

- Determine the relative importance of each of the execution factors;
- Establish a process by which the Company will determine the relative importance of the execution factors.

The relative importance that the Company gives to the execution factors must be designed to obtain the best possible result for the execution of its Client orders.

1.4.2. Role of price in best execution

If the Company executes an order on behalf of a Client, the "best possible result" must be determined in terms of the total consideration. Industry standards suggest that this requirement applies where the Company has not received specific client instructions. "Total consideration" is the total of:

- The price of the financial instrument;
- The costs related to execution, including all expenses incurred by the client that 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.

Industry standards suggest that the other execution factors i.e., speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the Client.

1.4.3. Passing on positive price movements

The Company should consider when obtaining Best Execution for Clients was that positive price movements between the submission of an order and its execution should be passed on to the client and the Company does not seek to retain any slippage in the clients' favour.

1.4.4. Specific instruction from the client

If a client gives a specific instruction about an order, the Company must execute the order following that specific instruction. The Company will satisfy its general obligation to take all sufficient steps to obtain the best possible result for a client to the extent that it executes an order, or a specific aspect of an order, following specific instructions from the Client relating to the order or the specific aspect of the order.

If 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 that cover one part or aspect of the order will not release the Company from its best execution obligations in respect of any other parts or aspects of the Client order that are not covered by those instructions.

The Company must not induce a client to instruct it to execute an order in a certain way, by expressly indicating or implicitly suggesting the content of the instruction to the client, if the Company ought reasonably to know that an instruction to that effect is likely to prevent it from achieving best execution.

1.4.5. Execution arrangements and execution policies

When the Company executes orders, it must establish and implement effective arrangements for complying with the obligation to take all sufficient steps to obtain the best possible result for its Clients. The Company must establish and implement an execution policy to allow it to obtain, for

its Client orders, the best possible result in accordance with the Best Execution obligation. The Company should apply its execution policy to each Client order that it executes with a view to obtaining the best possible result for the Client in accordance with that policy.

2. SCOPE AND SERVICES

This Best Execution Policy is effective from the day that the Company was licensed by the FSA. It applies to all Clients and applies when executing transactions with the Clients for the financial instruments provided by the Company.

2.1. Exemptions from the provisions of Best Execution

Notwithstanding the information in Section 1, the Company does not undertake to provide “Best Execution” if you fall within any of the following exemptions:

Eligible Counterparties

If you are classified as an Eligible Counterparty you will not be entitled to best execution.

Market Practice

In the wholesale OTC derivatives and bond markets (for the avoidance of doubt this would include derivatives in Equities, Energy and Commodities) in which the Company operates (and as recognised by the European Commission) it is normal market practice for buyer and sellers to “shop around” by approaching several brokers/dealers for a quote.

In these circumstances there is no expectation between the parties that the broker/dealer chosen will owe Best Execution. As a sophisticated participant in wholesale markets, unless you advise us to the contrary, we will assume that this is your normal trading behaviour.

2.2. Clients

The Company deals with individual Clients, corporate Clients and Eligible Counterparties. Because the Company always intends to handle orders and expressions of interest in an equitable and consistent manner, once a client is classified, for the purposes of a particular instrument, that Client may not then elect to be re-classified for the purposes of one transaction of a type it customarily undertakes.

Exceptional circumstances may be taken into account at the time, with the consent of the Company (the Company reserves the right to decline to provide a service should a reclassification be requested).

2.3. Products

It is at the Company's discretion to decide which types of financial instruments to make available, based on its permitted activities by the FSA, and to publish the prices at which these can be traded. The Company, through the Trading Platform, provides the Client with live streaming prices, as received from its third-party liquidity providers via a Prime of Prime Broker. The Company is always the counterparty (or Principal) to every trade; therefore, if the Client decides to open a position in a financial instrument with the Company, then the open position can only be closed with the Company.

3. THE DUTY OF BEST EXECUTION

3.1. Execution Venues

The Company deals with Clients as principal and not as agent. This means Clients trade directly with us, bypassing external exchanges and marketplaces when dealing in CFDs and Fx. Trades executed with us are self-contained, meaning Clients must open and close positions solely through our platform and trades cannot be transferred to another platform.

3.2. Contract For Difference (CFD)

The Company recognises that when closing out an open position, the Client must close out the contract with the firm that sold it to them, even if there is a better price elsewhere. The price that is quoted for a CFD product will be based on the price of the relevant underlying instrument. To this will be added our spread and fees so the price may differ from the exchange or market makers quotes on the underlying instrument, however the Company will always disclose these costs to you and seek out the best possible consideration on the underlying instrument.

3.3. Price

Bid-Ask Spread - For any given financial instrument the Company will quote two prices: the higher price (hereinafter referred as "Ask") at which the Client can buy or "go long" and the lower price (hereinafter referred as "Bid") at which the Client can sell or "go short" that financial instrument; collectively referred to as the Company's prices. The difference between the lower and the higher price of a given financial instrument is the "Spread".

Pending Orders - Such orders as Buy Limit, Buy Stop and Stop Loss/Take profit for opened short position are executed at the Ask price. Such orders as Sell Limit, Sell Stop and Stop Loss/Take profit for opened long position are executed at the Bid price.

The Company should consider the fairness of the price proposed to the Client pursuant to this Best Execution Policy. Methods used to determine such fairness may include for example, the collating of market data that supports the price of the product and making historic price comparisons for the same product, or comparing the product against similar products where such comparisons are valid.

3.4. Fees

The Company is charged rollover/swaps on the positions kept open on the best trading days and these costs will be passed onto Clients. There is a possibility that some currency pairs may have negative rates on both sides. The rollover/swaps are calculated and applied on every trading night. On Wednesday night rollover/swaps are equal to 3 days of swaps. The rollover/swap rates are subject to change.

The Company does not charge different fees or costs depending on the venues. This ensures that costs are transparent and fully disclosed to the Client. For some markets the Client may be liable to pay commission charges for opening and closing trades however these costs will be disclosed in advance to the Client when required.

The Company will agree a charging structure with the Client at the outset of a Client applying for the trading account. There is an option for the Client to build commission into the spread or be charged a commission outside of direct rate received from the Company's Liquidity Providers. All implicit and explicit costs will be disclosed.

Remuneration for the Company is created by adding a mark-up to an aggregated price provided by our Prime of Prime Brokers or a separate commission charged outside this quoted aggregated spread.

3.5. Conflicts of Interest

The Company recognises that conflicts may exist between the interests of the Company and its clients. The platform on which orders are transmitted will display the best available price from a number of liquidity providers through our Prime of Prime Brokers, thereby reducing the scope of conflicts.

The Company will take steps to manage, mitigate and avoid potential and actual conflicts and internal systems are in place to ensure that otherwise comparable client orders are carried out sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impractical or it is not in the best interests of the Client.

3.6. Speed of execution

Pursuant to Section 2 and 3 of this Best Execution Policy, the Company acts as a “Principal” and not as an agent on the Client’s behalf. The Company places significant importance on speed of execution when executing Clients’ orders and strives to offer high speed of execution within the limitations of technology and communications links available to the Company. The use of wireless connections, or dial-up connections or any other form of unstable connection at the Clients’ source, may result in poor, or interrupted connectivity or lack of signal strength, causing delays in the transmission of data between the Client and the Company when using the Company’s electronic trading platforms, for which the Company will not be held liable.

3.7. Likelihood of execution

As described in Sections 2 and 3 of this Best Execution Policy, the Company acts as “Principal and not as agent on the Clients’ behalf. Therefore, the Company is the Execution Venue for the execution of the Clients’ orders for the financial instruments provided by the Company. The Company uses our Prime of Prime Broker to stream prices from multiple liquidity providers, and available volume and transmits orders to these counterparties through an industry leading technology provider. Consequently, execution of the Clients’ orders will depend on the pricing and available liquidity from the aggregated counterparties through our Prime of Prime Broker. The Company remains responsible for obtaining the best possible result for Clients.

The Company acknowledges that there were several factors which may lead to price slippage (i.e. market data latency, the speed of a client’s internet connection or high market volatility). The Company acknowledges that such movements could be in the client’s favour or to their disadvantage.

Although the Company executes all orders placed by the Clients, it reserves the right to decline an order of any type. Such information and update will be instantly provided to the Clients including a clear and simple explanation of why an order has been declined so as to serve Clients always with transparency and at the earliest possible time.

4. ORDERS

Orders may consist of:

- Market Order;
- Buy Limit;
- Sell Limit;
- Sell Stop;

- Buy Stop;
- Stop Loss; and
- Take Profit.

Financial instruments are executed in the manner explained in this Best Execution Policy. It should be noted that the price at which a trade is executed, may vary significantly from the original requested price during abnormal market conditions. This may occur, for example, in the following cases:

- During market opening;
- During news releases;
- During volatile markets where prices may move significantly up or down and away from a declared price;
- Where there is rapid price movement, 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; and
- If there is insufficient liquidity for the execution of the specific volume at the declared price.

The Company is obliged to provide the best possible price to its Clients and makes every effort and necessary arrangements to do so.

4.1. Likelihood of settlement

The Company shall proceed directly to a settlement of all transactions upon execution of such transactions.

4.2. Size of order

The minimum lot size of an order is 1,000 units of base currency. For example, when trading EUR/USD, minimum size order is EUR1,000. Although there is no maximum size of an order the Client can place with the Company, the Company reserves the right to decline any order as set out in the agreement entered into with the Client. The Company makes every effort to fill the order of the Client irrespective of the volume. However, if a fill is achieved, it may be at the best available price, that the market liquidity may allow at the time of execution.

4.3. Market impact

The size and nature of the Client's order may have an impact on the market and over which the Company has no control. Some volatile factors in the market may affect the price of the underlying financial instruments from which the quoted Company's price for its financial

instruments is derived. The Company is responsible and will take all reasonable steps to consistently obtain the best possible result for its Clients; nevertheless, whenever there is a specific instruction from the Client, the Company shall ensure that the Client's order shall be executed in accordance with the specific instruction. However, the Company will not induce Clients 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, when the Company ought reasonably to know that an instruction to that effect is likely to prevent it from obtaining the best possible result for that Client. The Company will determine the relative importance of the above factors by using its commercial judgment and experience in the light of the information available on the market.

The Company shall not be allowed to exempt particular products or activities from best execution requirements or permit clients to waive the application of best execution.

The Company's operation time is continuous from 17:00 EST Sunday through to 17:00 EST Friday. Therefore, non-operating periods are 17:01 EST Friday through to 16:59 EST Sunday. Bank Holidays will be announced through the internal mail of the trading terminal supplied by the Company.

The Client acknowledges that the transactions entered in financial instruments with the Company are not undertaken on a recognised exchange, rather they are undertaken through the Company's Trading Platform and accordingly, they may expose the Client to greater risks than regulated exchange transactions. Therefore, the Company may not execute an order, or it may change the opening or closing price of an order in certain cases, including but not limited to, instances of a technical failure of the trading platform. The terms and conditions and trading rules are established solely by the counterparty, which in this case is the Company. The Client is obliged to close an open position of any given financial instrument during the opening hours of the Company's Trading Platform. The Client also must close any position with the same counterparty with whom it was originally entered into, thus the Company.

5. MONITORING AND REVIEW

The Company will monitor and assess on a regular basis the effectiveness of its Best Execution Policy, and the order of its order execution arrangements, and in particular, the execution quality of the procedures explained in the Best Execution Policy in order to deliver the best possible result for the Client. The Company reserves the right to correct any deficiencies in this Best Execution Policy and make improvements to its execution arrangements from time to time.

In addition, the Company will review this Best Execution Policy at least annually and ad-hoc where any changes take place that are related to the Policy.

6. IMPORTANT INFORMATION

Some products offered by the Company may not be eligible for sale in certain jurisdictions or countries. This Best Execution Policy is not directed to any jurisdiction or country where its publication, availability or distribution would be contrary to local laws or regulations, including the United States of America.

This Best Execution Policy does not constitute an offer, invitation, or solicitation to buy or sell CFDs or other derivative instruments. It may not be reproduced or disclosed (in whole or in part) to any other person without prior written permission of the Company's Compliance Department. This Best Execution Policy is not intended to constitute the sole basis for the evaluation of the Client's decision to trade in CFDs or other derivatives.

7. NO FIDUCIARY DUTY

The Company provides the Client with access to the Trading Platform and are not acting in any other capacity, including as an agent or as a fiduciary. The Company's commitment to provide the Client with Best Execution does not mean that the Company owes the Client any fiduciary responsibilities over and above the specific regulatory obligations placed upon the Company, or as may be otherwise contracted between the Company and the Client. You remain responsible for your own investment decisions and the Company will not be responsible for any market trading loss you suffer as a result of those decisions.

8. SPECIFIC INSTRUCTIONS

Where there is a specific instruction from a Client, the Company shall execute the order in strict accordance with the specific Client instruction. However, as aforementioned, the Company should 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 that Client, when the Company should be reasonably expected to know that to do so is likely to prevent the Company from obtaining the best possible result for that Client. If the Client provides the Company with a specific instruction to deal for the Client it may prevent the Company from following its Best Execution Policy, which is designed to get the best overall result for the execution of orders on a consistent basis.

The Company explicitly wishes to draw the Client's attention to the fact that any specific instructions from the Client may prevent the Company from taking the steps that it has designed and implemented in its execution policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

9. FAILED TRADES AND DEALING ERRORS

In the event that the Company identifies a Failed Trade (for example, where the transaction has failed as a consequence of a system failure) and it is the fault of the Company or a Dealing Error (for example, the trade was executed incorrectly), the Company will undertake to ensure that the affected clients are not disadvantaged. The Company maintains a Failed Trades and Dealing Errors Register that is kept by the Compliance Officer.

The Company will not keep a compliance record on late settled trades that do settle as per the original instructions (for example, trade breaks), as these will not involve any loss. However, if there is a loss or ultimately the trade break “fails”, the procedure noted above will be followed.