

# ORDER EXECUTION POLICY

October 2023

## SHEER MARKETS (CYPRUS) LTD

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## **1. COMPANY INFORMATION**

1.1. Sheer Markets (Cyprus) LTD (hereafter “the Company” or “Sheer Markets”) is a Cyprus Investment Firm (hereafter ‘CIF’) authorized and regulated by the Cyprus Securities and Exchange Commission (hereafter “CySEC”) with License Number 395/20 and operates in compliance to the Investment Services and Activities and Regulated Markets Law 87(I)/2017 and subsequent amendments.

## **2. LEGAL AND REGULATORY REQUIREMENTS**

2.1. Under the above legislation, the Company is required to take all sufficient steps to obtain the best possible result when executing client orders, taking into account a range of factors. This is referred to as providing its clients with “best execution”.

2.2. Following the implementation of the MiFID II and accordance with the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87 (I)2017) as amended, the Company shall provide its clients and potential clients with a summary of its Best Interest & Order Execution Policy (hereinafter the “Policy”. This Policy sets out our approach for carrying out Orders from origination to execution, the venues we use and an explanation of how the different factors influence our execution approach, so that we can obtain the best possible result when executing your Orders.

## **3. GENERAL**

3.1. The Company is required to take all sufficient steps to obtain, when executing Clients orders, the best possible result for its clients and to provide its Clients and/or potential Clients with this Order Execution Policy (hereinafter, the “Policy”).

3.2. The Policy sets out the procedures and methods used by the Company to ensure the fair, prompt, and expeditious execution with the best possible trade execution condition for its clients.

3.3. This Policy forms part of the Terms and Conditions of Business with the Company, thus the Client is also bound by the terms of this Policy and this Policy should be read in conjunction with the Terms and Conditions of the Company.

3.4. All Clients are required to familiarize themselves with this Policy and to make sure that the principles specified herein are acceptable by them, while the Company shall, to the extent possible, adhere to this Policy when executing Clients’ orders. Clients who are categorized as Eligible counterparties are excluded from the provisions of this policy.

## **4. INTERPRETATION OF TERMS**

4.1. Over the Counter (OTC): shall mean trading of financial instruments directly between two parties, outside of an exchange traded environment.

- a) **Execution Venue(s)**: are the entities with which the orders are placed and executed.
- b) **Material Change**: shall mean for the purposes of this policy a significant event that could impact parameters of best execution such as cost, price, speed, likelihood of execution and settlement, size, nature, or any other consideration relevant to the execution of the order.
- c) **Slippage**: Slippage refers to all situations in which a trader receives a different trade execution price than intended. Slippage occurs when the bid/ask spread changes between the time a market order is requested and the time a broker executes the order. Clients might receive positive or negative slippage where positive slippage is when the client receives a better price than expected and negative slippage is when a client receives a worse price than the one expected.

## 5. FINANCIAL INSTRUMENTS

5.1. The Company offers the below instruments to its clients:

- Financial Contracts for Differences (“CFD’s”)

5.2. A CFD is a financial contract traded Over the Counter (“OTC”) that pays the differences in the settlement price between the open and closing trades. CFDs essentially allow traders to trade in the direction of the underlying instruments and are especially popular in FX, Stock, and commodities products. CFDs are leveraged products and as such carry a high degree of risk. You should not trade with us, unless you understand the nature of the transaction you are entering into and the extent of your potential loss from a trade.

## 6. TYPES OF ORDERS

6.1. The Client may place the below orders with the Company.

- a) **Market Order**: shall mean an order to buy or sell at the market’s current best available price.
- b) **Limit or Pending Order**: shall mean either a buy stop, or sell stop, or buy limit, or sell limit order. An order to be executed at a later time and at a price specified.
  - i. **Buy Limit** is an order to buy a financial instrument at a specified price.
  - ii. **Buy Stop** is an order to buy a financial instrument at a price above the one currently provided, and it’s triggered when the price reaches the buy stop price.
  - iii. **Sell Limit** is an order to sell a financial instrument at a specified price.
  - iv. **Sell Stop** is an order to sell a financial instrument at a price below the one currently provided, and it’s triggered when the price reaches the Sell Stop price.
- c) **Take Profit**: shall mean an instruction that is attached to an open order if the type is a market order and an instruction that is attached to a price range or limit order before execution for securing profit.

- d) **Stop Loss Order:** shall mean an order to buy or sell when it reaches a certain price. A stop-loss order is open with a market order or a limit order and is designed to limit an investor's loss on a security position and as such is perceived as a Risk Management tool.
- e) **Trailing stop order:** shall mean a stop or stop limit order in which the stop price is not a specific price. Instead, the stop price is either a defined percentage or currency amount, above or below the current market price of the security ("trailing stop price")

6.2. The company's clients shall be aware that some of their orders might not be executed on their specified price as a result of i.e., the rapid market conditions occurred for example at times of important announcements where and possible the occurrence of slippage might take place.

## 7. EXECUTION VENUES

7.1. The Company would execute your order with the below Execution Venues:

- a) FINALTO FINANCIAL SERVICES LTD
- b) CMC MARKETS UK PLC
- c) KGI SECURITIES (SINGAPORE) PTE. LTD
- d) MTG LIQUIDITY LTD

7.2. In general, the Company places great significance on the choice of its Execution Venues as it strives to offer, on a consistent basis, best execution to its clients.

7.3. For the purposes of execution of Client Orders in Financial Instruments provided by the Company, the company shall act as the counterparty (or "principal") to all your trades unless if any of the execution venues above provides better conditions for the achievement of best execution (i.e., speed of execution) where in such cases the Company would redirect your order to one of the above listed Execution Venues. (See Section 9.1. for further information).

7.4. The company selects its execution venues considering a number of criteria including such as (but not limited to) the institutions:

- a) Regulatory status
- b) Reputation & credit rating (where available)
- c) Financial capacity
- d) Ability to deal with large volume of orders.
- e) Speed of execution
- f) Competitiveness of commission rates and spreads

7.5. The Company places different relative importance on each of the criteria mentioned above by using its commercial judgement and experience in the light of the information available in the market .

7.6. The client acknowledges that the transactions entered in financial instruments with the Company are not undertaken on a recognized exchange, rather they are undertaken over the

counter (“OTC”) and as such they may expose the client to greater risks than the regulated exchange transactions.

## 8. EXECUTION OF ORDERS

8.1. Subject to any specific instructions that may be given by you, when executing Orders on your behalf, the Company will take all sufficient steps to obtain the best possible result for you, taking into account the Execution Factors highlighted in section 9.1. below.

8.2. The Company will determine the relative importance of the Execution Factors by using its commercial judgment and experience in light of market information available and taking into account the execution criteria described below.

8.3. Clients shall acknowledge that our price may differ from any price which is or might have been available elsewhere and that in such a case, the Company’s final price might include the Company’s mark- up/commissions that will be clearly specified at the Company’s website(s).

8.4. The Company shall satisfy the following conditions when carrying out Client Orders:

- a) Ensures that orders executed on behalf of Clients are promptly and accurately recorded and allocated.
- b) Carries out otherwise comparable Client orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable.
- c) Informs a retail Client about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.

**\*\*Specific Instructions:** It is noted that any specific instructions provided from clients may prevent the Company from taking the steps that it has designed and implemented in this Policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions. \*\*

## 9. BEST EXECUTION CRITERIA

### 9.1. Best Execution Factors

9.1.1. It is our regulatory obligation to take all sufficient steps to obtain when executing orders, the best possible result for our clients considering price, costs, speed, likelihood of execution, size, nature, or any other consideration relevant to the execution of the Order. The company determines the relative importance of the above factors by using its commercial judgment and experience in the light of the information available on the market and considering the following criteria:

The characteristics of the client, including the categorization of the client as retail or professional

- a) The characteristics of the client order
- b) The characteristics of Financial Instruments that are the subject of that order,
- c) The characteristics of the Execution Venues to which that order can be directed, and
- d) The market impact at the time of the Execution

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9.1.2. For retail clients, the best possible result (or “Best Execution”) shall be determined in terms of the total consideration, representing the price of the Financial Instrument and the costs related to execution, which shall include all expenses incurred by the Client which 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.

a) **Price:** For any given CFD, the Company will quote two prices: the higher price (“ASK”) at which the Client can buy (“go long”) than CFD, and the lower price (“BID”) at which the Client can sell (“go short”) that CFD. Collectively, the ASK and BID prices are referred to as the Company’s prices. The difference between the lower and the higher price of a given CFD is the spread.

The Company’s prices obtained are quoted in real time for the Company to offer the best possible BID and ASK prices to clients and the Company’s electronic pricing engine allows for price updates on every financial instrument multiple time per second, as long as the limitations of technology and communication links allow.

The Company’s price for a given CFD is calculated by reference to the price of the underlying asset, which the Company obtains from its Execution Venues. The company’s prices can be found on the Company’s platform. The company reviews its prices given from time to time to ensure that the prices obtained remain competitive. Certain ex ante and ex-post quality checks are conducted by the Company to ensure that prices obtained and subsequently passed on to Clients remain competitive. Such checks include: the comparison of prices with reputable price sources, ensuring symmetry of spread and reviewing system/parameters.

#### **IMPORTANCE LEVEL: HIGH**

b) **Costs:** For opening a position in some types of CFDs the Client may be required to pay commission or financing fees, the amount of which is disclosed on the Company’s website(s).

#### **IMPORTANCE LEVEL: HIGH**

c) **Speed of Execution:** The Company places a significant importance when executing Client Orders and strives to offer high speed of execution within the limitations of technology and communications links. For instance, in cases where Clients are using a wireless connection or a dial up connection or any other communication link that can cause a poor internet connection then this may cause unstable connectivity with the Company’s trading platform resulting to the Client placing his orders at a delay and hence the orders to be executed at better or worst prevailing price offered by the Company. Moreover, and in order to improve the speed of execution the Company carries out certain ex-ante x-post quality checks such as symmetric slippage checks, number of trades subject to slippage and compare our average speed of execution with external reference sources.

It is noted that some account types might offer higher speed of execution which come at a cost which is specified on the Company's website.

**IMPORTANCE LEVEL: HIGH**

- d) **Likelihood of Execution:** The likelihood of execution depends on the availability of prices of the Execution Venue(s). In some cases, it may not be possible to arrange an order for execution, for example, but not limited to, 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 at the declared price, insufficient margin or, 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.

**IMPORTANCE LEVEL: MEDIUM**

- e) **Size of Order:** In some cases, the price might become less favourable in cases of large orders. The company reserves the right to decline large orders. In the event that the Company is unable to proceed with an order, with regard to size or other reason, the Company will send a re-quote to the Client with the price it is willing to deal with until the price the Client asks, becomes available.

**IMPORTANCE LEVEL: LOW**

- f) **Nature of the Order:** The nature or any other consideration relevant to the execution of the order, for example, type of order.

**IMPORTANCE LEVEL: LOW**

## 9.2. Other Factors Affecting the Execution of Clients Orders

9.2.1. The Company reserves the right to modify its spread under certain market conditions, including but not limited to fundamental market announcements, where there is fast moving market or low liquidity.

9.2.2. The majority of the trades should be automatically priced and executed over our Platform. However, in certain circumstances, such as for example, unusual market conditions or the size and nature of your order of a Financial Instrument may be wholly or partly manually executed. During times of high demand, manual pricing and/ or execution may cause delays in processing your order which in turn can have an impact on the price at which your order is executed. The Company has invested substantially in its technology to minimize the risk of such delays.

9.2.3. If the Client undertakes transactions on an electronic system, he/she will be exposed to risks associated with the system including the failure of hardware and software (Internet / Servers). The result

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of any system failure may be that your order is either not executed according to your instructions or it is not executed at all. The Company does not accept any liability in the case of such a failure. The use of wireless connection or dial-up connection or any other form of unstable connection at the Client's end, may result in poor or interrupted connectivity or lack of signal strength causing delays in the transmission of data between the Client and Company's when using the Company's Electronic Trading Platform. This delay may result in sending to the Company out of date "market orders". In this case the Company will update the price and execute the order at the market price available.

9.2.4. The Company does not consider the above list exhaustive and the order in which the above factors are presented above shall not be taken as a priority factor. Nevertheless, and whenever there is a specific instruction from a client the Company shall arrange to the extent possible for the execution of the Clients order strictly in accordance with the specific instruction.

## **10. LEVERAGE RATIOS**

### **10.1. Financial Contracts for Differences**

10.1.1. We enable you to trade CFDs via MT5 desktop, Web trader and mobile trading platforms.

10.1.2. With respect to retail clients, the amount of available leverage depends, inter alia, on the applicable regulatory restrictions and the underlying asset category. In accordance with the applicable regulations, the Company offers different categories of margin requirements depending on the particular asset in order for the client to manage the exposure of the account in a more efficient way during volatile markets. The main idea is to protect the Clients' accounts by requiring lower margin requirements for less volatile instruments and higher margin requirements for higher volatile instruments. This concept is illustrated below.

10.1.3. The Leveraged products relate to underlying asset classes and financial instruments. We set out below these classes together with the maximum leverage levels we make available through our trading platforms.

10.1.4. During the expected extreme volatility, the offered leverage shall be reduced according to the levels decided by the Company's Risk Manager along with the Company's Management.

<b>Retail Clients</b>		
<b>CFD Underlying Asset</b>	<b>Leverage</b>	<b>Initial Margin Required</b>
<ul style="list-style-type: none"> <li>Major Currency Pairs (pair of any two of these – EUR, USD, JPY, GBP, CAD, CHF)</li> <li></li> </ul>	<b>1:30</b>	<b>3.33%</b>
<ul style="list-style-type: none"> <li>Forex non-major (i.e., a currency pair composed of at least one currency that is not listed in point (1) above)</li> <li>Gold</li> <li>Major indices (any of the following equity indices: Financial Times Stock Exchange 100 (FTSE 100); Cotation Assistée en Continu 40 (CAC 40); Deutsche Bourse AG German Stock Index 30 (DAX30); Dow Jones Industrial Average (DJIA); Standard &amp; Poors 500 (S&amp;P 500); NASDAQ Composite Index (NASDAQ), NASDAQ 100 Index (NASDAQ 100); Nikkei Index (Nikkei 225); Standard &amp; Poors / Australian Securities Exchange 200 (ASX 200); EURO STOXX 50 Index (EURO STOXX 50))</li> </ul>	<b>1:20</b>	<b>5%</b>
<ul style="list-style-type: none"> <li>Commodities (All except Gold)</li> <li>Non-major indices (All except Major Indices listed in point (4) above)</li> <li>NDFs</li> </ul>	<b>1:10</b>	<b>10%</b>
<ul style="list-style-type: none"> <li>Shares</li> </ul>	<b>1:5</b>	<b>20%</b>
<ul style="list-style-type: none"> <li>Cryptocurrencies</li> </ul>	<b>1:2</b>	<b>50%</b>

<b>Professional Clients</b>	
<b>CFD Underlying Asset</b>	<b>Leverage</b>
Major Currency Pairs	1:100
Commodities, Metals, Indices (Major and Non-Major)	1:10
Shares	1:10
Cryptocurrencies	1:10

## **11. NEGATIVE BALANCE PROTECTION & MARGIN CLOSE OUT RULE**

11.1. The Company is obliged to offer Retail clients Negative Balance Protection (“NBP”). The Negative Balance Protection limits the maximum losses that a retail investor could have.

11.2. Retail Clients can never lose more than the total sum invested in trading CFDs. There can be no residual loss or obligation to provide additional funds beyond those in the investor’s CFD trading account.

11.3. The margin close-out rule standardizes the percentage of the margin at which the Company is required to close out a CFD or multiple CFDs.

11.4. Specifically, if the total margin in an account falls below 50% of the amount of initial margin required in respect of the open CFDs, the Company must close one or more of the CFDs.

## 12. DISCLOSURES

12.1. In accordance with the Commissions delegated regulation (EU) 2017/565 and (EU)2017/576, The Company shall publish on its website, information on the identity of execution venues and on the quality of execution on an annual basis and data on the quality of execution of transactions on a quarterly basis. The relevant reports are published on the company's website on the legal documents ([please click here](#)) section under the regulatory disclosures.

## 13. AMENDMENT/REVIEW

13.1. The Company will review and monitor the effectiveness of the Policy and arrangements and, where appropriate, correct and deficiencies. The Company will assess from time to time whether any execution venues enable the Company to provide the best possible result for the Client's order and whether amendments to its execution arrangements are required.

13.2. A review will also be carried out whenever a material change occurs that affects the ability of the Company to continue to obtain the best possible result for the execution of its clients orders on a consistent basis using the venues included in the Policy.

13.3. The Company will not be obliged to notify its clients individually of changes, other than substantial material changes to the Policy. Thus, the Clients should refer to the Company's website for the latest and most up to date version of the Policy, which will be applicable from the date of publication on the Company's website [www.sheermarkets.com](http://www.sheermarkets.com) Legal Documents section.

## 14. CLIENT CONSENT

14.1. By accepting the Terms and Conditions for the provision of investment services by the Company, the Client consents to the application of this Policy which is an integral part of the these Conditions found on the company's website under the Legal section.

14.2. The Client also agrees/consents to the fact that its orders will be executed outside a Regulated Market (e.g., Licensed European Stock Exchange), a Multilateral Trading Facility (e.g., European Financial Trading System) or Organized Trading Facility (OTF). It is noted that the Company will obtain the Client's consent prior to execute trades in a Trading Venue (Regulated Market) and will update this, Policy.

14.3. Should you have any questions about our Policy, kindly e-mail your request to our Support team to the [support@sheermarkets.com](mailto:support@sheermarkets.com). The Company should answer clearly and within a reasonable time and not later than 5 business days.

Date: 26.10.2023