



MAGIC  
COMPASS<sup>TM</sup>

License No. CIF 299/16    NAVIGATE YOUR TRADING

# SUMMARY OF THE BEST INTEREST AND ORDER EXECUTION POLICY

Version 4

June 2023

## 1. Introduction

Magic Compass Ltd (hereinafter, “the Company”, “we”) is an Investment Firm regulated by the Cyprus Securities and Exchange Commission (hereinafter, “CySEC”) with Licence number 299/16.

This Summary of the Best Interest and Order Execution Policy (“the Policy”) is provided to you (our Client or prospective Client) in accordance with the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 87(I)/2017, as subsequently amended from time to time (“the Law”). Pursuant to the Law, the Company is required to take all sufficient steps to obtain the best possible result (best execution) on behalf of its Clients either when executing Client orders or receiving and transmitting orders for execution.

By opening a Trading Account you agree/consent to the fact that your Orders will be executed outside a Regulated Market (e.g. Licensed European Stock Exchange) or a Multilateral Trading Facility (e.g. European Financial Trading System) or Organised Trading Facility “OTF”. You are strongly advised to read this Policy in full and in addition to the other documentation available in the Company’s website, prior to opening an account with Magic Compass Ltd. Should you have any request for clarification for information about the Policy, corresponding arrangements and their review process, please contact us at [info@magiccompass.com](mailto:info@magiccompass.com) or seek independent professional advice.

## 2. Scope of Policy

This Policy applies to both Retail and Professional Clients (as defined in the Company’s Client Categorisation Policy found on the Company’s website at [www.magiccompass.com](http://www.magiccompass.com)). If the Company classifies a client as an Eligible Counterparty, this Policy does not apply to such a Client.

This Policy applies when executing Client Orders for the Client for all types of Contracts for Difference (“CFDs”) offered by the Company.

In case you have been categorised as an Eligible Counterparty, although this policy does not apply to you, in our relationship with you, we will act honestly, fairly and professionally and communicate in a way which is fair, clear and not misleading, taking into account the nature of you as a Client and of our business.

This Policy is also applicable when providing the service of Portfolio Management.

### 3. Best Execution Factors and criteria

When executing Order, we take all sufficient steps to obtain the best possible result ("Best Execution") for our Clients, taking into account price, costs, speed, likelihood of execution and settlement, size, market impact or any other consideration relevant to the execution of the Order ("Best Execution Factors").

Where the Company executes an order on behalf of a **Retail Client**, the best possible result shall be determined in terms of the total consideration, **representing the price of the financial instrument and the costs relating to execution**, which shall include all expenses incurred by the Client which directly relate to the execution of the order, including execution venue fees, clearing settlement fees and any other fees paid to third parties involved in the execution of the order. For determining the relative importance of the execution factors, the following criteria are taken into account:

1. The characteristics of the Client including the categorization of the Client as Retail or Professional;
2. The characteristics of the Client order;
3. The characteristics of Financial Instruments that are the subject of that order;
4. The characteristics of the Execution Venues to which that order can be directed.

For the purposes of delivering best execution where there is more than one competing Execution Venue to execute an Order, in order to assess and compare the results for the Client that would be achieved by executing the Order on each of the execution venue (see Paragraph 6 below) that is capable of executing that Order, the Company's own commissions and costs for executing the order on each of the eligible execution venue shall be taken into account in that assessment. The Company shall not structure or charge commissions in such a way as to discriminate unfairly between execution venues.

The Company considers price and costs as the most important execution factors, followed by speed, likelihood of execution and settlement, size and nature, and market impact. The relative importance attached to these execution factors does not differ across the asset classes traded by the Company.

#### a- Price:

For any given CFD, the Company will quote two prices: the higher price (ASK) at which the Client can buy (go long) that 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. Such orders as Buy Limit,

Buy Stop and Stop Loss, Take profit for opened short position are executed at ASK price. Such orders as Sell Limit, Sell Stop and Stop Loss, Take profit for opened long position are executed at BID price.

The Company's price for a given CFD is calculated by reference to the price of the relevant underlying asset, which the Company obtains from third party external reference sources. The Company's prices can be found on the Company's website or trading platform. The Company updates its prices as frequently as the limitations of technology and communications links allow. The Company reviews its third party external reference sources from time to time to ensure that the data obtained continues to remain competitive. The Company will not quote any price outside the Company's operations time therefore no orders can be placed by the Client during that time. 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, but not limited to, reviewing system settings/parameters, comparing prices with reputable price sources, ensuring symmetry of spread and checking the speed of price updating.

If the price reaches an Order such as: Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit or Sell Stop, these orders are instantly executed. However, under certain trading conditions it may be impossible to execute Orders (Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit or Sell Stop) at the Client's requested price. In this case, the Company has the right to execute the order at the first available price. This may occur, for example, at times of rapid price fluctuations 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, or this may occur at the opening of trading sessions. The minimum level for placing Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit and Sell Stop orders, for a given CFD, is specified in the Client Agreement and/or the Company's website at [www.magiccompass.com](http://www.magiccompass.com).

## **b- Costs:**

For opening a position in some types of CFDs the Client may be required to pay commission, spread or financing fees as applicable, the amount of which is disclosed on the Company's website.

Commission Fees: Commissions may be charged either in the form of a percentage of the overall value of the trade or as fixed amounts. More information on commissions can be found on the Company's website.

Financing Fee: In the case of financing fees, the value of opened positions in some types of CFDs is increased or reduced by a daily financing fee "swap rate" throughout the life of the CFD (i.e. until the position is closed). Financing fees are based on prevailing market interest rates, which may vary over time. Details of daily financing fees applied are available on the Company's website.

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

In addition, where the Company transmits orders for execution to another third party, the Client may be required to pay additional costs (whether Execution Venue fees or other fees paid to a third party involved in the transaction), the amount of which is disclosed on the Company's website.

Note that the Company nevertheless may obtain a commission/inducement from its Liquidity Provider in consideration for the transmission of Clients Orders for execution to the Liquidity Provider. The Client has the right to contact the Company for more clarifications in relation to these commissions.

Should the Company at any period of time decide not to charge such costs, it shall not be construed as a waiver of its rights to apply them in the future, with prior notice to the Client as explained in the Client Agreement found on the Company's website. Such notice may be sent personally to the Client and/or posted on the Company's website.

#### **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, at all time.

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.

#### **d- Likelihood of Execution:**

The Company arranges for the execution of Client Orders with third party(ies) (i.e. Execution Venues); hence, execution may sometimes be difficult. The execution of client's order depends on whether there are prices and liquidity available at the time these orders are received. 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, 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. In addition, the Company is entitled, at any time and at its discretion, without giving any

notice or explanation to the Client, to decline or refuse to transmit or arrange for the execution of any order or Request or Instruction of the Client in circumstances explained in the Client Agreement found at [www.magiccompass.com](http://www.magiccompass.com).

In order to improve speed and likelihood of execution the Company carries out certain ex-ante and ex-post quality checks. Such checks include, but not limited to, symmetric slippage checks, number of trades subject to slippage and comparing our average speed of execution with industry standards.

**e- Likelihood of Settlement:**

The Company shall proceed to a settlement of all transactions upon execution of such transactions. The Company strives to provide its Clients with the fastest execution in the best available prices. Nonetheless, the volatility in the market may affect the price, speed and volume. Therefore, trading during volatile conditions where important news and 6 data releases are made is incredibly risky and therefore the best execution criteria might not apply. Therefore, the execution pricing will always be provided at the first available price.

**f- Size of Order:**

The actual minimum size of an order may be different for each type of Client Account. A lot is a unit measuring the transaction amount and it is different for each type of CFD. Please refer to the Company's website for the value of minimum size of an order and each lot for a given CFD type. If the Client wished to execute a large size order, in some cases the price may become less favourable. The Company reserves the right to decline an Order in case the size of the Order is large and cannot be filled by the Company or for any other reason as explained in the Client Agreement found at [www.magiccompass.com](http://www.magiccompass.com).

**g- Market Impact:**

This entails detecting threats to the orderly operation of financial markets, including to reliability and transparency of their price formation process and tackling any behavior that may conclusively result in cascading market impact or large market impact in general. In forming execution strategy, Magic Compass will always observe the standard of behavior normally expected in the market to which you direct your order. The company will never take any action which may result in market distortion or give a misleading impression of trade volume or value of any financial instrument.

## 4. Types of Order(s) in trading in CFDs:

The particular characterizing of an Order may affect the execution of the Client's Order. Please see below the different types of Orders that a Client can be placed:

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**Website / Email**

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[info@magiccompass.com](mailto:info@magiccompass.com)

**Market Order(s):** With a market order, you may instruct to execute a trade of a certain size as promptly as possible at the prevailing market price. Market orders are executed without regard to price changes. Therefore, if the market price moves significantly during the time it takes to fill your order, the order will most likely be executed at a price substantially different from the price when the order was entered. Certain exchanges do not support market orders. If you place a market order in these markets, the Company will automatically translate the order to an aggressive limit order within a certain percentage limit “in the money”. You have responsibility to check if the order is traded in the market after order entry. If you experience or suspect any errors with the order contact us immediately. Market Orders are offered for all type of accounts.

**Pending Order(s):** This is an Order to buy or sell a CFD in the future at the best available price once a certain price is reached. The Company offers the following types of Pending Orders: Buy Limit, Buy Stop, Sell Limit or Sell Stop Orders to Client Trading Accounts for CFDs.

A Pending Order is an Order that allows the Client to buy or sell a Financial Instruments at a pre-defined price in the future. These Pending Orders are executed once the price reaches the requested level. However, it is noted that under certain trading conditions it may be impossible to execute these Orders at the Client’s requested price. In this case, the Company has the right to execute the Order at the first best available price. This may occur, for example, at times of rapid price fluctuations of 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, or there is lack of liquidity, or this may occur at the opening of trading sessions.

It is noted that Stop Loss and Take Profit may be attached to a Pending Order. Also, pending orders are good till cancelled.

a- **Take Profit:** Take Profit Order is intended for gaining the profit when the Financial Instruments price has reached a certain level after the Financial Instrument price has started to move in a profitable direction. Execution of this order results in complete closing of the whole position. It is always connected to an Open Position or a Pending Order. The Order can be requested only together with a market or a pending order. Under this type of order, the Company’s Trading Platform checks long positions with Bid price for meeting of this order provisions (the order is always set above the current Bid price), and it does with Ask price for short positions (the order is always set below the current Ask price).

b- **Stop Loss:** Stop Loss Order is used for minimising of losses if the CFD’s price has started to move



in an unprofitable direction. If the CFD's price reaches this level, the whole position will be closed automatically. Such Orders are always connected to an Open Position or a Pending Order. Such Orders are always connected to an open, market or a pending order. Under this type of Orders, the Company's Trading Platform checks long positions with Bid price for meeting of this order provisions (the order is always set below the current Bid price), and it does with Ask price for short positions (the order is always set above the current Ask price).

### **Different Types of Trading Accounts in CFDs:**

The Company offers different types of Trading Account. In this respect, the initial minimum deposit, the spreads, costs, size commissions, if any etc. may differ according to each type of Trading Account. Further information regarding the different type of Trading Accounts offered can be found on the Company's website at [www.magiccompass.com](http://www.magiccompass.com).

## **5. Execution Practices in CFDs**

### **Slippage:**

You are warned that Slippage may occur when trading in CFDs. This is the situation when at the time that an Order is presented for execution, the specific price showed to the Client may not be available; therefore, the Order will be executed close to or a number of pips away from the Client's requested price. So, Slippage is the difference between the expected price of an Order, and the price the Order is actually executed at. If the execution price is better than the price requested by the Client, this is referred to as positive slippage. If the executed 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 element when trading in CFDs. Slippage more often occurs during periods of illiquidity or higher volatility (for example due to news announcements, economic events and market openings and other factors) making an Order at a specific price impossible to execute. In other words, the Client Orders may not be executed at declared prices.

Slippage may appear in all types of accounts we offer. It is noted that Slippage can occur also during Stop Loss, Take Profit and other types of Orders. We do not guarantee the execution of your Pending Orders at the price specified. However, we confirm that your Order will be executed at the next best available market price from the price you have specified under your Order.

### **Re-quotes:**

In some cases, the Company may be providing a secondary quote to the Client after an Order has



been submitted; the Client must agree to this re-quote before the Order is executed. The Company shall provide re-quotes if the requested price of the Client is not available at the specific time of execution. The secondary price provided to the Client is the next available price received by the Company from its price feeders.

## 6. Client's Specific Instructions

Where there is a specific instruction from the client, the Company shall execute the order following the specific instruction and compliance with that specific instruction will be treated as satisfaction of the best execution obligation. It is important for the client to note that specific instructions may prevent the Company from taking the necessary steps it has established in this Policy to obtain the best possible outcome for the execution of those orders in respect of the elements covered by those instructions.

**WARNING:** *Specific instructions 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. However, it shall be considered that the Company satisfies its obligation to take all sufficient steps to obtain the best possible result for the Client*

## 7. Execution of Client Orders

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.

Execution of Client orders may also be affected by Slippage and Market Gap. Under standard market conditions from the moment a Client's order is registered in the system its execution is almost instantaneously executed unless there are technical system failures (e.g. connectivity issues). For further information on time of execution, and slippage, please refer to the execution

quality data published on the Company's website here. It should also be noted that the Company does not operate outside market trading hours and hence does not execute orders outside these hours.

## 8. Execution Venue(s)

Execution Venues are the entities with which the orders are placed and executed.

Depending on the type of account you have with the Company, either the Company or a third party liquidity provider will be the Execution Venue for the execution of Client orders (as defined in Commission Directive 2006/73/EC implementing MiFID).

The Company maintains agreements with the below third-party execution venue:

(a) Equiti Global Markets Limited

The above list might be updated from time to time at the Company's discretion and the Client shall be responsible to look for updates. The Company reserves the right to change its execution venues at its own discretion

The Company evaluates and selects the Execution Venues based on a number of criteria such as (but not limited to) the following:

- (a) The regulatory status of the institution;
- (b) The reputation of the institution;
- (c) The competitiveness of commission rates and spreads;
- (d) The ability to deal with large volume of Orders;
- (e) The speed of execution;
- (f) the ease of doing business;
- (g) the legal terms of the business relationship;
- (h) the financial status of the institution;
- (i) various qualitative criteria such as clearing schemes, circuit breakers and scheduled actions.

Other factors may be considered during the selection of execution venues such as Price of Financial Instruments, cost and speed of execution, and regulatory status

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The Company selects to work with those third party venues that enable the Company to obtain on a consistent basis the best possible result for the execution of Client Orders. Where there is only one possible Execution Venue, best execution is achieved by execution on that venue. Best execution is a process, which considers various factors, not an outcome. This means that, when the Company is executing an order for a Client, the Company must execute it in accordance with its execution policy.

The Company does not guarantee that the exact price requested will be obtained in all circumstances and, in any event, the factors may lead to a different result in a particular transaction.

The Clients acknowledge that in such a case, the Company's final price will include the Company's mark-up/commissions that will be clearly specified at the Company's Main website.

The Clients acknowledges that the transactions entered in Financial Instruments with the Company are not undertaken on a recognized exchange/regulated market, rather they are undertaken over the counter (OTC) and as such they may expose the Client to greater risks than regulated exchange transactions/Orders.

The Company, before deciding which Execution Venues to use for Client orders, it compares different Liquidity Providers and performs due diligence of them. Some of the parameters that the Company evaluates, include the following:

- Pricing frequency – how many ticks per second does the Liquidity Provider provide.
- Speed of communication/execution – How fast are the prices received/orders executed.
- Occurrence of price freezes and frequency.
- Depth of liquidity – What is the liquidity provided by the Liquidity Provider.
- If dealing back-to-back is the overall cost (i.e. total consideration paid by Clients) competitive compared to the industry.
- If dealing back-to-back symmetry of slippage should be evaluated in detail for every order type.

In general, the Company places great significance on the choice of its Liquidity Providers as it strives to offer, on a consistent basis, best execution to its Clients.

The Company randomly selects a sufficiently large sample of trades to ensure, with a high statistical confidence level, that it constantly obtains and will obtain the best possible results for the Clients. This is verified by selecting samples from different periods of time, for different instruments and different types of CFDs. Also, the sample checks include trades under irregular market events.

## 9. Important Disclosures

1. In case it acts as an STP broker, the Company undertakes to summarise and make public on an annual basis, for each class of financial instruments, the top five execution venues in terms of trading volumes where the Client orders were executed in the preceding year and information on the quality of execution obtained, in accordance to the relevant regulatory requirements.
2. The Company will publish an annual Execution Quality Summary Statement (EQSS) which will, for each class of financial instruments, include a summary of the analysis and conclusions the Company will draw from its detailed monitoring of the quality of execution obtained on the execution venues where all Client orders were executed in the previous year.

The EQSS will include:

- i. an explanation of the relative importance the Company gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;
- ii. a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;
- iii. a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;
- iv. an explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred;
- v. an explanation of how order execution differs according to Client categorisation, where the Company treats categories of Clients differently and where it may affect the order execution arrangements;
- vi. an explanation of whether other criteria were given precedence over immediate price and cost when executing retail Client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the Client;
- vii. an explanation of how the Company has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575;
- viii. where applicable, an explanation of how the Company has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.

For more information about the most recent Execution Quality Summary Statement for 2022, please refer to the website Company's [here](#).

The Company would like to inform you that this Policy is not directed to any jurisdiction or country where its publication, availability or distribution would be contrary to local laws or regulations. Therefore, this document does not constitute an offer, invitation or solicitation to buy or sell leveraged products and it may not be reproduced or disclosed in whole or in part to any other person without prior written permission. The Policy is not intended to constitute the sole basis for the evaluation of any Client's decision to trade leveraged products.

In addition, please be informed that pursuant to the legal framework, margin close-out protection means the closure of one or more of a Retail client's open CFDs when the sum of funds in the CFD trading account and the unrealized net profits of all open CFDs connected to that account falls to less than 50% of the total initial margin protection for all those open CFDs

## 10. Client's Consent

We are required to obtain your consent prior to establishing a business relationship with you.

***By accepting the provisions of the Company's Client Agreement, you provide your prior express consent and further acknowledge that the transactions in financial instruments, entered with us are not undertaken on a recognized exchange, but rather through our trading platform on an over-the-counter basis ("OTC transactions").*** Accordingly, you may be exposed to greater risks than when conducting transactions on a regulated exchange. Therefore, we may not execute an order, or we may change the opening or closing price of an executed order in certain cases, including, but not limited to instances of a technical failure of the trading platform. You are then only allowed to close an open position in any given financial instrument during our platform's working hours and you can only close any such position(s) with us as your sole counterparty and thus you are subject to counterparty risk. In this respect, clients acknowledge that the transactions entered in CFDs with the Company are not undertaken on a recognized exchange, rather they are undertaken OTC and therefore should be aware that they may be exposed to greater risks (e.g. counterparty risk) such as the aforesaid execution venues' failure to execute the transactions. If the Client requires more information regarding the consequences of these means of execution, please contact us in one of the official contacting methods of the Company.

Furthermore, by entering into the Client Agreement, you consent that your orders being executed in accordance with the Policy in force and amended from time to time. You further confirm and agree that Magic Compass Ltd reserves the right to:

1. immediately terminate your access to the trading platform(s) or Account(s); and/or
2. refuse or cancel any order, in the event you voluntarily and/or involuntarily partake in arbitrage unrelated to market inefficiencies, including but not limited to, latency arbitrage and

swap arbitrage and/or contrary to good faith. Under such circumstances, the Company may, at its discretion, close any of your Account(s) and recover any losses incurred from such practices; and/or

3. immediately terminate your access to the trading platforms and/or recover any losses incurred in the event the Firm determines in its sole discretion that you voluntarily and/or involuntarily undertook to abuse the NBP offered by the Company, or in any way which is contrary to good faith or the terms of the Client Agreement between the Company and the Client either on an individual Account, or multiple Account(s) or multiple profiles and/or between one or more Client(s) of the Company in accordance with the 'Client Agreement'. For instance, a Client hedging his/her exposure utilizing his/her accounts under the same or different Client profile would constitute an abuse of the NBP as well as a Client requesting a withdrawal of his/her Client Money -notwithstanding any of the provisions of the 'Client Agreement'-when the symbol he/she is trading is not available for trading at Magic Compass Ltd during that specific timeframe.

## 11. Amendments of the Policy and Additional Information

The Company reserves the right to review and/or amend this Policy and arrangements whenever it deems this appropriate according to the terms of the Client Agreement. It should be noted that the Company will not notify Client separately of changes, other than substantial material changes to the Policy, and Clients should therefore refer from time to time to the website of the Company at [www.magiccompass.com](http://www.magiccompass.com) for the most up to date version of the Policy.

Should you require any further information and/or have any questions about this policy please direct your request and/or questions to: [support@magiccompass.com](mailto:support@magiccompass.com).