Order Execution Policy

Following the implementation of the Second Markets in Financial Instruments Directive (MiFID II) and in accordance with the provisions of the Investment Services, Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Law of 2017 (L87(I)2017), IQOption Europe Ltd (hereinafter the "Company") is required to establish and provide its Clients and potential Clients an Order Execution Policy (hereinafter called the "Policy") and take all sufficient steps to obtain the best possible result (or "best execution") on behalf of Clients.

This Policy forms part of the Company's Terms & Conditions.

By opening an IQOption trading account you acknowledge that the Financial Instruments offered by the Company are traded over the counter (OTC) and therefore consent to the fact that your orders will be executed outside a Regulated Exchange (e.g. Licensed European Stock Exchange) or Multilateral Trading Facility (e.g. European Financial Trading System).

Where this Policy refers to Financial Instruments, it shall be taken to mean all the Company's products (as these are listed below) collectively.

Scope of Application

The Order Execution Policy of the Company applies to both retail and professional Clients, but not to Eligible Counterparties. For more information, please see Client Categorisation.

The Company is executing Clients' orders in relation to the following Financial Instruments:

- Options Contracts in currency pairs, stocks, commodities, and indices;
- Contracts for Differences (CFDs) in stocks, currency pairs, ETFs, commodities, Indices and cryptocurrencies on short/sell transactions*.

*It should be noted that prior to 01 January 2019 the Client can trade CFDs on Cryptocurrencies exclusively on short/sell transactions. Any new long/buy positions on cryptocurrencies executed on or following the 01 January 2019 is treated as CFDs on cryptocurrencies. For any further information as regards to the provisions governing the cryptocurrency trading please refer to the Company's ''Terms and Conditions for Cryptocurrency Trading''. The Company reserves the right to, at its sole discretion and for all CFD products, impose the following expiration times: daily/weekly/monthly and/or no expiration at all.

It is up to the Company’s sole discretion to decide which types of Financial Instruments to make available.

It is understood that trades are placed with the Company via the Company's online trading platform only and that the Company does not facilitate telephone orders or face-to-face trading i.e. all trading activity is 100% automated. The Company is the counterparty to clients’ trades and transacts with clients as principal. The Company automatically records all orders and allocates them in sequential order ensuring their fair and prompt execution.

The Company publishes, through its Trading Platform, the live streaming prices at which the Financial Instruments offered can be traded.

The Company acts as the sole execution venue and as principal to the Clients’ trades. Clients’ positions are not transferable and Clients can only close their positions with the Company.

All information relating to executed trades are immediately available on your platform, and your profit and loss for an associated closed trade is reflected in the balance of your trading account.

This Policy ensures compliance with the Company’s obligation to execute orders on terms most favorable to Clients.

Best Execution Factors & Criteria

When executing Clients’ orders, the Company takes into account the following “Execution Factors”, in order to obtain the best possible result for its Clients:

- Price
- Costs
- Speed and likelihood of execution and settlement
- Size and nature
- Market conditions and variations
- Any other consideration relevant to the execution of the order.

Price and costs will ordinarily be of high relative importance in obtaining best possible results.

However, in some circumstances, reference to the "Execution Criteria" may appropriately determine that Execution Factors have greater importance in achieving the best possible result for the Client. The Company shall determine the relative importance of the Execution Factors by taking into account the characteristics of the following Execution Criteria:

- The Client, including the categorisation of the Client as retail or professional
- The Client's order
- The Financial Instruments that are the subject of that order, and
- The Execution Venues to which that order can be directed.

For retail clients, the best possible result 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 and any other fees paid to third parties involved in the execution of the order (if applicable).

It is the Company's policy to maintain such internal procedures and principles in order to determine and to act for the best interests of its Clients and provide them the best possible result (or "best execution") when dealing with them.

[1]Further information can be found in the best execution reports (RTS27 & RTS28).

Clients Trading in Option Contracts

Price: The Company will quote one price at which the Client can open an order. Prices for any given option are calculated by reference to the BID and ASK prices of the relevant underlying financial instrument and can be found on the Company's trading platform.

Prices are updated frequently as the limitations of technology and communication links allow.

The Company ensures that the Client will receive the best price by guaranteeing that the calculation of the quoted prices is made with reference and compared to a range of underlying price providers and data sources.

[1] Best execution reports (i.e. RTS27 & RTS28)

Please note that despite taking sufficient steps to obtain the best possible results for Clients, the Company is unable to guarantee, when executing orders, that the prices offered will be more favorable than prices that might be available elsewhere.

Under certain trading conditions, the Client should note that it may be impossible to execute an Order at their requested price. In such cases the Company reserves the right to execute the Order at the first available price. Such instances may occur during times of high market volatility and price fluctuations e.g. when the price of an asset rises or falls in one trading session to such an extent that, under the rules of the relevant exchange, trading is suspended or restricted. The available prices provided by the Company are calculated as (ASK+BID)/2 i.e. the average between the BID and ASK prices.

Costs: No commissions or financing fees are charged by the Company for Options trading.

The Company reserves the right to, at any time, apply such charges in the future with prior notice to the Client. Such notice may be sent personally to the Client through notification on the Trading Platform and/or posted on the Company's website in the section General Fees. Should the Company at any period of time decide not to charge any costs, it shall not be construed as a waiver of its rights to apply them in the future.

Speed of Execution: The Company executes Client's orders as a principal to principal against the Client, i.e. the Company is the Execution Venue (as defined in Commission Directive 2006/73/EC implementing MiFID) for the execution of the Client's Order.

The Company strives to offer a high speed of execution, however, in certain circumstances, for example, low internet speed or market volatility, the quoted price may no longer be representative of the underlying market price and may result in the Client placing his/her Order at a delay, this may result in orders being executed at a better or worse prevailing price offered by the Company.

Likelihood of Execution: The Company acts as a principal and not as an agent on the Client's behalf. The Company relies on its price feed providers for pricing, hence the execution of Client orders shall depend on the availability of services of the price feed providers. Although the Company executes all client orders, in some instances, it may not be possible to arrange an Order for execution during abnormal market conditions. This can occur, but is not limited to, the following examples: overnight, during news times, the opening of trading sessions, 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 or a force majeure event has occurred.

For clarification purposes, abnormal market conditions as indicated above, might include situations where the underlying asset might be subject to split and/or reverse split; in such instances the Company, may decide (upon its absolute discretion) to close the client's position(s) held in the referred asset with the last available price on the platform prior to the occurence of the split and/or reverse split event and the client will receive a notification in this regard.

In the event that the Company is unable to proceed with an Order in relation to price or size or any reason, the Order will be executed at the first available price or not executed at all. In addition, please note, that 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 arrange for the execution of any Order or request of the Client in circumstances explained in the Terms & Conditions.

The Company does not accept any orders outside of the market hours of the relevant underlying financial instrument.

Likelihood of Settlement: The Company shall proceed to the settlement of all transactions upon execution of such transactions. The Options offered by the Company do not involve the delivery of the underlying asset, so they are not settled physically as there would be for example if the Client had bought Shares. All Options are cash-settled.

The Company shall proceed with the settlement of all transactions upon the execution and/or time of expiration of the specific transaction.

Size of Order: All orders are placed in monetary values. The Client is able to place an order as long as they have enough balance in their IQ Option trading account. The minimum size of an Order may be different for each type of Option, please refer to the Company's trading platform for the value of the minimum size of an Order in each Option, as well as the value of the maximum size of a single Order.

If the Client wishes to execute a large Order, in some cases the price may become less favorable. 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.

Market Impact: Some factors may rapidly affect the price of the underlying instrument/product from which the Company's quoted price is derived and may also affect other factors listed herein. The Company will take all sufficient steps to obtain the best possible result for its Clients.

The Company does not consider the above list exhaustive and the order in which the above factors are presented shall not be taken as priority factor.

Different Types of Options: The Company offers the following types of Options on its platform, at its own discretion:

- Digital: Options with multiple strike prices (available for professional clients only)

- Binary: Options with one strike price (current market price). (available for professional clients only)
- FX Options: Options with features similar to those of vanilla options

Further information can be found on the Company’s trading platform.

Types of Orders: The Client may give instruction to execute or initiate a trade with the Company by way of a Market Order (trade request) whereby the Client gives instructions to immediately buy or sell at the best available price.

Clients Trading in CFDs (Protected CFDs and CFDs on Margin)

Price: The price for a given contract is calculated by reference to the price of the relevant underlying financial instrument. 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 and can be found on the Company’s trading platform.

The difference between the lower and the higher price of a given CFD is the spread.

Prices are updated frequently as the limitations of technology and communication links allow.

The Company ensures that the Client will receive the best price by guaranteeing that the calculation of the quoted prices is made with reference and compared to a range of underlying price providers and data sources.

Please note that despite taking sufficient steps to obtain the best possible results for Clients, the Company is unable to guarantee, when executing orders, that the prices offered will be more favorable than prices that might be available elsewhere.

Under certain trading conditions, the Client should note that it may be impossible to execute an Order at their requested price. In such cases the Company reserves the right to execute the Order at the first available price. Such instances may occur during times of high market volatility and price fluctuations e.g. when the price of an asset rises or falls in one trading session to such an extent that, under the rules of the relevant exchange, trading is suspended or restricted.

Costs: In most circumstances, a spread is applied. The spread is dynamic for certain Financial Instruments, and may take into account such factors as liquidity in external markets for the underlying financial instrument and competitive pricing. The Company reserves the right to decide on what spread to apply in its capacity as a market maker based on the clients’ best interest. The spread may vary depending on the market conditions and the leverage selected and cannot be fully predictable; the Company provides in its official website in the section trading specifications the percentage of the applicable spread per instrument as an indication of the expected spread to be charged.

The Company may also apply markup or markdown upon the prices received from its price feed providers in accordance with its capacity as a market maker. The adjustment of spread and/or markups and markdowns depend on several factors such as the market conditions, volatility of the market and liquidity of the assets.

The Company reserves the right to charge the Client a swap fee (of up to 0.6% of the face value of the position) for keeping a position open overnight. The swap fee can be subject to changes in the future.

In certain circumstances (such as increased volatility or illiquidity in relation to the underlying market concerned) the Company reserves the right to alter the spreads offered.

In other circumstances, clients may be charged overnight funding premiums.

The Company reserves the right to, at any time, apply such charges in the future with prior notice to the Client. Such notice may be sent personally to the Client through a notification on the Trading Platform and/or through email and posted on the Company’s website in the section General Fees. Should the Company at any period of time decide not to charge any costs, it shall not be construed as a waiver of its rights to apply them in the future.

Speed of Execution: The Company executes Client's orders in CFDs as a principal and not as an agent to the Client, i.e. the Company is the Execution Venue (as defined in Commission Directive 2006/73/EC implementing MiFID) for the execution of the Client’s Order.

The Company strives to offer a high speed of execution, however, in certain circumstances, for example low internet speed or market volatility, the quoted price may no longer be representative of the underlying market price and may result in the Client placing his/her Order at a delay, this may result in orders being executed at a better or worse prevailing price offered by the Company.

Likelihood of Execution: The likelihood of execution may depend on the availability of the prices of the price feed providers of the Company. In some instances, it may not be possible to execute an order during abnormal market conditions. This can occur, but is not limited to, the following examples: overnight, during news times, the opening of trading sessions, 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 or a force majeure event has occurred.

In the event that the Company is unable to proceed with an Order in relation to price or size or any reason, the Order will be executed at the first available price or not executed at all. For clarification purposes, abnormal market conditions as indicated above, might include situations where the underlying asset might be subject to split and/or reverse split; in such instances the Company, may decide to close the client's position(s) held in the referred asset with the last available price on the platform prior to the occurence of the split and/or reverse split event and the client will receive a notification in this regard.

In addition, please note that 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 execute any Order or request of the Client in circumstances explained in the Terms & Conditions.

The Company does not accept any orders outside of the market hours of the relevant underlying financial instrument. For clarification purposes, where the Company is unable to execute any orders (including pending orders) e.g where the market is closed, the order will be executed at the first available price included in the Company's trading platform or not executed at all. For instance, in case there is a pending order (stop loss 50%) and the market is closed at the time the position reaches the stop loss of 50% and there is no available price in this respect, the Company shall execute such order at the first available price as soon as the market opens; this means that even if the 50% margin stop-out feature is activated, the losses can exceed 50% in case there is no available price at the moment.

Likelihood of Settlement: The Company shall proceed to the settlement of all transactions upon execution of such transactions. The CFDs offered by the Company do not involve the delivery of the underlying asset, so they are not settled physically as there would be for example if the Client had bought Shares. All CFDs are cash-settled.

The Company shall proceed with the settlement of all transactions upon the execution and/or time of expiration of the specific transaction.

Size of Order: All orders are placed in monetary values. The Client is able to place an order as long as they have enough balance in their IQ Option trading account. The minimum size of an Order may be different for each type of CFD, please refer to the Company's trading platform for the value of the minimum size of an Order in each CFD, as well as the value of the maximum size of a single Order.

If the Client wishes to execute a large Order, in some cases the price may become less favorable. 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.

Market Impact: Some factors may rapidly affect the price of the underlying instrument/product from which the Company's quoted price is derived and may also affect other factors listed herein. The Company will take all sufficient steps to obtain the best possible result for its Clients.

The Company does not consider the above list exhaustive and the order in which the above factors are presented shall not be taken as priority factor.

Different Types of CFDs: The Company offers the following types of CFDs on its platform:

- Forex: CFDs in currency pairs (FX)
- CFDs in stocks, ETFs, Indices and commodities
- "Crypto": CFDs in Cryptocurrencies for short/sell transactions*

*Any new long/buy positions on cryptocurrencies executed on or following the 01 January 2019 will be treated as CFDs on cryptocurrencies.

Types of Orders: The Client may give instruction to execute or initiate a trade with the Company by way of:

- Market Order: whereby the Client gives instructions to immediately buy or sell at the best available price.
- Limit Order: whereby the Client gives instruction to buy or sell at a maximum or minimum price he specifies.
- Stop Order: whereby the Client gives instruction to buy or sell once the price of a Financial Instrument reaches a specified level.
- Trailing Stop Loss Order: whereby the Client specifies the loss limit which is automatically shifted up or down depending on the price of the underlying asset and only in case the latter moves in the desired direction.

Execution Practices in Protected CFDs

Slippage: You are warned that Slippage may occur when trading in CFDs. Slippage is the difference between the expected price of an Order, and the price the Order is actually executed at. In some situations, at the time an Order is presented for execution, the specific price shown 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.

Slippage can occur at times of low liquidity or high volatility (e.g. after economic events or news announcements) and is a normal element of trading in CFDs.

Initial margin: any payment for the purpose of entering into a CFD, excluding commission, transaction fees and any other related costs; initial margin is to be calculated based on the exposure provided by the ultimate underlying of a CFD.

Leverage (Multiplier): The use of the multiplier tool in CFD trading enables the client to trade in the markets and increase proportionally the returns of his/her invested amount, in relation to the returns in the market. The Company offers to Clients a Protected CFD feature where the maximum loss a client can incur from a trade is limited to 50% his/her original investment amount meaning the remaining amount of his/her equity is secured.

E.g. (for long positions): A trader decides to invest €1,000 (Investment Amount) on the upwards movement of EUR/USD. He/she also chooses to use a multiplier of 30 for this trade. After one day, the trader decides to close the position. At that moment, the price of EUR/USD moved from 1.153250 (opening price) to 1.158000 (closing price) or otherwise 0.41188%. The realized profit for the client will be €123.56.

(Closing Price / Opening Price -1) x Multiplier x Investment Amount = Profit/Loss

i.e. (1.158000 / 1.153250 -1) x 30 x 1000 = €123.56

For short positions: i.e (1-closing price / opening price) Multiplier Investment Amount = Profit/Loss.

Without the use of the multiplier tool, the trader's profit would have been €4.12.

In the opposite scenario, if the market had moved against his/her position, the realized losses would have been larger with the use of the multiplier compared to a position opened without the use of it. To demonstrate with the same example, if the market had moved 1% down from the opening price of 1.153250, because of the use of the multiplier tool, the invested capital would decrease by 30% (1% x 30).

i.e. 1% x 30 x 1000 = €300

Without the use of the multiplier tool, the trader's losses would have been €10.

If the trader had used a lower multiplier both the profit and loss amount in the examples above, would have been smaller as well.

E.g. Using a multiplier of 20, the realized profit in the first example would be (1.158000 / 1.153250 -1) x 20 x 1000 = 82.374 or €82.40 and 1% x 20 x €1,000 = €200 for the second example.

Warning: Trading Protected CFDs carries a high level of risk since the multiplier tool (leverage) can work both in your advantage and disadvantage.

Maintenance Margin: The maintenance margin is the minimum amount of equity required to maintain open positions.

The Maintenance Margin is the minimum amount of equity in a position required to maintain an open CFD position. Should this amount fall below 50% of the initial investment, the Company will automatically close the position unless you have decided not to use the protected CFD feature and to use margin trading.

E.g. Using the data from the previous example with €1,000 investment in EURUSD and using a multiplier of 30, the maintenance margin is calculated as 50% x €1,000 = €500. Therefore, the maximum loss the trader can occur, before their position is closed by the Company is 50% or €500).

The price when the position will be closed by the Company, and only if the trader hasn't decided to already close the position, is 1.131338. At this price, the remaining amount of the investment will have reached the maintenance margin.

To better understand the calculations the return in the market when 50% of the investment amount will be lost is 2% on the downside since the position is long the EURUSD.

Maximum Loss / multiplier = return in market.

i.e. 50% / 30 = 2%*

The Company assigns the following importance level to the Best Execution Factors:

Best Execution Factor	**Level of Importance**
Price	High
Costs	High
Speed of Execution	High
Likelihood of Execution	High
Likelihood of Settlement	Medium
Size of Order	Medium
Market Impact	Medium

Execution Practices in CFDs on Margin

Slippage: You are warned that Slippage may occur when trading in CFDs on Margin. Slippage is the difference between the expected price of an Order, and the price the Order is actually executed at. In some situations, at the time an Order is presented for execution, the specific price shown 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.

Slippage can occur at times of low liquidity or high volatility (e.g. after economic events or news announcements) and is a normal element of trading in CFDs.

Initial margin: any payment for the purpose of entering into a CFD, excluding commission, transaction fees and any other related costs; initial margin is to be calculated based on the exposure provided by the ultimate underlying of a CFD.

Leverage (Multiplier): The use of the multiplier tool in CFD trading enables the client to trade in the markets and increase proportionally the returns of his/her invested amount, in relation to the returns in the market. 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 will close one or more of the CFDs.

Examples of trading CFDs on Margin can be found in the section Maintenance Margin below. As it will be explained in the said section the Clients have to maintain a certain level of their own funds in their account balance in order to maintain open positions.

Warning: Trading CFDs on Margin carries a high level of risk since the multiplier tool (leverage) can work both to your advantage and disadvantage.

Maintenance Margin: The maintenance margin is the minimum amount of equity required to maintain open positions.

The Maintenance Margin is the minimum amount of equity in a position required to maintain an open CFD position. Should this amount fall below 50% the Company will automatically reserve an additional amount from the Client's trading account balance equivalent to 20% of the initial investment amount in order for the CFD position to remain open. Margin add-ons are deducted from the Client's balance every 10% at and past -50% (i.e. at -50%, -60%, -70%, -80% etc). When the available funds in the Client's trading account which are reserved to maintain the CFD position open fall below 50% of the total invested amount, the CFD positions will automatically close and the funds reserved from the Client's account to maintain the CFD position open, will be permanently deducted.

<u>Example</u>:

A Client decides to invest $100 (Investment Amount) for a long position on CFD in EURUSD and using a multiplier of 30. The opening price of EURUSD when the Client buys his CFD is $1.19341. The maintenance margin of the position is calculated as 50% x $100 = $50. Client's remaining available balance in his/her trading account after placing the aforementioned trade is $500. The maximum loss the Client can suffer in his account is $450 (available balance - 50% of initial margin). Since the Client uses a multiplier of 30 for his trade, it means that for every 1% move against his prediction his Investment Amount will decrease by 30% (1% x 30).

If the price of the underlying currency pair keeps moving against the Client's prediction and specifically the Client's loss for this position reaches or exceeds 50%, an amount of 20% of the initial investment amount will be reserved from the Client's available balance in his trading account in order to keep the CFD position open and in particular the amount of $20 and thereby extending the margin by 10%. If the price of the underlying currency pair of the CFD keeps moving against the Client's initial prediction and depreciates a further 10% then an additional 20% will be reserved from the Client's trading account in order to keep the CFD position open. The CFD position will be automatically closed when the available funds in the Client's account are reduced to 50% of the Client's initial investment amount and in this example when the balance is reduced to $50.

Conversely, if the CFD position moves in the Client's favor before the maintenance margin of the Client's account is exceeded, then the reserved amounts previously reserved from the Client's account in order to maintain the CFD position will be returned to the Client's account accordingly.

Execution Venues

For the purposes of the provisions relating to best execution "Execution Venue" shall mean a regulated market, multilateral trading facilities (MTF), systematic internalisers (SI), market makers, liquidity providers or any other entity that facilitates trading of Financial Instruments. For the purpose of this policy, it is understood that the Company is the sole Execution Venue. Although the Company may at its own discretion transmit your orders for execution to third party liquidity providers, contractually the Company is the counterparty to your trades and any execution of orders is done in the Company's name; therefore, the Company is the sole Execution Venue for the execution of the clients' orders and acts as a principal and not as an agent on the Clients' behalf.

The Client acknowledges that the transactions entered in Financial Instruments with the Company are not undertaken on a recognised exchange.

Specific Client Instructions

Where the client provides the Company with specific instructions as to the execution of an Order, the Company shall execute the Order in accordance with that specific instruction, and will proceed in taking all sufficient steps to obtain the best possible result. It should be noted that specific instructions may prevent the Company from following this Policy.

Where the client's instruction relates to only part of the Order, the Company will continue to apply its Order Execution Policy to those aspects of the Order not covered by the specific instruction.

Trading Hours

Details of the opening times in relation to particular Financial Instruments are available through the Trading Platform.

Monitoring and Review

The Company will monitor on a regular basis the effectiveness of this Policy and the execution quality of the procedures explained in this Policy, making any changes where appropriate and ensuring its compliance with all applicable regulatory requirements.

As part of the monitoring process, the Company will consider the following:

- Reconciliation of trades: As the Company executes Clients' trades, it is the responsibility of the Company to ensure that these orders are executed in line with this Policy. The Company monitors all best execution factors via numerous internal controls and processes.
- Price: The Company has established sound arrangements, controls and procedures in relation to price feed monitoring by cross-checking the prices offered to its Clients with the prices offered by the feed providers and reliant market data sources. Any price deviations are further investigated.

In addition, the Company will review this Policy at least once a year and will notify its clients of any material changes. Material change can be considered, among other things, change in relation to the cost, price, speed, likelihood of execution and settlement, size, nature and/or any other consideration relevant to the execution of the order, including changes to the selected Execution Venue(s) and third-party brokers. Upon request, the Company will demonstrate to its clients that it has executed their orders in accordance with its Order Execution Policy. Lastly, the client may submit to the Company any questions related to this Policy and the Company will answer to the client within a reasonable time.

Client Consent

When establishing a business relationship with the client, the Company is required to obtain the client's prior consent to this policy.

The client shall be deemed to have provided such consent to the Order Execution Policy, as in force from time to time, by accepting the Agreement or by effecting a transaction following the receipt of the notice of any amendment of the Order Execution Policy.