Best Interest and Order Execution Policy

Zivalea (Pty) Ltd

November 2024

An authorized Financial Services Provider (FSP) licensed by the Financial Sector Conduct Authority (FSCA) under license number 54231.
Registered Address is: CNR William Nicol Broadacres Drive Regus Dainfern Square 1st floor, Johannesburg Gauteng, 2055

1. INTRODUCTION

Zivalea (Pty) Ltd, trading under the brand name FXSI (hereinafter referred to as "the Company," "we," or "us"), is committed to acting in the best interests of its Clients by adhering to the principles of Treating Customers Fairly (TCF). This Best Interest and Order Execution Policy (hereinafter "the Policy") outlines the procedures and criteria the Company follows when executing Client Orders.

By opening a trading account with the Company, Clients acknowledge that their Orders will be executed outside of regulated markets such as the Johannesburg Stock Exchange (JSE) or Alternative Trading Systems (ATS), such as A2X Markets.

This Policy applies to the execution of Contracts for Difference (CFDs) across a range of financial instruments, including but not limited to indices, commodities, cryptocurrencies, equities, and currency pairs (FX).

2. SCOPE

This Policy applies to all Clients of Zivalea (Pty) Ltd. The Company is committed to conducting its operations with integrity, fairness, and professionalism in all Client interactions. It governs the execution of Client Orders for all Contracts for Difference (CFDs) offered by the Company.

This Policy does not apply in instances of force majeure or other exceptional circumstances that are beyond the Company's control and which may affect the normal functioning of the Markets.

3. FACTORS CONSIDERED FOR BEST EXECUTION

Zivalea (Pty) Ltd takes all reasonable measures to ensure optimal execution outcomes for its Clients. The following factors are taken into account to determine the "Best Execution" when processing Orders, and their significance may vary based on the nature of each individual transaction:

a. **Price:**

When executing Contracts for Difference (CFDs), the Company provides two distinct prices:

- **Ask Price:** The higher value at which Clients may purchase (go long) the CFD.
- **Bid Price:** The lower value at which Clients may sell (go short) the CFD.

The difference between the Bid and Ask price, known as the spread, is continually monitored to ensure it remains competitive.

Price Determination:

The CFD price is derived from the underlying asset's price, sourced from independent third-party providers such as market makers, liquidity providers, or price aggregators offering real-time data. The Company performs regular checks on these external providers to ensure that the prices offered to Clients are accurate and competitive. These prices are continuously updated and displayed on the trading platform. During non-market hours, when prices are unavailable, Clients are unable to place new Orders.

Price Verification:

The Company undertakes both pre- and post-execution quality checks, including verifying the platform's settings, comparing prices with reputable sources, and monitoring the spread's symmetry. It also ensures that updates to prices occur promptly to prevent delays.

b. **Costs:**

Cost considerations play a crucial role in the determination of Best Execution. The Company sources its CFD prices from third-party providers, with these prices based on the prices of the relevant underlying assets provided by the aforementioned data sources.

Transaction Fees:

Clients may incur transaction fees, which could be applied as a fixed fee or as a percentage of the total trade value. These charges are applicable at the time a position is opened and may vary based on the CFD type and the conditions of the market.

Financing Charges:

If a position remains open overnight, a financing charge (also known as a swap rate) will apply. The fee is determined by prevailing interest rates and is subject to change. The financing charge can either increase or decrease the value of the position over time. Clients should consider these charges, as they can affect the cost of maintaining a position.

c. **Execution Speed:**

In fast-moving markets, the speed of Order execution is of paramount importance. Although the Company does not act as the Execution Venue itself, it coordinates with third-party Execution Venues for Order execution.

Technological Factors:

Execution speed may be influenced by factors such as the technology in use and the quality of communication channels. Clients using slower internet connections (e.g., wireless or dial-up) may experience delays, potentially causing their Orders to be executed at a price different from what was requested. The Company strives to execute Orders swiftly, but technical limitations can occasionally affect execution times.

d. **Likelihood of Execution:**

The likelihood of an Order being successfully executed depends on various factors, including the availability of pricing from the Company's external liquidity providers and current market conditions.

Market Conditions:

During periods of heightened volatility, significant news events, or at market openings, it may become more challenging for the Company to source prices from liquidity providers. In such cases, an Order may not be executed at the desired price or size, and the Company may need to delay or refuse execution.

Order Rejections:

Orders may be rejected or declined based on conditions outlined in the Client Agreement, including but not limited to insufficient liquidity, extreme market volatility, or force majeure events.

e. **Likelihood of Settlement:**

Once executed, all CFD transactions are settled promptly by the Company. Since CFDs are derivative products and do not require physical delivery of the underlying asset, transactions are settled in cash. This structure significantly reduces settlement risks. Timely settlement is vital to ensure that trades are completed as expected.

f. **Order Size:**

Orders are placed in specified units known as "lots." The lot size may vary depending on the type of CFD being traded. While the Company endeavors to fill Orders, larger Orders may be partially filled or declined if liquidity is insufficient.

Order Size Limits:

If an Order exceeds available liquidity, the Company reserves the right to reject the Order or execute it partially. Clients should be mindful of market liquidity when placing large Orders.

g. **Market Impact:**

Significant events such as major economic news or political developments can cause rapid fluctuations in the prices of underlying assets. The Company takes all reasonable steps to mitigate the potential negative impact of such events on Client Orders. However, in extreme volatility, the Company cannot guarantee execution at the requested price, and Orders may be executed at the next available market price.

4. EXECUTION PRACTICES IN FINANCIAL INSTRUMENTS

Slippage (Market Orders)

Slippage refers to the discrepancy between the expected price of an Order and the price at which the Order is actually executed. This typically arises during times of heightened market volatility or when liquidity is limited.

<u>Definition:</u> Slippage may occur in both Market Orders and Pending Orders. It arises when the execution price differs from the price quoted at the time of placing the Order, often due to rapid market movements or price gaps that can occur under certain conditions.

Types of Slippages:

<u>Positive Slippage:</u> This happens when an Order is filled at a better price than initially quoted.

Negative Slippage: This occurs when an Order is filled at a worse price than the one originally quoted.

While the Company does not provide a guarantee that Orders will be executed at the precise requested price, it ensures that Orders will be executed at the most favorable price available at the time. This may result in either positive or negative slippage.

Slippage is most likely to occur during periods of low market liquidity, or in reaction to significant market events such as economic releases, political developments, or the opening of trading sessions. It can also affect all types of Orders, including Stop Loss and Take Profit Orders.

5. TYPES OF ORDER(S) IN TRADING FINANCIAL INSTRUMENTS

The execution of Orders can vary depending on the type of Order and prevailing market conditions. Below are the different types of Orders that a Client may place:

a. **Market Order(s)**

   A Market Order is an instruction to buy or sell a CFD at the best available price in the market, as soon as possible.

   - **Buying CFDs:** At the Ask price.
   - **Selling CFDs:** At the Bid price.

   Market Orders trigger the immediate opening of a position. However, due to market fluctuations, the execution price may differ from the initially requested price. Clients can attach Stop Loss and Take Profit Orders to Market Orders for additional risk management.

b. **Pending Order(s)**

   A Pending Order allows the Client to set a condition under which a position will be opened once the market price reaches a specified level.

   Pending Orders include the following types:

   - **Buy Stop:** An Order to buy when the market price exceeds the current market price.
   - **Sell Stop:** An Order to sell when the market price falls below the current market price.
   - **Buy Limit:** An Order to buy at a price lower than the current market price.
   - **Sell Limit:** An Order to sell at a price higher than the current market price.

Pending Orders are executed when the specified price is reached. However, under certain market conditions, such as high volatility or low liquidity, it may not be possible to complete the Order at the requested price. In such cases, the Order will be filled at the next available market price.

c. Take Profit

A Take Profit Order is designed to secure profit when the price of the CFD reaches a predetermined level. When this level is hit, the entire position is automatically closed.

- **For Long Positions:** The Order is placed above the current Bid price.
- **For Short Positions:** The Order is placed below the current Ask price.

Take Profit Orders can be adjusted or cancelled by the Client, provided they have not yet been executed.

d. Stop Loss

A Stop Loss Order is used to minimize potential losses when the price of the CFD moves in an unfavorable direction.

- **For Long Positions:** The Order is placed below the current Bid price.
- **For Short Positions:** The Order is placed above the current Ask price.

Stop Loss Orders can be modified or cancelled before execution, similar to Take Profit Orders.

Order Modification and Cancellation:

Clients can modify or cancel their Orders at any time before they are executed. Once an Order is triggered and executed, it cannot be altered or reversed.

Clients should be mindful that in volatile or rapidly changing markets, modification or cancellation requests may not be processed in time, and Orders may be executed before changes take effect.

Order Execution in Various Market Conditions:

In volatile or illiquid market conditions, it may not always be possible to execute an Order at the requested price. In such cases, the Company will execute the Order at the next best available price.

During periods of significant market events, such as major news releases or at the market's open or close, rapid price fluctuations may result in slippage, which could impact the price at which an Order is executed. Clients are advised to be aware of this potential risk when placing Orders.

6. BEST EXECUTION CRITERIA

The Company evaluates and determines the relative significance of the Best Execution Factors (outlined in Section 3) based on its professional judgment, alongside available market data. The weight of each factor can vary depending on the unique circumstances surrounding each Order. When assessing the importance of these factors, the Company considers the following:

a. **Client Classification:**
   The Company takes into account whether the Client is categorized as a retail or professional Client. This classification can influence how the Best Execution Factors are prioritized. Retail Clients typically require a higher emphasis on price, while professional Clients may place more importance on other factors, such as execution speed or order size.
b. **Order Characteristics:**
   The type and volume of an Order play a critical role in determining how the Best Execution Factors are applied. For instance, larger or more intricate Orders may prioritize the likelihood of execution, while standard or smaller Orders may focus more on speed and price.
c. **Financial Instrument Characteristics:**
   Different financial instruments exhibit varying degrees of liquidity and impact on the market. For example, highly liquid assets, such as major currency pairs, may prioritize speed and price, whereas less liquid instruments may place greater emphasis on ensuring the Order's execution.
d. **Execution Venue Characteristics:**
   When Orders are executed through third-party Execution Venues, factors such as the liquidity available, the pricing offered, and the overall stability of the market may influence the prioritization of the execution factors.

Importance Levels of Best Execution Factors

To ensure the best outcome for Clients, the Company assigns different levels of importance to each of the execution factors, depending on the specific circumstances of each transaction:

FACTOR	IMPORTANCE LEVEL	REASONS
Price & Costs	Very High	The price of the financial instrument and the costs associated with execution are fundamental to achieving Best Execution. These factors are essential because they directly affect the overall value of a trade and its efficiency. To prioritize the Client's best interest, the Company focuses on offering the most competitive prices and minimizing costs. This ensures that Clients receive the most favorable terms for their trades. Reducing costs is especially important for large Orders, as it helps mitigate the potential market impact of the trade
Speed of Execution	Critical	Execution speed is a critical factor, especially in fast-moving markets such as Forex. Quick execution helps to minimize slippage and ensures that trades are completed at the intended price levels, thereby reducing the likelihood of adverse price movements
Likelihood of Execution	High	The likelihood of execution is a key factor in achieving best execution, as it determines whether a trade

		can be successfully completed. If a trade cannot be executed, it disrupts the investor's strategy, potentially causing missed opportunities or financial losses.
Likelihood of Settlement	Medium	Ensuring a trade will be settled allows the Client to trust that the transaction will be completed as planned. This minimizes the risk of failed trades, which can result in financial losses or missed opportunities. Reliable settlement also helps reduce market impact, as a failure to settle may influence the asset's price, potentially creating less favorable conditions for future trades.

7. EXECUTION OF CLIENTS' ORDERS

The Company will adhere to the following conditions when executing Client Orders:

a. Orders will be promptly and accurately recorded and allocated on behalf of Clients.
b. Similar Client Orders will be executed sequentially and without delay, unless market conditions or the specific nature of the Order make such execution impractical.
c. The Company will promptly notify the Client of any material difficulty that could impact the proper execution of an Order once it becomes aware of the issue.

8. EXECUTION VENUES

8.1. An Execution Venue refers to the entity or entities where Orders in Financial Instruments are placed and executed. Zivalea (Pty) Ltd does not execute Client Orders on its own account or as principal to principal against the Client. The Company currently utilizes a third-party Financial Institution as the Execution Venue.

8.2. The Company partners with third-party Execution Venues that consistently provide the best possible outcomes for executing Client Orders. In situations where only one

Execution Venue is available, best execution is achieved through execution on that venue. Best execution involves considering multiple factors, which may result in an execution that deviates from the requested price. The Company does not guarantee that the exact requested price will always be achieved.

8.3. 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 regulated exchange transactions.

8.4. The Company places great significance on the choice of its Execution Venue as it strives to offer, on a consistent basis, the best execution to its Clients.

9. CLIENT'S CONSENT

By accepting the Company's Client Agreement, Clients acknowledge and consent to the application of this Policy in relation to their transactions.

10. MONITORING AND REVIEW

The Company conducts an annual review of this Policy to assess its ongoing effectiveness in achieving Best Execution. Any required modifications will be implemented as necessary to maintain optimal execution standards.

11. AMENDMENT OF THE POLICY AND ADDITIONAL INFORMATION

The Company retains the right to modify this Policy at any time. Clients are advised to periodically check the Company's website for any updates. Significant changes to the Policy will be communicated to Clients, while minor revisions may not be individually notified.