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BEST EXECUTION POLICY

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## BEST EXECUTION POLICY

### Overview

This Best Execution Policy governs the matched principal broker (MPB) services offered by True Trade Pro Ltd (“True Trade Pro” or the “Company”). It adheres to the regulatory frameworks set forth in Section 9.1 of the Bank Negara Malaysia (BNM) – Code of Conduct for Malaysia Wholesale Financial Markets and Section 9.7(i) of the Guidelines on Money Broking Business in Labuan IBFC. Clients are encouraged to read this Policy in conjunction with the Firm’s Standard Terms of Business to fully understand their rights and the Company’s obligations.

### 1. Introduction

True Trade Pro Ltd (hereafter the “Company”) is a trading brokerage incorporated and registered under the laws of the Labuan Financial Services Authority. The Company is authorized to provide investment services related to financial instruments specified in the Terms and Conditions (hereafter the “Agreement”).

In line with regulatory requirements and industry best practices, the Company has established its Best Execution Policy (the “Policy”). This Policy outlines the Company’s commitment to obtaining the best possible results for its clients when executing orders or transmitting orders for execution in financial instruments. The Company recognizes the importance of this commitment and is dedicated to taking all reasonable steps to achieve “best execution,” ensuring that client interests are prioritized.

The Policy provides a general overview of how the Company will obtain the best execution for its clients, detailing the various factors that may impact the execution of financial instruments. The Policy is applicable upon acceptance of an order and in cases where a client does not provide specific instructions on the execution method. However, should a client provide specific instructions regarding an order, the Company will execute the order according to those instructions. It is important to note that such specific instructions may limit the Company’s ability to implement the Policy fully, potentially affecting the overall execution outcome for the client.

By implementing this Policy, the Company aims to maintain transparency and foster trust with its clients, ensuring a clear understanding of the execution process and the factors influencing trade outcomes.

### 2. Exemptions from Best Execution

While True Trade Pro strives to provide best execution for all client orders, certain exemptions apply, which are outlined below. These exemptions are essential for maintaining regulatory compliance and managing the diverse needs of our client base.

- **Eligible Counterparties:** Clients classified as Eligible Counterparties include principal brokers and liquidity providers. These clients operate at a level that indicates a higher understanding

of the financial markets, enabling them to assess risks and make informed decisions independently. As such, they are not entitled to the same level of best execution protections that are afforded to Retail Clients and Professional Clients. This means that the specific obligations under the best execution framework may not apply to them in the same manner.

However, all clients, including those classified as Eligible Counterparties, will still have equal access to True Trade Pro's order book. This access ensures that all clients can participate in the market transparently, allowing them to view and engage with the available liquidity.

It is important to note that liquidity providers, who may be classified as Eligible Counterparties, can exercise a "last look" clause. This clause allows them to review and potentially reject trades based on their internal criteria before final execution. As a result, such providers may have priority in the order queue, which can impact the execution speed and price availability for other clients. The "last look" mechanism is designed to protect liquidity providers from adverse market movements or execution risks, but it may create a disparity in order execution for clients who are not classified as such.

This distinction is vital for clients to understand, as it highlights the different levels of service and execution obligations that apply based on client classification. True Trade Pro remains committed to providing the best possible execution outcomes while adhering to regulatory requirements and ensuring transparency in its operations.

### 3. Categorization of Clients

The Firm categorizes clients into three distinct groups as defined by the Labuan Financial Services Authority (LFSA). This categorization is essential for ensuring compliance with regulatory standards and for tailoring the level of service and protection offered to different client types. The classifications are as follows:

- **Retail Clients:** This category includes individual investors or entities that do not meet the criteria for Professional Clients or Eligible Counterparties. Retail Clients are afforded the highest level of regulatory protection, reflecting their status as less experienced participants in the financial markets. The protections include enhanced disclosure requirements, obligations on the part of the Firm to act in the client's best interest, and specific rights concerning the handling of their orders. Retail Clients benefit from a range of services designed to support their trading activities, including access to educational resources, personalized support, and guidance on investment strategies.
- **Professional Clients:** Professional Clients are individuals or entities that possess the necessary experience, knowledge, and expertise to make informed investment decisions. This classification typically includes institutional investors, asset managers, and other financial professionals. While Professional Clients are afforded a lower level of protection compared to Retail Clients, they are still provided with a comprehensive suite of services tailored to their more sophisticated trading needs. The Firm expects Professional Clients to have a deeper understanding of market risks, financial instruments, and the trading process, which allows for more streamlined communication and transaction execution. Professional Clients may also receive more flexible terms and conditions compared to Retail Clients.
- **Eligible Counterparties:** This category encompasses entities such as financial institutions, broker-dealers, and other professional market participants that engage in transactions with

the Firm on a more equal footing. Eligible Counterparties are typically well-versed in the financial markets and possess significant resources and expertise. They do not receive the same level of regulatory protection as Retail Clients; however, they are expected to understand the implications of their trading activities fully. This classification is essential for maintaining a balanced relationship between the Firm and its clients, ensuring that Eligible Counterparties can operate efficiently within the trading environment.

Once a client is classified for a particular instrument, they cannot be re-classified for a specific transaction type without the Firm's discretion. This policy is in place to maintain consistency and regulatory compliance within the classification system. However, clients may request a general re-categorization for all transactions. In such cases, the Firm will evaluate the request based on exceptional circumstances on a case-by-case basis. Factors considered may include changes in the client's financial situation, investment experience, or other relevant criteria that may warrant a reassessment of their classification.

This categorization process helps ensure that the Firm provides the appropriate level of service and protection tailored to the needs and expertise of each client group, thereby fostering a more effective and transparent trading environment.

#### 4. Execution Venues

True Trade Pro serves as the primary venue for executing client orders, providing a streamlined and efficient trading environment. The Firm operates under a matched principal model, meaning it facilitates transactions between clients without taking on market risk itself. Importantly, True Trade Pro does not act as a Market Maker in these transactions. Instead, every order placed by a client is matched against existing orders in the Firm's order book, ensuring that trades are executed transparently and fairly.

The Firm is committed to delivering the best possible execution outcomes for its clients. To achieve this, True Trade Pro continuously evaluates and identifies execution venues that offer the best prospects for achieving optimal results. This evaluation process considers a variety of factors, including:

- **Market Conditions:** The Firm analyzes current market conditions, such as volatility and trading volume, to determine which venues provide the most favorable execution opportunities. This analysis helps to ensure that client orders are executed efficiently, even during periods of heightened market activity.
- **Available Liquidity:** The availability of liquidity is a critical factor in execution quality. True Trade Pro assesses the liquidity levels across various venues to ensure that client orders can be filled promptly and at competitive prices. High liquidity typically results in tighter spreads and better execution prices, which directly benefits clients.
- **Historical Performance of Venues:** The Firm tracks the historical performance of its execution venues, analyzing metrics such as execution speed, price slippage, and overall reliability. This data-driven approach allows True Trade Pro to identify the venues that consistently deliver high-quality execution, enabling informed decisions about where to route client orders.
- **Technology and Infrastructure:** The effectiveness of the technology and infrastructure supporting each execution venue is also considered. Venues that employ advanced technology,

such as low-latency trading systems and robust data feeds, are preferred, as they can enhance the speed and efficiency of order execution.

True Trade Pro reserves the right to add or remove execution venues based on ongoing assessments and evolving market conditions. This flexibility allows the Firm to adapt to changes in the trading landscape and maintain a high standard of service for its clients. When adjustments are made to the list of execution venues, the Firm will update this Policy accordingly, ensuring that clients are always informed about where their orders may be executed.

By maintaining a comprehensive approach to evaluating execution venues, True Trade Pro strives to provide clients with the best possible trading experience, characterized by transparency, efficiency, and optimal execution quality.

## 5. Liquidity Provider Selection Criteria

True Trade Pro employs a rigorous selection process for liquidity providers to ensure the best execution outcomes for its clients. This process is critical to maintaining the integrity and reliability of the trading environment. The following criteria are essential in the selection of liquidity providers:

- **Market Operations:** Liquidity providers must operate in markets that are relevant to True Trade Pro and support the currencies and financial instruments that are of interest to clients. This ensures that clients have access to the appropriate liquidity for their trading needs. Providers should be active in the specific markets where True Trade Pro operates, allowing for seamless transaction execution and competitive pricing. The Firm seeks providers with a proven track record of active participation in these markets, as their engagement is vital for maintaining optimal liquidity levels.
- **Geographical Location:** The geographical location of liquidity providers is also a crucial factor. Providers should have real-time access to the markets they serve and possess the necessary infrastructure to facilitate seamless trading. This includes having low-latency connectivity to market exchanges and data feeds, which is essential for timely order execution. Proximity to key financial centres and trading hubs can enhance a provider's ability to react quickly to market changes, ensuring that clients benefit from the most favourable prices and execution times.
- **Price Availability:** The reliability of prices during different market conditions, including periods of high volatility, is critical to ensuring that clients receive competitive pricing. Liquidity providers must be capable of offering consistent and transparent pricing, even during times of market stress. The Firm assesses the price feeds of potential liquidity providers to ensure they can provide accurate, timely quotes that reflect the current market landscape. This reliability is especially important during significant market events, where price fluctuations can occur rapidly. Providers that can maintain pricing integrity during volatile periods are preferred, as this directly impacts the quality of execution that clients receive.
- **Creditworthiness and Financial Stability:** True Trade Pro evaluates the creditworthiness and financial stability of potential liquidity providers. A provider's financial health is vital to ensuring that they can consistently fulfil their obligations, especially during high trading volumes or adverse market conditions. The Firm seeks partners with strong balance sheets

and a solid reputation in the financial industry to minimize counterparty risk and protect clients' interests.

- **Technological Capabilities:** The technological infrastructure of liquidity providers is a key consideration. Providers should have robust trading platforms that support high-speed order execution, real-time market data, and risk management tools. Advanced technology enables better execution quality by reducing latency and enhancing the overall trading experience for clients. True Trade Pro prioritizes providers that invest in cutting-edge technology to maintain a competitive edge in the market.

By adhering to these rigorous selection criteria, True Trade Pro ensures that it collaborates with only the most reliable and capable liquidity providers. This strategic approach not only enhances the Firm's ability to deliver best execution but also fosters a trading environment characterized by transparency, efficiency, and trust.

## 6. Execution Factors and Criteria

To deliver best execution, True Trade Pro considers a range of execution factors for each transaction. These factors are prioritized as follows:

- **Price and Costs:** The automated trading system aims to find the best overall outcome for each transaction. This includes evaluating the price and any associated costs. True Trade Pro operates with a transparent cost structure, ensuring there are no hidden commissions or fees. Clients will incur a pre-agreed fee per lot that is clearly disclosed before trading.
- **Likelihood and Speed of Execution:** Orders are executed promptly through an automated trading platform, minimizing the chances of price slippage. However, execution speed may be influenced by factors such as liquidity providers' price feeds and market conditions. True Trade Pro commits to updating prices as frequently as possible, while also ensuring trades are executed at the communicated prices.
- **Order Characteristics:** The Firm considers the size and nature of each order. For instance, larger orders may require more time to execute effectively without negatively impacting the market price.
- **Client Characteristics:** The Firm recognizes that different client classifications warrant different levels of service. Special emphasis is placed on Retail Clients, who benefit from enhanced protections under regulatory frameworks. This Policy applies equally to both Retail and Professional Client categories.

### 6.1 Contracts for Differences (CFD)

For CFDs, clients must close out contracts with the Firm that sold them the contract, even if a better price is available elsewhere. This reinforces the Firm's commitment to maintaining consistent execution practices.

### 6.2 Price Slippage

Price slippage, while rare, can occur due to factors like market data latency, internet connection speed, or heightened market volatility. The Firm aims to mitigate adverse slippage and will ensure that any favorable slippage benefits the client.

## 7. Fees and Costs

True Trade Pro is committed to maintaining a clear and transparent fee structure, ensuring that clients fully understand the costs associated with their trading activities. This transparency is fundamental to building trust and facilitating informed decision-making. All clients are informed upfront about any fees or costs associated with their transactions, including:

- **Transaction Fees:** These are the charges applied for executing trades on the Firm's trading platform. Transaction fees are typically based on the size of the trade and are disclosed to clients prior to execution. True Trade Pro employs a straightforward fee model that ensures clients know exactly what they will be charged for each trade, eliminating hidden costs. The Firm strives to keep these fees competitive to provide clients with the best possible value while ensuring quality execution.
- **Currency Conversion Costs:** When clients realize profits or losses that require conversion into their base currency, currency conversion costs may apply. These costs are associated with the exchange rate used during the conversion process and are clearly communicated to clients. True Trade Pro aims to provide competitive conversion rates, ensuring that clients are not unduly penalized during the process. The Firm is committed to providing clarity on how these costs are calculated, empowering clients to make informed trading decisions.
- **Inactivity Fees:** True Trade Pro may charge inactivity fees for accounts that remain inactive for a specified period. This fee is intended to encourage active trading and engagement with the platform. The Firm provides clear guidelines on the duration of inactivity that triggers this fee, as well as the amount charged. By informing clients about inactivity policies, True Trade Pro aims to promote regular trading activity and maintain an active trading community.

### 7.1 Payment for Order Flow

True Trade Pro does not engage in "Payment for Order Flow," which refers to the practice of receiving commissions or fees for routing client orders to market makers or liquidity providers. By not participating in this practice, the Firm eliminates potential conflicts of interest that may arise from prioritizing relationships with market makers over the best interests of clients.

This approach underscores True Trade Pro's commitment to transparency and client-centric service. The Firm is dedicated to prioritizing client interests above all else, ensuring that order execution is based solely on achieving the best possible outcomes for clients. Clients can trust that their orders are handled impartially and that the fees they incur are clearly defined and communicated.

In summary, True Trade Pro's fee structure is designed to be straightforward and transparent, allowing clients to fully understand the costs associated with their trading activities. The Firm's commitment to clarity in fees, coupled with the decision to avoid payment for order flow arrangements, reinforces its dedication to providing high-quality service and maintaining trust with its clients.

## 8. Conflicts of Interest

True Trade Pro acknowledges that conflicts of interest can arise in the course of providing trading services to clients. Such conflicts may stem from various factors, including the Firm's relationships with liquidity providers, the pricing of financial instruments, and the management of client orders. To minimize these conflicts and maintain the highest standards of integrity, the Firm implements several key practices:

- **Transparency in Pricing:** The trading platform displays the best available prices from various liquidity providers, ensuring clients have access to competitive pricing. This transparency reduces the potential for conflicts by allowing clients to make informed decisions based on real-time market data.
- **Order Matching:** Client orders may be matched with those of other clients within the Firm's order book. While this matching process occurs, True Trade Pro is committed to safeguarding client confidentiality. Sensitive information related to clients, such as trading strategies and personal details, will never be disclosed to other parties. This policy helps maintain trust and ensures that clients feel secure in their trading activities.
- **Neutral Order Routing:** The Firm does not direct orders to specific liquidity providers or price makers based on financial incentives. By not favoring particular providers, True Trade Pro ensures fairness in order execution. This impartial approach reinforces the Firm's commitment to acting in the best interests of its clients, as it eliminates the potential for bias in order handling.
- **Internal Controls:** True Trade Pro has established internal systems and controls designed to manage and mitigate conflicts of interest. These systems help ensure that client orders are executed promptly and equitably, adhering to the Firm's best execution standards. Regular training and monitoring are conducted to ensure that all employees understand and comply with these protocols.

## 9. Monitoring and Review

True Trade Pro is committed to maintaining the effectiveness of its order execution arrangements and this Best Execution Policy. To achieve this, the Firm undertakes regular reviews and assessments, focusing on the following key areas:

- **Effectiveness of Execution Arrangements:** The Firm will continuously evaluate the effectiveness of its order execution arrangements to determine whether they are delivering optimal results for clients. This evaluation includes assessing execution speed, price competitiveness, and overall client satisfaction with the trading experience.
- **Assessment of Execution Venues:** The Firm will analyze whether the selected execution venues consistently provide the best possible outcomes for clients. This assessment is based on performance metrics, market conditions, and client feedback. If any execution venue fails to meet the Firm's standards, appropriate adjustments will be made, which may include changing the venue or negotiating better terms.
- **Regular Reviews:** True Trade Pro commits to reviewing its execution arrangements and this Policy at least annually. Additionally, reviews will occur whenever significant changes take place in market conditions, regulatory requirements, or the Firm's operational processes that may impact its ability to provide best execution.
- **Notification of Changes:** Clients will be informed of any material changes to the order execution arrangements or this Policy via the Firm's website. This ensures that clients remain aware of the standards and practices governing their trading activities.



## 10. No Fiduciary Relationship

True Trade Pro's commitment to providing best execution does not establish a fiduciary relationship between the Firm and its clients beyond those mandated by regulation. A fiduciary relationship implies a legal obligation to act in the best interests of another party, which can carry additional responsibilities.

- **Client Responsibility:** Clients are reminded that they remain responsible for their own investment decisions, including the assessment of risks associated with trading. While True Trade Pro strives to provide quality execution and transparent pricing, it does not assume liability for any market trading losses incurred as a result of clients' decisions or actions.
- **Regulatory Obligations:** The Firm's obligations are governed by regulatory requirements and the terms set forth in the client agreement. True Trade Pro operates under these regulations to ensure compliance and protect client interests, but this does not equate to a fiduciary duty.

By clearly defining the relationship between the Firm and its clients, True Trade Pro reinforces its commitment to transparency and accountability, while also empowering clients to make informed decisions in their trading activities.

## 11. Definitions

Term	Definition
<b>Best Execution</b>	The obligation of True Trade Pro to take all reasonable steps to achieve the best possible outcome for clients when executing or transmitting orders for financial instruments.
<b>Eligible Counterparties</b>	Clients such as principal brokers and liquidity providers, who operate at a level indicating an understanding of financial markets and are thus exempt from certain protections under the best execution framework applied to Retail and Professional Clients.
<b>Retail Clients</b>	Individual investors or entities with limited experience in financial markets, entitled to the highest level of regulatory protection, including enhanced disclosure and order handling rights.
<b>Professional Clients</b>	Entities or individuals with significant market experience, including institutional investors and asset managers, who receive a tailored suite of services and have lower levels of regulatory protection compared to Retail Clients.
<b>Matched Principal Broker (MPB)</b>	True Trade Pro's operating model where client orders are matched against existing orders in the Firm's order book without the Firm assuming market risk or acting as a Market Maker.
<b>Order Book</b>	The electronic record maintained by True Trade Pro containing all client orders, providing transparency in order execution and enabling clients to view and engage with available liquidity.
<b>Liquidity Providers</b>	Financial institutions or market participants that supply liquidity to True Trade Pro, supporting the trading needs of clients by offering competitive pricing, even during periods of high market volatility.
<b>Last Look Clause</b>	A mechanism allowing liquidity providers classified as Eligible Counterparties to review and potentially reject trades based on internal criteria before final execution, which may impact order execution speed and pricing for other clients.

<b>Market Conditions</b>	Various factors in the financial markets, such as volatility and trading volume, assessed by True Trade Pro to determine the most favorable venues for efficient client order execution.
<b>Execution Venue</b>	A platform or location where client orders are executed, evaluated by True Trade Pro to ensure optimal outcomes based on performance, technology, and market conditions.
<b>Transaction Fees</b>	Charges applied by True Trade Pro for executing trades on its platform, typically based on trade size and disclosed to clients before execution to ensure transparency and eliminate hidden costs.
<b>Currency Conversion Costs</b>	Fees associated with converting realized profits or losses into the client's base currency, clearly communicated to ensure clients understand exchange rate impacts.
<b>Inactivity Fees</b>	Charges applied to accounts that remain inactive for a specified period, encouraging active engagement with the True Trade Pro platform.
<b>Payment for Order Flow</b>	The practice of receiving commissions for routing client orders to specific market makers or liquidity providers, which True Trade Pro does not engage in, ensuring impartial and client-centric order execution.
<b>Price Slippage</b>	A situation where the final execution price differs from the initially quoted price, often due to market volatility, data latency, or connection speed, with True Trade Pro ensuring that favourable slippage benefits the client.
<b>Conflicts of Interest</b>	Situations where the Firm's interests may potentially conflict with those of clients, minimized by True Trade Pro through transparency, neutrality in order routing, and internal controls.
<b>Fiduciary Relationship</b>	A legal duty to act in another party's best interests, which True Trade Pro does not undertake with clients beyond regulatory requirements, emphasizing client responsibility for investment decisions.
<b>Regulatory Requirements</b>	Obligations outlined by financial authorities, such as Bank Negara Malaysia and the Labuan Financial Services Authority, which True Trade Pro adheres to in its operations and client relations.

