

CRYPTO ORDERS' EXECUTION POLICY

GENERAL PROVISIONS

- A. We commit to acting honestly, reliably and professionally, in the best interest of Clients. To accomplish this, we have adopted Crypto Orders' Execution Policy (hereinafter "**Policy**"). This policy sets out detailed principles regarding the execution of Orders in the Crypto field. They aim to achieve the best possible results for Clients.
- B. This Crypto Orders' Execution Policy is established in accordance with Article 78 and Article 80 of Regulation (EU) 2023/1114 ("**MiCA**"), which requires Crypto service providers to act honestly, fairly, and professionally in order to obtain the best possible results when executing client orders.
- C. The Policy is an integral part of the "Regulations on the Provision of Crypto Services ("**General Terms and Conditions**")", which is available on the XTB Limited (hereinafter "**XTB**") website and must be read and interpreted in conjunction with the specified document.
- D. We act in the best interest of the Client. This means that we are taking sufficient steps in order to obtain the best possible results for the Client. We take into account factors and criteria specified in this Policy. While executing the Policy, we do not guarantee achieving the best possible results for the Client each time.
- E. In some cases we are not obliged or able to take actions which would lead to obtaining the best possible results.
- F. All Clients must give their prior, express consent to this Policy before their Orders are executed. This consent will be obtained electronically.
- G. We review this Policy at least once a year and whenever a significant change takes place. A significant change is one that has an impact on our ability to obtain the best possible results when executing Clients' Orders. We evaluate if a significant change took place. Then, we consider a correction in relation to the rank of factors influencing the abilities of obtaining the best execution.
- H. We notify the Clients about any changes to the Policy pursuant to the relevant provisions of the General Terms and Conditions.
- I. The Client acknowledges that - due to the specifics of the services XTB provides – the Orders may not maintain priority (Order) in the Liquidity Provider's orderbook. This situation can be of special significance in the case of low-liquidity Crypto.
- J. As per Clients request, XTB will provide information indicating that the Order was executed at the Liquidity Providers in accordance with this Policy.

1. GENERAL PROVISIONS REGARDING CRYPTO TRADING

XTB Limited is licensed and regulated by the Cyprus Securities and Exchange Commission (License Number 169/12) and provides crypto-asset services under Regulation (EU) 2023/1114 (MiCA) on the basis of a notification registered with CySEC, with Registered Office at Pikioni 10, Building: Highsight Rentals Ltd, 3075, Limassol, Cyprus.

- 1.1. XTB operates on the market through Liquidity Providers by reception and transmission of Orders for Crypto on behalf of Clients. This means that XTB is using external providers to execute Orders on behalf of Clients, which could impact, for instance, time of the execution. Client acknowledges and accepts this by placing the Order.
- 1.2. We act according to the law and our internal policy in the context of preventing conflicts of interest. Detailed information regarding basic principles of conflict of interest management, including receiving and giving incentives, can be found in the Crypto Conflict of Interest Policy. This document is available on the XTB website.

2. PLACE OF ORDER EXECUTION

- 2.1. XTB Application (XStation, XTB mobile app, etc.) is the trading platform provided to Clients, giving access to Crypto that the Company makes available for trading. All Client Orders placed via XTB Application are executed with the Company's designated Liquidity Providers, who serve as the final execution venues.
- 2.2. The Company is using only Liquidity Providers that meet the technical and operational criteria required under MiCA regulation, ensuring efficient and fair execution of Client Orders.
- 2.3. XTB receives and then transmits the Order on behalf of Clients to Liquidity Providers, which include:
 - Coinbase (Coinbase Luxembourg S.A. and other companies from Coinbase group that participate in the execution of orders).
 - Kraken (Payward Europe Services Ltd. and other companies from Kraken group or cooperating with Kraken group that participate in the execution of orders).
- 2.4. The Liquidity Provider is not selected individually for every Order. All Orders for a given Crypto are transferred to one Liquidity Provider, which according to the analysis of XTB, provides the best place for execution of the Order. Selection of the Liquidity Provider is based on historical data as well as the availability of the Liquidity Provider and it is done individually for every Crypto. Throughout the entire process, XTB acts in the best interest of the Client, aiming to meet this requirement as best as possible.
- 2.5. The Company will continuously monitor the effectiveness of its Order execution arrangements to ensure they operate as intended and deliver optimal results for clients. Regular assessments of the Liquidity Providers shall be carried out to verify that they continue to offer the best possible outcome. Where deficiencies or inefficiencies are identified, the Company will take appropriate corrective measures, including updating the execution arrangements as necessary.
- 2.6. Periodically, XTB conducts the analysis and selection of the Liquidity Provider, which may result in the decision to change the Liquidity Provider. During the analysis and selection of the Liquidity Provider, XTB takes following criteria into consideration:

- Price of the Crypto at the Liquidity Provider platform
- Market liquidity at the Liquidity Provider platform and its variability over time
- Estimated cost of the Order execution
- Order execution speed
- Quality, reliability and security of the services conducted by the Liquidity Provider
- The cooperation progress (if any)
- Perspectives of future cooperation

3. Operating Rules for the Company

- 3.1.** The Company ensures that its Order execution arrangements operate on the basis of transparent, objective, and non-discriminatory principles, in line with its obligation to act in the best interests of Clients. The Client Orders are transmitted to and executed with the Company's designated Liquidity Providers, who serve as the final execution venues.
- 3.2.** The Company's execution framework lays down, maintains, and implements clear internal rules and procedures covering, at a minimum, the following areas:
- **Approval Processes:** The Company will include customer due diligence requirements commensurate with the risks of money laundering or terrorist financing before making a Crypto available for trading on its Application.
 - **Exclusion Categories:** The Company will apply due diligence to exclude Crypto considered unsuitable to trading for Clients, for example due to links with fraudulent or illicit activities.
 - **Fee Structure:** The Company will clearly define its fee structure, including exchange fees, withdrawal fees, and any other applicable charges.
 - **Fair Access:** Objective, non-discriminatory rules will be in place governing the relationship with Clients.
 - **Suspension Conditions:** The Company will specify conditions under which the trading of Crypto can be suspended.
 - **Seamless Order Transmission:** The Company will facilitate seamless order reception and transmission on behalf of Clients concerning Crypto, allowing deposits and withdrawals in supported fiat currencies through various payment methods, while following strict compliance procedures.
 - **Exchange Rate Transparency:** Exchange rates will be transparent, and users will be informed of applicable fees before confirming transactions.
 - **Transaction Limits:** Limits will be implemented on exchange transaction sizes, withdrawal limits, and account balances based on user verification levels, ensuring compliance with AML regulations.

- **AML/CTF Compliance:** The Company will adhere to Anti-Money Laundering (AML), Counter-Terrorism Financing (CTF), and other Applicable Regulations.
- **Suspicious Transaction Monitoring:** The platform will implement monitoring systems to flag suspicious transactions for further review.
- **Security Protocols:** The platform will employ security protocols such as two-factor authentication, encryption (e.g., SSL), and undergo regular security audits and penetration testing by external firms.
- **Custody:** Client Crypto are held with regulated Third-Party Providers, including BitGo (cold storage) and the Liquidity Providers (hot wallets), in accordance with Section 8 of the GTC and the Crypto Custody Policy.
- **Data Protection:** Client data will be protected in accordance with data protection laws such as GDPR. Personal and financial information will be encrypted and accessible only by authorized personnel.
- **Privacy Settings:** Clients' personal data will be handled in accordance with GDPR and applicable MiCA requirements. Clients retain the right to manage their personal data, including requests for access, correction, or deletion.
- **Maintenance and Downtime:** Regular maintenance updates will be provided, with advance notice of any scheduled downtime to minimize disruptions.
- **Disaster Recovery:** A disaster recovery plan will be in place to restore operations swiftly in case of system failures.
- **Customer Support:** The Company provides dedicated customer support to handle queries, disputes, and technical issues, with availability during standard business hours and extended support to assist clients as needed.
- **Dispute Resolution:** Clients may contact the Customer Support regarding transaction errors, withdrawal issues or security concerns. Complaints are handled by the Compliance Department in accordance with the Complaints Procedure for Clients.
- **Risk Information:** Clients will be informed about the risks of holding Crypto, including market volatility, liquidity risks, and potential regulatory changes.
- **Risk Disclosure for Crypto:** The Crypto Declaration of Investment Risk is accessible through the XTB website for risks associated with Crypto-to-fiat or fiat-to-Crypto Orders, ensuring transparency for users.
- **Crypto Suitability Assessment:** Before making any Crypto available for trading on its trading interface, the Company will assess its suitability, including its technical reliability and reputation of the issuer. The suitability of a Crypto will be assessed, particularly evaluating the reliability of its technical solutions and its potential links to illicit or fraudulent activities. This evaluation will also consider the track record, reputation, and experience of the issuer and its development team.

4. GENERAL RULES OF ORDER EXECUTION

- 4.1. XTB transmits Clients' Orders for execution immediately as well as reliably and in the order they were received, unless:
 - The Client has specified different conditions or
 - The nature of the Order, or market conditions does not allow to use such a method or
 - According to the knowledge and information of XTB it is clear that the Client's best interest requires a different course of action.
- 4.2. All Crypto are quoted in USD. XTB is using USD markets to execute Clients' Orders. If the Client makes an Order from the Crypto Account denominated in a currency different than USD, XTB will do a conversion and impose a conversion fee, according to the Crypto Table of XTB's Commissions and Fees.
- 4.3. All prices of Crypto displayed on the platform, including prices prior to placing an Order and the price of execution, include XTB markup in accordance with the Crypto Table of XTB's Commissions and Fees.
- 4.4. By placing the market order, the Client decides that the Order will be executed at the best available price from the Liquidity Provider. The price at which the Order will be executed may differ from the price quoted on the Crypto Account, prior to placing an Order. The price shown on the Account is for informational purposes only and it is not binding. The final execution price of the Order will be provided after executing the transaction.
- 4.5. XTB takes sufficient steps to obtain the best possible transaction prices, but does not guarantee that they will be obtained.
- 4.6. XTB reserves the right to block necessary funds in fiat currencies or Crypto for the purpose of executing Client's Order. These funds will be blocked on the Account from which the Client placed the Order. If such a block cannot be placed due to insufficient funds in the Client's Account, the Order will be rejected.

5. ORDER EXECUTION FACTORS

- 5.1. XTB understands Order execution factors as factors that XTB takes into account in order to execute an Order quickly, transparently, fairly and securely, acting in the best interest of the Client, but also those that may prevent its execution.
- 5.2. XTB takes into account and monitors a number of factors affecting the outcome of an Order, including but not limited to:
 - Type of the Crypto
 - Place of the Order Execution

- Current price of the Crypto
- Order Volume
- Side of the Order
- Liquidity and its variability over time
- Costs related to the execution of the Order
- Time and speed related to the execution of the Order
- Quality, reliability and safety of the services provided and their scope

6. ORDER EXECUTION CRITERIA

- 6.1. XTB takes all sufficient steps to obtain the best possible result for the Order execution on behalf of the Client. The relative ranks of the importance of the given factors will be determined on an ongoing basis, based on the current market situation, in order to act in the best interest of the Client.
- 6.2. In order to determine the effects of executing Orders, XTB takes into account, among other things:
- Price of the Crypto
 - Time of execution of the Order
 - Security of Order execution
 - Order volume
 - Nature of the Crypto
 - Liquidity and its variability over time for a given Crypto
 - Nature of the Order
 - Compliance with laws and regulations

7. DETAILED RULES FOR THE ORDER EXECUTION IN CRYPTO

- 7.1. Prior to placing an Order, the Client should be aware of how different Order types for Crypto are executed, and how it may influence the time of realization, the result and the price of a Transaction.
- 7.2. XTB reserves the right to limit the types of Orders that the Client may use. This rule applies to both buy and sell Orders for Crypto. The restriction may be imposed independently for different Crypto and sides of the Order.
- 7.3. By placing the market Order, the Client acknowledges that XTB cannot guarantee the execution price. The execution price will depend largely on the available liquidity at the Liquidity Provider and will be calculated using the VWAP method (i.e. Volume-Weighted Average Price).
- 7.4. Market orders will be executed as a Fill or Kill (FoK). This means that if the Order cannot be executed fully, the order will be canceled.
- 7.5. Liquidity Providers may not support market Orders or market Orders may not be placed for technical or regulatory reasons. If a Client place such Order, we will automatically convert it to an aggressive limit order within a percentage limit that varies from 1% to 5%. We may also use an alternative

method to try and obtain an execution. This could result in a market Order not being filled. This also applies when the placed market Order may not be executed correctly.

- 7.6. It is a Client's responsibility to monitor the status of the Order after submission. The Company will not be held liable for any effect of these measures whether implemented by the Company or the Liquidity Provider.
- 7.7. The Client acknowledges that XTB may temporarily halt trading on Crypto, due to the critical technical errors, without prior notice.

8. LIMITS AND RESTRICTIONS OF CLIENT'S ORDERS

- 8.1. XTB reserves the right to impose restrictions and limits on Orders. Such rules may be imposed independently on different Crypto and Order sides.
- 8.2. All types of Orders may be limited in the process of their placement in terms of:
- Minimum volume
 - Maximum volume
 - Minimum value
 - Maximum value
- 8.3. XTB may restrict the Client from placing new buy Orders for the following reasons:
- a large total volume of open positions on a given Crypto
 - a high total value of open positions on a given Crypto

9. ORDERS' TIME OF EXECUTION

- 9.1. XTB monitors and collects information on the execution time of Orders. Additionally, for informational purposes, XTB publishes statistics based on historical data concerning the execution time of Orders. The statistics are presented for informational purposes only and do not constitute any guarantee, commitment, or declaration on the part of XTB. The Client cannot expect their Orders to be executed within the above-mentioned times.
- 9.2. Clients' Orders may encounter delays in execution, of which the Client is Aware. The reasons for delays may include:
- Suspension or closure of quotations or other similar situations
 - Erroneous quotation provided by the suppliers of prices or liquidity
 - Price gaps
 - Delays in data transmission
 - Significant volatility of the prices of the Crypto
 - Low liquidity on the Crypto market

- High activity on the market
- Exceptional market events
- In the event of Force Majeure circumstances
- Imposing specific conditions of Transaction execution by a particular underlying market
- Specific nature of a given Crypto
- Publication of macroeconomic data
- Significant market events
- Detailed instructions from the Client
- Specific Order execution conditions
- Specific nature of the Liquidity Provider's operations

10. System Resilience and Market Integrity

XTB will ensure that its Application and its designated suppliers (Liquidity Providers and Crypto Custodians) maintain appropriate measures to ensure system resilience and market integrity, including:

- Resilience and sufficient capacity to handle peak order and message volumes.
- Rejection of orders exceeding pre-determined price and volume thresholds or those that are clearly erroneous.
- Effective business continuity arrangements.
- Prevention and detection of market abuse.
- Robust systems to prevent abuse for money laundering or terrorist financing.

11. Market Abuse Reporting and Data Access

11.1. The Company will inform the competent authority if market abuse or attempted abuse is detected on the platform. The company will maintain sufficient resources to report market activity to the relevant authority at all times.

11.2. The Company will keep relevant data regarding Orders available to CySEC for at least five years or provide access to the exchange order book for monitoring purposes.

11.3. Further to the above, the Company shall be able to demonstrate, upon request, that Client Orders have been executed in accordance with its established Crypto Orders' Execution Policy. To this end, the Company maintains adequate records and supporting documentation to ensure it can evidence compliance both to Clients and to the competent authority, if requested.

12. MONITORING OF THE CRYPTO ORDERS' EXECUTION POLICY

- 12.1. XTB monitors the accuracy of Order execution and its compliance with this Policy. As a part of the verification process:
- We verify the quality of quotations (including the marketability of quoted prices)
 - We monitor complaints about Orders placed by Clients
 - We undertake an independent assessment of the way of Order execution as part of internal control or internal audit
- 12.2. The Policy should be monitored at least on an annual basis.