

TRADE | CAPITAL MARKETS

ORDER EXECUTION POLICY

TRADE CAPITAL MARKETS (TCM) LTD



CONTENTS

1.	INTRODUCTION.....	2
2.	LEGAL AND REGULATORY FRAMEWORK.....	2
3.	SCOPE.....	2
4.	DEFINITIONS	3
5.	ORDER HANDLING AND ORDER EXECUTION	4
5.1.	OTC Transactions (CFDs).....	4
5.2.	Thematic Portfolios and DMA (Direct Market Access).....	4
5.3.	Portfolio Management	5
6.	EXECUTION CRITERIA	5
7.	EXECUTION VENUES AND SELECTION PROCESS FOR CFDs TRANSACTIONS	5
8.	EXECUTION FACTORS	6
8.1.	Price	6
8.2.	Costs	6
8.3.	Speed of Execution	7
8.4.	Likelihood of Execution	7
8.5.	Size Improvement.....	7
8.6.	Overall Execution Quality	7
8.6.1.	Total Consideration	7
8.6.2.	Relative Importance.....	8
8.7.	Other Considerations	9
8.7.1.	Slippage Limitation.....	9
9.	CANCELLATION OF TRADES AND CLOSURE OF POSITIONS	9
9.1.	Maintenance Margin and Margin Close Out.....	9
9.2.	Off-Market price.....	9
9.3.	Corporate actions	9
9.4.	CFDs in Cryptocurrencies	10
9.5.	Client Request	10
10.	INDUCEMENTS.....	10
11.	SPECIFIC INSTRUCTIONS (LIMITED SCOPE OF BEST EXECUTION).....	10
12.	PUBLICATION OF DATA.....	10
13.	MONITORING & REVIEW ARRANGEMENTS.....	11
14.	CONSENT.....	11
15.	CONTACT INFORMATION	12

1. INTRODUCTION

Trade Capital Markets (TCM) Limited is a Cyprus Investment Firm licensed and regulated by the Cyprus Securities and the Exchange Commission under license no. 277/14 and authorized by the FSCA, South Africa (FSP No. 47857).

Trade Capital Markets (TCM) Limited (hereinafter, "the Company" or "TCM"), has established the "Order Execution Policy" (hereinafter called the "Policy") which applies to all its clients retail and professional, when executing their orders. The Policy does not apply to clients who have been classified as Eligible Counterparties.

The Order Execution Policy applies to the Company's retail and professional clients when executing transactions in MiFID II instruments provided by the Company.

2. LEGAL AND REGULATORY FRAMEWORK

This Policy is drafted and reviewed pursuant to, and in compliance with the requirements of:

- Directive 2014/65/EU of the European Parliament and the Council of 15 May 2014 on markets in financial instruments;
- the Law of the Republic of Cyprus No. 87(I)/2017 regarding the provision of investment services, the exercise of investment activities and the operation of regulated markets;
- the Commission Delegated Regulation (EU) 2017/575, supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards concerning the data to be published by execution venues on the quality of execution of transactions;

For the purpose of this Policy, any of the above legislation, regulation or guidelines will be referred to as 'Regulation(s)'.

3. SCOPE

The Policy sets out the execution procedures for the financial instruments offered by the Company. The Company has duty to act honestly, fairly and professionally, considering its Clients' best interest. The Company will take all sufficient steps to obtain the best possible results (or "best execution") on behalf of its clients, either when executing clients' orders or receiving and transmitting orders for execution.

This Policy applies when the Company is executing orders on behalf of retail Clients and professional clients.

When the Company is executing clients' orders for Contracts for Differences ('CFDs'), the Company is acting on a matched principal basis (back-to-back trading). Such activities are regarded as acting as principal and are subject to the requirements of this Policy in relation to execution of orders on behalf of clients.

Clients must ensure that they have read, understood and consent to the content of this Policy prior their initiation of trading with the Company.

TCM recognises that it has a duty to take all reasonable steps to obtain the meet its best execution obligations when handling and executing clients' orders. This means that the Company has in place policies and procedures that are designed to obtain the best outcome for clients when executing orders on their behalf, subject to, and taking into account, any specific instructions from the client, the nature of the particular orders and the nature of the markets concerned, but is not a guarantee of such results in all transactions.

4. DEFINITIONS

“Instrument” and **“Financial Instrument”** means any stock, share, futures contract, forward or option contract, commodity, precious metal, Exchange Rate, interest rate, debt instrument or other index, or other investment in respect of which we or our Financial Intermediaries offer to deal in Transactions.

Market Order (trade request) A market order is an order to buy or sell a financial instrument at the current price. Execution of this order results in opening a trade position.

Limit Order (Pending Order) A Pending order is an order that allows the user to buy or sell a financial instrument at a pre-defined price in the future. These Pending Orders are executed once the price reaches the requested level:

- i. **Close at Loss Order (Stop Loss Order)** This order is used for minimizing of losses if the financial instrument price has started to move in an unprofitable direction. If the financial instrument price reaches this level, the whole position will be closed automatically;
- ii. **Close at Profit Order (Take Profit Order)** Take Profit order is intended for gaining the profit when the financial instrument price has reached a certain level. Execution of this order results in complete closing of the whole position.

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

“Material Change” means a significant event that could affect the Company’s ability to continue to obtain the best possible result for the execution of its client orders on a consistent basis. The Company considers material changes the following events:

1. Operational risks events:

- i. Complete disconnection from the liquidity provider (for any reason) that results to a disruption to the feed, that in turn results in client orders being rejected because instruments are not pricing, or because orders cannot go through to the liquidity provider;
- ii. Feed disruption that affects only a few instruments/ a few asset classes, that results in client orders being rejected because instruments are not pricing, or because orders cannot go through to the liquidity provider;
- iii. Incorrect instrument configuration, both from the LP and our side.

2. Instrument-level events:

- i. Should there be excessive market volatility and clients have set pending orders, there is a possibility that the pending orders are not executed at the specified price, which results in slippage and impacts the execution price;
- ii. If instruments open with a gap that exceeds the price-level of the set pending order, then the pending order will be executed at the next best available price;
- iii. A gap in the opening of an instrument might also trigger spike filters within the system and cause orders to be rejected, in order to provide protection due to the movement of the instrument;
- iv. At times of low liquidity, spreads might widen and there might be delayed execution or a complete rejection to the order;

- v. Cryptocurrencies are traded via unregulated exchanges, which means that pricing is dependent on the exchange itself. Should the exchange impose limitations to trading, then clients will be affected, both on existing positions and also in the effort to open new positions;
- vi. Corporate actions that affect stocks can have a material change to a client's existing positions. Corporate actions include delisting, dividend issue, stock split/reverse stock split, spin-off and rights issue (corporate actions on stocks may not necessarily affect the principle of Best Execution as such, but they do have an impact on the instrument's price and trading availability).

Over-the-counter (OTC) is the trading of securities between two counterparties executed outside of formal exchanges and without the supervision of an exchange regulator. OTC trading is done in over-the-counter markets (a decentralized place with no physical location), through dealer networks.

Slippage is the difference between the expected price of an Order, and the price the Order is actually executed at. If the execution price is better than the price requested by the Client, this is referred to as positive slippage. If the executed price is worse than the price requested by the Client, this is referred to as negative slippage.

5. ORDER HANDLING AND ORDER EXECUTION

5.1. OTC TRANSACTIONS (CFDS)

Trade Capital Markets deals with its client as principal when executing their orders. The Company is therefore the only "execution venue" for its clients. This means that the client transacts directly with the Company and not on any exchange or other external market or venue. As part of the Company's efforts to take all sufficient steps to obtain best execution, the Company has agreements with multiples liquidity. More information on the liquidity providers can be found in Section 7 of this Policy.

Client orders are executed with No-dealing Desk Execution. This means that the Company uses automated execution engines where the process and execution of orders are managed by the system based on parameters implemented by the Company.

The client is provided with as recent as technically possible market quotes. This is achieved through different channels including the introduction of a HUB. When a client sends an order request, this request is executed by the Company as an identical request to the designated liquidity provider (who has been determined on the basis of regular assessments of the quality of available execution data, to offer the best prices for the relevant underlying instrument traded).

5.2. THEMATIC PORTFOLIOS AND DMA (DIRECT MARKET ACCESS)

At the time of opening an account for trading of Stocks, Options, Futures, Exchange Trades Funds, Warrants, Structured Products, Fixed Income products and Mutual Funds as well as when opening a Thematic Portfolio account, the Client becomes subject to the Best Execution Policy of the Financial Intermediary, the Company Partners with.

Only in situations in which the customer transmits orders directly to the Company, in order for the Company to perform the service of reception and transmission of orders, the Company is deemed to be acting on behalf of its clients.

The Financial Intermediary for the provision of those products, the counterparty, is Interactive Brokers (U.K.) Limited authorised and regulated by the Financial Conduct Authority.

For more information on the Best Execution Policy and Procedures of Interactive Brokers, please refer to the Company's Client Agreement which is accessible [here](#).

5.3. PORTFOLIO MANAGEMENT

When providing portfolio management services, Trade Capital Markets shall comply with the obligation under Article 24(1) of MiFID to act in accordance with the best interest of the clients when placing orders with as well as when transmitting orders to other entities for execution, being the orders a result from the decision to deal in financial instruments on behalf of clients. This entails that the Company is required to take all the sufficient steps to ensure the best possible results for its clients.

Nevertheless, the Company satisfies its obligations and it is not required to take the steps mentioned in the paragraph above, to the extent that it follows specific instructions from its client when placing an order with, or transmitting an order to another entity for execution.

6. EXECUTION CRITERIA

When executing client orders, the Company considers the following criteria:

- The characteristics of the Client's order such as the potential for it to have an impact on the market including whether any specific instructions are given;
- The characteristics of the financial instruments that are subject to that order such as market liquidity for that order;
- The characteristics of the execution venues to which that order can be directed;
- The prevailing level of liquidity at the time of execution.

7. EXECUTION VENUES AND SELECTION PROCESS FOR CFDs TRANSACTIONS

Execution venue means a regulated market, an MTF, an OTF, a Systematic Internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing. TCM will ensure that Execution Venues to which the Company transmits orders for execution, have arrangements in place that enable the Company to comply with its obligations under the MiFID II framework.

The Company has established a scoring system to choose and monitor its liquidity providers. The assessment of the scoring is built taking into account the following factors which are presented in order of importance:

- Reliability of the entity in terms of Regulatory Status (i.e. Competent Authority, Negative Balance Protection arrangements);
- Spreads and commissions;
- Technology;
- Breadth of market coverage (i.e. asset class and instruments).

The list of approved Execution Venues for execution of transactions in CFDs includes the following:

Execution Venue	LEI	Competent Authority
MAGNASALE TRADING LIMITED	549300M2TA4XMO4UUZ22	CySEC
TRADETECH ALPHA LIMITED	2138003C3AQBXS54WM47	FCA
CFH CLEARING LIMITED	549300FSY1BKNGVUOR59	FCA

SUCDEN GENEVA SA	213800S9HME9C6KF8D68	FCA
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The list of venues will be reviewed periodically and updated, where necessary, following the above assessment. It is important to note that clients will not be notified of any changes to these venues.

8. EXECUTION FACTORS

In providing best execution the Company is required to consider certain execution factors.

8.1. 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.

The Company calculates its prices by reference to the price of the relevant underlying financial instrument, which it obtains from third party external reference sources. The Company reviews its third-party external reference sources at least once a year, to ensure that the data obtained continue to be competitive. The review is performed by the Dealing Department and it evaluates statics on the prices collected through the previous year. The Company updates its prices as soon as technically possible.

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 its quoted prices will be at a price which is as good, or better, than one that may be available elsewhere.

8.2. COSTS

When the client opens a position, spread or a financing fee will apply. The details of these costs are available [here](#) in section 31.

This table shows the different types of costs related to trading CFDs.

Type of cost/charge	Cost Charge	Applicability	Definition
One-off entry or exit costs	Spread	Applicable to all instruments	A spread in trading is the difference between the buy (offer) and sell (bid) prices quoted for an asset. The spread is paid every time the client opens/close a position.
	Currency Conversion		This is the cost for converting realised profits and losses as well as any costs and charges that are denominated in a currency other than the base currency of your trading account. This cost applies also to the required margin.
	Swap (financing fee)		This is the swap cost for keeping your position open overnight. The swap cost

Ongoing costs			can be positive or negative depending on the instrument to be traded.
	Rollover adjustment fee (financing fee)		A rollover refers to the process of closing out open positions in soon-to- expire contracts in favor of contracts with later expiration dates.

8.3. SPEED OF EXECUTION

Due to the levels of volatility affecting both price and volume, the Company seeks to provide client orders with the fastest execution reasonably possible. 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.

8.4. LIKELIHOOD OF EXECUTION

The likelihood of execution may depend on the available liquidity in the market. In some instances, the Company reserves the right to decline an order of any type or to offer the client a new price for "market order" under certain market conditions such as volatile market conditions, opening gaps on trading session start moments, during news announcements, on gaps where the underlying instrument has been suspended or restricted on a particular market, if there is insufficient liquidity for the execution of the specific volume at the requested price.

8.5. SIZE IMPROVEMENT

In routing orders, the Company seeks markets that provide the greatest liquidity and thus potential for execution of large orders. The Company reserves the right to decline a Client's order if it is too large and cannot be filled by the Company.

8.6. OVERALL EXECUTION QUALITY

8.6.1. TOTAL CONSIDERATION

TCM regularly monitors the quality of executions obtained from liquidity providers to ensure that orders are routed to destinations that have provided high-quality and reliable execution over.

When the Company executes orders on behalf of retail Clients, Best Execution is determined based on the total consideration paid by the client, unless the objective of execution of the order dictates otherwise. Total consideration is the price of the financial instrument and the costs related to execution, including all expenses incurred by the Client which are directly related to the execution of the order such as venue execution fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.

In certain circumstances, therefore, the Company may determine that the speed, and likelihood of execution and settlement for example may take precedence over immediate price and cost factors if they are instrumental in delivering the best possible result. This may be the case for example for large client orders or when a stop has been triggered.

If the Client is a Professional Client, price will ordinarily merit a high relative importance in obtaining the best possible result. However, in some circumstances and for some clients, Orders, Financial Instruments or markets, we may appropriately determine that other execution factors are more important than price in obtaining the best possible execution result.

8.6.2. RELATIVE IMPORTANCE

Unless otherwise set out herein (in particular with regard to the execution criteria listed above, the Company assigns the following general level of importance to the Best Execution Factors. The price is the most important execution factor for the Company's clients. Therefore, in assessing the most appropriate route to carry out clients orders the Company will consider the following:

Factor	Importance	Company Remarks
Price	HIGH	Price is the most important factor for us when considering best execution and thus we have access to different price feeds through our multiple Liquidity Providers to assess whether the price feeds and hedging venues the Company relies on pricing its products, allow it to achieve best execution on a consistent basis or whether adjustments are required.
Likelihood of execution	HIGH	Our trading platforms automatically accept all placed orders. The likelihood of execution generally depends on the liquidity available in the market and the depth of liquidity pools of the Liquidity Providers. Given that we rely on third-party Liquidity Providers for the price and volume of our offered products, execution of clients' orders depends on their availability at the time the orders were received, especially during abnormal market conditions.
Speed	HIGH	The Company uses automated execution engines rather than manual intervention and thus minimizing the possibility of delays. Any failures or unusual patterns are investigated and rectified.
Costs	HIGH	The Company has established a Liquidity Hub aiming to keep the costs of its clients' transactions low and competitive by optimizing the trading infrastructure, eliminating certain elements, intermediaries or counterparties which are not justified for the overall execution quality and thus making the execution process as cost effective as possible. Please refer to the Company charges and fees section on its website.

Other factors	Varying depending on the circumstances	N/A
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8.7. OTHER CONSIDERATIONS

8.7.1. SLIPPAGE LIMITATION

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.

A Slippage Limitation is a trigger event, determined by us as a percentage of the underlying instrument's spread, upon occurrence of which the Market order will be rejected. This limitation is placed for the clients and the Company's protection so as, in cases of high volatility, to avoid the execution of an order at a price significantly different than the price specified in the order.

If the difference of the price requested and the current market price is within the limitation, the client will always receive the market price. If the difference is more than the limitation, the order will be rejected. Slippage Limitation always apply symmetrically.

9. CANCELLATION OF TRADES AND CLOSURE OF POSITIONS

The Company in certain cases is required to cancel clients' orders or close their open positions. The reasons are explained below.

9.1. MAINTENANCE MARGIN AND MARGIN CLOSE OUT

Maintenance Margin refers to the minimum equity (funds) the client needs to maintain on their accounts to keep their positions open. The margin closes out is 50%. This means that if the margin level falls under this percentage, the positions will be closed prior notification starting from the positions which are most unprofitable.

9.2. OFF-MARKET PRICE

When a trade unexpectedly hits a stop-loss point and the client generates a loss from an off-market price, or close their position by hand at the off-market price resulting in a loss, TCM gives the client the option to experience:

- a positive adjustment and reinstatement of the position;
- only a positive adjustment.

Clients who have a pending order triggered that results in their position being closed in a profit, or closed their position by hand in profit, are informed that they are going to experience:

- a negative adjustment and reinstatement of the position;
- receive a negative adjustment.

9.3. CORPORATE ACTIONS

If a particular instrument (as well as underlying a CFD), is no longer offered by the Company, because the instrument is affected by a delisting or a merger/acquisition, or bankruptcy, or any other situation that causes it from not being listed in the exchange. The notification email informs the clients that the positions are going to be closed at the last available price. After notification emails have been sent, the Company proceeds to close the relevant positions.

9.4. CFDS IN CRYPTOCURRENCIES

The Company may, at its sole discretion, set an expiration date for CFDs in Cryptocurrencies. Such a date shall be the date failing at least seven days after the date of opening by the client a position in such CFD.

Unless the client closes a position in any CFD in Cryptocurrency before its expiration date, such a position will be closed by the Company having regard to its best execution obligations that owe you.

9.5. CLIENT REQUEST

Clients may communicate to Company via phone that they wish for a particular position to be closed.

10. INDUCEMENTS

The Company does not receive any remuneration, rebates or non-monetary benefits for the execution of client transactions on a particular Execution venue which would infringe any conflicts of interest or inducement requirements under MiFID II, e.g. the Company cannot receive payments for order flow which would result in a conflict of interest.

11. SPECIFIC INSTRUCTIONS (LIMITED SCOPE OF BEST EXECUTION)

When a client provides specific instructions as to how to execute an order, the Company shall take all sufficient steps to obtain the best possible result when executing that order, by following the client's instructions.

Any specific instructions from a client may prevent the Company from taking the steps that it has designed and implemented in its execution policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

Where a client gives instructions, specifying the price at which a position is to be closed if the market moves against them, those instructions take precedence over other aspects of the Company's Order Execution Policy.

To the extent that specific instructions do not cover every aspect of the order, as is the case with market orders, the Company will apply the Order Execution Policy to those parts or aspects of the order not covered by the client's instructions.

Upon acceptance of a Client order and when there is no specific instruction regarding the execution method, the Company will execute an order in accordance with this Policy.

12. PUBLICATION OF DATA

The Company complies with the requirement to publish information on the quality of execution of transactions. This information will allow clients to assess the quality of execution and will help them to assess the effectiveness of the monitoring of execution policy carried out.

The information is published in a machine-readable electronic format, available for downloading by the public, on the Company's website.

Based on relevant regulatory requirements, the Company publishes every quarter a report that contains data of our execution quality at as follows:

- a) by 31 March, information regarding the time period 1 October to 31 December;
- b) by 30 June, information regarding the time period 1 January to 31 March;

c) by 30 September, information regarding the time period 1 April to 30 June;

d) by 31 December, information regarding the time period 1 July to 30 September;

Those reports can be accessed [here](#).

Furthermore, the Company summarises and makes public on an annual basis, for each class of financial instruments, the top five execution venues in terms of trading volumes where it executed client orders in the preceding year and information on the quality of execution. This annual report can be found [here](#).

13. MONITORING & REVIEW ARRANGEMENTS

This Policy shall be reviewed at least annually by the Compliance Department in collaboration with the Dealing Department and be approved by the Company's Board of Directors.

Such a review shall also be carried out whenever a significant material change occurs, that affects the ability of the Company to continue to obtain the best possible result when executing client's orders.

Whether a material change has occurred, the Company shall consider making changes based on the importance of the best execution factors affected in meeting its best execution requirements.

The Company shall monitor on a regular basis the effectiveness of this policy and where appropriate correct any deficiency. The monitoring shall be conducted on ex- ante and ex-post basis, for example:

- review statistics related to frequency of order rejections;
- monitor the symmetry of any observed slippages (positive vs negative);
- monitor any complaints related to the quality of execution.

The Company has established a robust monitoring program and procedure which is performed on a daily basis by the dealing department and reviewed on a quarterly basis by the Compliance department of the Company. The monitoring program includes, among other parameters, comparison of the Company's order execution against specific benchmarks as well as independent price sources.

The monitoring assessment is based on the transactions occurred during the quarter under analysis and consists of comparing slippage metrics, likelihood of Execution and speed rate to the average industry benchmark and/or tolerance level. This procedure allows TCM to monitor the effectiveness of its order execution arrangements, to identify and correct any deficiency. The deficiencies identified and the action taken by the Dealing Department are raised to the senior management of the Company.

For the purpose of this Policy, the Company shall maintain records of the prices for individual financial instruments shown on its Electronic Trading Platform, including details about costs, speed and likelihood of execution, for a minimum period of five (5) years. It shall also keep records which evidence its ongoing monitoring of best execution and which demonstrate its compliance with best execution obligations to any Competent Authority.

14. CONSENT

Trade Capital Markets is required by its regulator (Cyprus Securities and the Exchange Commission) to obtain prior client consent to its Order Execution Policy. Clients will be deemed to have provided such consent when accepting Trade Capital Markets terms and conditions.

15. CONTACT INFORMATION

Questions regarding this Policy should be addressed, in the first instance, to our Customer Support Department via email at support@trade.com. The Company should answer clearly and within a reasonable time to all clients about any questions the latter may have on the Company's policies and arrangements and how they are reviewed.