

**CMC Markets UK plc (referred to below as “CMC Markets”, “we”, “us” or “our”) is committed to treating you fairly and acting in your best interests when we execute your Orders. In this document, we summarise the process by which the Trading System executes your Orders in accordance with our regulatory duty to take all sufficient steps to obtain the best possible result for you. When you trade through the Trading System you consent to your Orders being executed in the manner described below and outside of a Trading Venue.**

The words and expressions in this document that begin with capital letters have the meanings set out in Schedule 3 of our MT4 Terms of Business.

## 1. Key points.

*This section identifies the key points of this order execution policy.*

- 1.1 The MT4 Platform is licensed to CMC Markets by MetaQuotes Software Corp (“MetaQuotes”), a third party entirely unconnected to CMC Markets. We use the MT4 Platform’s order management and order triggering software in conjunction with our Prices and Order execution. The MT4 Platform is a standalone trading platform from our other trading platforms.
- 1.2 CMC Markets is the sole execution venue for your Orders. This means that your Orders are executed via a bilateral transaction with us as the counterparty to your trades, through the Trading System and not through a transaction on any Trading Venue or other external execution venue. We will not use any other execution venues to execute your Orders.
- 1.3 The Trading System is fully automated for pricing and Order execution. CMC Markets relies on MetaQuotes’ software to provide us with Order data, including Pending Orders. In the event of differences between the Back Office Platform and the MT4 Platform, we will take all reasonable steps to reconcile the difference as appropriate.
- 1.4 Our Prices are electronically generated by the Trading System, and such Prices may be different to prices generated by Trading Venues, other markets, execution venues/providers or CMC Markets’ other trading platforms.
- 1.5 By placing an Order, you are giving the Trading System an instruction to place that Order on your Account on the basis of the Prices generated by the Trading System. Please see our MT4 Terms of Business and our Website for further details on how your Orders are placed and executed, as well as further details on pricing.
- 1.6 As a result of rapid price movements, the Price at which the Trading System executes an Order for a Trade may be less or more favourable to you than the Price displayed on the Trading System when you place the Order.
- 1.7 An Order will only be deemed to be received by the Back Office Platform at the time at which the Back Office Platform actually receives it, which may not be immediately after you submit that Order in the MT4 Platform.
- 1.8 It is possible that before the Back Office Platform receives a Limit Order, Take Profit Order, Stop Order or Stop Loss Order from the MT4 Platform, numerous Price updates will have occurred, see clauses 2.3 and 2.4 for more detail.
- 1.9 In accordance with clause 3.3.5 of the MT4 Terms of Business, where you have appointed an introducing broker, discretionary investment manager or similar person as an Authorised Person to act on your behalf and that person also acts on behalf of other clients of CMC Markets, the Authorised Person may decide to place a single, aggregated order for Trades for multiple clients in respect of a Product and then allocate a portion of that order to you to represent your Order. We are not responsible for the aggregation and allocation of such orders, and such aggregation and allocation may operate to your disadvantage.

## 2. How the Trading System handles the different types of Orders.

This section 2 provides information on the different types of Orders.

Orders listed below are managed and triggered in the MT4 Platform and executed by CMC Markets.

- |     |                                 |   |
|-----|---------------------------------|---|
| 2.1 | Market Order                    | The Trading System will execute a Market Order to sell at the first available Bid Price and a Market Order to buy at the first available Ask Price, and will do so as soon as possible after the Order is accepted, provided the Market Order is made during Trading Hours and that the Trading System is available at the time the Market Order is made. Notwithstanding our general right to reject any Order for any reason, there may be times when we reject a Market Order as a result of, among other things, the speed and volume at which you are trading. |
| 2.2 | Limit Order / Take Profit Order | A Limit Order or Take Profit Order to buy at a Target Price will be executed at the Target Price or lower, when the Ask Price is equal to or lower than the Target Price.<br>A Limit Order or Take Profit Order to sell at a Target Price will be executed at the Target Price or higher, when the Bid Price is equal to or higher than the Target Price.   |
| 2.3 | Stop Order / Stop Loss Order    | A Stop Order or Stop Loss Order to buy at a Target Price will be executed when the Ask Price is equal to or higher than the Target Price and will be executed at the first  |

available Ask Price at the time the Trading System executes the Order or at the target price if the first available Ask Price is lower than the Target Price.

A Stop Order or Stop Loss Order to sell at a Target Price will be executed when the Bid Price is equal to or lower than the Target Price and will be executed at the first available Bid Price at the time the Trading System executes the Order or at the target price if the first available Bid Price is higher than the Target Price.

Stop Orders and Stop Loss Orders are not guaranteed and may be subject to gapping. It is not possible to attach guaranteed stop loss orders to Positions on the Trading System.

#### 2.4 Trailing Stop

A Trailing Stop is an algorithm that manages Stop Loss Orders.

A Trailing Stop will automatically place a Stop Loss Order on a Trade once that Trade is in profit by at least the points value of the Trailing Stop (e.g. if the value of the Trailing Stop is 15 points then the Trade will need to be in profit by at least 15 points for the Stop Loss Order to be placed). Subsequently, if the Trade becomes more profitable the Trailing Stop will adjust the Stop Loss Order to keep the distance from the Price of the Stop Loss Order equal to the points value of the Trailing Stop. The Stop Loss Order will be executed in accordance with clause 2.3 above.

A separate Stop Loss Order can be placed on a Trade alongside a Trailing Stop. In this scenario, as only one Stop Loss Order can exist on a Trade at a time, once the Trailing Stop is activated it will adjust the previous separately placed Stop Loss Order.

**Important:**

If multiple Trades in the same Product have a Trailing Stop associated with them, only the most recent Trailing Stop to be activated is adjusted.

A Trailing Stop will only work whilst you remain logged in to your MT4 Account and the MT4 Platform and are connected to the internet.

- 2.5 Opening a new Trade in the opposite direction to an existing Trade will not close the original Trade as there is no netting in place on Trades placed on the Trading System.
- 2.6 You cannot open, amend or close Orders on the Back Office Platform. You must use the MT4 Platform to trade with CMC Markets. To view your Orders, you must log in to the MT4 Platform.
- 2.7 The Back Office Platform will display all your open Trades and Positions. However, any attached Orders will not be displayed in the Back Office Platform.
- 2.8 The Trading System does not check available funds when a Pending Order is placed. If you do not have funds to cover the Order at the time of execution, the Pending Order will be cancelled.

### 3. Factors we consider when determining best execution.

- 3.1 When executing Orders, we will take all sufficient steps to obtain the best possible result for you taking into account the type of financial instrument the Order relates to, and other execution factors.
- 3.2 We will take into account the following execution factors when executing your Order, ranked in order of importance from highest to lowest:
  - 3.2.1 Price;
  - 3.2.2 other costs including the Currency Conversion Rate;
  - 3.2.3 speed of execution;
  - 3.2.4 likelihood of execution and settlement; and
  - 3.2.5 size of your Order.

### 4. Prices generated by the Trading System.

*This section provides you with information about Prices and the execution of your Orders.*

- 4.1 The best possible result when executing your Order will be determined in terms of the total consideration (i.e. the price of your Order and costs related to execution).
- 4.2 The Prices of Products are generated electronically by the Trading System. These Prices will take into account market data from various sources, in order to enable us to check whether our Prices are fair and we are delivering on our best execution obligation. However, Prices may not match prices that you see elsewhere (including prices quoted on Trading Venues or by other providers). Prices include our reasonable Margin.
- 4.3 Market fluctuations and technical conditions, in addition to Circumstances Outside of Our Control, may mean that the Prices you see on your device when you place an Order may not be identical to the Price at which the Trade is executed. If changes occur in the applicable Price between the time an Order is placed by you and the time the relevant Order is received by us or the Order is executed or settled by the Trading System, the Order is generally executed at (or by reference to) the Price applicable when the Order is executed by the Trading System. This may either be to your advantage or disadvantage.
- 4.4 There will be times when circumstances may prevent the Trading System from generating Prices or affect the Prices being generated. Please refer in particular to clauses 4.2 ("Accessing the Trading System") and 8.2

("Circumstances Outside Our Control") as well as paragraph 11 of Schedule 1 ("Corporate Actions, Adjustment Events and Insolvency") of our MT4 Terms of Business for more information.

4.5 Please refer to the 'Our Pricing' section of the Website for further information on pricing.

#### **5. Currency Conversion Rates generated by the Trading System.**

*This section provides you with information about the Currency Conversion Rate.*

5.1 When you enter into Trades or place Orders with us, all calculations will be undertaken in the currency in which the relevant Product is denominated, the Product Currency, before being converted into your Account Currency at the Currency Conversion Rate and applied to your Account.

5.2 As with Prices, the Currency Conversion Rate for any particular currency pair is generated electronically by the Trading System and may not match currency conversion rates that you see elsewhere (including official currency conversion rates and the currency pairs on our platform).

5.3 Where relevant, we will provide you with the Currency Conversion Rate used to convert amounts in a Product Currency into your Account Currency.

#### **6. Size, speed and likelihood of execution.**

*This section provides you with information about the speed at which the Trading System executes Orders, the likelihood of execution, and size of Orders.*

6.1 The Trading System executes Orders on an automated basis and does not rely on any manual intervention or dealing.

6.2 The Trading System will, apart from in a limited number of exceptions, execute Orders as soon as practicable following receipt. The Trading System will only execute Orders during Trading Hours.

6.3 The Trading System will accept or reject Orders or the modification of Pending Orders in accordance with their respective Attributes and our MT4 Terms of Business, including if any applicable limits would be breached and/or you have or would have an insufficient Account Value to cover your Margin, where your Account Value is below the applicable Close-Out Level or you have insufficient Cash to pay any Commission or other premium (if applicable).

6.4 If the Trading System has accepted an Order, there may still be circumstances which prevent or otherwise affect the execution of an Order, for instance, where doing so would breach any applicable limit where market restrictions apply, where you have or would have an insufficient Account Value to cover your Margin, where your Account Value is below the applicable Close-Out Level or any circumstance under clauses 4.2 ("Accessing the Trading System"), and 8.2 ("Circumstances Outside Our Control"), paragraph 11 of Schedule 1 ("Corporate Actions, Adjustment Events and Insolvency") of our MT4 Terms of Business.

6.5 The Trading System automatically takes into account the size of your Order at the point of execution.

#### **7. How your Trades are closed without instructions from you.**

7.1 There are some circumstances where the whole or a portion of your Trades will be closed without instructions from you. This includes where Account Close-Out occurs, where you fail to reduce any Position to below the applicable limit within the relevant time limit specified by us or where we exercise our rights to close your Trades. Please refer to our MT4 Terms of Business for more information.

7.2 Unless closed by you or us beforehand, any Trade will be closed and settled by the Trading System automatically at the time and date of expiry on a Forward (and any Pending Order will also be cancelled on this basis).

7.3 If your Account falls below the Close-Out Level, the Trading System will initiate a full Account Close-Out and will close all Trades in Products that are currently pricing at the prevailing Price when the liquidation orders are received.

#### **8. Specific instructions.**

8.1 Your Orders can only be executed on the Trading System and/or through our client management team. Any instruction to execute your Order on a different execution venue will lead to rejection of your Order.

8.2 If you provide us with instructions on how to execute your Order, complying with those instructions may prevent us from taking the steps that we set out in this Order Execution Policy to obtain the best possible result for the execution of your Order. In those circumstances, our execution in accordance with your instructions will be deemed best execution.

#### **9. Monitoring and review.**

9.1 We will regularly monitor and review our policies and procedures and associated arrangements in order to ensure we comply with our regulatory obligations, making appropriate amendments if necessary.

9.2 You can find our most recent execution quality data on our Website.

9.3 We will notify you in writing of any material changes to this document.