

CMC MARKETS UK PLC
and
CMC MARKETS CANADA INC.
Order Execution Policy Summary for CFDs

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CMC Markets UK Plc and CMC Markets Canada Inc. – Order Execution Policy Summary for CFDs

(March 2016)

CMC Markets UK Plc and CMC Markets Canada Inc. (together, referred to below as “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 our Platform executes your Orders. When you trade through our Platform you consent to your Orders being executed in the manner described below.

The words and expressions in this document that begin with capital letters have the meanings set out in Schedule 2 of our CFD Terms of Business.

1. Key points.

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

- 1.1 Your Orders are executed exclusively via a bilateral Trade with us through our Platform and not through a Trade on any exchange, multilateral trading system or other external execution venue.
- 1.2 Our Platform is fully automated for pricing and Order execution. When you place an Order to enter into or close a Trade, you are giving our Platform an instruction to place an Order on your Account on the basis of the Prices generated by our Platform.
- 1.3 The Prices of the Products are generated electronically by our Platform. As such, the Prices at which you open and close Trades may be different to any current exchange or market price, or another financial product provider’s price, for the relevant underlying asset(s).
- 1.4 Placing an Order does not guarantee that a Trade will be entered into. Please refer to clause 4.1.2 and paragraphs 5.4 to 5.6 of Schedule 1 of the CFD Terms of Business for more information.
- 1.5 Our Platform displays multiple Buy Prices and Sell Prices, via the Price Depth and Price Ladder, for different sized Orders.
- 1.6 In accordance with clause 3.2.6 of the CFD Terms of Business, where you have appointed an introducing broker, discretionary investment manager or similar person (once available) as an Authorised Person to act on your behalf and that person also acts on behalf of other clients of CMC Markets, if the Authorised Person decides to place a single, aggregated order for multiple clients in respect of a Product and then allocate a portion of that order to you to represent your Order, the Platform will have executed your Order at the corresponding Price on the Price Ladder for an order of the size of the aggregated order. The Authorised Person may decide to place such orders for various reasons, for example, to ensure timely execution. This aggregation and allocation may operate to your disadvantage.
- 1.7 The Price at which an Order is executed may be less favourable to you than the Price displayed on our Platform at the time of placing the Order (for instance, due to market movements occurring during the period between the time the Order is placed and the time it is executed by our Platform).

2. How our Platform handles the different types of Orders.

This section, which should be read in conjunction with the rest of this document, outlines the basis upon which our Platform will execute different types of Orders.

- 2.1 Market Order Our Platform will execute a Market Order to sell at the **first available Sell Price** (for the relevant size of the Order), and a Market Order to buy at the **first available Buy Price** (for the relevant size of the Order), and will do so as soon as possible after the Order is accepted. The Sell Price or Buy Price at which any Market Order will be executed will always reflect its size and the corresponding Price on the Price Ladder at the time of execution. The Price at which the Order will be executed **may be less favourable** to you than the Price you see on our Platform when you place the Order (for instance, due to market movements between the time you submit your Order and the time our Platform executes your Order). Our Platform will automatically cancel (and not execute) a Market Order if the first available Sell Price or Buy Price (as relevant and taking into account the size of the Order) is outside of any Boundary (if applicable) that you have set.
- 2.2 Limit Order A Limit Order to **buy** at a Target Price will be executed at the Target Price or lower, **when** the Buy Price is **equal to or lower** than the Target Price.
- A Limit Order to **sell** at a Target Price will be executed at the Target Price or higher, **when** the Sell Price is **equal to or higher** than the Target Price.
- 2.3 Roll-Over An Auto Roll-Over on a **sell** Trade on any particular Forward will be carried out by our Platform automatically executing a Market Order to buy the number of Units for that Trade at the **Level 1 Buy Price** (regardless of the size of the Order) and this Order will be executed (if possible) after the Last Roll-Over Date but on or before the Expiry Date. Our Platform will then immediately execute a Market Order to sell the same number of Units on a Forward based on the same underlying asset(s) but with the next available Expiry Date, at the **Level 1 Mid-Price**.
- An Auto Roll-Over on a **buy** Trade on any particular Forward will be carried out by our Platform automatically executing a Market Order to sell the number of Units for that Trade at the **Level 1 Sell Price** (regardless of the size of the Order), and this Order will be executed (if possible) after the Last Roll-Over Date but on or before the Expiry Date. Our Platform will then immediately execute a Market Order to buy the same number of Units on a Forward based on the same underlying asset(s) but with the next available Expiry Date, at the **Level 1 Mid-Price**.
- A Manual Roll-Over on a **sell** Trade on any particular Forward will be carried out on your instructions by our Platform executing a Market Order to buy the number of Units for that Trade at the **Level 1 Buy Price** (regardless of the size of the Order), as soon as possible after the Manual Roll-Over is accepted by our Platform (provided that this is before the Last Roll-Over Date). Our Platform will then immediately execute a

Market Order to sell the same number of Units on a Forward based on the same underlying asset(s) but with the next available Expiry Date, at the **Level 1 Mid-Price**.

A Manual Roll-Over on a **buy** Trade on any particular Forward will be carried out on your instructions by our Platform executing a Market Order to sell the number of Units for that Trade at the **Level 1 Sell Price** (regardless of the size of the Order), as soon as possible after the Manual Roll-Over is accepted by our Platform (provided that this is before the Last Roll-Over Date). Our Platform will then immediately execute a Market Order to buy the same number of Units on a Forward based on the same underlying asset(s) but with the next available Expiry Date, at the **Level 1 Mid-Price**.

Any Pending Orders on a Forward on which a Trade is being closed as part of a Roll-Over will automatically be cancelled by our Platform, and an equivalent Pending Order with an equivalent Target Price will be placed automatically by our Platform on any Forward (based on the same underlying asset(s) but with the next available Expiry Date) on which a new Trade is being entered into as part of the Roll-Over.

A Roll-Over on any Trade on any particular Forward will not be carried out by our Platform if a Forward based on the same underlying asset(s) but with a later Expiry Date is not available to be traded on our Platform at the time the Roll-Over would otherwise have been carried out. In such circumstances, where the Trade reaches the Expiry Date, the Trade will be closed and settled on the Cash Settlement Date, and any Pending Order on the relevant Forward will be cancelled automatically by our Platform on the Cash Settlement Date.

2.4 Stop Entry Order

Standard triggers

Unless you elect otherwise:

- a Stop Entry Order to **buy** at a Target Price will be executed **when** the Buy Price for the Level 1 Price is equal to or higher than the Target Price and will be executed at the first available Buy Price on the Price Ladder corresponding to the size of your Order at the time our Platform executes the Order; and
- a Stop Entry Order to **sell** at a Target Price will be executed **when** the Sell Price for the Level 1 Price is equal to or lower than the Target Price and will be executed **at** the first available Sell Price on the Price Ladder corresponding to the size of your Order at the time our Platform executes the Order.

Alternate triggers

Alternatively, you can elect to use the Level 1 Mid-Price as the trigger for

your Stop Entry Order. In this case:

- a Stop Entry Order to **buy** at a Target Price will be executed **when** the **Level 1 Mid-Price** is equal to or higher than the Target Price and will be executed **at** the first available Buy Price on the Price Ladder corresponding to the size of your Order at the time our Platform executes the Order; and
- a Stop Entry Order to **sell** at a Target Price will be executed **when** the **Level 1 Mid-Price** is equal to or lower than the Target Price and will be executed **at** the first available Sell Price on the Price Ladder corresponding to the size of your Order at the time our Platform executes the Order.

Alternatively, you can elect to use the opposite Level 1 Price as the trigger for your Stop Entry Order. In this case:

- a Stop Entry Order to **buy** at a Target Price will be executed **when** the Level 1 Sell Price is equal to or higher than the Target Price and will be executed **at** the first available Buy Price on the Price Ladder corresponding to the size of your Order at the time our Platform executes the Order; and
- a Stop Entry Order to **sell** at a Target Price will be executed **when** the Level 1 Buy Price is equal to or lower than the Target Price and will be executed **at** the first available Sell Price on the Price Ladder corresponding to the size of your Order at the time our Platform executes the Order.

In each case, whether you use a standard trigger or one of the alternate triggers:

- our Platform will automatically cancel (and not execute) a Stop Entry Order if the first available Sell Price or Buy Price (as applicable) that corresponds to the size of your Order at the time our Platform would otherwise execute the Order, is outside of any Boundary (if applicable) that you have set.
- the Price at which the Order will be executed may be less favourable to you than the Target Price.
- our Platform may aggregate: (i) any Stop Loss Order, Trailing Stop Loss Order or Stop Entry Orders to sell the same Product; or (ii) any Stop Loss Order, Trailing Stop Loss Order or Stop Entry Orders to buy the same Product; which are triggered by the same Price and which are due to be executed by our Platform at the same time, in which case each relevant Stop Loss Order, Trailing Stop Loss Order or Stop Entry Order will be executed **at** the first available Buy Price or Sell Price (as applicable) on the Price Ladder corresponding to the size of the aggregated Stop Loss Order,

Trailing Stop Loss Order or Stop Entry Orders.

2.5 Stop Loss Order Standard triggers

Unless you elect otherwise:

- a Stop Loss Order to **buy** at a Target Price will be executed **when** the Buy Price for the Level 1 Price is equal to or higher than the Target Price and will be executed **at** the first available Buy Price on the Price Ladder corresponding to the size of your Order at the time our Platform executes the Stop Loss Order; and
- a Stop Loss Order to **sell** at a Target Price will be executed **when** the Sell Price for the Level 1 Price is equal to or lower than the Target Price and will be executed **at** the first available Sell Price on the Price Ladder corresponding to the size of your Order at the time our Platform executes the Stop Loss Order.

Alternate triggers

Alternatively, you can elect to use the Level 1 Mid-Price as the trigger for your Stop Loss Order. In this case:

- a Stop Loss Order to **buy** at a Target Price will be executed **when** the **Level 1 Mid-Price** is equal to or higher than the Target Price and will be executed **at** the first available Buy Price on the Price Ladder corresponding to the size of your Order at the time our Platform executes the Stop Loss Order; and
- a Stop Loss Order to **sell** at a Target Price will be executed **when** the **Level 1 Mid-Price** is equal to or lower than the Target Price and will be executed **at** the first available Sell Price on the Price Ladder corresponding to the size of your Order at the time our Platform executes the Stop Loss Order.

Alternatively, you can elect to use the opposite Level 1 Price as the trigger for your Stop Loss Order. In this case:

- a Stop Loss Order to **buy** at a Target Price will be executed **when** the Level 1 Sell Price is equal to or higher than the Target Price and will be executed **at** the first available Buy Price on the Price Ladder corresponding to the size of your Order at the time our Platform executes the Stop Loss Order; and
- a Stop Loss Order to **sell** at a Target Price will be executed **when** the Level 1 Buy Price is equal to or lower than the Target Price and will be executed **at** the first available Sell Price on the Price Ladder corresponding to the size of your Order at the time our Platform executes the Stop Loss Order.

In each case, whether you use a standard trigger or one of the alternate triggers:

- the Price at which the Order will be executed may be less favourable to you than the Target Price.
- our Platform may aggregate: (i) any Stop Loss Order, Trailing Stop Loss Order or Stop Entry Orders to sell the same Product; or (ii) any Stop Loss Order, Trailing Stop Loss Order or Stop Entry Orders to buy the same Product; which are triggered by the same Price and which are due to be executed by our Platform at the same time, in which case each relevant Stop Loss Order, Trailing Stop Loss Order or Stop Entry Order will be executed at the first available Buy Price or Sell Price (as applicable) on the Price Ladder corresponding to the size of the aggregated Stop Loss Order, Trailing Stop Loss Order or Stop Entry Orders.

2.6 Trailing Stop Loss Order Standard triggers

Unless you elect otherwise:

- a Trailing Stop Loss Order to **buy** at a Target Price will be executed when the Buy Price for the Level 1 Price is equal to or higher than the Target Price and will be executed **at** the first available Buy Price on the Price Ladder corresponding to the size of your Order at the time our Platform executes the Trailing Stop Loss Order; and
- a Trailing Stop Loss Order to **sell** at a Target Price will be executed when the Sell Price for the Level 1 Price is equal to or lower than the Target Price and will be executed **at** the first available Sell Price on the Price Ladder corresponding to the size of your Order at the time our Platform executes the Trailing Stop Loss Order.

Alternate triggers

Alternatively, you can elect to use the Level 1 Mid-Price as the trigger for your Trailing Stop Loss Order. In this case:

- a Trailing Stop Loss Order to **buy** at a Target Price will be executed when the **Level 1 Mid-Price** is equal to or higher than the Target Price and will be executed **at** the first available Buy Price on the Price Ladder corresponding to the size of your Order at the time our Platform executes the Trailing Stop Loss Order; and
- a Trailing Stop Loss Order to **sell** at a Target Price will be executed when the **Level 1 Mid-Price** is equal to or lower than the Target Price and will be executed **at** the first available Sell

Price on the Price Ladder corresponding to the size of your Order at the time our Platform executes the Trailing Stop Loss Order.

Alternatively, you can elect to use the opposite Level 1 Price as the trigger for your Trailing Stop Loss Order. In this case:

- a Trailing Stop Loss Order to **buy** at a Target Price will be executed **when** the Level 1 Sell Price is equal to or higher than the Target Price and will be executed at the first available Buy Price on the Price Ladder corresponding to the size of your Order at the time our Platform executes the Trailing Stop Loss Order; and
- a Trailing Stop Loss Order to **sell** at a Target Price will be executed **when** the Level 1 Buy Price is equal to or lower than the Target Price and will be executed **at** the first available Sell Price on the Price Ladder corresponding to the size of your Order at the time our Platform executes the Trailing Stop Loss Order.

In each case, whether you use a standard trigger or one of the alternate triggers:

- the Prices at which the Order will be executed may be less favourable to you than the Target Price.
- our Platform may aggregate: (i) any Stop Loss Order, Trailing Stop Loss Order or Stop Entry Orders to sell the same Product; or (ii) any Stop Loss Order, Trailing Stop Loss Order or Stop Entry Orders to buy the same Product; which are triggered by the same Price and which are due to be executed by our Platform at the same time, in which case each relevant Stop Loss Order, Trailing Stop Loss Order or Stop Entry Order will be executed **at** the first available Buy Price or Sell Price (as applicable) on the Price Ladder corresponding to the size of the aggregated Stop Loss Order, Trailing Stop Loss Order or Stop Entry Orders.
- the Target Price of a Trailing Stop Loss Order is adjusted in the direction of your Trade by our Platform and is calculated from the most favourable Price in respect of that Trade since that Order was last modified plus/minus (as relevant) the Stop Distance, as set by you.

2.7 Take Profit Order A Take Profit Order to **buy** at a Target Price will be executed **at** the Target Price or lower, **when** the Buy Price is equal to or lower than the Target Price.

A Take Profit Order to **sell** at a Target Price will be executed at the Target Price or higher, **when** the Sell Price is equal to or higher than the Target Price.

More information on the different types of Order can be found on our Website www.cmcmarkets.ca/en/trading-platforms/order-execution

3. Prices generated by our Platform.

This section provides you with information about Prices, which are given the highest importance in relation to the operation of our Platform.

- 3.1 The Prices of Products are generated electronically by our Platform. These Prices will take into account market data from various sources and therefore may not match prices that you see elsewhere (including prices quoted on stock exchanges).
- 3.2 The Prices you see through your device when you place an Order may not be identical to the Price at which the Trade is executed. We attempt to generate Prices on a continuous basis and to have the currently applicable Prices displayed on our Platform as quickly as possible. However, technical conditions (e.g. the transfer rate of data networks or the quality of your internet connection, as well as rapid market fluctuations) may lead to a change 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 by our Platform. Such changes to the applicable Price are due to fluctuations in the financial markets rather than on arbitrary interventions made by us. If changes occur, the Order is generally executed at the Price applicable when the Order is executed by our Platform. Such movements in the Prices may either be to your disadvantage or have a favourable impact.
- 3.3 In addition, there will be times when circumstances may prevent our Platform from generating Prices or affect the Prices being generated. Please refer in particular to clauses 4.2 ("**Accessing our Platform**") and 8.2 ("**Circumstances Outside Our Control**") as well as paragraph 12 of Schedule 1 ("**Corporate Actions, Adjustments and Insolvency**") of our CFD Terms of Business for more information.
- 3.4 Please refer to the Risk Warning Notice for CFDs for further information on the factors which may affect Prices.

4. Currency Conversion Rates generated by our Platform.

This section provides you with information about the Currency Conversion Rate, which is given very high importance.

- 4.1 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.
- 4.2 As with Prices, the Currency Conversion Rate for any particular currency pair is generated electronically by our Platform. Whilst these rates will take into account market data from various sources, you should note that they are not taken directly from any source, and therefore may not match currency conversion rates that you see elsewhere (including official currency conversion rates).
- 4.3 Where relevant, we will provide you with the Currency Conversion Rate used to convert amounts in a Product Currency into your Account Currency.

5. Size and speed and likelihood of execution.

This section provides you with information about the speed at which our Platform executes Orders, the likelihood of execution, and size of Orders, all of which are given high importance.

- 5.1 Our Platform executes Orders on an automated basis and does not rely on any manual intervention or dealing.
- 5.2 Apart from in a limited number of exceptions, our Platform will execute Orders as soon as practicable following receipt. Our Platform will only execute Orders during Trading Hours.
- 5.3 Our Platform will accept or reject Orders or the modification of Pending Orders in accordance with their respective Attributes and our CFD Terms of Business, including if any applicable Product Limit, Position Limits and/or Order Cluster Limits would be breached and/or you have or would have an insufficient Account Revaluation Amount to cover your Total Margin (if applicable); where your Account Revaluation Amount is below the applicable Close-Out Level(s) or you have insufficient Cash to pay any Commission (if applicable).
- 5.4 If our Platform 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 Position Limit and/or an Order Cluster Limit, where market restrictions apply, where you have or would have an insufficient Account Revaluation Amount to cover your Total Margin (if applicable) or where your Account Revaluation Amount is below the applicable Close-Out Level(s) or any circumstance under clauses 4.2 ("**Accessing our Platform**"), and 8.2 ("**Circumstances Outside Our Control**") and paragraph 12 of Schedule 1 ("**Corporate Actions and Adjustments**") of our CFD Terms of Business.
- 5.5 Our Platform, via the Price Depth, automatically takes into account the size of your Order at the point of execution.

6. Factors not taken into account when executing Orders.

This section outlines the factors our Platform does not take into account when executing Orders.

- 6.1 Except as described in section 2 above, our Platform does not differentiate between the different types of Orders.
- 6.2 We are without exception the execution venue for all Orders.

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 and/or Positions will be closed without instructions from you. This includes where you have failed to ensure that your Account Revaluation Amount exceeds the applicable Close-Out Level and Account Close-Out occurs, where you fail to reduce any Position to below the applicable Position Limit within the relevant time limit specified by us or where we exercise our rights to close your Trades and/or Positions. Please refer to our CFD Terms of Business for more information.
- 7.2 Unless closed by you or us beforehand (whether through a Roll-Over or otherwise), any Trade on a Forward will be closed and settled by our Platform automatically on the Cash Settlement

Date (and any Pending Order on the relevant Forward will also be cancelled on the Cash Settlement Date).

- 7.3 Where the whole or a portion of your Trades and/or Positions are to be closed without instructions from you, our Platform will use a Market Order and will normally treat such Orders in the same way as it treats other Market Orders placed by you. We reserve the right to aggregate any Trades in the same Product being closed at or around the same time and execute the relevant Market Orders to close those Trades at the corresponding Price on the Price Ladder for an Order of the size of the aggregated Trades. Where we have notified you that you may instruct our Platform to conduct an Alternative Account Close-Out in relation to your Account(s) and you have elected to do so, we will close any Trades and/or Positions as set out in paragraphs 13.10 to 13.17 of Schedule 1 of our CFD Terms of Business. Notwithstanding the foregoing, if you have a Position that exceeds an applicable maximum Trade size, our Platform will always conduct an Alternative Account Close-Out and close any Trades and/or Positions on a Last In First Out Close-Out basis in accordance with the Terms of Business.

8. Specific instructions.

- 8.1 Since there is no external market for our CFD products, your Orders can only be executed on our Platform. 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 Summary for CFDs 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 always find the latest version of the information in this document on our Website.
- 9.3 We will notify you in writing of any material changes to this document.