



Execution Policy

Tera Europe Limited

SCHEDULE 4

Order Execution Policy

Introduction

This document contains the most important and relevant elements of our Order Execution Policy and arrangements which enable clients to make a properly informed decision about the use of our execution services.

Application of Best Execution Obligation

We are obliged to take all reasonable steps to obtain, when executing orders, the best possible result for our clients (“best execution”) taking into account the execution factors (noted below) where we act on behalf of a client.

In circumstances where we act as principal on own account and do not consider we act on a client’s behalf and do not assume responsibility to provide best execution, we will notify you so that you are properly informed.

Whenever there is a specific instruction from you, we shall execute the order following the specific instruction and compliance with that specific instruction will be treated as satisfaction of the best execution obligation.

Best Execution Factors and Criteria

When executing a client order, we may take into account the following criteria for determining the relative importance of price, costs, speed, likelihood of execution and settlement, size and any other consideration relevant to order execution (the “execution factors”):

- (a) the characteristics of the client including its classification as retail or professional;
- (b) the characteristics of the client order;
- (c) the characteristics of the financial instruments that are the subject of that order; and
- (d) the characteristics of the execution venues to which that order can be directed.

Differences in market structure and the structure of financial instruments results in the satisfaction of our best execution obligations in different ways as further detailed below.

The Role of Price

It is our general policy for all client transactions not to give execution factors other than price and costs precedence unless they are instrumental in delivering the best possible result in terms of total consideration to the client.

Execution Venues and Liquidity Providers

The following applies to retail and professional clients. Subject to any specific instructions from a client, we may use one or more venues and basis of execution to enable us to obtain the best possible result on a consistent basis when executing an order on a client’s behalf.

Basis of Execution & Execution Venues

CFDs

Where the CFD Reference Asset is listed on a Market then the CFD quoted prices are derived from the market quoted price for the Reference Asset. For certain Reference Assets such as precious metals the quoted price may be derived from the exchange traded futures contract price for the relevant Reference Asset.

Rolling Spot Forex/ FX CFD

Rolling Spot Forex/FX CFD is traded over-the-counter (“OTC”) and it is not a financial instrument which is traded on regulated markets or an exchange. We receive electronically real-time executable prices from liquidity providers.

In a volatile market the quoted price may have moved before the order instruction is received. Unless the price movement is significant in which case the order may be rejected, favourable price movements (price improvements), and adverse price movements, will be passed on to you.

Inducement Disclosure

We may rebate up to 1 pip to any introducer(s) of your account. Other charges shown on your account statement may also be rebated to your introducer. Further details are available on request.

Under this order execution policy, we may be compensated for order flow sent to liquidity providers as the result of your transactions. This should not interfere with their duty of best execution.

Receiving and Transmitting Orders

We may transmit orders to third party investment firms or brokers. As well as having regard to an entity’s access to markets and execution venues, when choosing entities for inclusion in this Policy we assess each entity’s ability to obtain the best possible result on a consistent basis, having regard to the above execution factors.

Order Execution Risks

Slippage

We take reasonable steps so that execution of our quoted prices will obtain the best possible result for clients at the time the quote is provided. However fast moving markets may result in execution of a transaction at a price which has ceased be the best market price.

Gapping/Volatility

There may be significant market movement after a news announcement or economic event or between the close and re-opening of a market which will have a significant impact on the execution of a pending order. You should be aware of the following risks associated with volatile markets, especially at or near the close of the standard trading session:

- An order may be executed at a substantially different price from the quoted bid or offer, or the last reported trade price at the time of order entry, or an order may be only partially executed or may be executed in several shapes at different prices; and
- Opening prices may differ significantly from the previous day’s close.

Trading System or Internet Connectivity Execution Delays

Delays in execution beyond our control may occur as a result of technical failures or malfunctions in connection with use of the Trading System or internet connectivity or processing speed for which we do not accept responsibility

Order Handling

A client order is passed through a number of business logic components before hitting the external execution engine. These components deliver all pertinent order details, including the type of order, price, and Time in Force.

Order types

Market Order - Is an instruction to buy or sell at the next available market price. Please note that pursuant to market conditions there may be a difference between the price selected on the Trading System and the final execution price received. This difference may be less favourable or more favourable than the original quoted price and is a function of market liquidity.

Limit Order - Is an instruction to buy or sell at your specified price or better and may be used to either open or close a position. Please note that a limit order may be triggered by the market trading through, or gapping over, your specified price. In the event that market conditions trigger a client's limit order for execution it may only execute at a price equal to or better than a client's specified rate. Limits order guarantees price but does not guarantee execution.

A limit order to buy at a price below the prevailing market price will be executed at a price equal to or less than the specified price.

A limit order to sell at a price above the prevailing market price will be executed at a price equal to or more than the specified price.

Stop Order - A stop order is an order to buy or sell at a specified price and may be used to open or close a position. Please note that a stop order may be triggered by the market trading through, or gapping over a specified price. In the event that market conditions trigger a stop order for execution it will become a market order upon execution. This means that your final execution price may be less favourable or more favourable depending on market conditions. Stop orders guarantee execution but does not guarantee price.

A stop order to buy at a price above the prevailing market price will be executed at the next available market rate, which can be less favourable, or more favourable than your specified rate.

A stop order to sell at a price below the prevailing market price will be executed at the next available market rate, which can be less favourable, or more favourable than your specified rate.

Trailing Stop Order - A stop order applied to an open position wherein the trader specifies the distance between the stop order and current market price. Should the market continue to move in your favour the stop price will automatically update to maintain the specified stop distance from the current market price by adjusting your stop rate. However, should the market at any time move against you the stop price will remain fixed acting as a floor. At that time should the market trade through or gap past your specified stop rate your order will be submitted for execution as market order available for execution at the next available market price.

Margin Call - A Margin Call is a system-generated order that is triggered when your usable liquidation margin drops to zero or below. The order behaves like a Market At Best order when it is triggered. This order can be partially filled multiple times until either the full order amount is executed or your cancels any remaining amount. There is no price associated with this order, so the order will be executed at the best available market price.

Limit Order Publication (if unexecuted)

If you give us a limit order in relation to shares admitted to trading on an EEA regulated market, we will be required to make public such limit orders to the extent they are not immediately executed under prevailing market conditions unless you consents to our exercising our discretion as to whether to make such limit orders public.

Aggregation

We may combine your order or instruction with those of other clients as a single order. This will be where we reasonably believe that this is in the overall best interests of our clients and is unlikely to work overall to your disadvantage. However such aggregation may work to your disadvantage in relation to a particular order.

Monitoring and Review

We will monitor the effectiveness of our order execution arrangements and this Policy and regularly assess whether or not the execution venues it accesses continue to provide the best possible results for orders it executes on behalf of clients.

Using a risk based approach we will review, at least annually or when a material change occurs, both our order execution arrangements and this Policy. Material changes to this Policy will be notified through our website and be available to actual and potential clients.

Client Consent to Execution Policy and Execution of Order: outside a Regulated Market or MTF

By entering into these Terms of Business or the Tera Europe Limited Client Application Form, you consent to the Tera Europe Limited execution policy and the execution of orders outside a regulated market or Multi-lateral Trading Facility (“MTF”).