



# Order Execution Policy

Tera Europe Limited trading as Tera FX  
Information on our MiFID II order handling & execution policy

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## 1. Overview

### 1.1. Introduction

This Information on Best Execution Policy for Private and Professional Clients (“Best Execution Policy”) contains the most important and relevant elements of our Order Execution process and arrangements which enable clients to make a properly informed decision about the use of our execution services.

This document explains where, when and how best execution is addressed by Tera in the EEA when handling or executing Foreign Exchange transactions for Clients (FX services). Foreign Exchange and FX here includes the exchange of both currencies and precious metals. This Policy forms an integral part of the account opening agreement between Tera and the Client and should be read in conjunction with the Firm’s Standard Terms of Business which are detailed in your Customer Agreement and updated from time to time.

As a pre-requisite for the opening of an account with Tera the Client shall acknowledge and agree to the content of this Best Execution Policy. Moreover, the Client will be deemed to have given such consent whenever placing an Order with Tera.

This Best Execution Policy is applicable to Broker services provided to you by Tera Europe Limited (“Tera FX”, “Tera”, the “Firm”, we or us).

Tera reviews its Best Execution Policy at least annually. The Client will be informed of any material change to the Best Execution Policy.

### 1.2. Purpose

Under MiFID II, Tera is required to put in place an order execution and handling policy (MiFID II order execution policy) and to take all sufficient steps to obtain the best possible result (best execution) on behalf of its Clients either when executing client Orders or receiving and transmitting Orders for execution.

- (a) Tera is also required to execute Orders from Clients in a prompt, fair and expeditious manner, relative to other Orders or the trading interests of Tera, and to comply with certain requirements in respect of the aggregation and allocation of Orders from Clients.
- (b) Tera is also required to provide appropriate information to Clients on its MiFID II order execution policy.
- (c) The purpose of this document is to provide Clients with information on Tera’s MiFID II order execution policy and to obtain their consent to such policy.

## 2. Scope and Application of Best Execution Obligation

According MiFID II Tera is required to take all sufficient steps to obtain, when executing orders on behalf of a client, the best possible result for their clients (“best execution”)– taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other relevant consideration (noted below).

Tera's business is facilitating liquidity to retail clients, professional clients and eligible counterparties in Forex Trading and Contracts for Difference ("CFDs") (see clause 6). From time to time Tera may introduce other financial products.

Your trades will be executed on Tera's trading platform or via a third party user interface or an API. Those trades will be immediately matched through a panel of carefully selected liquidity providers and Tera's clients' orders residing on Tera's limit order book.

Tera's MiFID II order execution policy applies only to the provision of services by Tera to Professional and Retail Clients and in relation to **Financial Instruments** as defined by MiFID II.

(a) Tera's MiFID II order execution policy also only applies where Tera:

- (i) receives and transmits client Orders; and/or
- (ii) executes Orders on a Client's behalf.

(b) Tera will be executing Orders "on a Client's behalf" where the Client legitimately relies on Tera to protect his or her interests in relation to the pricing or other execution factors.

In circumstances where we are unable to provide the best execution for some reason, we will notify you as soon as possible so that you are properly informed.

MiFID II requires firms authorised to execute client orders to implement procedures and arrangements which provide for the prompt, fair and expeditious execution of client orders, relative to other client orders or the trading interests of the firm. The Firm intends to provide you and other market participants with access to (where possible) tradable prices on a non-discriminatory basis. However, the diversity in those markets and instruments, and the kinds of orders that you may place, mean that different factors will have to be taken into account in relation to any particular transaction.

## 2.1. Categorisation of Clients

The Firm deals with Retail Clients, Professional Clients and Eligible Counterparties as defined in MiFID II and by the FCA.

Because the Firm always intends to handle orders in an equitable and consistent manner, once a client is classified, for the purposes of a particular instrument, that client may not then elect to be re-classified for the purposes of one transaction of a type it customarily undertakes. However, a client may seek to be re-categorised generally for all purposes, such determinations to be made in the Firm's sole discretion.

Exceptional circumstances may be taken into account at the time, with the consent of the Firm (the Firm may decline to provide a service should a reclassification be requested).

Tera executes Orders promptly and fairly. The Client is informed of any material difficulty relevant to the proper carrying out of his/her/its Order as soon as practically possible.

Notwithstanding the intentions expressed above, the Firm does not undertake to provide "best execution" if you are classified as an Eligible Counterparty you are not entitled to best execution under the UK Financial Conduct Authority ("FCA") or equivalent EU rules.

## 2.2. Specific Instruction

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**. The Client should take note that placing Orders with Specific Instructions may prevent Tera from obtaining best execution with respect to those aspects of the Order to which such Specific Instruction(s) relate(s).

In the absence of any Specific Instruction, Tera shall carry out the Order according to its Best Execution Policy.

## 3. Best Execution Factors and Criteria

When executing a client order, we may take into account the following **“execution 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"):

- the characteristics of the client including its classification as retail or professional;
- the characteristics of the client order;
- the characteristics of the financial instruments that are the subject of that order; and
- 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 Execution Factors”:

- Price and costs of execution: The automated system will seek out the best overall outcome for the transaction and this is likely to be the most important execution factor to our clients. The Firm employs a transparent cost structure with no hidden commissions or fees.
- Likelihood and speed of execution: Through the use of an automated trading platform, orders will be executed promptly with only rare opportunities for price slippage to occur on some types of orders. Due to the nature of the platform, it is likely that speed of execution will be of high importance to our clients. We aim to update our prices as frequently as reasonably possible; however, our ability to do so may be limited by technological factors, including liquidity providers’ price feed, hardware, software and data communications links. We execute all trades at the prices communicated to us by liquidity providers and in accordance with our Standard Terms of Business.
- Size, nature and characteristic of the order: A typical transaction consists of a currency or CFD trade. The platform will seek to provide you with the best outcome for your order considering the factors described above.
- Characteristics of the clients: Our client base will be comprised of a mixture of Retail Clients, Professional Clients and Eligible Counterparties. The Firm is aware that Retail Clients are afforded the highest protections and will place greater emphasis on any obligations owed to them. This Best Execution Policy applies to both our Retail and Professional Client categories.

### 3.1. The Role of Price

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

## 4. Execution Venues and Liquidity Providers

An “Execution Venue” is a regulated market (“RM”), multilateral trading facility (“MTF”), systematic internaliser or a market maker or liquidity provider, or an entity that performs a similar function in a third country. The selection of the Execution Venue has a direct impact on the best possible result the firm is able to obtain when executing Orders.

Tera is your venue of execution. We do NOT act as a Market Maker with respect to your transactions. In all circumstances your order will be passed through to an LP.

The Firm has identified those venues on which the Firm will most regularly seek to execute your orders and which the Firm believes offer the best prospects for achieving the best possible results for you, taking into account the execution factors detailed below.

Tera’s liquidity providers and venues list will be provided on your written request.

The Firm reserves the option to add additional venues/LPs in the future and this policy will be updated accordingly.

### 4.1. Liquidity Providers Selection Criteria

The following criteria are used when selecting liquidity providers:

- They operate in the markets in which the Firm operates, and in the currencies and financial instruments that they are able to support;
- Their geographical location and ability to provide real time access to markets;
- Time availability of prices – in many markets there are lulls and spikes in trading as negotiations align trading interests at different times and different parts of the curve; accordingly, the “last traded” price may not always be available or act as a reliable indicator of current price.

### 4.2. 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.

### 4.3. 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.

## 5. Receiving and Transmitting Orders

### 5.1. Connected Parties and Third Party Brokers

In certain markets and subject always to any specific instructions that may be given by our Clients, Tera may transmit an Order Tera receives to Connected Parties or Third Party Brokers, for execution. In doing so, Tera will comply with the considerations set out in this Policy.

- (a) Execution through Connected Parties can provide particular benefits, which can include increased certainty of execution, increased transparency, more effective communication and efficient resolution of issues for our Clients.
- (b) Tera keeps the performance of Connected Parties and Third Party Brokers under review including the formal evaluation of their performance to help ensure appropriate standards of execution which are consistent with our MiFID II order execution policy.

## 6. Order Handling and Execution

Recognising that Clients execute FX transactions with Tera electronically, Tera's first priority has been to ensure that its electronic execution platform meets the requisite Best Execution standards.

### 6.1. Benchmarking & Monitoring

(a) Best Execution price streams are benchmarked against external and internal reference prices to ensure that Best Execution is achieved on a consistent basis. Wherever possible, external reference prices from market venues and brokers are used to obtain the best comparison of Tera's price against externally available prices. External observed prices may be adjusted for comparison purposes to take into account known costs of executing on external venues, (for example price slippage factors according to trade size). Where the external data available is limited in scope or quality, internal data may be used as a reference, (for example executed prices of comparable trades).

(b) The results of benchmarking are reviewed by Tera's management on at least a monthly basis. In the event benchmarking activities identify that pricing needs to be adjusted in any area, appropriate corrective action is taken going forward.

## 6.2. Order Execution Risks

### (a) 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.

### (b) 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.

### (c) 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

## 6.3. 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.

Because of electronic execution, liquidity is delivered via continuous price streams which are regularly benchmarked against external and internal reference prices to ensure that the best prices are available on a consistent basis.

## 6.4. Order types

- (a) **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.
- (b) **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 maybe 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.

- (c) **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.
- (d) **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.
- (e) **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.
- (f) **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.
- (g) **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.
- (h) **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.
- (i) **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 you cancels any remaining amount. There is no price associated with this order, so the order will be executed at the best available market price.
- (j) **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.

## 6.5. 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. For such transactions Tera ensures that no client is treated in a preferred manner.

## 6.6. Fees and Costs

The Firm does not charge different fees or costs depending on the venues used in order to ensure that costs are transparent and fully disclosed to you, the client. For all transactions, the Firm charges mark ups on the raw spreads it receives from its liquidity providers, as per the Client's account group. Further details are available upon request.

Additional costs that you should be aware of and which may be applied are:

- Transaction fees;
- Conversion of realized P/L to base currency.

#### **6.7. Other Fees Disclosure**

We may rebate 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. This should not interfere with our or their duty of best execution.

#### **7. Conflicts of Interest**

The Firm recognises that conflicts may exist between the interests of the Firm and its clients. The platform on which orders are transmitted will display the best available price from a number of liquidity providers and clients, thereby reducing the scope for conflicts.

#### **8. 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.

#### **9. No Fiduciary Relationship**

The Firm's commitment to provide you with "best execution" does not mean that it owes you any fiduciary responsibilities over and above the specific regulatory obligations placed upon it or as may be otherwise contracted between the Firm and yourself.

You remain responsible for your own investment decisions and the Firm will not be responsible for any market trading loss you suffer as a result of those decisions.

#### **10. Client Consent to Execution Policy and Execution of Order: outside a Regulated Market or MTF**

- (a) We are required to obtain your prior consent to our MiFID II order execution policy. You will be deemed to provide such consent when you place an Order with us on or after 3 January 2018.
- (b) For Financial Instruments admitted to trading on a Regulated Market, MTF or OTF, we are also required to obtain your prior express consent before we may execute an Order in such instruments outside of a Regulated Market, MTF or OTF. You will be deemed to provide such consent when you become Tera client and place an Order with us.



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